

# MINUTES

## Fiscal Affairs and Audit Standing Committee Wednesday, November 20, 2024

The November 20<sup>th</sup>, 2024, meeting of the Fiscal Affairs and Audit Committee was called to order by Chair Blake Benson at 10:15 a.m. The meeting was held at the Kansas State University Student Union, Room 227. Located at 918 N. MLK Jr. Drive, Manhattan, KS 66506.

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

Regent Rolph moved that the minutes of the September 18<sup>th</sup>, 2024 meeting be approved with a correction that the rate for the Capital Renewal Initiative for Community Colleges, Technical Colleges, and Washburn was \$100,000 per institution. Following the second of Regent Dicus, the motion carried.

Chris Cavanaugh began his presentation by emphasizing the role that all university employees have in risk management. He explained that WSU had developed a badge course to help university employees better understand their role in risk management. He shared that his role of Internal Auditor is part of a comprehensive risk strategy at WSU. He gave a examples of the institution's high-risk areas, as well as their internal audit plan for 2025. These include monthly meetings with the University President and continuing work with the Athletic Association, KMUW Radio, and College of Health Professions clinics.

Regent Dicus asked for clarification that WSU had a one-person internal audit department. Chris Cavanaugh confirmed that has been the case and added that they were working to add resource for the campus audit function.

Director Pottebaum outlined the office budget for FY 2025, noting that the system total for FY 2025 is \$1.37 billion from State General Fund (SGF) appropriations, of which 67.8% goes directly to the universities. The remaining 32.2% passes through the Board Office, of which 1.4% (\$6.2 million) is used for Board office operations. This is an increase from FY 2024 and is primarily due to the Board office receiving funds to implement the Blueprint for Literacy. Director Pottebaum shared that the Board office continues to hold a \$500,000 contingency for outstanding audit findings related to the decommissioned KanEd network. She then outlined the agency's funding sources, which include SGF, Private Post-Secondary fees, other fees & private grants, and Carl Perkins and Adult Education federal grants. She shared that the Board is working to reduce their reliance on SGF. Lastly, Director Pottebaum shared that the Board office currently has 63 FTE, which includes three staff for the Blueprint for Literacy.

Regent Dicus asked about the increase for professional services. Vice President Elaine Frisbie responded that the additional costs are for the Blueprint for Literacy initiative and Director Pottebaum shared that they were one-time costs associated with the launch of the program.

Regent Winter asked about the increase for staff compensation. Becky Pottebaum responded that the increase included the appropriated 2.5% salary increase pool, as well as four new FTE positions.

Regent Winter moved to approve the FY 2025 Office Budget. Following a second by Regent Dicus, the motion passed unanimously.

Director Pottebaum shared that the Alumni Account is housed at KU Endowment, funded from the six state universities, and used for items such as Board hospitality and Board events. She shared that an internal audit is conducted annually by Kitty DeMars, Associate Director for Accounting, who is not involved with the finances of the account. She shared that the Regents had a memo from Associate Director DeMars sharing that she found no discrepancies or deviations with this account.

Vice President Frisbie reviewed the consent agenda items discussed on the agenda call. Regent Dicus asked if there were any funds left for building demolition. Vice President Frisbie responded that there was a small amount of residual, which is expected to be consumed next month. Regent Rolph moved to recommend the consent agenda items for approval to the full Board. Following a second by Regent Dicus, the motion was unanimously approved.

Chair Benson then transitioned to the Discussion Agenda, beginning with the first read of the housing and food service rate adjustment proposals. Vice President Frisbie noted that context on where students might be seeking housing at the state universities can be found on pg. 70 of the agenda. Chair Benson then called on each University to share their plans.

Angela Wolgram, Chief Financial Officer, from Emporia State University shared that ESU is proposing an overall increase of 1.84%, which includes a 0% housing rate increase and a 4.1% food plan increase. She noted that housing rates are not increasing due to increasing occupancy rates. She added that ESU offers a discounted housing rate for second-year students which has been successful in retaining students in on-campus housing.

Wesley Wintch, Chief Financial Officer, from Fort Hays State University Shared that FHSU is proposing to increase housing rates by 1.5% and dining by 3.5% for an overall net increase of 2.5%. He noted that the residence hall association, made up of students who live in the residence halls, approves of this proposal. He added that the application fee is increasing from \$40 to \$50 to accommodate extending the early drop period for housing.

Ethan Erickson, Chief Financial Officer, from Kansas State University shared that KSU is proposing a 1.9% increase to the traditional double room, alternating price increases on suites, and a 2.6% increase on dining. He noted that the variable suite increase was due to high demand for those rooms. He added that KSU runs their own dining program and that the need for salary increases for dining staff was a driving factor in the increase.

Jon Bartlow, Interim Dean of Students, from Pittsburg State University shared that PSU is proposing an average of 3.8% increase for residence halls and dining plans. He shared that the increase was due to increased operating costs, maintenance, and staffing needs. He added that this proposal is supported by the residence hall association.

Regent Winter asked if PSU or any of the other universities had seen an increase of homelessness within the student population. Interim Dean Bartlow responded that he had not seen any notable increase. Derek Jackson, Director of Housing and Dining at KSU, and Angela Wolgram responded that many students resort to couch-surfing as a solution.

Jeff DeWitt, Chief Financial Officer, from the University of Kansas shared that KU is proposing a 3% increase for two-occupancy apartments and a 5% increase in dining. He noted that the increase was due to capacity increases and maintenance needs. He noted that the high maintenance needs will accommodate the record enrollment the university is experiencing. He added that these increases are supported by student groups.

David Miller, Interim Chief Financial Officer, from Wichita State University shared that WSU is proposing no increase to housing rates and a 3% increase to the dining plan. He noted that this increase is an exact match to the university's dining contract and that this increase is supported by student representatives. He added that WSU was able to refinance debt on residence halls in 2020-21, which has shown positive long-term effects.

Chair Benson transitioned to the next item on the Board's agenda related to Board policy amendments. Facilities Director Chad Bristow noted that at the June Board meeting, there were recommended updates to the facilities policy to support the Board's facilities initiative. He shared these changes include both minor and more substantive edits and that a section on procurement and statutory authorization for delivery methods was added for clarity.

Regent Winter moved to approve the facilities policy amendments. Following a second by Regent Rolph, the amendments were unanimously approved.

Chair Benson then transitioned to "Act on Request to Amend FY 2025 Capital Improvement Project Plan, Approve Program Statement for Construction of Addition to and Renovation of Marvin and Chalmers Halls, and Act on Request to Seek Legislative Bonding Authority for School of Architecture and Design – KU," Jeff DeWitt shared that the project has three phases, one for building a new School of Architecture building and the other two for the renovations of Marvin and Chalmers Hall. He shared that the estimated project total is \$120 million. He added that the project is contingent upon gaining authority from the state for a \$60 million bond, private fundraising, and approval of the \$10 million SGF match in the budget request.

Regent Winter moved to recommend approval. Following a second by Regent Dicus, the amendments were unanimously approved.

The Committee next took up KU's to the request to purchase Rock Chalk Park. Jeff DeWitt explained how the University's athletic programs have benefitted from the facilities at Rock Chalk Park, noting that they have been essential to Title IX compliance.

Regent Winter moved to approve the request and Regent Rolph seconded. Regent Dicus abstained from the vote due to his role with the KU Endowment. All other Regents voted to approve.

Chair Benson next called upon Vice President Frisbie to discuss changes to appropriation language. Vice President Frisbie noted that the proposed changes include recognizing the funds needed to implement the Campus Restoration Act, allowing unspent SGF appropriations to carry over from one year to the next, and rerouting funds from the State Finance Council back into the state university budgets. She noted that the Legislature has adopted the Board's recommendation to appropriate the line items for student financial aid into FY 2027 to accommodate the financial aid awards cycle. She noted that the Board is asking the Legislature to end the federal E-Rate funds transfer from KBOR to the State Department of Education due to the depletion of those funds. Lastly, she shared that the Board is also requesting to move remaining repayment funds from a program that is no longer active to another.

Regent Rolph moved to recommend approval of the changes. Following a second by Regent Dicus, the motion was unanimously approved.

Next, Director Chad Bristow shared that the Board staff and state universities are working to review and finalize the 2024 University Facilities Report. It will be presented to the Board in December and submitted to the Legislature to satisfy the statutory requirements of biennial submissions.

#### **Other Committee Business**

Regent Winter emphasized that it is critical for all the universities' housing directors to be involved with the question of housing for homeless students. Jeff DeWitt added that food insecurity is also a challenge.

#### **ADJOURNMENT**

The meeting was adjourned by Chair Benson at 11:32 a.m.