

MINUTES

Kentucky Community and Technical College System
Board of Regents
Special Meeting via Interactive Video
April 17, 2008

Board Members Participating by ITV:

<u>Regent</u>	<u>City</u>	<u>Site</u>
Mr. Mark D. Brooks	Bowling Green	Bowling Green Technical College KATI, Room 163
Mr. Paul C. Callan	Danville	Bluegrass Community and Technical College Danville Campus, Room 104
Mr. Thomas O. Zawacki	Florence	Gateway Community and Technical College Boone Campus, Conference Room 121
Ms. Ginger M. Carroll	Hazard	Hazard Community and Technical College Main Campus, J. Marvin Jolly Classroom Center, Commodore Room
Dr. Joseph B. Wise, III, Vice Chair Ms. Cynthia L. Read	Louisville	Jefferson Community and Technical College Downtown Campus, Broadway Building, President's Office, 3 rd Floor, Room 303
Mr. Michael D. Quillen	Maysville	Maysville Community and Technical College Main Campus, Administration Building, Room A265
Ms. Anna K. Burton	Prestonsburg	Big Sandy Community and Technical College Prestonsburg Campus, Student Center, Gearheart Conference Room
Ms. Brenda R. Corey Mr. Porter G. Peeples	Middlesboro	Southeast Kentucky Community and Technical College Middlesboro Campus, Room 220
Mr. Richard A. Bean Mr. Jackie B. Cecil	Versailles*	KCTCS System Office, Board Conference Room

Board Members Absent:

Ms. Johnna Reeder, Board Secretary
Mr. Larry Savage

* *Primary site.*

CALL TO ORDER

KCTCS Board of Regents Chair Bean called to order the special meeting of the Kentucky Community and Technical College System Board of Regents via interactive video teleconference at the sites listed above. The meeting began at 10:00 a.m. (ET). Chair Bean noted that the press notification complied with open meeting requirements and that the Hon. J. Campbell Cantrill, KCTCS Associate General Counsel, would serve as parliamentarian.

Chair Bean thanked the ITV sites for accommodating the Board of Regents special meeting.

There being a quorum present, Board business began with the introduction of guests.

INTRODUCTION OF GUESTS

Chair Bean welcomed the guests attending the special meeting. Attachment A is a list of those attending as identified at each ITV site.

UPDATE: 2008 LEGISLATIVE SESSION

Chair Bean called on KCTCS President Michael B. McCall to provide an update on the 2008 Legislative Session. President McCall reviewed the KCTCS request and the funding recommendations made by the Council on Postsecondary Education, Governor, House of Representatives, Senate, and the final version approved by the General Assembly. He noted that the 2008-10 biennial budget approved by the General Assembly does not include full funding for the KCTCS Business Plan. The enacted budget results in an additional 3 percent budget reduction for KCTCS. As a result, KCTCS will enter fiscal year 2008-09 (that begins July 1, 2008) with nearly a 6 percent reduction in recurring base funding, which translates into a \$13.5 million reduction for KCTCS. In other words, KCTCS will begin fiscal year 2008-09 with 6 percent less funding than fiscal year 2007-08 funding levels.

In the second year of the biennium, which begins July 1, 2009, KCTCS will receive approximately \$2.1 million increase in funding. The General Assembly included maintenance and operation funding to sustain new KCTCS buildings scheduled to open in the next two years. A detailed summary of the specific 2008-10 biennial budget line items for KCTCS follows.

1. 2008-10 State Appropriation for KCTCS
 - a. Base appropriation: \$13.5 million reduction in 2008-09, and \$11.5 million reduction in 2009-10.
 - b. Maintenance and Operations: \$3 million increase in 2008-09; \$6 million increase in 2009-10. The appropriated amount covers only two-thirds of the KCTCS maintenance and operation needs.

2. 2008-10 Capital Projects
 - a. Funded Projects. The General Assembly approved \$4 million in state bond funding for one capital project for KCTCS. The project is the Bluegrass Community and Technical College classroom/lab building at the current location of Eastern State Hospital.
 - b. Contingency Projects. If funding becomes available in the second year of the biennium to fund all of the postsecondary education capital projects identified (not just for KCTCS), the General Assembly authorized state bond funding for seven additional KCTCS capital projects.
 - 1) Advanced Technology Center at Owensboro Community and Technical College (\$14,005,000 state bond funding).
 - 2) Carrollton Campus of Jefferson Community and Technical College (\$12,000,000 state bond funding).
 - 3) Energy and Advanced Technology Center at Madisonville Community College (\$4,000,000 state bond funding).
 - 4) Licking Valley Campus (Phase II) at Maysville Community and Technical College (\$1,000,000 state bond funding).
 - 5) Advanced Manufacturing Facility (Scott County) at Bluegrass Community and Technical College (\$22,000,000 state bond funding).
 - 6) Urban Campus at Gateway Community and Technical College (\$21,319,000 state bond funding).
 - 7) Renovate Downtown Campus (Phase II) of Jefferson Community and Technical College (\$28,612,000 state bond funding).
3. Coal Severance Projects:
 - a. Madisonville Community College – Coal Employment Opportunity and Workforce Development Project and School Counts Project (\$150,000 in Coal Severance funding).
 - b. Hazard Community and Technical College (Knott County Fiscal Court) – Kentucky School of Craft (\$150,000 in Coal Severance funding).
 - c. Hazard Community and Technical College (Leslie County Fiscal Court) – Leslie County Campus (\$75,000 in Coal Severance funding).
 - d. Hazard Community and Technical College (City of Hazard) – Challenger Center and University Center of the Mountains (\$100,000 in Coal Severance funding).

President McCall also reviewed other legislation of interest to KCTCS, including House Bill 104 that related to KCTCS college boards of directors. The bill passed unanimously in the House of Representatives but was not approved by the Senate. President McCall reported that House Bill 622, which would attach the East Kentucky Science Center to KCTCS at Big Sandy Community and Technical College in Prestonsburg, was approved unanimously by the House and was placed on the Senate's Consent Calendar. On April 15, the bill was recommitted to local government and an amendment related to retirement issues was added. The House did not approve the amended version of the bill. A resolution authorizing a legislative study on postsecondary education student transfer, HCR 166, as introduced by Representative Harry Moberly was also adopted by the House of Representatives; however, the Senate received the resolution and did not act on it.

**ACTION:
2008-09
TUITION
RATES**

RECOMMENDATION: That the KCTCS Board of Regents approve and recommend to the Council on Postsecondary Education (CPE) the following per credit hour tuition rates for 2008-09 for KCTCS colleges:

	<u>2008-09</u>
In-State Students	\$130
Out-of-State Students	
From Contiguous Counties	156
Other Out-of-State Students	390

Chair Bean noted that the budget approved by the General Assembly results in a \$13.5 million, 6 percent budget reduction for KCTCS, including the 3 percent reduction to the current fiscal year (2007-08) budget. While KCTCS appreciates that the budget reductions were not as much as 15 percent as originally proposed, there is still concern that the reductions will set KCTCS back many years and will have far reaching affects on communities across the Commonwealth.

State funding of KCTCS has not kept pace with KCTCS enrollment. Prior to the current fiscal year reductions, KCTCS was the only postsecondary education institution that continually received decreasing levels of state funding per FTE student. The budget reductions ordered by the Governor for fiscal year 2007-08 and approved by the General Assembly for 2008-10 have made the FTE funding inequity of KCTCS students even larger. Chair Bean expressed regret that the funding disparity will have to be partially resolved at the expense of students by increasing tuition rates.

Chair Bean noted that the Board has worked diligently to keep tuition costs low, noting that the Board voted to take less of a tuition increase last year than allowed by CPE. He further noted that the proposed tuition recommendations are being made with great concern for KCTCS students, faculty, and staff but are necessary for continuing to provide quality programs and services for the Commonwealth’s students. Even with increased tuition, KCTCS colleges will still have to reduce their budgets to accommodate the 6 percent budget reduction.

President McCall noted that affordability continues to be a primary concern for KCTCS in establishing tuition rates. Approximately 77 percent of KCTCS degree-seeking students in 2007-08 received financial aid. Since 2006-07, student financial aid from the three primary sources (Pell Grants, Kentucky Educational Excellence Scholarships (KEES), College Access Program (CAP) grants) of KCTCS student financial aid increased \$9.6 million. The average student financial aid award for KCTCS students in 2007-08 was \$3,173. Total student financial aid expense for KCTCS increased by 16 percent in 2007-08 over 2006-07. To help offset the impact of a tuition rate increase on need-based eligible students, the maximum Pell Grant award will increase by 9.8 percent in 2008-09.

KCTCS conducted tuition hearings at each college to receive comments from students, faculty, and staff on KCTCS tuition rate increases. The hearings were attended by 290 students, faculty, and staff; 22 students, faculty, and staff spoke or presented written

comments at the hearings. The most frequent comments made at the hearings were:

- Additional tuition increases may be a financial burden for some students.
- Need-based student financial aid may not keep up with educational costs, especially for nontraditional students.
- As tuition increases, students expect improvements in the quality of classes, student services, and other educational services.

With the \$13.5 million (6 percent) reduction from the base state appropriation in 2007-08, the KCTCS base appropriation returns to the level of the state appropriation in 2000-01 in inflation adjusted dollars. Since the KCTCS base state appropriation will decrease in 2008-09, sustained tuition revenue growth is essential to support strategic priorities to continue meeting the *KCTCS Mission* and to achieve the *KCTCS Vision*. Tuition revenue is one of two major sources (state appropriation is the other source) of unrestricted current funds revenue used to help KCTCS achieve its mission and vision. The proposed 2008-09 out-of-state tuition rates are consistent with the CPE tuition policy as approved for 2008-09 and continue the out-of-state rate structure KCTCS has used for the past several years.

Additional tuition revenue for 2008-09 will be available to the KCTCS Board of Regents in developing the 2008-09 KCTCS operating budget at its June 2008 meeting. The proposed tuition rates will generate approximately \$18.8 million in additional revenue in 2008-09 (the revenue was calculated based on 2006-07 enrollment). The KCTCS Board of Regents may consider using the additional tuition revenue to achieve the following priorities:

- Provide for fixed costs increases in health insurance and other employee benefits (\$2.8 million).
- Provide for faculty promotion costs (\$1.0 million).
- Use funds generated by a \$1 increase in the tuition rate (\$1.25 million) to increase KCTCS-funded need-based financial aid.
- Use funds generated by a \$3 increase in the tuition rate (\$3.75 million) for initial implementation of initiatives in the three areas addressed in the *KCTCS Plan for a Competitive Commonwealth 2008-2020*. Those areas are: 1) meeting needs for high growth, high wage jobs, 2) improving student transfers to four-year institutions, and 3) providing more remedial/developmental education services.
- Provide funds through the KCTCS Funding Allocation Model for additional implementation of the *KCTCS Plan for a Competitive Commonwealth 2008-2020* (\$10.0 million), including focusing on:
 - Protecting access to high priority quality instructional and student service programs for students. It is anticipated that enrollment will be down in fall 2008.
 - Expanding and creating programs to meet the projected openings in high growth, high wage jobs called for by the Kentucky Department of Workforce Investment and the Cabinet for Economic Development.
 - Eliminating barriers to KCTCS students transferring to Kentucky's four-year colleges and universities.
 - Implementing early student intervention strategies in collaboration with school districts to better prepare high school students entering KCTCS.
 - Offering remedial services to KCTCS students who enroll with a demonstrated need for remediation in order to successfully complete college-level courses.

Approved 6/13/08

- Providing adult education and literacy programs and services as seamless pathways to postsecondary education.
- Providing for fixed cost increases in utilities and facility insurance costs.

The President's Leadership Team has discussed the proposed tuition rates. The proposed 2008-09 in-state tuition rate is a 9.2 percent increase over the revised 2007-08 in-state tuition rate of \$119 per credit hour approved by the KCTCS Board of Regents and proposed to CPE in January 2008. Final CPE action on the Board's January 24, 2008, request is scheduled for May 9, 2008. CPE has not provided tuition guidelines for the institutions to use in developing 2008-09 tuition rates.

By interactive video site, Chair Bean asked the regents if they had questions or comments about the proposed tuition rates. It was noted that the recommendation would restore KCTCS funding to the level it had been at the beginning of the 2007-08 fiscal year. The Board discussed the following items:

- Purpose and use of contingency funds.
- Interest earned on investments. It was noted that the KCTCS Foundation, Inc. does not have funding that can be used to supplement funding of recurring budget items.
- Targeted high wage, high growth jobs addressed by the KCTCS Business Plan, *Plan for a Competitive Commonwealth 2008-2020*.

Vice Chair Wise noted that the Board supports the direction in which the KCTCS President is leading the System and that it needed to approve funding the mandates the Board has given to the KCTCS President. Regrettably, in light of the current budget situation, that will involve increasing tuition. President McCall noted that additional information regarding the measures the colleges have taken to absorb the budget reductions-will be provided at the June 13, 2008, Board of Regents meeting. It was noted that KCTCS can expand its definition of need-based funding and the amount of funding dedicated to need-based funding to accommodate those on the fringe of Pell Grant eligibility and other students who are the working poor. It was further noted that a communication plan should be developed to better communicate scholarship and need-based funding opportunities. A detailed plan will be presented at the June 2008 Board meeting.

MOTION: Mr. Cecil moved and Mr. Peeples seconded that the KCTCS Board of Regents approve and recommend to the Council on Postsecondary Education (CPE) the following per credit hour tuition rates for 2008-09 for KCTCS colleges:

	<u>2008-09</u>
In-State Students	\$130
Out-of-State Students	
From Contiguous Counties	156
Other Out-of-State Students	390

VOTE: By roll call vote, the motion was approved with Mr. Brooks, Mr. Zawacki, Dr. Wise, Ms. Read, Mr. Quillen, Ms. Corey, Mr. Peeples, Mr. Cecil, and Mr. Bean voting in favor of the motion. Ms. Carroll and Ms. Burton voted against the motion. Mr. Callan abstained from the vote.

**2008-09
COMPENSATION**

RECOMMENDATION: That the KCTCS Board of Regents approve compensation in 2008-09 for faculty and staff that will:

- Provide nonrecurring merit bonuses, ranging from \$1,500 to \$2,500, for regular full-time faculty and staff based on the KCTCS Merit Bonus Program. Eligible employees are those regular full-time faculty and staff who earn a “Consistently Exceeded Expectations of Job Requirements (EE)” rating in the fiscal year 2008-09 evaluation processes, using the KCTCS performance evaluation system, with additional significant accomplishments as described in the KCTCS Merit Bonus Program developed and implemented by the KCTCS President.
- Provide for fixed cost increases in current employee benefit programs.
- Provide for the cost of faculty promotions.
- Provide no recurring annual salary increase for full-time regular KCTCS faculty and staff in fiscal year 2008-09.

Chair Bean called on President McCall to present this item. President McCall noted that the proposed compensation for 2008-09 fulfills the KCTCS Board of Regents objective of rewarding performance by providing a nonrecurring merit bonus for high performing faculty and staff members in 2008-09. There is no additional cost for this program since it is already included in the KCTCS recurring base budget. The proposed compensation for 2008-09 provides for fixed cost increases in current employee benefit programs. It also provides for the cost of faculty promotions. The cost of faculty promotions will be approximately \$1.0 million in 2008-09.

Due to reductions in state appropriation in 2008-09, all new funds will be generated by increases in tuition. A small portion of these funds will be applied directly to increased operating costs, and the remainder will be used to fund programs that will directly benefit students. The *Plan for a Competitive Commonwealth 2008-2020* establishes the priorities that are necessary for KCTCS to achieve its mission and vision. Available financial resources in 2008-09 will be applied directly to make progress in implementing this plan.

Approved 6/13/08

MOTION 1: Ms. Burton moved and Ms. Read seconded that the KCTCS Board of Regents approve compensation in 2008-09 for faculty and staff that will:

- Provide nonrecurring merit bonuses, ranging from \$1,500 to \$2,500, for regular full-time faculty and staff based on the KCTCS Merit Bonus Program. Eligible employees are those regular full-time faculty and staff who earn a “Consistently Exceeded Expectations of Job Requirements (EE)” rating in the fiscal year 2008-09 evaluation processes, using the KCTCS performance evaluation system, with additional significant accomplishments as described in the KCTCS Merit Bonus Program developed and implemented by the KCTCS President.
- Provide for fixed cost increases in current employee benefit programs.
- Provide for the cost of faculty promotions.
- Provide no recurring annual salary increase for full-time regular KCTCS faculty and staff in fiscal year 2008-09.

The Board discussed the recommendation’s merit bonus component. It was noted that the colleges will determine the number of employees who will receive merit bonuses. Retention of faculty and staff also was discussed. It was noted that KCTCS has a rich benefit package, which sets KCTCS apart and facilitates KCTCS being the nation’s best. The point was made that in the past, tuition provided the revenue to fund faculty raises and that the faculty should share the burden with students this budget cycle.

A suggestion was made that faculty and staff receive at least a 1 percent salary increment and that KCTCS should rely less on adjuncts. Each 1 percent increase in salary would cost approximately \$2.1 million. A \$1 increase in tuition is estimated to generate \$1.25 million. Based on 2006 legislative action, all KCTCS employees will receive the same compensation increases, regardless of the personnel system to which they belong. It was noted that CPE must approve the tuition rates approved by the Board and could approve a tuition increase lower than the one approved by the Board. CPE did not provide tuition setting guidelines related to the amount or percentage increase that KCTCS and the universities could request.

AMENDMENT 1 TO MOTION 1: Dr. Wise moved that the following bullet be deleted from Motion 1:

“Provide no recurring annual salary increase for full-time regular KCTCS faculty and staff in fiscal year 2008-09.”

President McCall noted that any budget presented to the Board for consideration will balance. If a salary increase is approved, the balance may come at the expense of operating budgets or reduction in other personnel. In order to develop the KCTCS fiscal year 2008-09 operating budget, the will of the Board related to employee compensation for the fiscal year needs to be known. If the Board wants to provide a raise, staff will present a balanced budget for the Board’s consideration in June.

Approved 6/13/08

WITHDRAWAL OF AMENDMENT 1: Dr. Wise withdrew the motion to amend Motion 1.

AMENDMENT 2 TO MOTION 1: Dr. Wise moved and Mr. Callan seconded that the last bullet of Motion 1 be amended as indicated:

“Provide ~~no~~ a recurring annual salary increase for full-time regular KCTCS faculty and staff in fiscal year 2008-09 of 1 percent.”

The Board discussed the proposed amendment. It was noted that over the last 11 years, the Board has given raises when private industry has sometimes not given raises. If the Board approves Amendment 2, it is setting a salary increase as a budget priority. The funding source for a 1 percent salary increase most likely would be from the personnel budget and would include letting employees go or leaving positions vacant. The need for faculty and staff to share the funding burden with students was reiterated by several regents. The suggestion was made that salary increases be reconsidered if the economy improves during the 2008-09 fiscal year. It was noted that approval of the Motion 1 without amendment means that the KCTCS salary schedule base would remain the same as for the 2007-08 fiscal year.

VOTE ON AMENDMENT 2: By roll call vote, the motion was not approved. Mr. Callan, Dr. Wise, Mr. Quillen, and Mr. Cecil voted in favor of the motion. Mr. Zawacki, Ms. Carroll, Ms. Read, Ms. Burton, Ms. Corey, Mr. Peeples, and Mr. Bean voted against the motion. Mr. Brooks abstained from the vote.

Chair Bean restated Motion 1:

That the KCTCS Board of Regents approve compensation in 2008-09 for faculty and staff that will:

- Provide nonrecurring merit bonuses, ranging from \$1,500 to \$2,500, for regular full-time faculty and staff based on the KCTCS Merit Bonus Program. Eligible employees are those regular full-time faculty and staff who earn a “Consistently Exceeded Expectations of Job Requirements (EE)” rating in the fiscal year 2008-09 evaluation processes, using the KCTCS performance evaluation system, with additional significant accomplishments as described in the KCTCS Merit Bonus Program developed and implemented by the KCTCS President.
- Provide for fixed cost increases in current employee benefit programs.
- Provide for the cost of faculty promotions.
- Provide no recurring annual salary increase for full-time regular KCTCS faculty and staff in fiscal year 2008-09.

VOTE ON MOTION 1: By roll call vote, the motion was approved with Mr. Brooks, Mr. Zawacki, Ms. Carroll, Ms. Read, Ms. Burton, Ms. Corey, Mr. Peeples, Mr. Cecil, and Mr. Bean voting in favor of the motion. Mr. Callan, Dr. Wise, and Mr. Quillen voted against the motion.

Approved 6/13/08

NEXT MEETING Chair Bean announced that the next regular meeting of the KCTCS Board of Regents would be June 13, 2008, at Big Sandy Community and Technical College in Prestonsburg, Kentucky.

ADJOURNMENT Regent Burton moved that the meeting adjourn. Regent Carroll seconded the motion.

VOTE: The motion was approved unanimously, and the meeting adjourned at 11:56 a.m. (ET).

6/13/08

Date Approved by the KCTCS Board
of Regents

SIGNED COPY ON FILE

Richard A. Bean, Chair
KCTCS Board of Regents

Johnna Reeder, Secretary
KCTCS Board of Regents

Michael B. McCall, Ed.D.
KCTCS President

**KCTCS Board of Regents Special Meeting
Interactive Video Teleconference Guests by ITV Site
April 17, 2008**

Bowling Green

*Bowling Green Technical College,
KATI Campus, IT Room 163
Dr. Paula Gastenveld*

Danville

*Bluegrass Community and Technical
College, Danville Campus,
Room 104
Mr. Rob Tye, American Federation
of Teachers*

Florence

*Gateway Community and Technical
College, Boone Campus,
Conference Room 121
Dr. Ed Hughes
Ms. Sharon Poore*

Hazard

*Hazard Community and Technical
College, Main Campus, J. Marvin
Jolly Classroom Center,
Commodore Room
Ms. Donna Roarke*

Louisville

*Jefferson Community and Technical
College, Downtown Campus,
Broadway Building, President's
Office, Room 303
Ms. Lisa Brodski
Dr. Tony Newberry*

Maysville

*Maysville Community and Technical
College, Administration Building,
Room A265
No Guests*

Prestonsburg

*Big Sandy Community and Technical
College, Prestonsburg Campus,
Student Center, Gearheart
Conference Room
Mr. John Herald
Ms. Vera Joiner
Ms. Linda Lyon
Mr. Bobby McCool*

Middlesboro

*Southeast Kentucky Community and
Technical College, Middlesboro
Campus, Room 200
Dr. Bruce Ayers
Ms. Susan Croushorn*

Versailles (Primary Site)

*KCTCS System Office
Board Conference Room*

KCTCS President's Cabinet

*Dr. Michael B. McCall, President
Dr. Jay Box
Mr. Tim Burcham
Ms. Beth Hilliard
Dr. Gwen Joseph
Mr. Ken Walker*

KCTCS Staff

*Ms. Cyndi Ackly
Ms. Doug Roberts
Hon. Cam Cantrill
Hon. Lori Davis
Mr. Keith DeYoung
Ms. Terri Giltner
Dr. Joan Lucas
Dr. Jan Muto
Dr. Patrick Lake*

Other Guests

*Mr. Art Jester, Lexington Herald
Leader
Ms. Melissa McGinley, Council on
Postsecondary Education*

