

MINUTES
KCTCS Board of Regents
Finance, Technology, and Human Resources Committee
June 13, 2019

Committee Members Present:

Ms. Lisa V. Desmarais, Committee Chair
Mr. Mark A. Wells, Committee Vice-Chair
Dr. Gail R. Henson

Ms. Mary R. Kinney
Mr. Ricky T. Shaw

Committee Members Absent:

Mr. Donald R. Tarter

CALL TO ORDER

Committee Chair Lisa V. Desmarais called to order the meeting of the Kentucky Community and Technical College System Board of Regents Finance, Technology, and Human Resources Committee at 1:27 p.m. (ET) on June 13, 2019. The meeting was held in in the Newberry Community Room, Room 151 of the Health Sciences Hall at the Downtown Campus of Jefferson Community and Technical College. The press was notified of the meeting on June 5, 2019. Hon. Michael Murray, KCTCS General Counsel, served as parliamentarian.

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

APPROVAL OF MINUTES

Chair Desmarais asked if there were any corrections to the March 14, 2019, 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 Desmarais 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.

Chair Desmarais called for discussion.

DRAFT

During discussion, Chair Desmarais noted that Dr. Tiffany Evans' assignment as Special Assistant to the Chancellor will end at the end of the year.

Chair Desmarais called for a motion.

MOTION: Ms. Roth moved, and Dr. Henson 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.

Chair Desmarais moved to the next agenda item.

ACTION: 2018-19 KCTCS SALARY SCHEDULE

RECOMMENDATION: The KCTCS Board of Regents approve the 2019-20 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 Desmarais called on President Box to present the item. Vice President Followell assisted with the presentation.

President Box noted the proposed 2019-20 KCTCS Salary Schedule has been designed with consideration of market conditions, best practices, and available resources.

The Salary Schedule, Attachment A, 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. Vice President Followell 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.

It was shared the last revision to the salary schedule was at the June 9, 2017 meeting; no changes were made to it in 2018. The proposed 2019-20 salary schedule is the same as the 2017-18 and 18-19 salary schedule.

Chair Desmarais called for discussion.

During discussion, it was noted that the last change in the salary schedule was in conjunction with the Classification and Compensation study, Phase 1. There is still an issue of compression within the bands, which should be addressed in Phase 2 of the study. In order to move to Phase 2, it requires necessary resources. President Box noted that moving to Phase 2 was a high priority, as it is important to reward employees and prevent

talented employees from leaving. Chair Desmarais noted that this issue needs to be addressed soon from a morale standpoint.

Chair Desmarais called for additional discussion. There being none, she called for a motion.

MOTION: Mr. Wells moved, and Ms. Kinney seconded, that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents approve the 2019-20 KCTCS Salary Schedule which includes salary ranges for regular full-time faculty and staff.

VOTE: The motion was approved unanimously.

Chair Desmarais moved to the next agenda item.

**ACTION: 2019-20
KCTCS
COMPENSATION**

RECOMMENDATION: The KCTCS Board of Regents approve a one-time payment of \$1,000.00 in FY 2019-20 for each regular, full-time KCTCS faculty and staff who earns at least the “Fully met Job Requirements (M)” rating in the 2018-19 KCTCS performance evaluation process. The KCTCS President shall have authority to determine how and when the one-time payment is implemented.

Chair Desmarais called on KCTCS President Jay K. Box to present the item. KCTCS Vice President Wendell Followell assisted with the presentation.

President Box shared that this one-time payment will recognize the outstanding achievement of KCTCS being the 8th most productive community college system in the nation with number of credentials awarded, and 2nd in nation in the number of credentials awarded per capita for academic year 2017-18. This payment utilizes nonrecurring resources and is supported by the KCTCS President’s Leadership Team.

Vice President Followell noted that although the 2019-20 student credit hour enrollment is conservatively estimated to be flat, new tuition rates are expected to generate \$5.8 million in new net revenue. The 2019-20 proposed balanced budget for each KCTCS college, the systemwide operations and support programs, the Fire Commission, and the Kentucky Board of Emergency Medical Services (KBEMS) has been developed anticipating funding this one-time payment.

President Box stated that the 2018-19 annual budget did not include any compensation increase (recurring or nonrecurring) for employees and for the 2016-22 *KCTCS Strategic Plan* to be effectively implemented, KCTCS faculty and staff need to be fully committed to the strategic plan’s goals and initiatives and the future of KCTCS. This one-time payment is an indication of the KCTCS commitment to its faculty and staff in recognition of their commitment to KCTCS.

DRAFT

Chair Desmarais called for discussion.

During discussion, it was noted that KCTCS institutions have done a fantastic job in turning out highest number of graduates with credentials at a time when enrollment is down. KCTCS has put a remarkable emphasis on completion and it is paying off.

Chair Desmarais remarked that this is a set \$1,000 payment for all individuals, rather than a percentage of salary, so that those who make less in salaries will be able to receive an equal amount.

Mr. Followell noted that the total impact will be about \$4.3 million. KCTCS is required to pay the Federal Insurance Contributions Act (FICA), and retirement, which is included in the \$4.3 million amount. He also shared that the timing on this payout would be late September or early October 2019.

President Box remarked that the college presidents were unanimous in supporting the \$1,000. Lesser amounts were proposed, but all were in favor of the \$1,000. That is important to note since the college presidents will be accessing their rainy-day funds to pay for this compensation.

Chair Desmarais called additional discussion. There being none, she called for a motion.

MOTION: Dr. Henson moved, and Mr. Shaw seconded, that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents approve a one-time payment of \$1,000.00 in FY 2019-20 for each regular, full-time KCTCS faculty and staff who earns at least the “Fully met Job Requirements (M)” rating in the 2018-19 KCTCS performance evaluation process. The KCTCS President shall have authority to determine how and when the one-time payment is implemented.

VOTE: The motion was approved unanimously.

Chair Desmarais moved to the next agenda item.

**ACTION: 2019-20
KCTCS ANNUAL
BUDGET**

RECOMMENDATION: The KCTCS Board of Regents adopt the 2019-20 budget resolution (Attachment B) regarding the 2019-20 Annual Budget for the Kentucky Community and Technical College System. This budget and its provisions will be effective July 1, 2019, through June 30, 2020.

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

It was 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 2019-20 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, 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.

The proposed resolution (Attachment B) 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, 2019, and ending June 30, 2020.

Chair Desmarais called for discussion.

During discussion, President Box noted that this budget was difficult to put together with all of the uncertainty existing around public pensions this year. It was decided early on that it was not in best interest of system to do a staff or faculty reduction, as they are vital to the success of KCTCS students and significant reductions had already been made in past years.

It was also noted that decisions cannot be made in July or August about what programs or courses KCTCS will close because that affects KCTCS students. Instead, KCTCS will use its rainy-day fund to meet the pension obligations and to pay for the \$1,000 compensation. This will only be a one-year option; it is not a long-term solution, nor is it feasible to do again. President Box remarked that he hopes officials will come up with a resolution to the pension crisis, and then reinvest in higher education, so that a more stable budget may be created for employees and students next year.

Mr. Followell noted that the budget reserve is for all of the colleges and the System Office (\$13.2 million).

Chair Desmarais called additional discussion. There being none, she called for a motion.

DRAFT

MOTION: Dr. Henson moved, and Ms. Kinney seconded, that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents adopt the 2019-20 budget resolution (Attachment B) regarding the 2019-20 Annual Budget for the Kentucky Community and Technical College System. This budget and its provisions will be effective July 1, 2019, through June 30, 2020.

VOTE: The motion was approved unanimously.

Chair Desmarais moved to the next agenda item.

UPDATE: ADMINISTRATIVE SERVICES REPORT

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

Vice President Followell noted the Statement of Revenues and Expenditures reflects the actual program and operational expenditures compared to the 2018-19 budget approved by the KCTCS Board of Regents, June 30, 2018. This report reflects total revenues of \$745,543,000 or 87 percent of the budgeted revenue and appropriated funds.

It was shared that the Statement of Revenues and Expenses also reflects current fund expenses and budget reserve of \$612,001,000, or 73 percent of the expenses budgeted for the year. The Statement of Net Position reflects the overall financial position of the System and includes assets deferred outflows; liabilities deferred inflows, and net position. KCTCS's net position remains a strong \$549,379,000 as of March 31, 2019.

Vice President Followell shared information from the Facilities Management and Sustainability Report. The report provided online details KCTCS capital construction projects; facilities support services, sustainability initiatives, and facilities utilization.

Chair Desmarais noted that there is a lot of unused space at the colleges and ideas on how best to utilize the space should be explored.

Chair Desmarais called for discussion. There being none, she moved to the next agenda item.

UPDATE: RESOURCE DEVELOPMENT REPORT

Chair Desmarais called on President Box to present the item. Vice President Ben Mohler assisted with the presentation.

Vice President Mohler distributed a copy of the Resource Development Report to the committee.

Vice President Mohler shared that the next report will be called the *KCTCS Institutional Advancement Report* and it will change over the next several KCTCS Board of Regents meetings. The current 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.

It was noted that the new report format could take up to two years to introduce. It will not only focus on outcomes, but also give focus on goals, inputs, and causality. The new report will track a variety of areas including pipeline forecasting on a rolling quarter basis and provide some leading indicators on the overall health of KCTCS philanthropic culture.

It was shared that the report in December will be able to measure Board involvement, investment, and influence.

Chair Desmarais called for discussion. There being none, she moved to announcing the next meeting.

NEXT MEETING

The next regularly scheduled Finance, Technology, and Human Resources Committee meeting is for September 19, 2019, at Big Sandy Community and Technical College, Pikeville, Kentucky.

ADJOURNMENT

Mr. Shaw moved and Ms. Kinney 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 3:16 p.m. (ET).

09/19/19

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

Mark A. Wells
Committee Chair

Proposed 2019-20 KCTCS Salary Schedule*

The Board of Regents must approve funding for the salary schedule annually.

Faculty (Monthly)**

Rank	Minimum	Market	Maximum
Instructor	\$3,634	\$4,542	\$5,449
Assistant Professor	\$4,086	\$5,175	\$6,264
Associate Professor	\$4,715	\$6,050	\$7,385
Professor	\$5,590	\$7,267	\$8,943

Staff (Monthly)**

Band	Minimum	Market	Maximum
1	\$1,467	\$1,833	\$2,200
2	\$1,567	\$1,958	\$2,350
3	\$1,700	\$2,125	\$2,550
4	\$1,867	\$2,333	\$2,800
5	\$2,067	\$2,583	\$3,100
6	\$2,300	\$2,875	\$3,450
7	\$2,544	\$3,183	\$3,823
8	\$2,806	\$3,525	\$4,244
9	\$3,142	\$3,958	\$4,775
10	\$3,557	\$4,500	\$5,443
11	\$4,071	\$5,167	\$6,263
12	\$4,646	\$5,917	\$7,187
13	\$5,315	\$6,792	\$8,268
14	\$6,174	\$7,917	\$9,659
15	\$7,189	\$9,250	\$11,311
16	\$8,390	\$10,833	\$13,277

**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
2019-20 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 \$846,512,100 are approved for KCTCS for the fiscal year beginning July 1, 2019, and ending June 30, 2020. Of this amount, \$564,176,000 are unrestricted current funds; and \$282,336,100 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 \$133,250,000 from agency and other funds is approved, contingent upon receipt and availability of those funds for KCTCS for fiscal year beginning July 1, 2019, and ending June 30, 2020.

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.

DRAFT

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. 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, 2019, through June 30, 2020.

ADOPTED, this fourteenth day of June 2019.

Marcia L. Roth, Chair
KCTCS Board of Regents

Tammy C. Thompson, Secretary
KCTCS Board of Regents

Jay K. Box, Ed.D.
KCTCS President