

MINUTES

Fiscal Affairs and Audit Standing Committee March 12, 2025

The March 12, 2025, meeting of the Fiscal Affairs and Audit Committee was called to order by Chair Benson at 10:22 a.m. The meeting was held in the Board Office located in the Curtis State Office Building, 1000 S.W. Jackson, Suite 520, Topeka. *Proper notice was given according to law.*

MEMBERS PRESENT: Regent Blake Benson, Chair
 Regent John Dicus
 Regent Jon Rolph
 Regent Wint Winter

Approve minutes of February 12, 2025 committee meeting

Regent Rolph moved to approve the minutes from the February 12, 2025 meeting. Following a second by Regent Dicus, the motion was unanimously approved

FAA 25-08 Discuss State Universities' Relationships with Foundations/Endowment

Greg Willems, KSU Foundation and Jason Williby, FHSU Foundation

Chair Benson introduced Greg Willems, President and Chief Executive Officer of the Kansas State University Foundation and Jason Williby, President, and Chief Executive Officer of the Fort Hays State University Foundation. He asked both representatives to talk about what trends they are seeing in donors. Mr. Williby responded that donors are nervous about the economy and their investments. Mr. Willems added that although donors are cautious, they find ways to support the institution. He also noted that donor expectations are changing and emphasized how Foundation staff respect the dynamics they work through to earn donors' philanthropy.

Regent Dicus asked if the foundations are contributing to projects or if the university is relying more on donors or unrestricted funds. Mr. Williby responded that there are not many unrestricted funds and that many gifts received are for specific projects. He added that donors do not usually want to be responsible for the entire cost of a project. They want to know how much the university is contributing to the project as well.

Chair Benson asked if the Donor Intent Protection Act has impacted any projects. Both Foundation representatives responded that it has not caused any issues so far. Mr. Williby added that the Kansas Comprehensive Grant has been going well. He suggested that more projects with a state match would see continued success with donors.

Regent Dicus asked if they had received calls from administration on how to compensate for the loss of federal funding. Mr. Williby responded that he anticipates that every university will lose funds and programs. Mr. Willems added that universities are constantly working through challenging circumstances and have found that their best capability is to work with philanthropy and donors directly instead of diminishing the foundations' capacity for short-term fixes.

Regent Winter asked what they thought was the biggest threat to higher education in the next ten years. Mr. Williby responded that he believed the greatest threat was enrollment. He emphasized the importance of making college affordable and accessible for students and that enrolling students today means they will have alumni tomorrow. Mr. Willems responded that the pace and rate of change for institutions to evolve are the most significant threats.

FAA 25-04 Review State Universities' Annual Financial Reports, including Composite Financial Index (CFI) and Current Year Budget Status Relative to Plan

Angela Wolgram, Chief Financial Officer at Emporia State University, began her financial report by sharing that ESU is experiencing a decline in headcount by residency and credit hour production, however, retention remains high, and on-time graduation is at 67%. ESU's general use budget is on track for the current fiscal year, and they anticipate exceeding their revenue estimates for the current fiscal year. ESU's leadership team met in November, with the intention to balance the budget to account for the deficit the previous year. They met this goal by reducing the budget by 3%. ESU's CFI has increased from 6.78 to 7.2 over the past year. Ms. Wolgram noted that this increase is due to donor investments in capital projects and she anticipates it to be lower next year as they spend down a large portion of those funds. The university is currently focusing on: growing enrollment; growing nursing, health sciences, and business technology cybersecurity programs; regional investment; and a prestigious ten-year accreditation with Open Pathways from the Higher Learning Commission. Regent Rolph asked where the budget cuts were coming from and it was explained that most cuts came from vacant positions and projects being paused or reduced.

Wesley Wintch, Chief Financial Officer at Fort Hays State University, began his financial report by sharing a snapshot of 2024 revenues by type, with the most significant revenue coming from the State General Fund, followed closely by restricted fees and tuition. FHSU's enrollment has increased from 2023 to 2024, with resident enrollment increasing by 173 students and international enrollment by 337 students. Although credit hour production has slightly declined, on-campus credit hour production has increased. Online courses make up 55% of tuition revenue. FHSU's CFI is up to 5.23 in FY 2024 and tuition and fees remain lower than competing institutions. The general use budget is on track for the current fiscal year. Key fiscal challenges were identified as enrollment, inflationary pressures, faculty and staff retention, additional funding to maintain and grow, and regulatory/political uncertainty. Key fiscal strengths were identified as affordability and value, scholarships and need-based student aid, new programs and growth initiatives, and a spirit of innovation.

Chair Benson asked if it was too early to anticipate the impact of affiliations on revenue and enrollment growth. Mr. Wintch responded that it is too early to tell, but they are implementing systems to track the data.

Regent Dicus asked about the possibility of budget cuts related to excess spending. CFO Wintch responded that the university is always looking at ways to be more efficient and FHSU has established a committee to evaluate the institution's use of finances for efficiency.

David Miller, Chief Financial Officer at Wichita State University, began his financial report by sharing that enrollment is the highest in WSU's history, increasing from 16,097 students in fall 2021 to 17,700 students in fall 2024. Large construction projects remain on time and budget. Shocker City and Shocker Select tuition models continue to bring enrollment growth to the university. WSU continues to focus on having a strong student value, with tuition rates being lower than competing institutions across the Midwest. Key opportunities include applied learning, research growth, and the biomedical campus. Key challenges include the Athletics court case (House vs. NCAA), compensation and talent retention, state funding, and enrollment.

Regent Dicus inquired whether WSU still received the \$20 million payment, like other schools, despite not having a football program. It was clarified that WSU's payment is smaller compared to other institutions.

Chair Benson asked how WSU's 47.5% rate of first-generation students compares to other institutions. That information was not immediately available, so it will be provided.

Review Board Agenda Items under Fiscal Affairs

Regent Rolph moved to recommend approval of the consent agenda, seconded by Regent Dicus, and unanimously approved.

FAA 25-09 Monitor Progress on State University Capital Renewal Initiative and Campus Restoration Act
Chad Bristow, Director of Facilities at KBOR, shared that universities are progressing on their inspections and assessments of facilities and infrastructure on state property.

FAA 25-10 Review Audit Findings

Elaine Frisbie, Vice President for Finance and Administration at KBOR, shared that 2024 audit findings will be discussed at the next committee meeting.

Adjournment

Chair Benson adjourned the meeting at 11:46 a.m.