

Minutes
Kentucky Community and Technical College System
Board of Regents Meeting
March 13, 2020

Board Members Present:

- Mr. Damon V. Allen
- Ms. Karen Finan
- Dr. Wendy Fletcher
- Dr. Angela Fultz
- Mr. Chris J. Girdler
- Dr. Gail R. Henson
- Ms. Mary R. Kinney
- Mr. Jonathan McDermott
- Ms. Marcia L. Roth
- Mr. James Lee Stevens
- Ms. Jacqi Teehan
- Ms. Tammy C. Thompson
- Mr. Mark A. Wells

Board Members Absent:

- Ms. Lisa V. Desmarais

Call to Order:

KCTCS Board of Regents Chair Gail Henson called to order the meeting of the Kentucky Community and Technical College System Board of Regents at 9:00 a.m. (ET) on March 13, 2020. The meeting was held at the KCTCS System Office in Versailles, Kentucky. The press was notified of the meeting on March 4, 2020. 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 Henson asked if there were any corrections to the December 6, 2019, minutes presented in the meeting materials. Regent Allen noted that he did not vote for the KCTCS Board of Regents Officer Elections Procedures, he voted against it. He asked that the minutes to be changed to reflect that. Chair Henson noted that change would be made.

Additions or Changes to the Agenda:

There were no additions or changes to the agenda.

Consent Agenda:

Chair Henson asked if there were any changes to the consent agenda. There being none, the agenda was approved as presented.

Chair's Report

Chair Henson introduced our new staff regent to the Board, Ms. Rhonda Rose. Ms. Rose is a Human Resource Specialist from Maysville Community and Technical College and has been with the College for over 20 years. Ms. Rose was elected by her peers to replace former Regent Mary Kinney, who accepted a faculty position this year at Owensboro

Community and Technical College and could no longer fulfill her term. Ms. Rose will serve with the rest of the staff and faculty Regents until October 2021. She is a member of the Academic and Curriculum Committee.

Chair Henson shared that former Regent Mary Kinney was invited to be at the meeting, but she was unable to attend. Chair Henson asked the Board to review Resolution in their folder which honors Ms. Kinney for her service. Her Resolution and engraved bowl honoring her service to the Board of Regents will be sent to her after the meeting.

Chair Henson noted that due to the KCTCS Presidential Search timeline and process, the September 17-18, 2020 KCTCS Board of Regents meetings will be held at the KCTCS System Office. The Board will visit Hazard Community and Technical College at a later date.

KCTCS Presidential Search Update

Chair Henson noted that on February 12, 2020, the Request for Proposals for Presidential Search Consultant Committee, members included Regent Lisa Desmarais, former Regent Mary Kinney, and Chair Henson met to hear presentations from potential search firm consultants. The minutes were sent out to the Committee and have been approved. Chair Henson shared that the Committee made a unanimous choice to go with Gold Hill Associates, and specifically, Dr. Preston Pulliams, as the KCTCS Presidential Search consultant.

Chair Henson shared that Dr. Pulliams was at the meeting and would be providing an overview of his role in the KCTCS Presidential Search.

Chair Henson noted that on Friday, March 6, 2020 the KCTCS Presidential Search Committee held its first meeting at the KCTCS System Office. The members of the Committee are Dr. Vic Adams, Mr. Damon Allen, Lt. Gov. Jacqueline Coleman, Dr. Paul Czarapata, Ms. Lisa Desmarais, Ms. Elizabeth Garduno, Mr. Keith Hamilton, Ms. Amy Jackson, Mr. Lee Lingo, Mr. Barry Martin, Mr. P.G. Peeples, Ms. Jacqi Teehan, Dr. Aaron Thompson, Ms. Ashli Watts, and Mr. Mark Wells.

Chair Henson shared that the Committee is in the process of developing a survey that will be sent electronically to stakeholders across the state, including faculty/staff/students, elected officials, business and industry leaders, educational leaders, the College Presidents, and of course, Regents, so that all may provide input about what qualities they think the next KCTCS President should possess. Based off information received from the survey, Dr. Pulliams will be developing the KCTCS President Profile. The profile will be the guiding document for the recruitment and screening of candidates.

Chair Henson asked KCTCS General Counsel Mike Murray to discuss the KCTCS Presidential Search Confidentiality Statements given to each Regent regarding the search process. She noted that the KCTCS Presidential Search Committee will observe strict confidentiality. Maintaining confidentiality is an absolute requirement for membership on the KCTCS Presidential Search Committee. In order to attract the best qualified candidates and preserve the integrity of all parties and the search process itself, there

can be no discussion of potential candidates or the internal workings of the search process outside of the Presidential Search Committee, except general updates to Board members or general responses to stakeholder inquiries. All information and deliberations of the Presidential Search Committee pertaining to candidates shall be kept in strict confidence. Chair Henson asked each Board member to sign the confidentiality agreement and Mr. Murray collected them. She noted that the next KCTCS Presidential Search Committee will meet on April 13, 2020.

Chair Henson asked Dr. Pulliams to give a brief overview of the process. Dr. Pulliams noted that he has worked with the KCTCS Colleges for numerous presidential searches. He explained the presidential profile search and the importance of the profile document in recruiting national candidates. He shared that there was an assessment tool used to build a matrix that the KCTCS Presidential Search Committee will utilize to screen qualified candidates.

KCTCS President's Report

Chair Henson called upon KCTCS President Jay K. Box to make the report.

KCTCS President Box introduced the President of Bluegrass Community and Technical College, Dr. Koffi Akakpo; President of Madisonville Community College, Dr. Cindy Kelley; and President of Southeast Kentucky Community and Technical College, Dr. Vic Adams, who were in attendance.

A presentation on the Real World Creative was provided by System Director of Marketing Terri Giltner.

An update about Performance Measures for the *KCTCS Strategic Plan 2016-22* was provided by Vice Chancellor Alicia Crouch.

RECESS: The Board recessed at 9:30 a.m. (ET) and reconvened at 9:42 a.m. (ET).

President Box updated the Board about his work plans until July 1, 2020. He shared that he will be out of the office frequently after the adjournment of the General Assembly. KCTCS Chancellor Kris Williams will be stepping up as second in command while Dr. Box is out.

Chair Henson noted that the Interim President will start July 1, 2020.

RECESS: The Board recessed at 10:55 a.m. (ET) and reconvened at 11:05 a.m. (ET).

Chair Henson opened the discussion regarding the Interim President.

Regent Finan asked that the Board of Regents appoint the Interim President. Regent Fletcher asked if the discussion and appointment would take place in closed session. Regent McDermott asked what the process is to choose an Interim. Chair Henson noted that usually it is an internal person or a retired person that is familiar with the System. She also shared that it is not someone who is applying for the position. Regent Stevens

asked if it was part of the Board's responsibility to hire the Interim and approve the contract. KCTCS General Counsel Murray noted that in the Statutes and Bylaws for the Chair to make the appointment. Regent Fultz asked if the discussion and appointment could take place in closed session. KCTCS General Counsel shared that qualification discussion would need to take place in open session, but selection of an interim could take place in closed session.

Chair Henson noted that the Board would have an Executive Session at the end of the meeting, and she moved to the Consent Agenda.

Consent Agenda:

Chair Henson asked if there were any changes to the consent agenda. There being none, the agenda was approved as presented.

Executive Committee:

Chair Henson called upon Executive Committee Member Dr. Angela Fultz to make the committee's report in Vice Chair Desmarais absence.

Information: KCTCS Board of Regents 2021 Meeting Calendar

Dr. Fultz, according to KRS 164.340, the KCTCS Board of Regents is mandated to meet quarterly. Board compliance with this mandate has evolved into a two-day meeting format on Thursdays and Fridays with the meetings scheduled to avoid holidays in March, June, September, and December. The Board has held special meetings as necessary under the conditions set forth in Section 4 of the *KCTCS Board of Regents Bylaws*.

Dr. Fultz noted that Chair Henson asked Regents to review their calendars and let staff know by April 24, 2020, whether they are available to attend meetings on March 18-19, 2021; June 10-11, 2021; September 16-17, 2021; and, December 2-3, 2021. The proposed dates do not conflict with federal or religious holidays. The Board's 2021 regular meeting calendar would be adopted at the June 12, 2020, Board of Regents meeting and locations would be announced once a new President is hired.

RECOMMENDATION: That the KCTCS Board of Regents approve a revised mission statement for Gateway Community and Technical College (GCTC) as presented in the agenda materials.

Dr. Fultz noted that it is the policy of the KCTCS Board of Regents that each SACS-accredited college under the jurisdiction of the KCTCS Board of Regents has a statement of purpose approved by the governing board and that the KCTCS Board of Regents periodically review and approve mission statements of each SACS-accredited college. It is also the policy of KCTCS that the college mission statement be reviewed annually and that the mission statement shall be submitted to the KCTCS Board of Regents for approval at least once every three years.

Dr. Fultz noted that on August 2, 2019, the faculty, and staff of GCTC began the process of reviewing their mission statement. After the review, responses were shared with the Office of Institutional Planning, Research, and Effectiveness. In September

2019, the results were shared with the GCTC Board of Directors for feedback. Students, alumni, faculty and staff and community members were able to provide additional input by way of a survey. The results from that survey were compiled into three revised statements and voted on by the college community for final selection. Based upon those results, the chosen statement was then approved by the GCTC Board of Directors.

Chair Henson called for discussion. There being none, she called for the motion.

MOTION: On behalf of the Executive Committee, Dr. Fultz moved that the KCTCS Board of Regents approve a revised mission statement for Gateway Community and Technical College (GCTC) as presented in the agenda materials.

Chair Henson called for the vote.

VOTE: The motion was approved unanimously.

Chair Henson moved to the next agenda item.

Information: Kentucky Employees Retirement System (KERS) Resolutions for Determination

Dr. Fultz noted that President Box and Vice President Followell held an informational workshop on Thursday, March 12, 2020, that provided detailed information and allowed discussion around the considerations surrounding KERS and KCTCS's future with the pension system. Based upon the information provided in the workshop, there were two resolutions presented as information only for the Committee to review. The Resolution Authorizing Cessation in KERS (Attachment A), would allow KCTCS to withdraw from KERS. The Resolution Authorizing Continued Participation in KERS (Attachment B), would allow KCTCS to continue as it does now, in KERS.

Dr. Fultz shared that per KERS 61.522(8), the Board of Regents must pass a resolution to voluntarily cease participation in KERS and submit the resolution to the Kentucky Retirement System (KRS) on or before April 30, 2020. She shared there were too many unknowns for the Executive Committee, and the full Board, to make a determination about opting out or staying in KERS. Until the General Assembly adjourns on April 16, the Board cannot be 100 percent sure what will happen with KERS and the various bills and provisions affecting the issue.

Dr. Fultz asked for the Board to hold two possible dates for a special meeting on their calendars. The dates are Thursday, April 23, 2020 and Friday, April 24, 2020. The meeting would be held at the KCTCS System Office and participation via Skype is permissible, but video conferencing must be enabled to cast votes. She shared that there would be two separate meetings. There would be an Executive Committee meeting and following the conclusion of that meeting, one for the full Board.

Chair Henson moved to the next agenda item.

Update: 2020 KCTCS Legislative Session

Dr. Fultz noted that the 2020 General Assembly began on January 7, with Sine Die set for April 15. There are a number of bills that are being monitored in addition to the biennial budget. As of now, the Governor and the House has released their proposed budgets. The Senate version would be released next. A Conference Committee will likely be needed to resolve the differences in the three budget versions.

Dr. Fultz shared that KCTCS has had a steady presence at the Capitol during this legislative session. He has attended committee meetings weekly and President Box has been meeting with legislators on a weekly basis. President Box along with the college Presidents attend four different "Eat and Greets" in the Capitol Annex cafeteria. These events were hosted by KCTCS and they all had a record turnout of legislators.

Chair Henson called for discussion, there being none, and she moved to the next Committee report.

Efficiency, Effectiveness, and Accountability Committee:

Chair Henson called upon Efficiency, Effectiveness, and Accountability Committee (EEA) Chair Dr. Angela Fultz to make the committee's report.

Action: KCTCS 2018-19 Board Evaluation Outcomes:

RECOMMENDATION: That the Efficiency, Effectiveness and Accountability Committee discuss the 2018-19 Board Evaluation Report and either (a) determine that no recommendations for improvement are needed at this time, or (b) make suggested recommendations for improvement based on the survey results.

Dr. Fultz noted that after the discussion of the agenda item, there were three recommendations to bring before the Board for consideration.

RECOMMENDATION: That the KCTCS Board of Regents conduct the next Board evaluation at the June 2021 meeting and move to an annual June evaluation schedule, with results reviewed at the September EEA Committee meeting.

MOTION: On behalf of the Efficiency, Effectiveness, and Accountability Committee, Dr. Fultz moved that the KCTCS Board of Regents conduct the next Board evaluation at the June 2021 meeting and move to an annual June evaluation schedule, with results reviewed at the September EEA Committee meeting.

Chair Henson called for discussion, there being none she called for a vote.

VOTE: The motion was approved unanimously.

RECOMMENDATION: That the results of the 2018-19 survey will be thoroughly reviewed and discussed in consultation with the new KCTCS President at the September 2020 EEA Committee Meeting (if the individual is in the position at the time), or in a Board workshop to be conducted with the new President at the earliest possible time.

MOTION: On behalf of the Efficiency, Effectiveness, and Accountability Committee, Dr. Fultz moved that the KCTCS Board of Regents thoroughly review and discuss the results of the 2018-19 survey in consultation with the new KCTCS President at the September 2020 EEA Committee Meeting (if the individual is in the position at the time), or in a Board workshop to be conducted with the new President at the earliest possible time.

Chair Henson called for discussion, there being none she called for a vote.

VOTE: The motion was approved unanimously.

RECOMMENDATION: That the KCTCS Board of Regents Evaluation add a needs improvement category to the next survey between the unsatisfied and satisfied categories.

MOTION: On behalf of the Efficiency, Effectiveness, and Accountability Committee, Dr. Fultz moved that the KCTCS Board of Regents Evaluation add a needs improvement category to the next survey between the unsatisfied and satisfied categories.

Chair Henson called for discussion, there being none she called for a vote.

VOTE: The motion was approved unanimously.

Chair Henson moved to the next agenda item.

Update: *KCTCS Strategic Plan 2016-22*

Dr. Fultz shared that the Committee received a presentation on the *KCTCS Strategic Plan 2016-22*. It was noted that KCTCS has met or exceeded its 2021-22 target on six of 10 measures and is on track to meet or exceed the target for an additional two measures. She shared that significant work is needed to meet targets for the remaining two measures Associate Degree Transfer and Experiential Learning.

Chair Henson called for discussion, there being none, and she moved to the next Committee report.

Academic Affairs and Curriculum Committee:

Chair Henson called upon Academic Affairs and Curriculum Committee Chair James Lee Stevens to make the committee's report.

Action: New Program Proposals

AAS in Fixed Wing Flight Training for Madisonville Community College

RECOMMENDATION: That the Board of Regents approve an Associate in Applied Science (AAS) in Fixed Wing Flight Training and 11 certificates in FAA: Private Pilot Ground School, FAA: Private Pilot Certification, FAA: Instrument Pilot Ground School, FAA: Instrument Pilot Certification, FAA: Commercial Pilot Ground School, FAA: Commercial Pilot Certification, FAA: Certified Flight Instructor Ground, FAA: Certified Flight Instructor Certification, FAA: Flight Instructor Instrument Ground, FAA: Flight Instructor Instrument Certification, and FAA: Multi-Engine Certification for Madisonville Community College (MCC) to be implemented in fall 2020.

Mr. Stevens noted that the aviation program will provide viable options for a significantly increased number of students graduating with the necessary skill set relative to employment in various aspects of the aviation industry cluster. MCC will offer an established aviation curriculum that is tailored to localized need, yet consistent with the other 130 collegiate aviation programs that collectively comprise the membership of the University Aviation Association.

Mr. Stevens shared that within the MCC service area, the region has made considerable investments in two general service airports that would make ideal locations for flight schools. Local economic development organizations within the region have conducted elaborate feasibility studies on the benefits of initiating aviation training to support the various needs of the aviation cluster. The community members present shared their multi-county support of this program.

Mr. Stevens noted that the needs for the program will be met through existing funding. Local city and county governments and their representative economic development teams are so engaged and enthusiastic about this program that they have committed resources to ensure that program requirements are more than offset by program revenues and their economic support.

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

MOTION: On behalf of the Academic Affairs and Curriculum Committee, Mr. Stevens moved that the KCTCS Board of Regents approve an Associate in Applied Science (AAS) in Fixed Wing Flight Training and 11 certificates in FAA: Private Pilot Ground School, FAA: Private Pilot Certification, FAA: Instrument Pilot Ground School, FAA: Instrument Pilot Certification, FAA: Commercial Pilot Ground School, FAA: Commercial Pilot Certification, FAA: Certified Flight Instructor Ground, FAA: Certified Flight Instructor Certification, FAA: Flight Instructor Instrument Ground, FAA: Flight Instructor

Instrument Certification, and FAA: Multi-Engine Certification for Madisonville Community College (MCC) to be implemented in fall 2020.

Chair Henson called for the vote.

VOTE: The motion was approved unanimously.

Chair Henson moved to the next agenda item.

AAS in Helicopter Flight Training for Madisonville Community College

RECOMMENDATION: The Board of Regents approve an Associate in Applied Science (AAS) in Helicopter Flight Training and 10 certificates in FAA: Private Pilot Ground School, FAA: Private Pilot Certification, FAA: Instrument Pilot Ground School, FAA: Instrument Pilot Certification, FAA: Commercial Pilot Ground School, FAA: Commercial Pilot Certification, FAA: Certified Flight Instructor Ground, FAA: Certified Flight Instructor Certification, FAA: Flight Instructor Instrument Ground, and FAA: Flight Instructor Instrument Certification for Madisonville Community College (MCC) to be implemented in fall 2020.

Mr. Stevens noted that the Helicopter Flight Training (HFT) proposal is student-centered (featuring over 150 hours of one-on-one flight instruction) and prepares students to achieve ten Federal Aviation Administration (FAA) certifications and five aeronautical ratings in less than 24 months. Graduates will be highly trained and competent aircraft operators who are not only responsible for the safety of their passengers and cargo, but also for the operation of sophisticated and expensive equipment.

Mr. Stevens shared that the local economic development organizations within the region have conducted elaborate feasibility studies on the benefits of initiating aviation training to support the various needs of the aviation cluster.

Mr. Stevens noted that the needs for the program will be met through existing funding. Local city and county governments and their representative economic development teams are so engaged and enthusiastic about this program that they have committed resources to ensure that program requirements are more than offset by program revenues and their economic support.

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

MOTION: On behalf of the Academic Affairs and Curriculum Committee, Mr. Stevens moved that the KCTCS Board of Regents approve an Associate in Applied Science (AAS) in Applied Science (AAS) in Helicopter Flight Training and 10 certificates in FAA: Private Pilot Ground School, FAA: Private Pilot Certification, FAA: Instrument Pilot Ground School, FAA: Instrument Pilot Certification, FAA: Commercial Pilot Ground School, FAA: Commercial Pilot Certification, FAA: Certified Flight Instructor Ground, FAA: Certified Flight Instructor Certification, FAA: Flight Instructor Instrument Ground, and FAA: Flight

Instructor Instrument Certification for Madisonville Community College (MCC) to be implemented in fall 2020.

Chair Henson called for the vote.

VOTE: The motion was approved unanimously.

Chair Henson moved to the next agenda item.

Update: Program Suspensions

Mr. Stevens noted that KCTCS Chancellor William presented a PowerPoint presentation to the Committee about program suspensions.

Mr. Stevens explained that a suspended program is defined by the Kentucky Council on Postsecondary Education (CPE) as an academic program that no longer accepts new students as of a specified date but allows current or previously accepted students to complete the program. The program can be re-opened within five years without going through the new academic program approval process. After five years, if the program has not been re-opened, it is considered a closed program.

Mr. Stevens shared that program suspensions are programs that have been officially removed from the CPE Program Inventory and include all credential levels of a program and for all tracks within the credential level. The program suspensions that are presented in the supplemental booklet are provided for the 2019-20 academic year. The total number of credentials suspended for the 2019-20 academic year is 27.

Chair Henson moved to the next agenda item.

Update: Academic Services Report

Mr. Stevens noted that KCTCS Chancellor Williams presented a PowerPoint presentation to the Committee. Mr. Stevens shared a few highlights from her report.

Action Plan Development

KCTCS has a six-year Strategic Plan. Each biennium, KCTCS develops a two-year Action Plan to move the Strategic Plan forward. Five core strategies will guide the work of the Colleges and System Office in completion of the final two years of the strategic plan. These include strategies on increasing access and success for all KCTCS students, particularly among traditionally underserved populations; expanding the recognition of KCTCS as the premier choice for postsecondary education in Kentucky; and developing a center for excellence in Work-Based Learning to align programs, curricula, and student experiential/work-based learning opportunities to the Future of Work.

Winter Session

The Winter Session was made available to KCTCS Colleges to reach out to new student populations/enrollments and provide short-term classes between the end of the fall term and the first week in spring term (encompassing the institutional closure). Ten colleges offered 78 winter session courses with 578 unduplicated students participating. Courses were generally online, and three Colleges offered in person courses. It was an excellent start to this new session offering and there is College interest in expansion of the session next December.

Instructional Designer Support

To support faculty designing online courses, the Chancellor's Office redirected funding for three instructional design positions. Working with the College Chief Academic Officers and the Distance Learning Peer Team, the Office for Online Learning assigned each designer to 4-6 Colleges to support selected faculty. The intent of this effort is to strengthen the quality of online offerings across the System.

Apprenticeship Update

KCTCS was approved by the Kentucky Registered Apprenticeship Program with the US Department of Labor Employment and Training Administration as an apprenticeship education sponsor intermediary. This allows KCTCS to serve businesses and apprentices in a new way. College Workforce Solutions staff are working with Systems Office staff to expand services to businesses and students in the recruitment, retention, and success of apprentices.

Chair Henson called for discussion, there being none, and she moved to the next Committee report.

Finance, Technology, and Human Resources Committee:

Chair Henson called upon Finance, Technology, and Human Resources Committee Chair Mark Wells to make the committee's report.

Update: Compensation and Classification Phase II – Compression Adjustment.

Mr. Wells noted that a workshop was with all the Board members and they were updated about the compression issue affecting KCTCS employees. The agenda item was an update and no vote or action will be taken regarding compression. Mr. Wells noted that as a part of the budget development scenarios necessary for the development of a proposed budget, the Board would need to review the options to be considered at the June 12, 2020 Board meeting.

Mr. Wells summarized the three options that were discussed in the workshop:

- Option 1, Market Rate, is the total solution that affects the greatest number of employees (64 percent) at a cost of \$15.7 million with an average adjustment of \$4,365 per employee.
- Option 2, Flat Rate, is the option that will move employees to market rate, but at a more affordable cost of \$2.7 million with an average adjustment of \$814 per

employee. In this option, 59 percent of faculty and staff would be impacted.

- Option 3, Percent Rate, is focused on moving employees closer to market rate with a larger average increase per employee. This option impacts 47 percent of faculty and staff for a total of \$2.4 million and an average adjustment of \$927 per employee.

Mr. Wells shared with the Board that the Committee supported Option 2.

Chair Henson called for discussion.

During discussion, it was noted that the Board would support Option 2.

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

Information: KCTCS Budget Development Scenarios

Mr. Wells noted that a discussion involving budget assumptions was needed in order to provide guidance in the development of the 2020-21 proposed budget for consideration at the June 12, 2020 Board of Regents meeting.

The KCTCS base state appropriation is \$174,581,000 for 2019-20. The base state appropriation will be for 2020-21 is unknown, but some scenarios for consideration have been developed.

For 2020-21, CPE recommended 2 percent (\$3,315,200) of the current KCTCS operating base be placed in performance funding along with the KCTCS calculated portion of newly-requested funds (\$11.6 million). If this request were to be funded, the total state appropriation for KCTCS, including performance funding, would be \$186,184,400 for 2020-21.

Under the Governor's proposed budget, KCTCS would receive a 1 percent increase in its state appropriation base with \$3.4 million in additional funding to offset employer contributions in KERS. If this request were to be funded, the total state appropriation for KCTCS would be \$179,765,800 for 2020-21. In discussion of the House's recommended budget (HB352 HCS), KCTCS would receive in 2020-21 \$1,904,400 in new state appropriation and an additional \$1,241,300 to help offset the KERS contribution rate increase for a total of \$3,145,700.

In addition to state appropriations, the other primary source of funds to support the KCTCS operating budget is tuition revenue. In spring 2020, CPE will establish a two-year tuition rate increase ceiling for KCTCS. In 2018, the two-year tuition rate ceiling was set at \$12 per credit hour with no more than an \$8 per credit rate increase in either year of the biennia. For each \$1 increase in tuition, approximately \$1.2 million in new net revenue is projected.

Fixed costs such as employee benefits and property insurance are expected to increase in 2020-21. Employee benefits include 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.

Another fixed cost to consider, absent any additional legislation changes, is the proposed contribution rate for KCTCS will go from 49.47 percent to 93.16 percent for 2020-21 per the House's recommended budget (but, there are several proposals in the General Assembly influencing the KERS contribution rate and the outcome of KCTCS's continued participation or exit in KERS).

The Board of Regents is responsible for determining the salary schedules for KCTCS faculty and staff. A one percent across-the-board increase for all regular, full-time faculty and staff personnel costs approximately \$2.7 million, including associated benefits. Additionally, three scenarios have been presented for consideration to the Board to begin to address employee compression, ranging from a \$15.7 million to \$2.4 million in cost.

Chair Henson called for discussion.

During the discussion, it was noted that the Committee asked President Box to look at moving forward with a 1 percent across the board compensation. It was noted that there are so many unknowns, but the general consensus was that a raise for employees is needed, but with the cost of a raise along with compression cost and the uncertainty of the KERS cost will all factor into the decision.

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

Update: Administrative Services Report

Mr. Wells noted that the Statement of Current Funds Revenues and Expenses as presented in the agenda materials, reflects actual program and operational expenditures compared to the 2019-20 budget approved by the KCTCS Board of Regents, June 14, 2019. The report reflects total revenues and appropriated fund balances of \$564,023,000 (67 percent of the budgeted revenue and appropriated funds).

It was shared that the Statement of Current Funds Revenues and Expenses also reflects current fund expenses and budget reserve of \$392,016,000 (46 percent of the expenses budgeted for the year). The Statement of Net Position as presented in the agenda materials, 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 \$671,989,000 as of December 31, 2019.

Mr. Wells shared the supplier diversity update. It reflects that for 2019-20, KCTCS spent \$3.8 million, 10.8 percent of a total \$35.3 million, in impactable discretionary spend with diverse suppliers. Existing diverse suppliers are providing more goods and services to KCTCS, as shown by the 36.6 percent increase of total suppliers contracted for 2019-20 as compared to 2018-19.

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

Update: Office of Audit Services Report

Mr. Wells noted that the OAS has found several opportunities for continued operational improvement including untimely bank deposits; insufficient travel documentation; and improper segregation of work. However, there were no significant issues or adverse indicators regarding financial integrity, threats to institutional reputation or other areas of major concern found.

It was shared that audit plans for FY 2020 and 2021 include several colleges either due to management changes or risk evaluations. The OAS continues to assist the external auditors.

Mr. Wells noted that the OAS is developing new infrastructure changes and will provide more emphasis on interviewing executive staff and utilizing different risk models for assessment.

Chair Henson called for discussion, there being none, and she moved to the next agenda item.

Special Election for the KCTCS Board of Regents

RECOMMENDATION: That the KCTCS Board of Regents elect a Regent to fill the Board Officer vacancy for the Secretary to the Board of Regents. The newly elected Secretary will serve from March 13, 2020, to June 30, 2020.

MOTION: Ms. Finan moved, and Dr. Fultz seconded that the KCTCS Board of Regents elect a Regent to fill the Board Officer vacancy for the Secretary to the Board of Regents. The newly elected Secretary will serve from March 13, 2020, to June 30, 2020.

Chair Henson called for a vote.

VOTE: The motion was approved unanimously.

Chair Henson called for nominations for the position of Secretary. She noted that any member present or attending by video conferencing may self-nominate or nominate any other Regent who is present or attending by video conference.

Regent Fletcher was nominated and accepted the nomination.

Chair Henson called for a vote by show of hands.

VOTE: The motion was approved unanimously.

Executive Session

Chair Henson called for a motion for the KCTCS Board of Regents to go into Executive Session pursuant to KRS 61.810 (1) (c) – Proposed or Pending Litigation in which KCTCS may be a party or KRS 61.810 (1) (f) Individual Personnel Matters.

MOTION: Dr. Fultz moved, and Mr. McDermott seconded that the KCTCS Board of Regents go into Executive Session pursuant to KRS 61.810 (1) (c) – Proposed or Pending Litigation in which KCTCS may be a party or KRS 61.810 (1) (f) Individual Personnel Matters.

VOTE: The motion was approved unanimously.

Chair Henson asked everyone to leave the room. She asked President Box, Cabinet, and KCTCS General Counsel Mike Murray to participate in the Executive Session.

The Board went into Executive Session at 11:53 a.m. (ET).

Open Session

Chair Henson called for a motion for the KCTCS Board of Regents to reconvene the meeting in Open Session.

MOTION: Dr. Fultz moved, and Ms. Roth seconded that the KCTCS Board of Regents reconvene in Open Session.

VOTE: The motion was approved unanimously.

The KCTCS Board of Regents reconvened in open session at 12:40 p.m. (ET).

Chair Henson announced that the Board discussed Proposed or Pending Litigation or Individual Personnel Matters and that there was one action to bring before the Board.

MOTION: Mr. Stevens moved, and Ms. Finan seconded that the KCTCS Board of Regents allow Chair Henson to negotiate a monthly stipend to be paid to Dr. Paul Czarapata beginning July 1, 2020, for a minimum of three months or extended on a monthly basis until a new KCTCS President is on board.

VOTE: The motion was approved unanimously.

Next Meeting:

Chair Henson announced that the next regular meeting of the KCTCS Board of Regents is scheduled for June 11-12, 2020 at the KCTCS System Office, Versailles, Kentucky.

Adjournment:

Mr. Stevens moved that the meeting adjourn. Mr. Wells seconded the motion.

VOTE: The motion was approved unanimously, and the workshop adjourned at 12:44 p.m. (ET).

June 12, 2020

Date Approved by the
KCTCS Board of Regents

SIGNATURE ON FILE

Gail R. Henson, Ph.D., Chair
KCTCS Board of Regents

SIGNATURE ON FILE

Wendy Fletcher, DNP, APRN, FNP-BC, FAANP
Secretary
KCTCS Board of Regents

SIGNATURE ON FILE

Jay K. Box, Ed.D.
KCTCS President



**Kentucky Community and Technical College System (KCTCS)
Board of Regents**

Resolution Authorizing Cessation in the Kentucky Employees Retirement System

WHEREAS, the KCTCS is a participating institution in the defined benefit public pension plan known as the Kentucky Employees Retirement System (KERS); and

WHEREAS, through passage of House Bill 1, effective with Governor Matt Bevin's signature on July 24, 2019, the Kentucky General Assembly provided a statutory framework for participating institutions to continue or cease participation in the KERS; and

WHEREAS, the KCTCS Board of Regents is charged with the governance and overall well-being of the KCTCS, including the provision of benefits such as retirement benefits and the plans that provide such benefits; and

WHEREAS, the KCTCS Board of Regents authorized the KCTCS staff and administration to research and analyze the financial, institutional, and individual impact of continuing or ceasing participation in the Kentucky Employees Retirement System (KERS) for any and all employees hired before December 31, 2013 who elected to participate in the defined benefit plan known as the KERS; and

WHEREAS, the KCTCS Board of Regents has been provided the research and analysis undertaken through and by the KCTCS Administrative Services responsible for budget, treasury, and human resources; and

WHEREAS, the KCTCS Board of Regents has reviewed the research and analysis and has undertaken open discussion, entertained public input, and engaged in serious deliberation of the potential effects, both positive and negative, that continuing or ceasing participation will likely or potentially have on the KCTCS, its employees, and its students; and

WHEREAS, in its review, discussion, and deliberation, the KCTCS Board of Regents has weighed the long-term financial and employment impact, including the institution's ethical and fiscal obligations to all employees, regardless of enrollment in a defined benefit or defined contribution plan; and

WHEREAS, the KCTCS Board of Regents must, pursuant, to 2019 Special Session House Bill 1 and through KRS 61.522(8) resolve to voluntarily cease participation in the KERS and upon such resolution must submit the official, formal declaration of the KCTCS Board of Regents to voluntarily cease participation of the KCTCS in the KERS to the KERS Board on or between April 1, 2020 and April 30, 2020; and

WHEREAS, in order to comply with the requirements KRS 61.522(8) and formal notice of cessation, the KCTCS Board of Regents must declare the following:

- 1) KCTCS shall voluntarily cease participation in the Kentucky Employees Retirement System; and
- 2) KCTCS shall not cause, permit, or assert that employees, specifically nonhazardous employees, hired prior to June 30, 2020, or any KCTCS employees hired prior to January 1, 2014 who have participated since hiring in the KERS, are able to continue to elect or participate in the KERS, and shall make known to all employees seeking to participate or assert participation that such participation is not permitted as a result of KCTCS' voluntary cessation of participation; and
- 3) All KCTCS employees hired prior to June 30, 2020, and/ or January 1, 2014 shall no longer earn service credit and benefits after KCTCS' official cessation date of June 30, 2020; and
- 4) KCTCS acknowledges voluntary cessation is irrevocable, and shall make no attempt or assertion that it will or plans to rescind this cessation resolution after submission on April 30, 2020; and
- 5) KCTCS understands and acknowledges it is subject to the requirements and restrictions of KRS 61.522 and all administrative regulations that serve to enact KRS 61.522; and
- 6) KCTCS further affirms and agrees that voluntary cessation in the KERS, pursuant to KRS 61.522(8), shall require that KCTCS pay the actuarial cost of ceasing participation as set by KERS and also shall require that KCTCS pay any and all administrative costs associated with its voluntary cessation of participation; and
- 7) KCTCS shall cooperate with KERS to educate its employees about the KCTCS' decision to elect voluntary cessation, the effects of that election on the employees' retirement accounts, and the employees' options regarding their retirement accounts; and
- 8) KCTCS affirms that it will not mandate, force, or require its employees to seek or take a refund of their accumulated account balance as defined by KRS 61.510(41), nor shall KCTCS retaliate against any employees who chooses not to take refunds of their accumulated account balance as defined in KRS 61.510(41); and
- 9) KCTCS will hold harmless the Commonwealth and the KERS, including board members and employees of the KERS, from damages, attorney's fees and costs of legal claims for any cause of action brought by any member or retired member of the ceasing employer related to the cessation of the employer; and

- 10) The KCTCS Board of Regents shall cause delivery of this official and formal resolution of cessation in KERS participation to the appropriate KCTCS Administrative Staff on or before April 30, 2020, and shall direct submission to the KERS no later than April 30, 2020; and
- 11) The KCTCS Board of Regents acknowledges that in the event a resolution to cease participation in the Kentucky Employee Retirement System is not received by the KERS prior to April 30, 2020, the KCTCS will continue to participate in the KERS and shall pay, pursuant to state law, the full actuarially determined contributions for fiscal years occurring on or after July 1, 2020.

WHEREAS, the KCTCS Board of Regents, having done its due diligence in considering all available research, financial modeling, and projected costs, finds the best interest of KCTCS lies in ceasing participation in the KERS.

NOW, THEREFORE, BE IT RESOLVED, by the KCTCS Board of Regents that:

The KCTCS Board of Regents authorizes KCTCS to cease participation in the KERS effective June 30, 2020; and

The KCTCS Board of Regents, in furtherance of its decision to cease participation in the KERS, hereby resolves and declares each of the matters described as items 1) through 11) in the ninth recital paragraph hereof; and

The KCTCS Board of Regents, in furtherance of its decision to cease participation in the KERS, directs the KCTCS President and Administrative Staff to take all action and execute all necessary documents for KCTCS' timely exit from the KERS, specifically but not solely, the KCTCS President and Administrative Staff shall communicate this resolution to the Kentucky Retirement Systems no later than April 30, 2020.

ADOPTED this the 13th day of March 2020.

Gail Henson, Chair
KCTCS Board of Regent

Note: The attached resolution has been submitted to Gail Henson, Chair of the KCTCS Board of Regents, for her signature as it was adopted by the Board on March 13, 2020.

Hannah H. Rivera, Esquire
Assistant Secretary to the Board of Regents



**Kentucky Community and Technical College System (KCTCS)
Board of Regents**

**Resolution Authorizing Continued Participation in the Kentucky Employees
Retirement System**

WHEREAS, the KCTCS is a participating institution in the defined benefit public pension plan known as the Kentucky Employees Retirement System (KERS); and

WHEREAS, through passage of House Bill 1, effective with Governor Matt Bevin's signature on July 24, 2019, the Kentucky General Assembly provided a statutory framework for participating institutions to continue or cease participation in the KERS; and

WHEREAS, the KCTCS Board of Regents is charged with the governance and overall well-being of the KCTCS, including the provision of benefits such as retirement benefits and the plans that provide such benefits; and

WHEREAS, the KCTCS Board of Regents authorized the KCTCS staff and administration to research and analyze the financial, institutional, and individual impact of continuing or ceasing participation in the Kentucky Employees Retirement System (KERS) for any and all employees hired before December 31, 2013 who elected to participate in the defined benefit plan known as the KERS; and

WHEREAS, the KCTCS Board of Regents has been provided the research and analysis undertaken through and by the KCTCS Administrative Services responsible for budget, treasury, and human resources; and

WHEREAS, the KCTCS Board of Regents has reviewed the research and analysis and has undertaken open discussion, entertained public input, and engaged in serious deliberation of the potential effects, both positive and negative, that continuing or ceasing participation will likely or potentially have on the KCTCS, its employees, and its students; and

WHEREAS, in its review, discussion, and deliberation, the KCTCS Board of Regents has weighed the long-term financial and employment impact, including the institution's ethical

and fiscal obligations to all employees, regardless of enrollment in a defined benefit or defined contribution plan; and

WHEREAS, the KCTCS Board of Regents, having done its due diligence in considering all available research, financial modeling, and projected costs, finds the best interest of KCTCS lies in continuing participation in the KERS.

NOW, THEREFORE, BE IT RESOLVED, by the KCTCS Board of Regents that:

The President and Administrative Staff of the KCTCS are hereby directed to take all action necessary to affirm and continue participation of the KCTCS in the public pension plan known as the Kentucky Employee Retirement System for those employees hired on or before December 31, 2013 who elected upon their employment to participate in and who currently participate in the KERS.

ADOPTED this the 13th day of March 2020.

Gail R. Henson, Ph.D., Chair
KCTCS Board of Regents

Note: The attached resolution has been submitted to Gail Henson, Chair of the Board of Regents, for her signature as it was adopted by the Board on March 13, 2020.

Hannah H. Rivera, Esquire
Assistant Secretary to the Board of Regents