



KANSAS BOARD OF REGENTS

Agenda Call

Fiscal Affairs and Audit Standing Committee

12:15 pm, Tuesday, September 3, 2024

[Link to Zoom Meeting](#) or

Phone 669-900-6833

Meeting ID: 873 6826 2356

Passcode: 974 072

AGENDA ITEMS FOR SEPTEMBER 18-19, 2024 BOARD MEETING

CONSENT AGENDA

1. Amend FY 2025 Capital Improvement Project Plan and Approve Program Statement for Construction of New Veterinary Diagnostic Laboratory – KSU

Kansas State University requests approval to amend the FY 2025 capital improvement project plan and accept the program statement to construct a new lab building to house the Kansas State Veterinary Diagnostic Laboratory, or KSVDL. As an accredited lab, KSVDL is part of approximately 60 university and government laboratories that make up the National Animal Health Laboratory Network (NAHLN), which provides a framework for the coordination of federal and state animal disease diagnostic laboratory infrastructure, capabilities, and capacities to respond to foreign animal disease, new emerging diseases, and outbreaks.

Operations for KSVDL currently take place in multiple locations on the Manhattan campus. Mosier Hall and CVM East house the majority of current KSVDL space along with some utilization within Trotter Hall and shared space at the KSU Biosecurity Research Institute. Moving samples and staff among all locations is a detriment to efficiency and workflow. Co-location within a single facility is recommended for best practices of sample receiving and handling, will greatly improve efficiencies and will ensure high-quality diagnostic testing continues to be provided. Additionally, with increases in testing demand and increased staffing needs, the currently undersized and outdated KSVDL facilities continue to create limitations for future success along with growing safety concerns for staff.

The proposed 85,000 square foot lab building would be located within the current Veterinary Medicine complex footprint. Space needs for each laboratory section have been reviewed and prioritized to allow for right sizing of current functions, as well as anticipated growth based on projected future sample analysis. Flexibility throughout the laboratory environment is a critical need and will allow for the evolution of programs and space utilization as needs arise.

The estimated total project cost range is \$130-\$135 million. The project will be funded with a combination of recurring operating funds and one-time capital funds in partnership with State of Kansas appropriations. Kansas Board of Regents approval is requested in order to proceed with further design work. The project will move forward only with funding approval from the State of Kansas.

Program statement is attached (Attachment A).

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2. Act on Request to Execute Master Lease Agreement – KSU

Kansas State University requests approval to execute a master lease agreement with 1960 Kimball, LLC, for the use of office spaces. The KSU Foundation owns the newly constructed building located at 1960 Kimball Ave, Manhattan, Kan., as part of the Edge District. The master lease agreement will be for a period of ten years, beginning September 1, 2024, and ending on August 31, 2034.

Addenda will be created for two specific lease agreements and will incorporate the terms of the master lease agreement. Occupants will move into the space following Kansas Board of Regents approval.

Addendum 1: Lease of office spaces – units 135, 140 and 145 containing approximately 4,647 rentable square feet – for use by K-State 105 and Corporate Engagement staff. Use of shared areas such as lobbies, meeting and conference rooms is also included. The initial term of the lease will be for five years, with option(s) to renew annually for an additional five years. Six-month written notice prior to expiration of the lease is required for each renewal request. The annual rent for the three suites is \$111,115.

Addendum 2: Lease of office space – unit 170 containing approximately 757 rentable square feet – for use by the Office of Military and Veteran Affairs. Use of shared areas such as lobbies, meeting and conference rooms is also included. The initial term of the lease will be for three years, with option(s) to renew annually for an additional seven years. Six-month written notice prior to expiration of the lease is required for each renewal request. The annual rent for the suite is \$27,252.

3. Act on Request to Raze the International Student Center and for Allocation of FY 2025 Building Demolition Fund – KSU

Kansas State University requests approval to raze the International Student Center, building #36700-155 and requests an allocation from the building demolition funds appropriated by the State of Kansas to the Board of Regents. The International Student Center is a mission critical facility that currently provides a location for international students to socialize and host events, but its location on campus is isolated from areas where students typically spend time. The building, which houses eight staff members, a meeting room, and a kitchen is dated and in poor condition. The building has a Facility Condition Index (FCI) of .56, or a letter grade of D, with a total of \$1.6 million in deferred maintenance.

Following demolition, the site will be returned to green space in alignment with the campus master plan theme of increasing the amount of programmable green space on campus. As part of the university's ongoing commitment to enhancing the experience and success of our international student community, international student services will be relocated from the International Student Center to Jardine Apartments.

The cost to properly abate existing asbestos and raze the building is estimated at \$800,000. Kansas State University requests the funding from the Building Demolition Fund appropriated by the state to support this project.

4. Act on Request to Amend FY 2025 Capital Improvement Plan and Accept Program Statement for Renovation of Space in Jardine Apartments – KSU

Kansas State University requests approval to amend the Fiscal Year 2025 capital improvement project plan to renovate space in Jardine Apartments. With nearly 60% of international students already residing at Jardine Apartments, the relocation of international student services will provide more convenient access to essential services such as advising and immigration support. The relocation will also benefit an additional 300 international dependents and visiting scholars by providing easier access to the resources needed to thrive during their time at K-State. Students will benefit from access to additional amenities available at

Jardine including a full kitchen, large event center, gathering spaces, meeting rooms, a restaurant and updated collaborative office spaces.

The new international student services space in Jardine Apartments will house eight full-time employees with additional capacity to expand staffing as needed to support the growing international community. The estimated total cost of renovations within Jardine Apartments to relocate international student services is \$1.45 million, to be funded with Kansas State's Deferred Maintenance Interest Earnings. Renovations are expected to be completed by the Fall 2025 semester. Once the renovations are complete, the space will be redesignated to mission critical status to recognize the importance of the services provided to the international student body.

Program statement is attached (Attachment B).

5. Act on Request to Amend FY 2025 Capital Improvement Plan and Accept Program Statement for Construction of Shocker Fly Lab – WSU

Wichita State University requests authorization to modify the FY 2025 capital improvement plan to include construction of the Shocker Fly Lab, a new mission-critical academic and research building. The Shocker Fly Lab represents an initiative to extend Wichita State's leadership position in aerospace engineering and related disciplines to unmanned aerial systems education, research, and development. This state-of-the-art facility will consist of an enclosed flying space for aerial robots. It will support course activities, industry sponsored competitions for students, and faculty research in drone technology and its applications across various applications and industries. Faculty-led research will include aerodynamics, control systems, and sensor integration. The Fly Lab will provide hands-on (applied) learning experiences for students. The facility will foster collaboration between academia, industry partners, and government agencies to address real-world challenges.

The Shocker Fly Lab is envisioned as a two-phase project. Phase I is an open-air facility consisting of a steel structure and a netted enclosure to contain the aerial robots in flight and includes all site work for the total project. Phase II encloses the Phase I steel structure with a curtain glass wall and standing seam roof. The Phase II facility would provide a year-round temperature-controlled environment for teaching, research, and competitions.

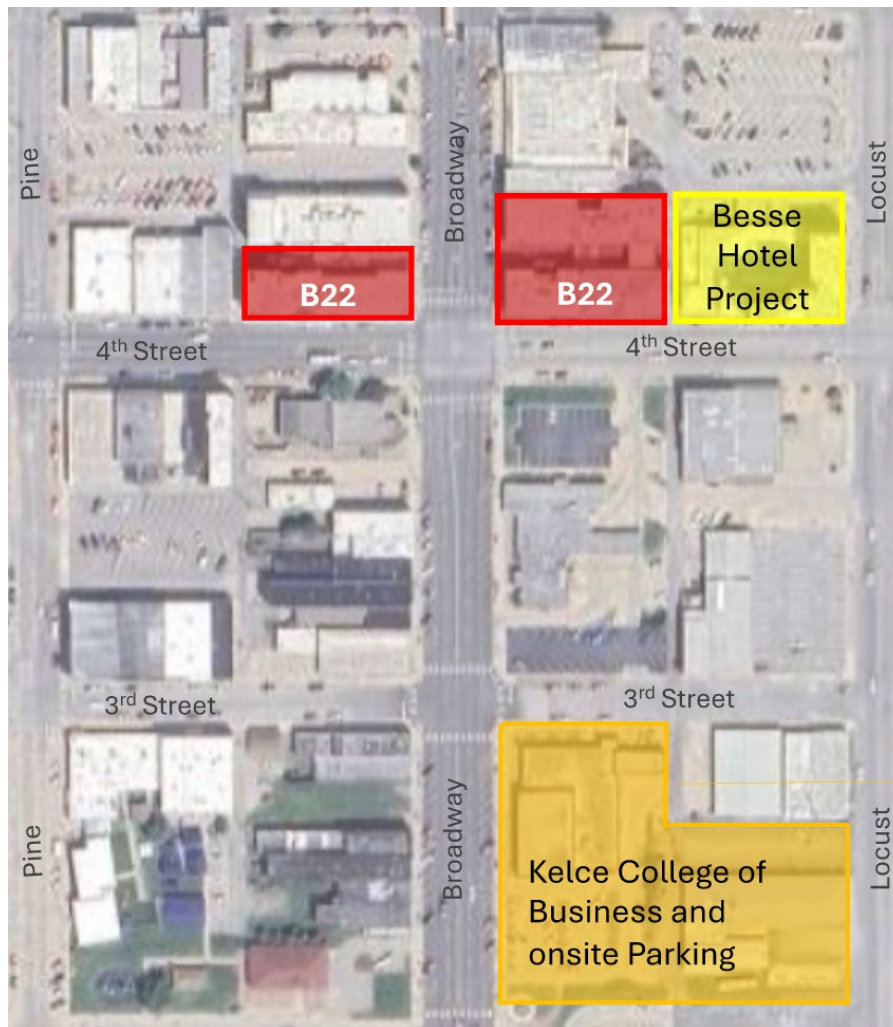
The Shocker Fly Lab will be funded entirely with private gifts. The anticipated cost of Phase I is \$4.3 million, and Phase II is \$8.45 million with a total project cost of \$12.75 million. The project will be constructed by the Wichita State Foundation and Alumni Engagement per K.S.A. 76-757 using either a Construction Manager at Risk or Design-Build procurement method. Phase I is anticipated to take 19 months to complete from contractor and design team selection through completion. Phase II is anticipated to take 18 months from design through building occupancy. Maintenance and operating costs for the new facility (estimated as \$145,000 annually for Phase I and \$462,000 annually for Phase II) will be paid for by non-SGF university funds.

Program statement is attached (Attachment C).

6. Act on Request to Accept Property from University Foundation - PSU

Pittsburg State University (PSU) requests approval to accept a gift of real property from the PSU Foundation. The approximately 1.7-acre property comprises three parcels, all located in the southeast block of 3rd and Broadway, and is the site selected for the new College of Business building, a key part of Project Gorilla Rising. This site is being donated to the PSU Foundation by the current owner. The Foundation will then gift the land to the University. The appraised market value of the property is \$1,472,000. A phase I environmental assessment identified items requiring additional assessment and testing is now underway. Preliminary results may be available prior to the Board meeting. The PSU Foundation and university's acceptance of the property will occur upon satisfactory test results or an acceptable plan to manage identified conditions.

Diagram of Downtown Educational Enterprise District:



Abbreviated Boundary Descriptions

Parcel (Approximately 1.1 acres.)

PITTSBURG ORIGINAL TOWN, ACRES 1.1, ALL LTS 232 THRU 236, BLK 34 AND TR BEG SW COR LT 232, TH E 170, S 20.5, W 170, N 20.5, TO POB.

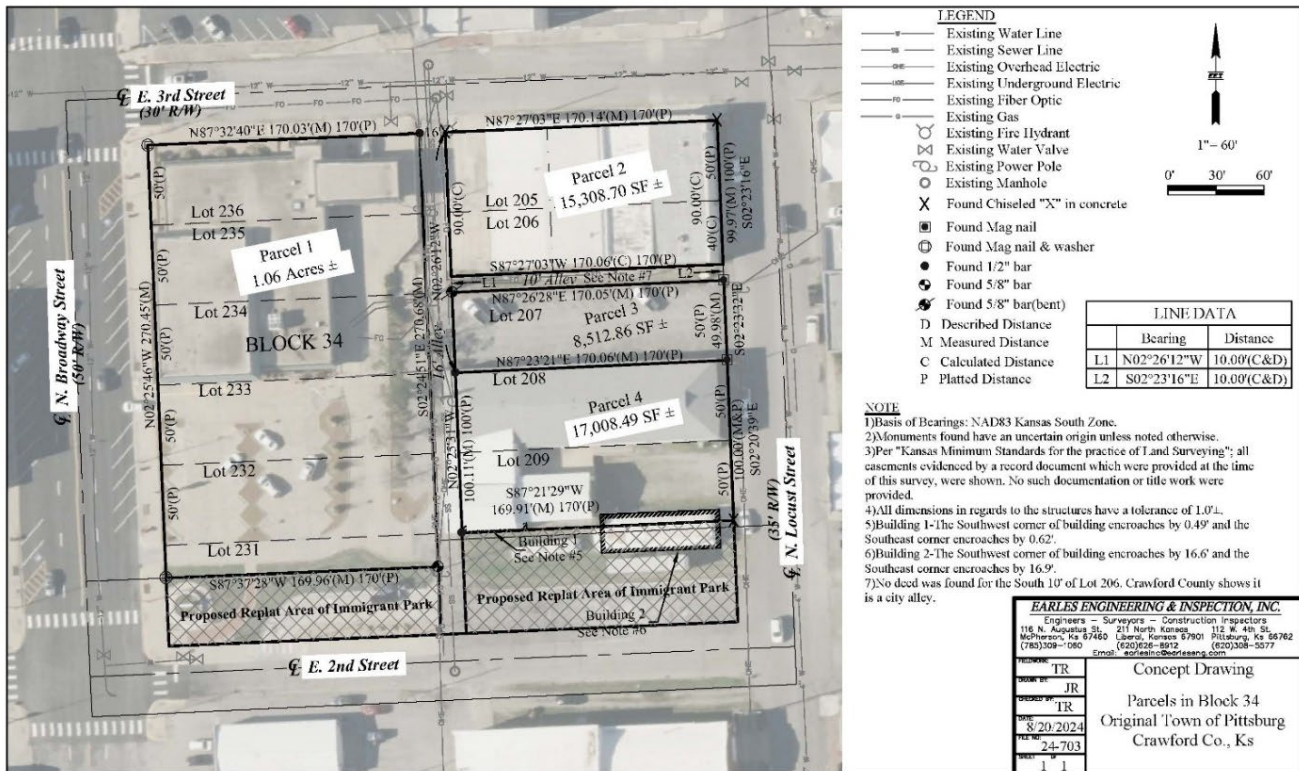
Parcel (Approximately 0.4 acres)

PITTSBURG ORIGINAL TOWN, BLOCK 34, Lot 208, 209

Parcel (Approximately 0.2 acres)

PITTSBURG ORIGINAL TOWN, BLOCK 34, Lot 207

Aerial view of the property is below. The parcels will be re-platted to incorporate former railroad right-of-way land at the southern boundary. Boundary lines have been confirmed with a survey (summary included below).



7. Act on Request to Accept Property from University Foundation - PSU

Pittsburg State University (PSU) requests approval to accept a gift of real property from the PSU Foundation. The approximately 7-acre property comprises two parcels located adjacent to campus and east of Tyler Research Center. The eastern portion of the site will be the location for construction of the new Kansas Bureau of Investigation (KBI) Pittsburg Regional Crime Center (to be planned and constructed by the KBI). The site is being transferred to the PSU Foundation by the City of Pittsburg to enable the project. The Foundation will gift the property to the University which will lease this portion of the property to the KBI via a lease agreement to be brought to the Board in the future for approval. The remaining area will provide Tyler Research Center the opportunity for future phases of expansion.

A phase I environmental assessment revealed no recognized environmental conditions, historical recognized environmental conditions, or controlled recognized environmental conditions in connection with the property.

Abbreviated Boundary Descriptions

Parcel 1 (Approximately 2.6 acres.)

PTSBG RES&DEV PARK ADDITION, ACRES 2.6, E 236.61' LT 2, BLK 1

Parcel 2 (Approximately 4.4 acres)

PTSBG RES&DEV PARK ADDITION, BLOCK 1, Lot 3, ACRES 4.4

Aerial view of the property is below. Boundary lines are approximate and will be confirmed with a survey.



Master Plan Concept



8. Act on Annual Budget for Wichita State University Mill Levy — WSU

Since WSU’s affiliation as a state institution in 1964, the City of Wichita has levied 1.5 mills on all taxable property. The levy was extended to all taxable property within Sedgwick County beginning in 1988. Although the funds are under the control of the nine-member WSU Board of Trustees, state law provides that the Trustees may expend funds only with the approval of the Kansas Board of Regents.

A draft issue paper is attached (Attachment D).

9. Act on Request to Amend Out-of-State Scholarship Program – KU

The University of Kansas proposes a scholarship strategy targeted at increasing out-of-state transfer student enrollment. The proposed award structure will align all out-of-state transfer student scholarships with the scholarships awarded through the Midwest Student Exchange Program (MSEP), effective Fall 2025. This alignment will simplify the award grid and create a more competitive scholarship to attract and retain out-of-state students to KU, all while maintaining the requirements of the MSEP. The current and proposed out-of-state transfer award structures are summarized below:

Current Award Structure

Program	Cumulative College GPA	Current Annual Award
Non-MSEP Out-of-State	3.5+	\$2,000
Non-MSEP Out-of-State	3.25 – 3.49	\$1,250
MSEP Participant	3.25+	\$12,722

Proposed Award Structure

Cumulative College GPA	Proposed Annual Award
3.75	\$14,000
3.50	\$12,500
3.25	\$10,000

The proposed structure will provide set annual award amounts that can be strategically adjusted with tuition rates and align the discount with the freshmen strategy. The expectation is that this alignment will generate an increased yield with no expected loss of revenue (estimated at 20 additional students). Approval of this request will allow KU to update marketing materials and support the achievement of enrollment targets for Fall 2025.

10. Act on Request to Revise Tuition Assistance Policies for Employees, Their Spouses and Dependent Children – WSU

Wichita State University currently offers a tuition assistance program for its employees (WSU Policy 3.42: Tuition Assistance Program for Employee), and for spouses and dependent children of employees (WSU Policy 3.43: Tuition Assistance Program for Spouses and Dependent Children). These policies were last updated in 2018. The University seeks to update its policies with regard to eligibility, requirements, and administrative procedures.

As a follow up to the UPS-USS Council of the Kansas Board of Regents campus climate survey conducted in late 2022 and additional Faculty Senate feedback, the University worked to expand its tuition assistance program and update relevant definitions and processes. The proposed program updates have included important review and feedback from faculty and staff senates, as well as representatives from the University’s academic, financial, human resources, and payroll departments.

Listed below are the University’s proposed updates to the tuition assistance programs:

Employee Eligibility:

- Clarify “Benefits-Eligible” by defining the term as an employee who holds a permanent, half-time equivalency (0.5 FTE) or greater position with the University.
- Expand eligibility to include employees employed by the University’s closely-held affiliated corporation over its athletics programs – Intercollegiate Athletic Association, Inc. (ICAA).
- Expand eligibility of employee to include faculty.
- Remove eligibility requirements related to performance evaluations (for employee-eligible benefits).
- Replace the minimum grade expectations from a “C” in all courses, to require a 2.0 overall GPA for undergraduate programs and 3.0 for graduate programs.
- Clarify that employees who are on unpaid leave or separate from employment before the course begins are not eligible.
- Expand eligibility to employees and children / spouses of ICAA employees.

Coverage:

For benefits-eligible employees:

- Remove the six-hour graduate course cap and replaced it with a \$5,250 cap per calendar year.

For spouses and dependent children benefits:

- Limit the amount of tuition assistance provided for graduate courses to 50% of the cost of the resident tuition up to a maximum of \$5,250 in tuition assistance per calendar year.
- Clarify that the “fee” waiver included infrastructure fees, but not any other student fees nor the cost of books and housing.

Qualifying Courses:

- Clarify the types of courses that qualify to include all undergraduate, graduate, badge and certificate program courses offered for credit by the University; but exclude non-credit courses and courses offered by WSU Tech and the Center for Management Development.
- Course enrollment after the full-refund deadline do not qualify for the program.

Withdrawing from a Course:

- Withdrawing from a course could affect eligibility for future semesters unless extenuating circumstances for the withdrawal are demonstrated.

Release from Work to Attend Courses:

- Employees would not be required to make up time taken to attend qualifying courses that are directly related to the employee’s job or performance, as determined by the employee’s supervisor.
- Employees would work with their supervisors to resolve any scheduling concerns and may utilize the university’s dispute resolution process if such concerns cannot be resolved.

Administrative Procedure Updates:

- Update administrative procedure to address the prioritization process in the event of insufficient funding.
- Update administrative procedure to address requests for time off and how to address disputes under the University dispute resolution process.

DISCUSSION AGENDA

1. Act on Board’s Unified State Appropriations Request

A statutory responsibility of the Kansas Board of Regents is to develop and submit to the Governor and Legislature a unified request for state appropriations for all postsecondary education, in accordance with the state budget process. The Board held a budget work session in July to discuss the budget requests from each institution and sector. The Board will take official action at the September meeting to approve the Board’s unified FY 2026 state appropriations request.

Information will be provided prior to the Committee’s agenda call. Figures for several campuses were in flux at the time this agenda was prepared.

2. Act on New Board Policy for Governance of Cybersecurity, Information Technology and Enterprise Risk Management

Draft issue paper is attached (Attachment E).

3. Act on Distribution of FY 2025 Appropriation for IT Infrastructure and Cybersecurity – System

Issue paper will be provided in the published agenda materials.

4. Act on Distribution of FY 2025 Appropriations for Technical Education (Excel in Career Technical Education Initiative and AO-K Proviso)

The Excel in CTE Initiative provides state-financed college tuition for high school students in postsecondary technical education courses. A proviso was applied to the appropriation requiring payments for this program to be made to the institutions within 60 days of classes starting, which for Fall 2024 is October 11th.

The same process as has been observed the past few years is suggested for FY 2025. The data collection for the public institutions of higher education to submit their enrollment data was open between July 1st and August 23rd. College presidents have until September 6th to certify their college's data. Once every college has submitted, Board staff will perform the cost model calculations and present the distributions to the Postsecondary Technical Education Authority (TEA) on September 17th and to the Board of Regents at the September 18-19, 2024, meeting.

The issue paper will be provided on the day of the Board meeting.

5. Act on University of Kansas Medical Center Master Plan

6. Act on University of Kansas Master Plan

The University of Kansas Medical Center & University of Kansas Lawrence request approval of the 2024 Campus Master Plans. Board policy requires each state university to “maintain a Campus Master Plan that documents concepts and guiding principles for future land use and development of campus facilities and infrastructure in support of the institution’s mission and strategic plan. Each state university shall submit a new Campus Master Plan at least once every ten years for Board review and approval.”

Over the last several years KUMC regularly updated and maintained the campus master plan in-house to align with the university’s strategic vision. More recently, introduction of the facility assessment software has allowed KUMC staff to graphically represent buildings with deferred maintenance challenges and align the plan with future master planning of existing buildings.

In April 2022, KU launched a master planning process lead by Perkins & Will that engaged over 5,000 Jayhawks across the Lawrence campus. The result of the master planning process is like no other master plan done by KU. It is a plan created to align with KU’s strategic plan, Jayhawks Rising, that will help KU to become a resilient institution that is sustainable for the benefit of future generations. The plan speaks to right sizing campus and improving space utilization and provides a building score card and an extensive dashboard to help drive data-informed decisions about campus facilities and infrastructure. The plan provides a vision for campus development to support the mission, vision, and goals of the university.

Representatives from the University of Kansas Medical Center and University of Kansas will present on their campus master plans. The plans will be provided to Regents in advance of the meeting.

7. Discuss and Act on Board Policy Amendments - System

At the June 2024 meeting, draft policy amendments were presented to the Board of Regents as a first read for consideration and discussion relevant to federal funds, refinements to the maintenance assessment, financial plans for funding maintenance and operations of new buildings, statutory authorization of delivery methods and compliance, and providing information on universities’ indebtedness when seeking bonding authority. In addition to the policy revisions that are directly relevant to the Board’s facilities initiative, other policies have been updated to clarify definitions and the approval processes for the university teams

responsible for delivering capital projects. Staff recommends approval of the updates to the facilities policy as presented.

Draft issue paper is attached (Attachment F).

8. Act on Proposed Amended Memorandum of Agreement between Wichita State University and the American Federation of Teachers – WSU

Draft issue paper is attached (Attachment G).

Fiscal Affairs & Audit Standing Committee (FAA) Agenda

FAA Committee Meeting: Wednesday, September 18, 2024, 10:15 am
Board Room, Curtis Office Building, Topeka, with Zoom Option

I. Old Business

- A. Approve minutes of FAA meeting on June 18, 2024
- B. Follow up on questions raised during the agenda call regarding FAA agenda items

II. New Business

- A. Finalize and Adopt Committee Organization, Agenda and Work Plan
- B. Board Agenda Items under Fiscal Affairs
- C. **25-09** Monitor Progress on State University Capital Renewal Initiative and Campus Restoration Act (standing item)
- D. **25-10** Review Audit Findings (standing item)
- E. Other Committee Business

III. Other Committee Items of Consideration

Upcoming Committee Meetings:

November 5 – 12:15pm, Agenda planning conference call

November 20 – 10:15 am Committee Meeting, Kansas State University

December 3 – 12:15pm, Agenda planning conference call

December 18 – 10:15 am Committee Meeting, Board Office, Topeka