

GOVERNANCE COMMITTEE
February 12, 2014 Minutes

The Kansas Board of Regents' Governance Committee met on Wednesday, February 12, 2014. Chairman Fred Logan called the meeting to order at 8:45 a.m. Proper notice was given according to law.

Members Present: Fred Logan, Chair
Kenny Wilk
Tim Emert

Others Present: President Bardo, WSU; Julia Keen, KSU; Andy Tompkins, KBOR;
Jacqueline Johnson, KBOR; Julene Miller, KBOR; Renee Burlingham,
KBOR; Breeze Richardson, KBOR

MINUTES

Regent Emert moved to approve the January 15, 2014 minutes. Regent Wilk seconded, and the motion carried.

CHIEF FINANCIAL OFFICER POLICY

General Counsel Julene Miller presented the proposed revisions to the Board Policy Manual to require each of the chief executive officers of the state universities to designate a chief financial officer. She stated the Board Fiscal Affairs and Audit Standing Committee determined this policy was needed after their review of each of the state universities' organizational and financial reporting structures. The Governance Committee recommended forwarding the below policy on to the Board for consideration.

CHAPTER II: GOVERNANCE – STATE UNIVERSITIES

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C. CHIEF EXECUTIVE OFFICER, FACULTY AND STAFF

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2. Appointments

a. Chief Executive Officer

i. General Provisions

(1) Subject to the policies, rules and regulations of the Board of Regents, the chief executive officer of each state university shall administer the affairs of the university. The Board of Regents holds the chief executive officer responsible and accountable for all operations of the university, including university controlled affiliated corporations, and expects that each chief executive officer shall devote his or her undivided attention and energies to management of the university.

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b. Faculty and Staff

i. General Provisions

(1) In accordance with K.S.A. 76-715, the Board has authorized each state university chief executive officer to make all employee appointment decisions at his or her institution. The chief executive officer may delegate that authority. Each faculty and staff appointment must be approved by the chief executive officer or the chief executive officer's designee.

(2) Provosts, vice presidents or executive vice chancellors, and deans shall serve at the pleasure of the university chief executive officer. Each state university chief executive officer shall designate a chief financial officer for the university, who shall serve at the pleasure of the university chief executive officer. Other university administrative staff positions may be designated as positions that serve at the pleasure of the chief executive officer or at the pleasure of the chief executive officer's designee: provided, however, that such will and pleasure designation is stated in the administrator's written annual notice of appointment. The Board shall be notified of the appointment of any provost, vice-president, executive vice-chancellor, chief financial officer, or other position that reports directly to the university chief executive officer. Such notice shall be given after the appointment occurs and prior to its announcement. The Board shall be notified of the departure of any provost, vice-president, executive vice chancellor, chief financial officer, or other position that reports directly to the university chief executive officer at the time the university chief executive officer becomes aware of the departure or planned departure.

CHAPTER II: GOVERNANCE – STATE UNIVERSITIES

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D. FISCAL MANAGEMENT AND BUSINESS ADMINISTRATION

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6. Designation of Chief Financial Officer

Each state university chief executive officer shall appoint or designate a chief financial officer for the university. Each chief financial officer shall report directly to the university chief executive officer and shall be endowed with authority to effectively perform the standard duties and responsibilities of a chief financial officer, including having a broad knowledge and understanding of all of the institution's financial and business matters.

CHIEF EXECUTIVE OFFICER COMPENSATION POLICY

General Counsel Miller reviewed a draft CEO compensation policy. After discussion, the Committee amended some of the language, which can be seen below in italics. The Committee also directed staff to review the language in ii(4)(c). The proposed policy will be brought back to the Governance Committee and to the Board in March.

a. Chief Executive Officer

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ii Compensation

(1) Policy Statement

The Kansas Board of Regents shall prescribe the compensation for the chancellor of the University of Kansas and the presidents of Kansas State University, Wichita State University, Emporia State University, Fort Hays State University, and Pittsburg State University (the chief executive officers). K.S.A. 76-714.

The chief executive officers of the state universities lead and manage complex institutions that are crucial to the state's future. The chief executive officers must be outstanding academic leaders, assure sound business practices and act as good stewards of public funds, raise the philanthropic gifts necessary to foster excellence in higher education, and serve as their respective university's primary spokesperson in their communities, in the state, and in the nation.

The Board will set the compensation of the chief executive officers in a manner that is designed to reward excellence and promote retention of outstanding leaders. As the Board sets compensation to achieve those goals, it will consider the performance of the chief executive officer, the particular university's approved current and aspirational peers, other relevant market data, information compiled by the Board's staff, and other information deemed relevant by the Board. The Board may establish compensation for the chief executive officers in a manner that is consistent for the group or, as appropriate, on an individual basis.

(2) Compliance with State Law

Pursuant to K.S.A. 76-714, appointments of the chief executive officers of the state universities ~~must~~ shall be at-will, and compensation will be determined on an annual basis. This policy and any compensation packages set pursuant to this policy shall be construed in accordance with these limitations. Nothing contained in this policy shall be construed as conferring on a chief executive officer a contract of employment for a specific term.

(3) Use of a Combination of Public and Private Funds in Compensating State University Chief Executive Officers

In setting compensation for the chief executive officers of the state universities, the Board may authorize the particular university to use a combination of public and private funds. To assure that the chief executive officers are accountable to the Board, and in order to assure that the majority of the funds used to pay the chief executive officers are public funds, in no event, however, shall the percentage of private funds exceed 49% of the total *monetary* compensation paid to the chief executive officer.

(4) Forms of monetary compensation

In addition to base salary, which may be adjusted annually, at the discretion of the Board, based on market, peer salary rates, or taking into consideration any adjustments made to university employees' salaries in a given year, the Board may authorize one or more of the following forms of monetary compensation for one or more of the chief executive officers:

- (a) Performance incentive payments for meeting specific strategic plan, operational or other goals established by the Board for any given year, successful accomplishment of which shall be determined by achievement of certain measurable goals established by the Board for that purpose;
- (b) employer contributions to a 457(f) deferred compensation plan, pursuant to specific agreement between the chief executive officer and the Board;
- (c) additional payments to help defray the cost to the chief executive officer of special needs beyond that provided by the state;
- (d) housing, as set forth elsewhere in Board policy.

Each chief executive officer shall receive the standard benefits package available to university unclassified staff including but not limited to health insurance and retirement plan options.

(5) Timing of Board Action

The Board may set compensation at any time for the chief executive officers of the state universities. However, it will do so no later than June 30 for the ensuing fiscal year.

ORIENTATION FOR NEW BOARD MEMBERS

President Tompkins stated last year the new Board member orientation was broken up into two days. This allowed the new members to gather information, meet staff members, and meet some of the current Board members. President Tompkins also stated he had follow-up meetings with the new members after the first couple of board meetings to answer any question they had. The Committee believes this is a good process because it allows new members time to absorb information and ask questions. The Committee also particularly liked inviting sitting Regents to participate in the orientation process and having the Board member ethics/fiduciary responsibility presentation by AGB at the August retreat.

GED TEST SCORE REQUIREMENTS REGULATION

Jacqueline Johnson stated the national GED Testing Service announced new cut scores for the 2014 test. The new scores were determined on the basis of a norming study using graduating high school seniors. The proposed amendments to the regulation reflect the new score standards. The Governance Committee directed staff to move forward with the regulation process.

Revised Regulation

88-24-2. Test score requirements. Each applicant who meets the test score requirements shall be issued a Kansas state high school diploma. The test score requirements shall be a minimum standard score of ~~420~~ 150 on each test in the battery and an average standard score of at least ~~450~~ 600 on all four of the test in the battery. (Authorized by and implementing K.S.A. 2006 Supp. 72-4530; effective Oct. 18, 2002; amended July 27, 2007.)

Staff also informed the Committee that due to Person Vue copywriting the name GED and the fact that other entities are now providing competing tests, several other Board regulations (and at some point statutes) will need to be amended to make the designation of acceptable high school equivalency credentials more generic.

COORDINATED INSTITUTION REGULATIONS

General Counsel Miller stated staff has been working on updating the coordinated institution regulations. The language will be ready for the Governance Committee to review next month.

ADJOURNMENT

The meeting was adjourned at 9:53 a.m.