

**MINUTES**  
**KCTCS Board of Regents**  
**Finance, Technology, and Human Resources Committee**  
**March 14, 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  
Mr. Donald R. Tarter

**Committee Members Absent:**

Ms. Marcia L. Roth

**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 1:55 p.m. (ET) on March 14, 2019. The meeting was held in Conference Room 102B of the KCTCS System Office in Versailles, Kentucky. The press was notified of the meeting on March 6, 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 December 6, 2018, 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.

It was noted that the personnel action agenda item now includes regular full-time positions broken down by the number of employees in each retirement system, including KERS and KTRS.

Chair Desmarais called for a motion.

MOTION: Mr. Wells 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.

**INFORMATION:  
KCTCS BUDGET  
DEVELOPMENT  
SCENARIOS**

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

A discussion involving budget assumptions was needed in order to provide guidance in the development of the 2019-20 proposed budget for consideration at the June 14, 2019 Board of Regents meeting.

The 2019-20 state appropriation to KCTCS consists of \$166,034,000 base; of this base allotment, \$1,695,000 is placed in the state performance fund. KCTCS will receive \$8,547,000 for 2019-20 performance distribution. The total appropriation KCTCS will receive from the state is \$174,581,000.

In addition to state appropriations, the other primary source of funds to support the KCTCS operating budget is tuition revenue. In spring 2018, CPE established a two-year tuition rate increase ceiling for KCTCS. The two-year tuition rate ceiling as \$12 per credit hour with no more than \$8 per credit rate increase in either year of the biennia.

In 2018-19, the Board approved an increase of \$7 per credit hour. For 2019-20, an increase of \$5 per credit hour is requested. This will yield approximately \$5.8 million in new net tuition revenue.

Fixed costs such as employee benefits and property insurance are expected to increase in 2019-20. Employee benefits include the increased cost of retirement contributions to the Kentucky Employees Retirement System (KERS), health insurance coverage, workers' compensation, long-term disability, and unemployment insurance.

KCTCS continues its commitment to sustainability by pursuing energy efficiency initiatives, including energy savings performance contracts. New energy saving contracts will be implemented in 2019-20. Five

new facilities per the BuildSmart and Work Ready Skills Project Initiative are expected to come online in 2019-20.

The Board of Regents is responsible for determining the salary schedules for KCTCS faculty and staff. In 2019-20, due to the anticipated flat state appropriation and flat enrollment, feedback is desired for determining employee wage and salary increases, if any. A chart in the materials distributed shows the historic budgeted increases for employee benefits cost and compensation.

Chair Desmarais called for discussion.

During the discussion, President Box and Vice President Followell addressed questions related to fees for online courses, cost of salary increases, and one-time, non-recurring payment to faculty and staff. Chair Desmarais asked the staff on behalf of the Committee to look at the awarding of a one-time, non-recurring payment for faculty and staff.

Chair Desmarais moved to the next agenda item.

**ACTION: 2019-20  
KCTCS TUITION**

RECOMMENDATION: That the KCTCS Board of Regents approve and report to the Council on Postsecondary Education a \$5 per student credit hour tuition increase for 2019-20 for in-state students. This action aligns with the CPE parameters for tuition rates. The result will be the 2019-20 per credit hour tuition rates for KCTCS colleges:

In-State Students	\$174
Out-of-State Students From Contiguous Counties	\$348
Other Out-of-State Students	\$609

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

President Box noted that at its April 2018 meeting, CPE established a \$12 or 7.5 percent tuition rate increase ceiling for the 2018-2020 biennia with a max rate increase of \$8 per student credit hour or 5 percent per year. For fiscal year 2018-19, KCTCS Regents approved an increase of \$7 per student credit hour resulting in a \$5 per student credit hour maximum increase for 2019-20.

CPE also established the parameter for out of state tuition requiring that these shall be at least two times the in-state rate.

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

MOTION: Ms. Kinney 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 a \$5 per student credit hour tuition increase for 2019-20 for in-state students. This action aligns with the CPE parameters for tuition rates. The result will be the 2019-20 per credit hour tuition rates for KCTCS colleges:

In-State Students	\$174
Out-of-State Students From Contiguous Counties	\$348
Other Out-of-State Students	\$609

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 \$656,476,000 or 66 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 \$408,274,000, or 48 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 \$571,916,000 as of December 31, 2018.

Vice President Followell noted that the supplier diversity update reflects that for 2018-19, KCTCS spent \$3.7 million of a total \$34.5 million in impactable discretionary spend with diverse suppliers. Existing diverse suppliers are providing more goods to KCTCS, as shown in the 5.6 percent increase of total suppliers contracted for 2018-19 compared to 2017-18.

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

**UPDATE:  
TECHNOLOGY  
SOLUTIONS REPORT**

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

Vice President Czarapata reviewed the KCTCS Cybersecurity programs and methods that are implemented to protect KCTCS data. In 2018, KCTCS Technology Solutions blocked over 164,000,000 malicious emails. The largest risk to KCTCS is phishing and students, faculty, and staff giving their passwords and personal information to criminals.

Vice President Czarapata's presentation on KCTCS Cybersecurity is available at:

<https://publicsearch.kctcs.edu/board/Pages/201903.aspx>

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

**UPDATE: OFFICE OF  
AUDIT SERVICES  
REPORT**

Chair Desmarais called on Mr. Mike Murray, KCTCS General Counsel, to introduce Mr. Ralph Kimbrough, Office of Audit Services (OAS), to provide a semi-annual report on the activities of the OAS.

Mr. Kimbrough noted that the OAS has found several opportunities for continued operational improvement; however, there were no significant issues or adverse indicators regarding financial integrity, threats to institutional reputation or other areas of major concern found upon conducting reviews.

He also shared that there are several pending audits that will be completed in the future. OAS will also continue to assist the external auditors and perform continuing audits such as financial aid verifications, a new initiative of OAS, and grant accounting reviews.

Mr. Kimbrough noted that the audit plan for 2019-20 entails management audits, special reviews, and continuing audits. He shared that the KCTCS overall risk profile is low based on this assessment. For FY 2019, the highest relative risk units are Student Financial Aid at a 4.2 high risk; Purchasing at a 3.8 high risk; Federal and State Grants and Contracts at a 3.6 high risk; Payroll and Human Resources/Organizational Development at a 3.2 medium risk; and Procurement cards at a 3.2 medium risk.

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 June 13, 2019, at Jefferson Community and Technical College, Louisville, Kentucky.

**ADJOURNMENT**

Mr. Shaw moved, and Dr. Henson 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 3:28 p.m. (ET).

*06/13/19*

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

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Lisa V. Desmarais  
Committee Chair