

**KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS  
SPECIAL CALLED MEETING  
Thursday, February 3, 2022  
10:00 a.m.**

**\*\*MEETING WAS CONDUCTED BY TELECONFERENCE\*  
Board of Regents Room  
2nd Floor Julian M. Carroll Academic Services Building  
Frankfort, Kentucky 40601  
(Primary Physical Location)**

**MINUTES  
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**I. Call to Order**

Chairperson Elaine Farris, Ed.D. called the meeting to order at 10:05 a.m.

**II. Swearing-In of Regent Gerald Patton**

Dr. Gerald Patton was sworn into the Kentucky State University Board of Regents by General Counsel Lisa Lang. Regent Patton followed with a brief introduction of himself and his background.

**II. Roll Call**

Regent Roger Reynolds, Board Secretary, conducted roll call:

Regent Ron Banks	Present
Regent Carolyn Burns, MD	Present
Regent Elaine Farris, Ed.D.	Present
Regent Edward Fields	Present
Regent Paul Harnice, Esq.	Present
Regent Dalton Jantzen	Present
Regent Gerald Patton, Ph.D.	Present
Regent Rahul Reddy, MD	Absent
Regent Roger Reynolds	Present
Regent Jason Robinson	Present
Regent Herman Walston, Ed.D.	Present

Ten Regents were in attendance. Quorum was established.

**III. Adoption of the Agenda**

**MOTION** by Regent Fields:  
Move the Board to adopt the agenda of the February 3, 2022 Special Called Meeting.  
Seconded by Regent Harnice and passed without dissent.

#### **IV. Elect Board of Regents Vice Chair and Secretary pursuant to KRS 164.330**

**MOTION** by Regent Burns:

Move the Board to retain Regent Dalton Jantzen as Vice Chair and Regent Roger Reynolds as Secretary of the Kentucky State University Board of Regents.

Seconded by Regent Banks passed without dissent.

#### **V. Appoint Board of Regents Treasurer**

**MOTION** by Regent Harnice:

Move the Board to appoint Dr. Gerald Shields, CFO of Kentucky State University, as Treasurer of the Kentucky State University Board of Regents.

Seconded by Regent Walston and passed without dissent.

#### **VI. Information Items**

Hon. Travis Powell, Vice President and General Counsel of CPE, began by providing and update on the Presidential Search. He reported that the Presidential Search Committee approved the leadership profile for the candidates. The position was then posted on all of the major higher education recruiting websites and thirty applications were received in response to the posting. The deadline for selecting candidates for video interviews is March 29<sup>th</sup> and campus visits will occur in mid-April. Mr. Powell stated that the timeframe may be adjusted relative to the progress of House Bill 250 because candidates may want to see what occurs with this legislation prior to the interview process. The goal is to bring two or three quality candidates to the Board.

Regent Patton inquired about the role of the Board of Regents in the search process. Regent Farris responded that the Board decided at a meeting to form a search committee and that the representation of the committee and the search committee charge were approved by the Board. It was decided that the Regents would not serve on the committee due to issues that occurred in the prior presidential search. The Board also voted that Mr. Powell chair the committee. The final decision of who the President will be will come back to the Board of Regents. Dr. Aaron Thompson, President of CPE, also replied that the Executive Order gave CPE some authority to work with the Board of Regents during the search process and CPE is there to be a partner with KSU in the search for a new president. The KSU Board of Regents has not yielded authority to anyone.

Next, Mr. Powell provided an update on the Management and Improvement Plan. He stated that teams for each of the seven areas of the plan have been set up. The process is still in the information gathering stage but some matters have been able to move forward, including an update to the accounting system which was approved by the Board at the December quarterly meeting, progress on the budget to actual report, and the development of quarterly gap statements.

Mr. Powell reported that the Student Success Group and Academic Program Group met to begin work on the Institution Transformation Assessment which is funded by the Gates Foundation and helps the institution focus deeply on student success. Once all of the

information is collected, an outside facilitator will lead a discussion and assist with a plan of action.

Regent Patton asked which factors were utilized to determine that KSU needed the Management and Improvement Plan in areas other than finance when it appears that all of the other areas were functioning appropriately according to the SACSCOC documentation he has read. Regent Farris responded that everything is on the table when facing a \$23 million problem. All areas need to be looked at from a different perspective and the Board needs to make sure that all areas are efficient and effective and that all programs are doing what they need to do and are revenue bearing. Dr. Thompson stated that an excessive amount of spending and debt occurred in the three years after SACSCOC review which necessitated the Management and Improvement Plan.

## **VII. Finance and FY 2022-2023 Operating Budget Work Session Update**

Mr. Greg Rush, KSU Finance Consultant, presented the agenda for the budget work session which includes sources of university revenue, a proposed budget structure, the five-year planning process, and budget balancing options for consideration. The sources of revenue include operations, endowments, auxiliaries, capital, and federal funding.

Mr. Rush stated that the main sources of revenue for KSU include state appropriations, indirect costs, tuition and fees, endowments, asset preservation fees, auxiliaries, and federal funding.

When developing the proposed budget structure, many of the revenue sources will be broken down into separate budgets for proper accounting and also so the Board will be able to see the separate line items when approving the budget. Mr. Rush stated that one of the challenges moving forward will be replenishing the asset preservation fund, as the asset preservation fees had been collected in the past but had not been properly accounted for.

The five year budget planning process has multiple parts, including revenue and expenditure forecasts for each budget area, a planning calendar, integration with the ongoing risk assessment process, completion of initial forecasts, and budgetary updates each fall. Mr. Rush stated that the planning calendar will be a discussion item at the March 2022 Board of Regents meeting. When developing this planning process, there was a focus on potential growth in residential enrollment due to additional beds, the financial viability of students and collection of balances, replenishing the fund balance and reserve, and exploring additional revenue sources, developing long-term and ongoing facility renewal plan with funding needs, increasing dining rates, and restructuring the free book program.

Mr. Rush pointed out that despite these budgetary challenges, KSU has had a lot of positive things occur over the past three to four years, primarily the historically high graduation and retention rates. The challenge will be how to maintain these results while relying on the resources available to the University.

All in all, Mr. Rush asserted that the entire University budget will need to be restructured and funding must be protected and preserved wherever possible to support student success. He stated there will have to be reductions in staff as personnel is a large portion

of the budget but he would advise limiting employee reductions as much as possible to maintain the University's ability to provide quality academic programming and to operate effectively and efficiently.

Mr. Rush discussed some options to consider for overcoming the \$7 million shortfall including a permanent salary reduction based on annual income, restructuring the bookstore contract, an eight percent reduction in institutional financial aid, increased class sizes, the elimination of 45 staff and faculty positions, a tuition increase, and reducing operating costs. Mr. Rush reiterated that these points are only options for consideration and not the final determination at this time.

Regent Farris stated that the goal is to find \$7 million for the budget shortfall and none of these options stated by Mr. Rush are concrete; they are targets that will be moved by the Board. Over the next two to three months, the Board will come up with a solid plan on how to reduce the budget.

Regent Farris then opened the floor for discussion.

Regent Fields asked if the Board would be able to ascertain what they are looking at when they receive the proposed budget. Mr. Rush stated that the goal is for the Board to have a budget they can use to make an informed decision and the restructured budget will be refined into smaller budget areas for that purpose. The ultimate goal is to present a package to the Board that can be used to see reports and trends over time.

Regent Burns inquired about how the percentages and other numbers that Mr. Rush presented were determined. Mr. Rush responded that everything is a starting point and that benchmarks may change as the Management and Improvement Plan progresses. He stated that staffing will be realigned to ensure best practice.

Regent Banks stated that KSU should consider instituting a pay scale and scrutinize double dippers, retirees who draw big salaries.

Regent Jantzen stated that any options that the Board chooses will affect people's lives. The greatest hope is to engage the faculty and staff because they know the particulars and can come up with creative ideas on how to manage these budget numbers.

Regent Patton asked how the Board will contemplate the role of the new president in the budget reduction process. Regent Farris stated that these measures will have to occur notwithstanding the new administration. The budget implementation will be in the final stages when the new president is hired and the new president should be on board before the final budget is approved by the Board in June. She also stated that some of these decisions may have contractual obligations that need to be resolved. The goal is to present the new president with a balanced budget. Dr. Thompson stated that any new president should know what the expectations are and the candidate will be chosen with that in mind.

Regent Walston asked if existing contracts will be scrutinized for cost reduction purposes. Mr. Rush responded that this is a key component of the plan to lessen the impact on staff.

President Stamps concluded the discussion by stating that the process of examining individual unit budgets has begun. The Vice Presidents have summited information about their unit's contracts and employees and this information will be used to start the focus

talks across campus. Participation from the campus community is important and the community will have a chance to provide input.

**VIII. Closing Remarks**

Regent Farris asserted that the Board will be facing some tough decisions but these decisions are vital for Kentucky State University.

**IX. Adjournment**

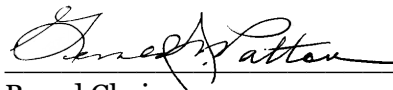
**MOTION** by Regent Fields:  
Move the Board to adjourn.  
Seconded by Regent Walston and passed without dissent.

The meeting adjourned at 12:32 p.m.

Submitted by:



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Board Secretary  
Kentucky State University  
Board of Regents



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Board Chair  
Kentucky State University  
Board of Regents

Approved with no corrections  
 Approved with corrections