MINUTES
KCTCS Board of Regents
Finance, Technology, and Human Resources Committee
June 8, 2017

Committee Members Present:
Ms. Robert G. Cooper, Committee Chair
Mr. Barry K. Martin, Committee Vice-Chair
Ms. Ellen R. Braden
Ms. Lisa V. Desmarais

Ms. Marcia L. Roth
Mr. Donald R. Tarter
Mr. Mark A. Wells

Committee Member Absent:
Mr. Porter G. Peeples, Sr.

CALL TO ORDER
Committee Chair Robert G. Cooper called to order the meeting of the Kentucky Community and Technical College System Board of Regents Finance, Technology, and Human Resources Committee at 2:08 p.m. (ET) on June 8, 2017. The meeting was held in the Citizens National Bank Community Room of the Harold Rogers Student Commons Building at Somerset Community College. The press was notified of the meeting on May 31, 2017. Hon. Mike Murray, KCTCS General Counsel, served as parliamentarian.

There being a quorum present, the meeting began with the approval of minutes.

APPROVAL OF MINUTES
Chair Cooper asked if there were any corrections to the March 9, 2017, minutes presented in the meeting materials. There being none, the minutes were declared approved as presented.

ADDITIONS OR CHANGES TO THE AGENDA
There were no additions or changes to the agenda.

ACTION:
RATIFICATION OF PERSONNEL ACTIONS
RECOMMENDATION: That the KCTCS Board of Regents ratify the personnel actions listed in the agenda materials.

Chair Cooper called on KCTCS President Jay K. Box to present the item. KCTCS Vice President Wendell Followell assisted with the presentation. It was noted that the personnel actions presented were in accordance with reporting guidelines and policies adopted by the KCTCS Board of Regents.

President Box noted that the System is net-zero with positions this year, compared to last year when extensive eliminations had to be made.

Chair Cooper called for discussion.

During the discussion, it was requested that the agenda materials include the number of current open positions.

Chair Cooper called for a motion.
MOTION: Ms. Desmarais moved and Mr. Tarter seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents ratify the personnel actions listed in the agenda materials.

VOTE: The motion was approved unanimously.

UPDATE: RESOURCE DEVELOPMENT REPORT

Chair Cooper called on President Box to present the item. Vice President Larry Ferguson assisted with the presentation.

The report provides an update on the private giving and sponsored projects, grants, and contracts. Private gift income by donor purpose and source for the System and the donor source by college for each KCTCS college are presented in this report. This reported showed total gift income at $8,482,707.07.

Sponsored Projects, Grants, and Contract funds are stated by source and purpose for the System Office in total; total awards to each KCTCS college are included in the report. The top grants and contracts received during the reporting period are highlighted. Total resources secured through grants and contracts for this reporting period (July 1, 2016 – April 28, 2017) was $54,851,959.53.

OVERVIEW OF BUDGET DEVELOPMENT

Chair Cooper called on President Box to provide an overview of the next five agenda items, which are each components related to the 2017-18 Annual Budget Development.

The PowerPoint presentation for this overview is available on the KCTCS Board of Regents June 8-9, 2017 meeting website:

https://publicsearch.kctcs.edu/board/Pages/201706.aspx

ACTION: 2017-18 KCTCS TUITION

RECOMMENDATION: That the KCTCS Board of Regents approve and report to the Council on Postsecondary Education (CPE) a $6 per student credit hour tuition increase in 2017-18 for in-state students. This action combined with the CPE parameter for tuition rates for out-of-state students results in the following 2017-18 per credit hour tuition rates for KCTCS colleges:

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-State Students</td>
<td>$162</td>
</tr>
<tr>
<td>Out-of-State Students</td>
<td></td>
</tr>
<tr>
<td>From Contiguous Counties</td>
<td>$324</td>
</tr>
<tr>
<td>Other Out-of-State Students</td>
<td>$567</td>
</tr>
</tbody>
</table>

Chair Cooper called on President Box to present the item. Vice President Followell assisted with the presentation.

KRS 164.020 gives the Council on Postsecondary Education (CPE) the authority to determine tuition rates for Kentucky’s state-supported universities.
and KCTCS. At its March 31, 2017, meeting, CPE established a 3.0-5.0 percent tuition rate increase parameter in 2017-18 for in-state students for each state-supported university and KCTCS. This parameter provides that the KCTCS 2016-17 in-state tuition rate may increase to $162 per credit hour for 2017-18. CPE also established the parameter for out-of-state tuition rates requiring that these shall be at least two times the in-state rate.

The recommended 2017-18 in-state and out-of-state tuition rates are consistent with the CPE parameters for KCTCS tuition and consistent with the out-of-state rate structure that KCTCS has used for the past several years.

Additional tuition revenue for 2017-18 generated by the tuition rate increase will be available to the KCTCS Board of Regents in developing the 2017-18 KCTCS operating budget as presented in Agenda Item I-6, “Action: 2017-18 KCTCS Annual Budget.”

Chair Cooper called for discussion. There being none, he moved to the motion.

**MOTION:** Ms. Desmarais moved and Mr. Tarter seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents approve and report to the Council on Postsecondary Education (CPE) a $6 per student credit hour tuition increase in 2017-18 for in-state students. This action combined with the CPE parameter for tuition rates for out-of-state students results in the following 2017-18 per credit hour tuition rates for KCTCS colleges:

- **In-State Students** $162
- **Out-of-State Students**
  - From Contiguous Counties $324
  - Other Out-of-State Students $567

**VOTE:** The motion was approved unanimously.

**RECOMMENDATION:** That the KCTCS Board of Regents adopt the recommendations of the completed Compensation and Classification Study and approve Phase I of the implementation.

Chair Cooper called on President Box to present the item. Vice President Followell assisted with the presentation.

President Box noted that Attachment A of the materials show the details of implementation of Phase I of the Compensation and Classification Study. Implementation of the Study will enable KCTCS to be more market competitive in retaining, recruiting, and compensating employees. It will
enable KCTCS to communicate and adhere to a more consistent approach to employee compensation and classification systemwide.

President Box noted that implementation of the Study will enable KCTCS to move employees to new pay bands minimums and reclassify positions to titles that appropriately reflect position duties and responsibilities.

President Box shared that the Study incorporates a sound Performance, Planning, and Evaluation (PPE) process that rewards employees for achieving KCTCS goals while balancing financial resources. President Box also shared that the fiscal year (FY) 2017-18 Salary Schedule has been updated as a result of the Study, accounts for changes in the employment market, and correspondingly provides pay bands reflective of current market conditions for both faculty and staff.

Chair Cooper called for discussion. There being none, he moved to the motion.

MOTION: Mr. Martin moved and Ms. Desmarais seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents adopt the recommendations of the completed Compensation and Classification Study and approve Phase I of the implementation.

VOTE: The motion was approved unanimously.

ACTION: 2017-18 SALARY SCHEDULE

RECOMMENDATION: That the KCTCS Board of Regents approve the 2017-18 KCTCS Salary Schedule which includes salary ranges for regular full-time faculty and staff. Funding for the salary schedule must be approved by the KCTCS Board of Regents within the KCTCS annual budget.

Chair Cooper called on President Box to present the item. Vice President Followell assisted with the presentation.

President Box noted the proposed 2017-18 KCTCS Salary Schedule has been designed in consideration of market conditions, best practices, and available resources. The KCTCS Board of Regents last revised the KCTCS Salary Schedule in June 2012. The Salary Schedule, Attachment B, reflects monthly salaries to accommodate the period of assignment in months for regular full-time faculty and staff. Faculty assignments range from 10 to 12 months. Staff assignments range from 9 to 12 months. President Box also noted that regular, full-time positions are slotted into the salary bands of the schedule with consideration of the benchmark comparisons, internal equity, and academic rank.

President Box shared that the Salary Schedule is a significant component of the implementation of Phase I of the Compensation and Classification Study.
Chair Cooper called for discussion. There being none, he moved to the motion.

MOTION: Mr. Martin moved and Ms. Braden seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents approve the 2017-18 KCTCS Salary Schedule which includes salary ranges for regular full-time faculty and staff. Funding for the salary schedule must be approved by the KCTCS Board of Regents within the KCTCS annual budget.

VOTE: The motion was approved unanimously.

**ACTION: 2017-18 SALARY INCREASE**

RECOMMENDATION: That the KCTCS Board of Regents approve a 3.0 percent recurring salary increase in 2017-18 for each full-time regular KCTCS faculty and staff who earns at least the “Fully Met Job Requirements (M)” rating in the 2016-17 KCTCS performance evaluation process. The KCTCS President shall have authority to determine how and when the salary increase shall be implemented.

President Box noted that the recurring salary increase would be funded using recurring funding available to KCTCS in 2017-18. The KCTCS President’s Leadership Team supports the increase. The salary increase will be provided to only those full-time regular employees who earn at least the “Fully Met Job Requirements (M)” rating in the 2016-17 KCTCS performance evaluation system.

President Box reminded the committee that the 2016-17 annual budget did not include a salary increase for employees. President Box shared that Kentucky’s other postsecondary education institutions have awarded compensation increases at a level equal to or greater than 1, 2, or 3 percent within the last five years. The last time that the KCTCS Board of Regents approved a recurring salary increase greater than 2.5 percent for KCTCS faculty and staff was in the 2011-12 budget. For the past 3 years, KCTCS has awarded an average salary increase of 0.67 percent, with an average salary increase of 1.3 percent over the last 5 years.

President Box noted that by awarding the 3.0 percent recurring salary increase, it would support and bolster the KCTCS Board of Regents desire for KCTCS to have a competitive salary structure as defined by the Compensation and Classification Study completed by the Hanna Resources Group in 2016.

Chair Cooper called for discussion. There being none, he moved to the motion.

MOTION: Mr. Tarter moved and Ms. Desmarais seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents approve a 3.0 percent recurring salary increase in 2017-18 for each full-time regular KCTCS faculty and staff who earns at least the “Fully Met Job Requirements (M)” rating in the 2016-17 KCTCS performance
evaluation process. The KCTCS President shall have authority to determine how and when the salary increase shall be implemented.

VOTE: The motion was approved unanimously.

RECOMMENDATION: That the KCTCS Board of Regents adopt the 2017-18 Budget Resolution, Attachment C, regarding the 2017-18 Annual Budget for the Kentucky Community and Technical College System. This budget and its provisions will be effective July 1, 2017, through June 30, 2018.

Chair Cooper called on President Box to present the item. Vice President Wendell Followell assisted with the presentation.

President Box noted that the annual budget directs the use of financial resources available to KCTCS to help achieve the mission and vision of KCTCS. This budget places the highest priority on students and the effective and efficient use of available resources.

The 2017-18 KCTCS budget funds fixed cost increases in current employee benefits programs and funds the cost of faculty promotions. It funds fixed cost increases in utilities and facility insurance and maintains a 3.0 percent nonrecurring budget reserve for each college, the systemwide operations and support programs, the Fire Commission, and the Kentucky Board of Emergency Medical Services. The KCTCS President’s Leadership Team supports the recommended budget.

President Box noted that the 2017-18 KCTCS budget will enable the implementation of Phase I of the Compensation and Classification Study Recommendations. It will also provide an updated Salary Schedule for FY 2017-18, reflective of the Study. This budget will provide a meaningful salary increase for all full-time regular KCTCS faculty and staff who earn at least the “Fully Met Job Requirements (M)” rating in the 2016-17 KCTCS performance evaluation system.

The proposed resolution, Attachment C, provides for adequate fiscal control and oversight by the KCTCS Board of Regents consistent with common practice within postsecondary education institutions. At the same time, the resolution provides a reasonable amount of discretion to the KCTCS President and establishes limits and thresholds that the President cannot exceed without the expressed consent of the Board. The proposed budget and its provisions will be effective for the fiscal year beginning July 1, 2017, and ending June 30, 2018.

The operating budget authorizations approved by the Board total $852,852,100 for the fiscal year beginning July 1, 2017 and ending June 30, 2018. Of this amount, $549,205,700 are unrestricted current funds; and $303,646,400 are restricted funds from sources such as federal, state, private gifts, grants, contracts, or appropriations.
In addition, the Board approved capital budget authorizations totaling $152,170,280 from bond funds and agency funds is approved, contingent upon receipt and availability of those funds for KCTCS for fiscal year beginning July 1, 2017, and ending June 30, 2018.

Chair Cooper called for discussion. There being none, he moved to the motion.

MOTION: Mr. Martin moved and Mr. Wells seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents adopt the 2017-18 Budget Resolution (Attachment C) regarding the 2017-18 Annual Budget for the Kentucky Community and Technical College System. This budget and its provisions will be effective July 1, 2017, through June 30, 2018.

Chair Cooper called for the vote.

VOTE: The motion was approved unanimously.

UPDATE: KCTCS QUARTERLY FINANCIAL REPORT

Chair Cooper called on President Box to present the item. Vice President Followell assisted with the presentation.

It was reported that information for the third quarter of fiscal year 2016-17, which ended March 31, 2017, was derived from the KCTCS Administrative Financial System. The Statement of Revenues and Expenditures reflects the actual program and operational expenditures compared to the fiscal year 2016-17 budget approved by the KCTCS Board of Regents on June 10, 2016.

Total revenues of $691 million reflect 82 percent of the budgeted revenue and appropriated funds. Current fund expenditures and budget reserve through the fiscal year total $573 million, 68 percent of the expenditures budgeted for the year. As of the end of the third quarter, tuition for 2016-17 was at 98 percent realized ($207.4 million). Expenses for 2016-17 were down slightly at 68 percent (reflective of cost control measures implemented for the year) with overall revenues exceeding expenses at the end of the third quarter by $118 million.

The Statement of Net Position, although not specifically required in the Board’s Annual Budget Adoption Resolution, has also been included in the Quarterly Financial Report to give the Board a periodic snapshot of the KCTCS financial position using the most common accounting-based schedule. While significantly influenced with declining enrollment and associated tuition shortfalls, the reduction in state appropriation and the negative effect of the state’s pension liability, KCTCS’s Statement of Net Position remains fiscally sound at $556.5 million as of March 31, 2017.

Chair Cooper called for discussion. There being none, he moved to the next agenda item.
UPDATE: FACILITIES MANAGEMENT AND SUSTAINABILITY STATUS REPORT

Chair Cooper called on President Box to present the item. Vice President Wendell Followell assisted with the presentation.

The report titled Facilities Support Services and Sustainability Status Report was provided to the Board online and provides updates related to KCTCS capital construction projects; sustainability, including facilities utilization; and other initiatives, such as Environmental Health and Safety (EHS) and Crisis Management.


Highlights that were shared with the committee included a summary of the status of KCTCS BuildSmart projects, property acquisitions and dispositions, Emergency Operations Plans, and the facilities utilization metrics using the Higher Education Scheduling Index (HESI).

Chair Cooper called for discussion. There being none, he moved to announce the next meeting.

NEXT MEETING

The next regularly scheduled Finance, Technology, and Human Resources Committee meeting is for September 14, 2017, at Madisonville Community College, Madisonville, Kentucky.

ADJOURNMENT

Mr. Martin moved and Mr. Tarter seconded that the Finance, Technology, and Human Resources Committee adjourn.

VOTE: The motion was approved unanimously. The Finance, Technology, and Human Resources Committee meeting adjourned at 4:05 p.m. (ET).

Date Approved by the Finance, Technology, and Human Resources Committee

Lisa V. Desmarais
Committee Chair

09/14/17
Compensation and Classification Study Recommendations

Phase I
- Adopt a compensation philosophy.
- Standardize policies and procedures.
- Implement starting salary algorithm.
- Centralize job code creation attributes KCTCS System-wide.
- Fund positions under band minimum to band minimum, fund positions affected by Fair Labor Standards Act (FLSA), offer a hard to fill adjustment, and provide for annual increases as funding allows.
Attachment B

Proposed 2017-18 KCTCS Salary Schedule*
*Funding for the salary schedule must be approved annually by the Board of Regents.

**Faculty (Monthly**)**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Minimum***</th>
<th>Market</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor</td>
<td>$3,634</td>
<td>$4,542</td>
<td>$5,449</td>
</tr>
<tr>
<td>Assistant Professor</td>
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<td>$5,175</td>
<td>$6,264</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>$4,715</td>
<td>$6,050</td>
<td>$7,385</td>
</tr>
<tr>
<td>Professor</td>
<td>$5,590</td>
<td>$7,267</td>
<td>$8,943</td>
</tr>
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</table>

**Staff (Monthly**)**

<table>
<thead>
<tr>
<th>Band</th>
<th>Minimum***</th>
<th>Market</th>
<th>Maximum</th>
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<tbody>
<tr>
<td>1</td>
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</tr>
<tr>
<td>2</td>
<td>$1,567</td>
<td>$1,958</td>
<td>$2,350</td>
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<tr>
<td>3</td>
<td>$1,700</td>
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<td>$2,550</td>
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<tr>
<td>4</td>
<td>$1,867</td>
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<td>$2,800</td>
</tr>
<tr>
<td>5</td>
<td>$2,067</td>
<td>$2,583</td>
<td>$3,100</td>
</tr>
<tr>
<td>6</td>
<td>$2,300</td>
<td>$2,875</td>
<td>$3,450</td>
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<tr>
<td>7</td>
<td>$2,544</td>
<td>$3,183</td>
<td>$3,823</td>
</tr>
<tr>
<td>8</td>
<td>$2,806</td>
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<td>$4,244</td>
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<tr>
<td>9</td>
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<td>$4,775</td>
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<td>10</td>
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</tr>
<tr>
<td>12</td>
<td>$4,646</td>
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<tr>
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<td>17</td>
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<tr>
<td>18</td>
<td>$9,808</td>
<td>$12,750</td>
<td>$15,692</td>
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</table>

*Applies to regular, full-time positions only.

**Faculty and staff annual salaries are based on the period (number of months) of assignment. Faculty assignments range from 10 to 12 months; staff assignments range from 9 to 12 months.
Kentucky Community and Technical College System

Board of Regents

2017-18 Annual Budget Adoption Resolution

Be it Resolved, that upon due consideration and upon recommendation of the Kentucky Community and Technical College System (KCTCS) President, the following operating budget authorizations totaling $852,852,100 are approved for KCTCS for the fiscal year beginning July 1, 2017, and ending June 30, 2018. Of this amount, $549,205,700 are unrestricted current funds; and $303,646,400 are restricted funds from sources such as federal, state, private gifts, grants, contracts, or appropriations.

Be it Resolved, that upon due consideration and upon recommendation of the KCTCS President, the capital budget authorization totaling $152,170,280 from bond funds and agency funds is approved, contingent upon receipt and availability of those funds for KCTCS for fiscal year beginning July 1, 2017, and ending June 30, 2018.

In the event current fund revenues now estimated should not be realized, the KCTCS President shall take appropriate action to reduce budget authorizations to amounts sufficient to ensure that expenditures do not exceed available revenues. The KCTCS President shall report to the Board in advance any major deviations from the approved operating budget.

In the event actual annual revenues exceed estimated revenues, the KCTCS President may authorize an increase in the current funds expenditure budget up to 2.0 percent of the Board’s authorized expenditure level. Increases greater than 2.0 percent of the authorized expenditure budget must have prior approval of the Board.
The KCTCS Quarterly Financial Report shall contain sections that reflect the KCTCS July 1 opening budget, amendments to the opening budget, and expenditures to date. This report shall provide the necessary detail for amending the budget as permitted by this resolution.

The purchase of any item of equipment greater than $200,000 must have prior approval of the Board of Regents and must be contained in the Biennial Legislative Appropriations Act in accordance with KRS Chapter 45. A capital construction project with a scope greater than $1,000,000 must have the prior approval of both the KCTCS Board of Regents and the Commonwealth Capital Projects and Bond Oversight Committee, pursuant to KRS 45. Equipment and capital construction projects with scopes greater than these amounts shall be reported as part of the KCTCS Quarterly Financial Report.

All units and individuals within KCTCS incurring financial obligations of KCTCS funds resulting from this authorization shall observe and adhere to applicable laws, regulations, and policies of the Commonwealth of Kentucky and the KCTCS Board of Regents, which govern the expenditure and disbursement of funds. Heads of the various budget units shall not authorize nor incur financial obligation in excess of the budget authorization for that budgetary unit.

This budget and its provisions will be effective July 1, 2017, through June 30, 2018.

ADOPTED, this ninth day of June 2017.

Marcia L. Roth, Chair
KCTCS Board of Regents

Tammy C. Thompson, Secretary
KCTCS Board of Regents

Jay K. Box, Ed.D.
KCTCS President