

MINUTES

**Fiscal Affairs and Audit Standing Committee
Meeting Minutes
Wednesday, September 17, 2025**

The September 17, 2025, meeting of the Fiscal Affairs and Audit Standing Committee was called to order by Chair Dicus at 10:15 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 the law.*

MEMBERS PRESENT: Regent John Dicus, Chair
Regent Neelima Parasker Regent Kathy Wolfe Moore

Approval of Minutes

Chair Dicus moved to approve the minutes of the June 11, 2025 meeting. Regent Parasker seconded and the motion carried.

Follow up on Questions Raised During Agenda Call

Regent Parasker had a question regarding the process when the price of a project deviates from the initial approved budget. Elaine Frisbie, Vice President for Finance and Administration, responded that inflation for capital projects has significantly increased the cost for materials and labor with initial project estimates not always capturing the impact. With the Board policy manual changes proposed for adoption this month, each campus CEO will be responsible for approving projects from the universities' approved capital plans up to \$1.5 million, while President Flanders will have approval authority for projects ranging from \$1.5 million to \$10 million with the Board keeping oversight of projects over \$10 million. These corridors were designed to grant adequate flexibility to keep projects advancing that the Board has approved.

New Business

Receive External Management Review for Fort Hays State University

Chair Dicus introduced Mike Lowery, Senior Vice President, Allen Gibbs & Houlik, to present the results of the external management review for Fort Hays State University. The external management review included Fort Hays Tech Northwest, Fort Hays Tech North Central, Fort Hays Athletic Association, and the Fort Hays Foundation. AGH found no issues with compliance of policies related to conflict of interest, board minutes, operating agreements, or financial statements. They also found no problems in internal controls or the propriety of those transactions. Regent Parasker moved to accept the audit review. Following the second by Regent Wolfe Moore, the motion carried.

Adopt Committee Organization, Agenda, and Work Plan

Chair Dicus discussed the agenda and work plan for the November and April meetings, stating that they are scheduled to be virtual. Regent Wolfe Moore moved to accept the proposed plan, and Regent Parasker seconded the motion. The motion carried.

Receive Overview of FY 2026 Board of Regents Office Budget

Becky Pottebaum, Director of Finance and Administration, gave an overview of the FY 2026 Board of Regents office budget. She stated that only 1.4% of the \$1.2 billion SGF budget goes directly to the operation of the Board of Regents office. She reported that there was flat SGF support with only minor modifications for employer paid benefits for staff and merit increases. The FY 2026 budget includes \$515,000 for the operation of the Blueprint for Literacy, which includes carryover funding and a \$500,000 contingency for a federal E-Rate repayment.

Director Pottebaum stated that new financing categories were created to provide clarity on where the money is going. The new categories are compensation that covers the Board staff, the Board itself, and TEA. Travel and training were divided into two categories: staff and governing body. Office operating costs were split into two categories: office operations, which covers supplies and copiers; and the operations budget, which covers IT costs. Facilities are now categorized separately and include building rent and maintenance fees. Professional services encompass legal audit and consulting, as well as the faculty award, which consists of the distinguished professorship funded from the staff operating budget. Regent Parasker moved to accept the budget for the KBOR office for FY 2026. Regent Wolfe Moore seconded, and the motion carried.

Receive KBOR Internal Audit for Alumni Account

Director Pottebaum then presented the KBOR internal audit for the Alumni Account, stating that all transactions were consistent with policy with no expenses from the account used for compensation or benefits. Regent Wolfe Moore moved to accept the audit report. Regent Parasker seconded, and the motion carried.

Review Board Agenda Items under Fiscal Affairs

Chair Dicus asked if any items needed to be removed from the consent agenda or discussed in more detail. Hearing no objection, Regent Wolfe Moore made a motion to accept the consent agenda. Regent Parasker seconded, and the motion carried.

Distribution of FY 2026 Appropriations for Technical Education (Excel in Career Technical Education Initiative and AO-K Proviso) and Receive Information on Distribution of FY 2026 State Appropriations for Community Colleges – System

Vice President Frisbie provided an update on funding for technical education. Using the enrollment data provided by the community and technical colleges, aid was calculated for each institution. The total calculated aid for Excel in CTE totaled nearly \$53 million. As the appropriated funds were insufficient to cover the calculations, the aid was prorated equally across the institutions.

Vice President Frisbie then provided an update on two appropriations for the two-year colleges. The 2025 Legislature imposed a new requirement for the community colleges to be eligible for their share of the Business and Industry Apprenticeship and Student Success appropriations. The 19 community colleges were required to have no more than six months of cash on hand as of June 30, 2025, to be eligible for the state aid. Eighteen of the nineteen colleges certified they were eligible. Johnson County Community College certified data that indicated they had more than six months cash, so they appear to be unable to receive their state aid. Due to Johnson County Community College not receiving its aid, there is \$5.2 million in undistributed funds that could be transferred to reimburse the colleges for the Excel in CTE courses that were delivered in FY 2025. Regent Wolfe Moore asked why Johnson County did not meet the criteria for state aid. Heather Morgan, Executive Director of the Kansas Community College Association, stated that the college is in the middle of a campus improvement plan and had been saving for capital improvements; however, the money was not spent by the June 30 deadline. Regent Parasker asked why Johnson County had received almost double the amount of other colleges in FY 2025. Vice President Frisbie replied that they have the highest enrollment, and funds are distributed accordingly. Regent Wolfe Moore moved to approve the appropriations for the community colleges. Regent Parasker seconded the motion, and the motion carried. Regent Parasker moved to approve the appropriations for technical education. Regent Wolfe Moore seconded, and the motion carried.

Discuss and Act on Board Policy Amendments - System

Director of Facilities Chad Bristow shared that under current Board policy, university CEOs have delegated authority to approve capital projects up to \$500,000. Due to market conditions and project inflation, that amount no longer covers as much as it used to. In a recent legislative session, the small capital project threshold for the state-level architect/engineer selection was raised to \$1.5 million. To align Board policy with the state's updated threshold and to reflect current market conditions, staff recommends increasing the campus-level delegated authority threshold from \$500,000 to \$1.5 million. Director Bristow also suggested changing the middle tier threshold that

the KBOR President and CEO approves, so that it is between \$1.5 million and \$10 million. The Board will continue oversight and approvals for projects greater than \$10 million. Regent Wolfe Moore moved to approve and accept the amendments. Regent Parasker seconded the motion, and the motion carried.

Receive Kansas Campus Restoration ACT (KCRA) Plans from State Universities – System

Vice President Frisbie provided an overview of the Campus Restoration Act, stating that this initiative essentially represents phase two of the Board's Capital Renewal efforts, following years of maintenance assessments and state investments in renovations, repairs, and demolitions. The focus is now shifting to the long-term restoration of campus facilities. Chad Bristow explained that the Campus Restoration Act is a six-year initiative, with a target allocation of \$30 million over each year. Each coordinated institution is slated to receive \$100,000 annually.

State universities submitted priority project lists for Board review and approval, which are subject to revision over time due to emergent needs, aging infrastructure, and reprioritization as conditions change. Regent Wolfe Moore moved to receive the Campus Restoration Act Plans from the state universities. Regent Parasker seconded the motion, and it carried.

Discuss and Act on the Board's United State Appropriations Request

Vice President Frisbie reported that the Legislature has been generous in recent years with funding for student financial aid and the institutions; however, future projections indicate that the State General Fund may run a deficit in a few years. Vice President Frisbie reported that \$62 million was initially removed from the System's base funding for State General Fund allocations, but that \$12.0 million was later restored. The reductions include \$14.3 million for the two-year college apprenticeships and business partnerships, \$10.5 million for the two-year colleges' student success initiatives, \$5.8 million for public university student success, \$5 million for capital outlay aid for two-year colleges, and \$7 million for technical college operating grants.

Vice President Frisbie then discussed the funding levels the Board hopes to maintain. They include continuing the Campus Restoration Act at the statutory level of \$30 million per year for state universities, continuing student financial aid at FY 2026 levels, including need-based aid for public university students, the Promise scholarship and Kansas Comprehensive Grant, continuing two-year college state aid for tiered and non-tiered courses and Excel in CTE programs, and continuing student success initiatives for advising staff, degree mapping, and retention and graduation improvements. Potential new requests for FY 2027 include \$2 million for the "some college, no degree" initiative, \$5.5 million to continue the Blueprint for Literacy, \$15 million for building out programs at the research universities for future energy needs, and \$1.5 million for the Washburn University regional growth initiative. Regent Wolfe Moore moved to accept the Regent unified appropriations request for FY 2027 as presented by Vice President Frisbie. Regent Parasker seconded the motion, and the motion carried.

Review Audit Findings

There were no audit findings to review this month.

Adjournment

The meeting was adjourned at 11 a.m.