

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES OF THE
UNIVERSITY OF LOUISVILLE

May 18, 2017

In Open Session

Members of the University of Louisville Board of Trustees met at 10:31 a.m. on May 18, 2017, in the Jefferson Room, Grawemeyer Hall, with members present and absent as follows:

Present: Mr. David Grissom, Chairman Pro Tempore
Mr. William Armstrong
Ms. Bonita Black (via videoconference)
Mr. Brian Cromer (arrived at 10:33 a.m.)
Ms. Sandra Frazier
Mr. James Rogers
Mr. Nitin Sahney
Mr. John Schnatter
Prof. Enid Trucios-Haynes
Mr. Aaron Vance
Dr. Ron Wright

Absent: Ms. Diane Medley

From the
University: Dr. Greg Postel, Interim President and Interim Exec. VP for Health Affairs
Dr. Dale Billingsley, Acting Executive Vice President and University Provost
Dr. William Pierce, Executive Vice President for Research and Innovation
Ms. Leslie Strohm, Vice President for Strategy and General Counsel
Mr. Tom Jurich, Athletic Director and VP for Athletics
Mr. David Adams, Interim Chief Administrative Officer
Mr. Keith Inman, Vice President for University Advancement
Mr. Dan Hall, Vice President for Community Engagement
Ms. Susan Howarth, Interim CFO
Mr. Lee Smith, Interim COO (arrived at 12:16 p.m.)
Dr. Toni Ganzel, Dean, School of Medicine
Mr. Kevin Miller, Assoc. Athletic Director
Dr. Michael Mardis, Dean of Students
Mr. Gary Mans, Director of Media Relations, HSC
Ms. Cheri Jones, Interim Assoc. VP for Audit and Compliance
Mr. John Drees, Interim Sr. Assoc. VP for Communications and Marketing
Ms. Cindy Hess, Director, Communications and Marketing (arrived at 11:49 a.m.)
Mr. John Karman, Director of Media Relations
Mr. Rick Graycarek, Director of Budget and Finance
Ms. Priscilla Tingle, Sr. Budget Analyst

Mr. Chris Hodgkins, Budget Analyst
Mr. Michael Morsovillo, Budget Analyst
Mr. Renaldo Domoney, Budget Analyst
Mr. Vishnu Tirumala, SGA President-elect
Mr. Jake Beamer, Boards Liaison and Assistant Secretary

From the
CPE: Mr. Robert L. King, President
Ms. Heather Faesy, Associate, Board Relations and Special Projects

From the
Foundation: Mr. Keith Sherman, Interim Executive Director

Outside
Counsel: Mr. Sam Hinkle, Stoll Keenon Ogdon, LLC

I. Call to Order

Mr. Beamer read the roll. Having determined a quorum present, Chairman Grissom called the meeting to order at 10:31 a.m.

Approval of Minutes, 4-26-2017

Dr. Wright made a motion, which Prof. Trucios-Haynes seconded, to approve the minutes of the April 26, 2017 meeting. The motion passed.

II. Orientation of Board of Trustees by CPE

The Chairman introduced CPE President King who gave the **attached** presentation. He noted that state law mandates a minimum of six hours of orientation for new members of governing boards of Kentucky's colleges and universities.

President King then fielded questions from trustees.

The orientation concluded at 11:18 a.m. Chairman Grissom thanked President King for his thorough orientation.

III. Recess Board of Trustees; Convene Annual Meeting of the UofL Research Foundation

Ms. Frazier made a motion, which Dr. Wright seconded, to recess the Board of Trustees meeting.

The motion passed and the meeting recessed at 11:19 a.m.

IV. Reconvene Board of Trustees Meeting

Dr. Wright made a motion, which Prof. Trucios-Haynes seconded, to reconvene the Board of Trustees meeting.

The motion passed and the meeting reconvened at 12:33 p.m.

V. Report of the President

Updates

Interim President Postel provided updates on works in progress since the last board meeting, as attached. He then fielded questions from board members.

Dr. Postel also briefly discussed the May 13 Commencement ceremonies, noting this was the largest graduating class in history – 3,156 degrees conferred – with 18% minority graduates, and 14.5% first-generation college graduates.

Authorization regarding Clinical Operations of Health Sciences Center

The President reminded trustees about discussions related to the restructuring of clinical enterprises of the university into a separate business entity. He stated he and his leadership team discussed this proposal with members of faculty, members of University of Louisville Physicians, city and state officials.

Prof. Trucios-Haynes requested the language “internal constituents” be included in the resolution, specifically regarding with whom the Interim President will consult. The Chairman agreed and sought a motion for the resolution, as amended.

Mr. Sahney made a motion, which Ms. Frazier seconded, to approve the

President’s recommendation that the Board of Trustees authorize him, in conjunction with the University’s consultants and law firm, ECG Consultants and Norton Rose Fulbright, to develop a proposal for the creation of a new University-affiliated academic medical center enterprise which would more closely align the interests of the University, University of Louisville Hospital, the University of Louisville Physicians, and other professional activity of the University’s full-time clinical faculty. The Interim President shall consult with the Office of the Governor of the Commonwealth of Kentucky, the Secretary for the Kentucky Cabinet for Health and Family Services, the Office of Attorney General, and internal constituents in the development of any proposal. When finalized, the proposal shall be presented to the Board of Trustees for review and approval.

The motion passed.

Budget Presentation

Dr. Postel explained the budget process and timelines, including the incorporation of the Athletic Association's 2017-18 operating budget, leading to the budget as presented. He thanked Interim CFO Susan Howarth and her team in the Office of Budget and Planning for their work in crafting a balanced budget.

Ms. Howarth used the **attached** presentation and fielded questions from trustees. Highlights included the budget development process, actions taken to ensure a positive FY 2017-18 year-end fund balance, a breakdown of revenues and expenditures in the general funds and total operating budgets, and tuition and fee proposals.

Ms. Howarth reiterated to the board that there would be no increase in undergraduate, graduate, and professional tuition rates, and no increase in mandatory student fees.

Dr. Postel stated Ms. Howarth and her team would continue to make adjustments to the budget and recommend the board consider its approval at the June 15, 2017 meeting.

Chairman Grissom thanked Dr. Postel and Ms. Howarth for their presentation.

VI. Report of the Chair

The Chairman stated the results of the forensic audit of the Foundation will be delivered to the Board at a special meeting on June 8, 2017, at 1:00 p.m.

Update on Bylaws

Chairman Grissom reported that the Ad Hoc Committee on Board Governance finalized its bylaws revisions at its April 27, 2017 meeting. Following that meeting, the Board of Trustees received the original bylaws, the revised bylaws as presented, and a redlined version for comparison. The Ad Hoc Committee Chair solicited comments and questions from members and presents the revised bylaws, in consideration for approval.

Ms. Black briefly detailed the process by which her committee made its revisions. She indicated the new bylaws would be effective June 1, 2017.

Ms. Black then thanked members of her committee for their work in drafting the new bylaws.

Ms. Frazer made a motion, which Mr. Sahney seconded to approve the

The Ad Hoc Committee on Board Governance's recommendation that the Board of Trustees adopt the revised Bylaws, as attached.

The motion passed.

Ad Hoc Tenure and Nepotism Policy Committee

The Chairman recommended the board create and charge an ad hoc committee to review the university's tenure and nepotism policies.

Prof. Trucios-Haynes requested a staff member be included when populating the committee. Chairman Grissom agreed and requested a motion to approve the amended resolution.

Prof. Trucios-Haynes made the motion, which Mr. Rogers seconded, to approve the following resolution:

RESOLVED, that the Board of Trustees approves the creation of an Ad Hoc Tenure and Nepotism Policy Committee. The Committee will have at least seven members selected from the Board of Trustees and the academic leadership of the University, including the chair of the Faculty Senate and a staff constituency representative.

The charge of the Ad Hoc Tenure and Nepotism Policy Committee shall be as follows:

- **Review the University's current tenure policies and practices and the University's current anti-nepotism policy and practices.**
- **Examine and determine best practices at comparable institutions.**
- **Make recommendations regarding the University's tenure policies and practices and the University's current anti-nepotism policy and practices to the Board of Trustees on or before November 16, 2017.**

The motion passed.

VII. Executive Session

Dr. Wright made a motion, which Ms. Frazier seconded, to go into Executive Session at 1:38 p.m. to discuss real estate, litigation matters, personnel matters, and a business proposal pursuant to KRS 61.810(1)(b) (c), (f) and (g).

The motion passed.

VIII. Open Meeting Reconvenes

The open meeting reconvened at 3:30 p.m. Chairman Grissom reported the board discussed real estate, litigation matters, personnel matters, and a business proposal.

The following actions were then taken:

Dr. Wright made a motion, which Ms. Frazier seconded, to approve the

Chairman of the ULAA Board of Directors' recommendation that the Board of Trustees authorize the construction of a television production studio for the new ACC Network.

<u>Facility</u>	<u>Funding Status</u>	<u>Project Scope</u>
Construction of Athletic Television Production Studio	Funded	\$8,000,000

The motion passed.

Mr. Rogers made a motion, which Dr. Wright seconded, to approve the

Athletic Director's recommendation, with approval from the UofL Athletic Association Board of Directors, that the Board of Trustees authorize the long-term ground lease and development of Churchill Park to build a soccer practice facility:

<u>Facility</u>	<u>Funding Status</u>	<u>Project Scope</u>
A. Purchase of reversionary interest In Churchill Park from Christ Church Cathedral	Funded	\$350,000 upfront / \$50,000 annually/10 years
B. Annual ground lease payment to Metro Government	Funded	\$15,000 annually
C. Construction of soccer practice Facility	Funded	\$1,000,000

The motion passed.

Mr. Cromer made a motion, which Prof. Trucios-Haynes seconded, to approve the following resolution:

RESOLVED, that the President of the University is authorized to negotiate the terms of a revised lease with the Arena Authority and will report back to the Board of Trustees for its consideration and approval of a final agreement.

The motion passed, with Mr. Rogers and Ms. Black abstaining.

IX. Adjournment

Mr. Cromer made a motion, which Dr. Wright seconded, to adjourn.

The motion passed and the meeting adjourned at 3:38 p.m.

Approved by:

Signature on File

Assistant Secretary



STRONGER

by degrees

The Role of the CPE & The Statewide Strategic Agenda

Robert L. King, President, CPE
May 18, 2017

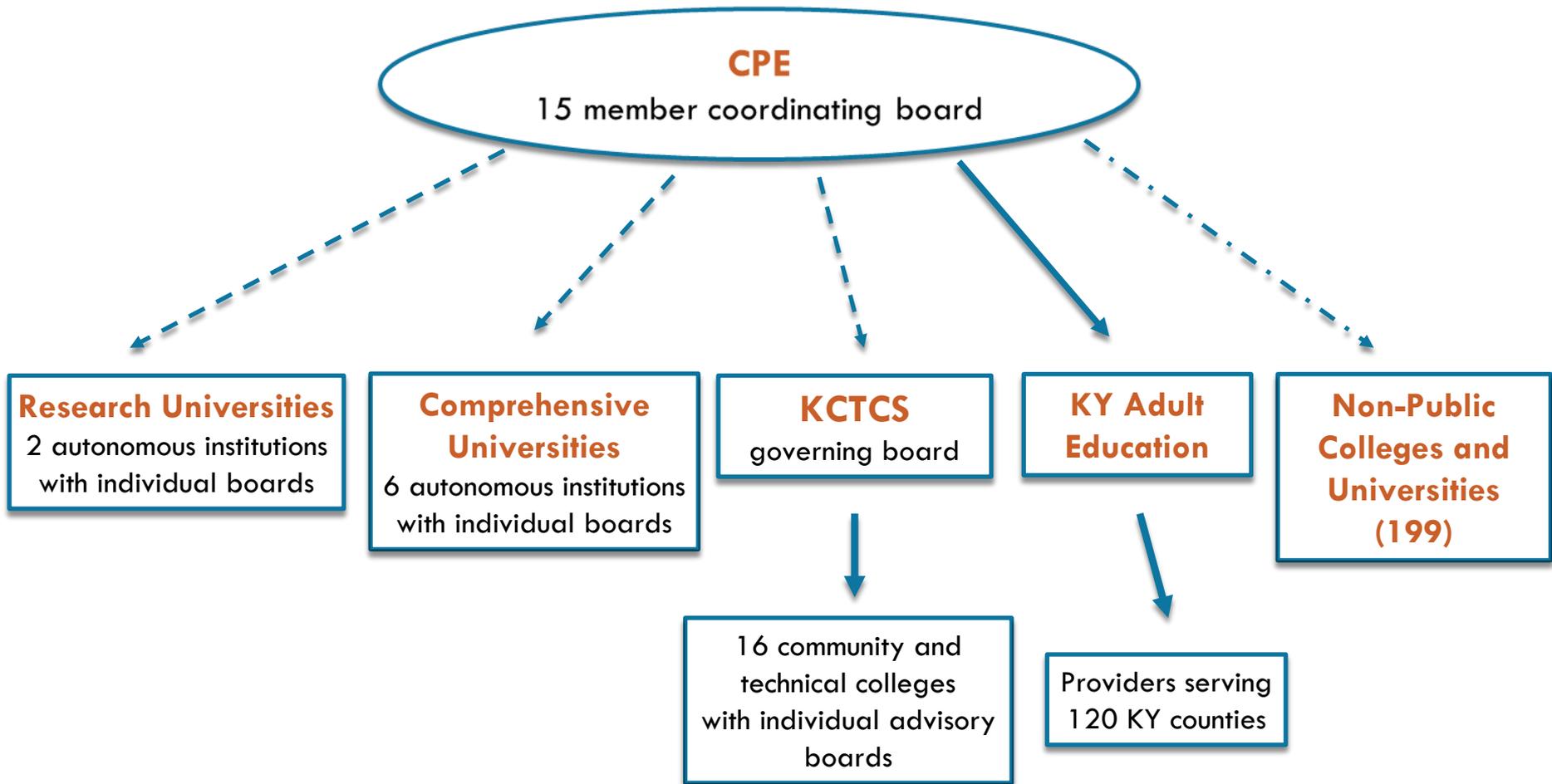
Governing Board: A single statewide board that legally manages and controls the responsibilities of all public institutions of higher education. **28 states** have one or more governing boards.

Coordinating Board: A single agency that has responsibility for the statewide coordination of many policy functions (e.g. planning and policy leadership, program review and approval, and budget development and resource allocation). **22 states** have coordinating boards.



U.S. HIGHER ED. GOVERNANCE

Higher Education Governance in KY



CPE Responsibilities

LICENSURE

- Includes independent & proprietary institutions & out-of-state schools with a physical presence in KY
- Consumer protection duties

COORDINATION

- Advocacy & advising
- Planning & accountability
- Policy review & implementation
- Biennial budget request
- Tuition setting
- Academic program review & approval
- Diversity and equal opportunity
- Data collection & management
- Policy research & analysis
- Virtual library & campus administration
- Board & faculty development
- Regular meetings with Presidents, CAOs, CBOs, BULLS, IR Directors

ADULT EDUCATION

- Programs serving 120 counties
- Professional development for providers
- GED® Testing Service
- Corrections education
- Workforce education

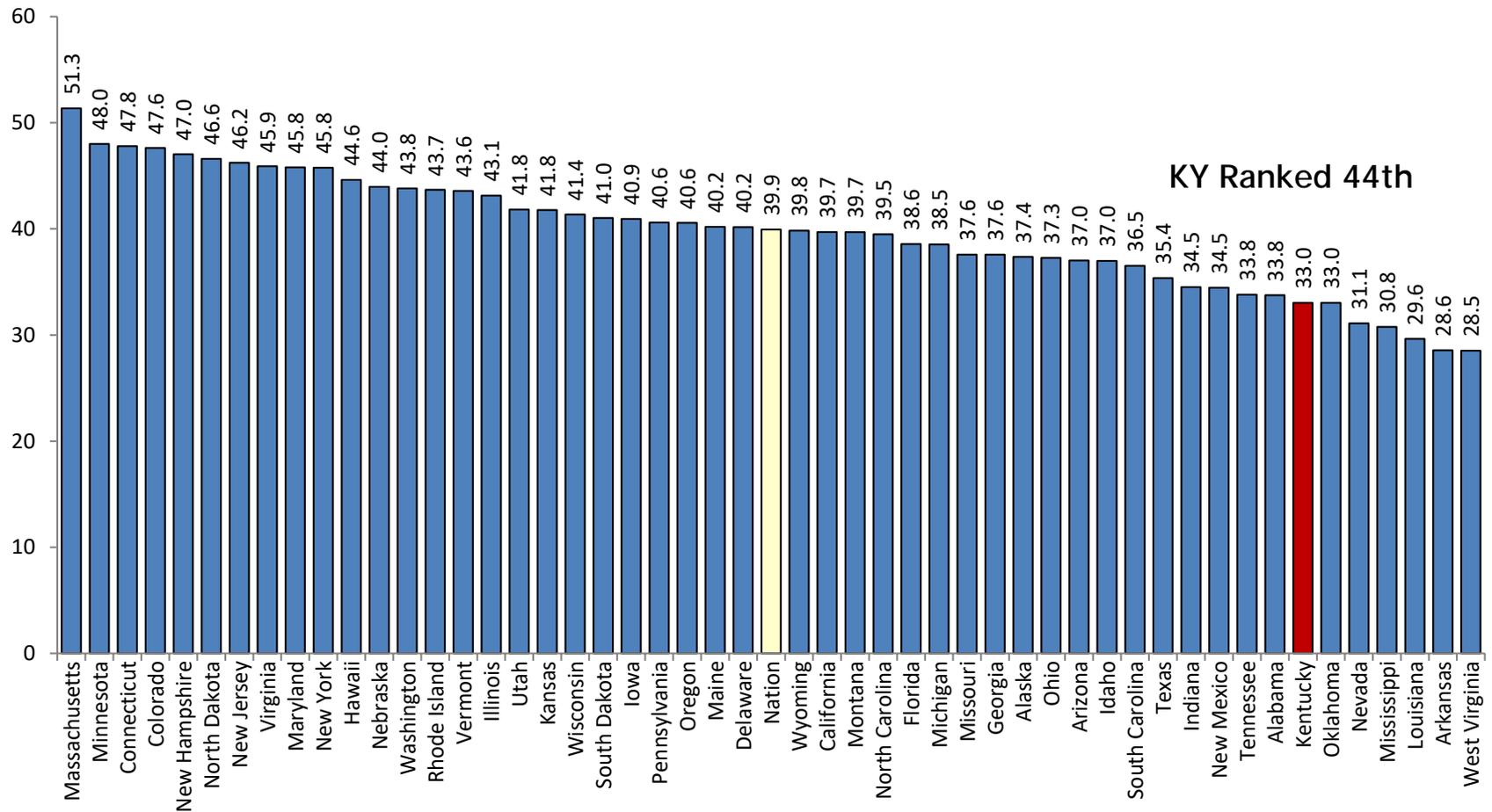
SOME FACTS YOU
SHOULD KNOW
ABOUT
**POSTSECONDARY
ATTAINMENT**
IN KENTUCKY

Kentucky lags many other states in the percentage of adults with postsecondary credentials, which affects our economic competitiveness and quality of life.



EDUCATIONAL ATTAINMENT

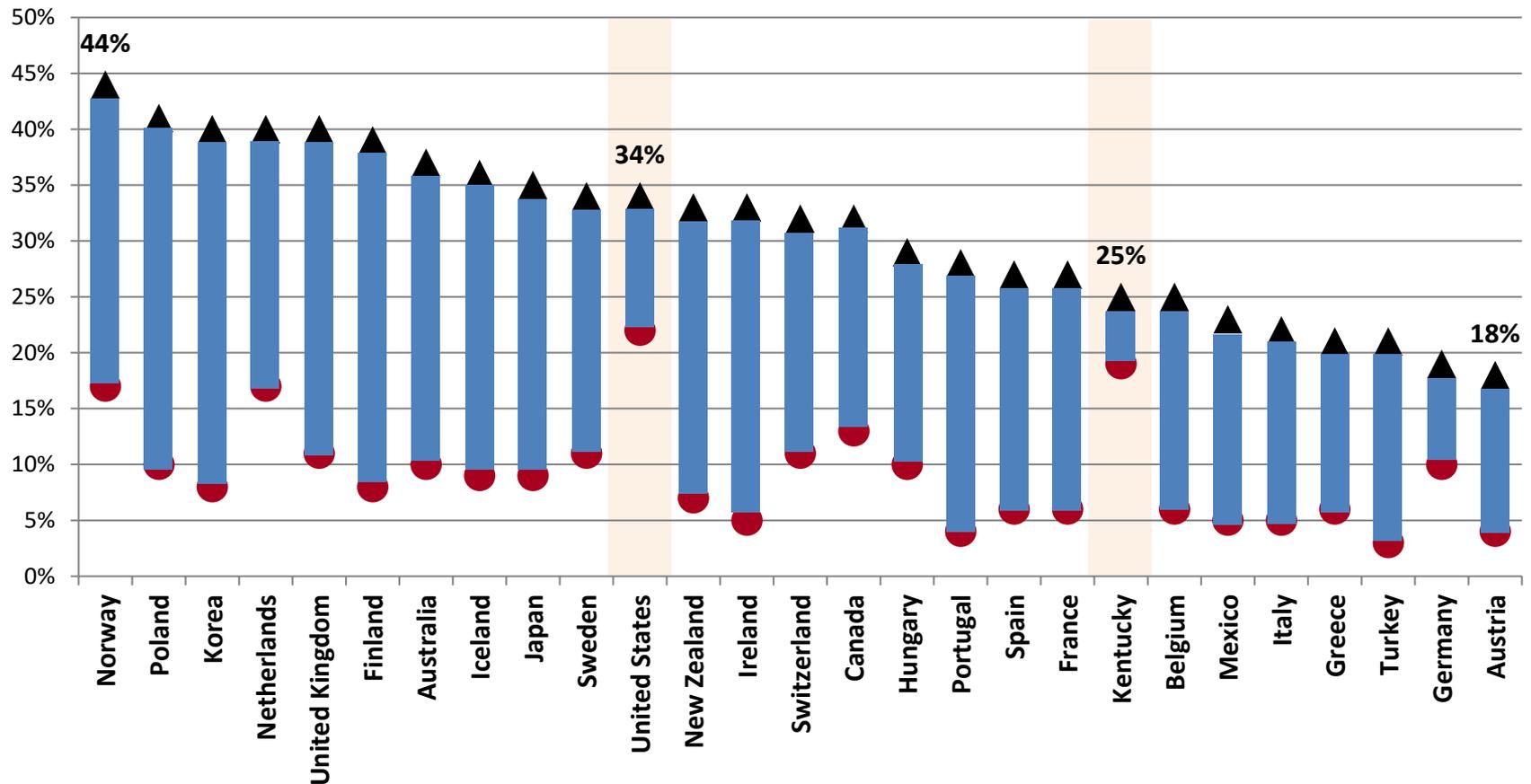
Adults (25-64) with an Associate Degree or Higher, by State



Source: U.S. Census Bureau, 2013 American Community Survey
1-Year Public Use Microdata Sample.



Baccalaureate Attainment, 25-34 Age Cohort, 1968 and 2012

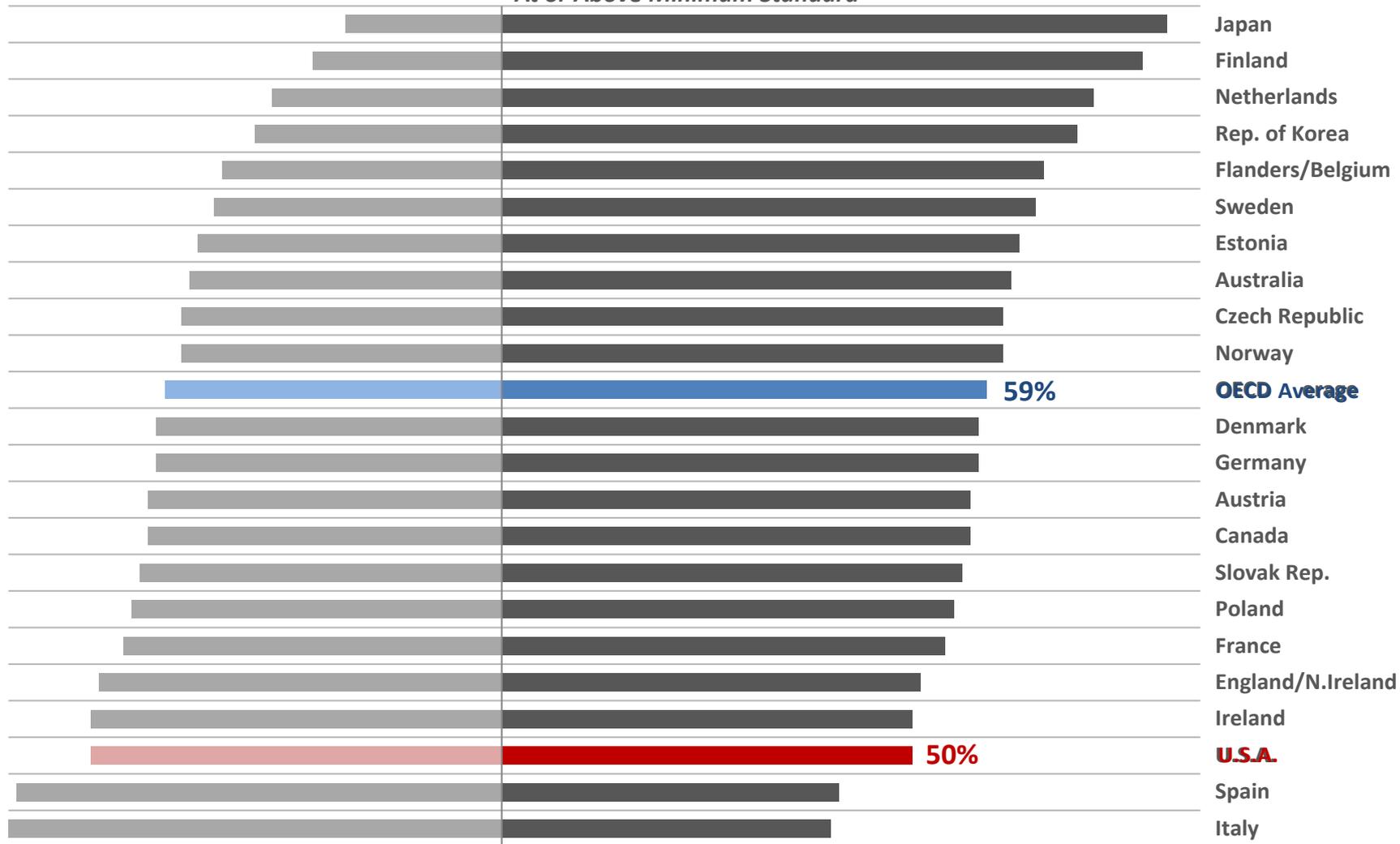


Sources: Education at a Glance: 2014 OECD Indicators. <http://www.oecd.org/edu/Education-at-a-Glance-2014.pdf>. ACS Educational Attainment by Degree-Level and Age-Group. 2012 American Community Survey. U.S. Census Bureau.



International Comparison: Literacy Skills Performance of Adults (Age 16-34)

At or Above Minimum Standard

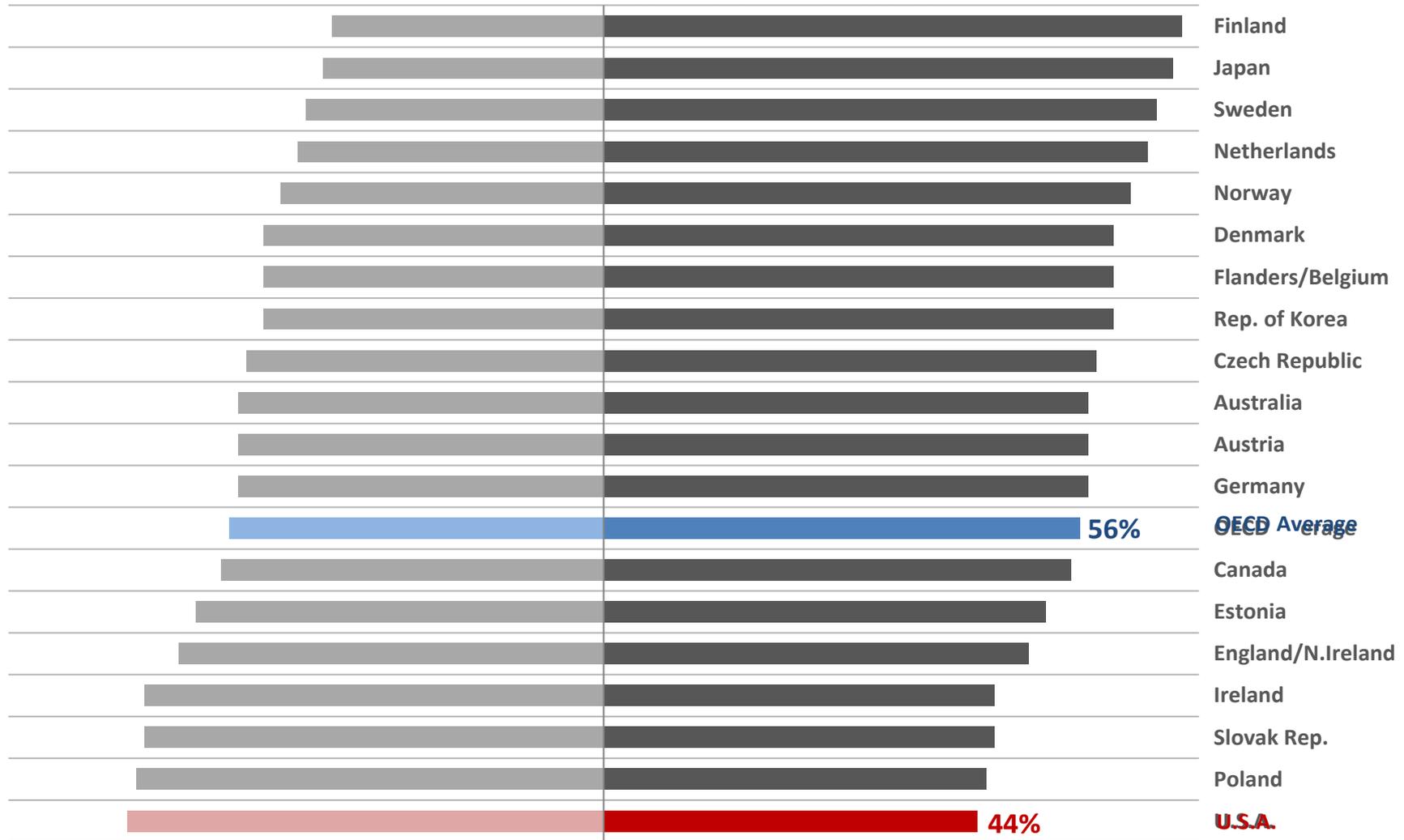


Source: America's Skills Challenge: Millennials and the Future. 2014. Educational Testing Service.



International Comparison: Problem-Solving Skills Performance of Adults (Age 16-34)

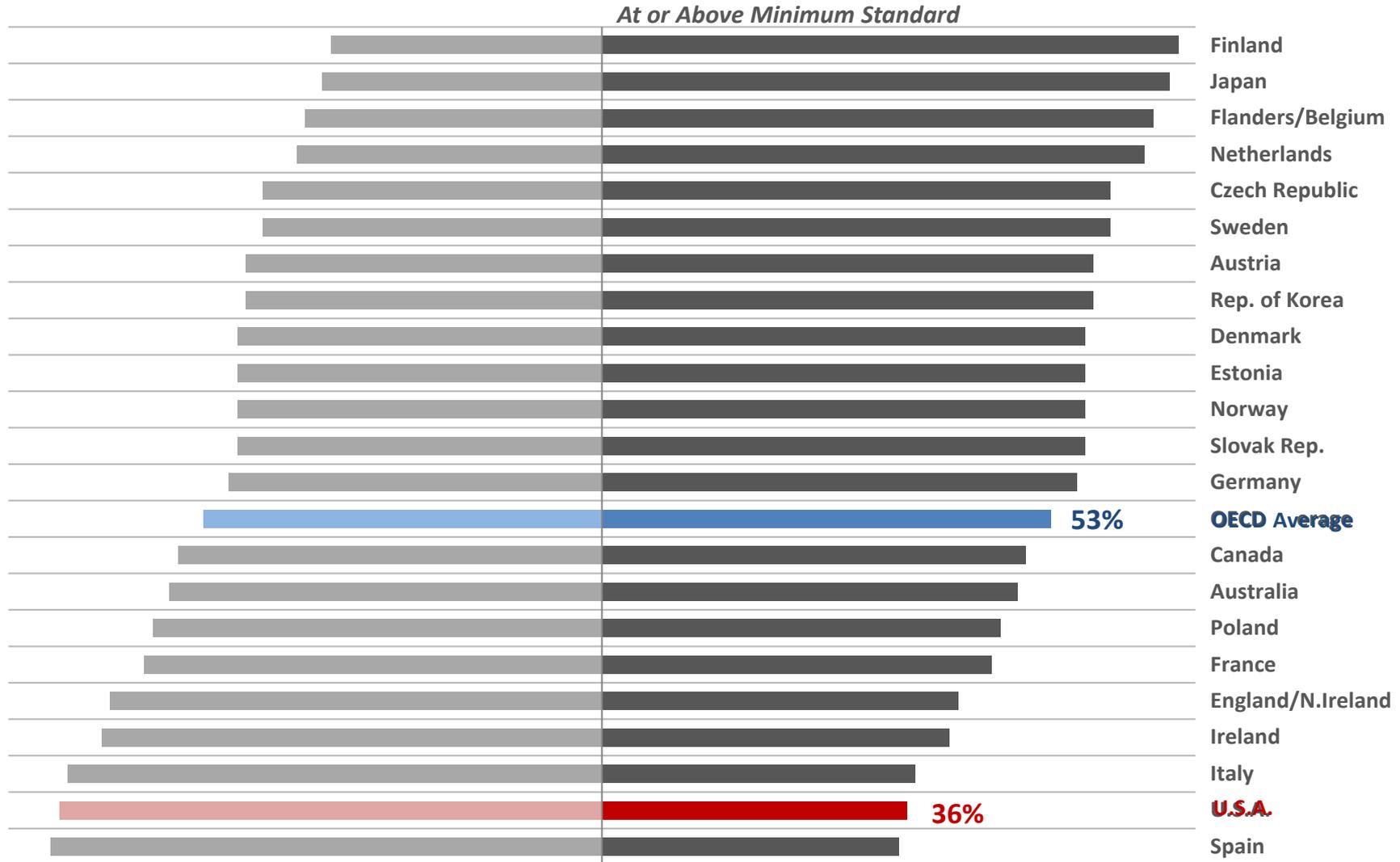
At or Above Minimum Standard



Source: America's Skills Challenge: Millennials and the Future. 2014. Educational Testing Service.



International Comparison: Numeracy Skills Performance of Adults (Age 16-34)



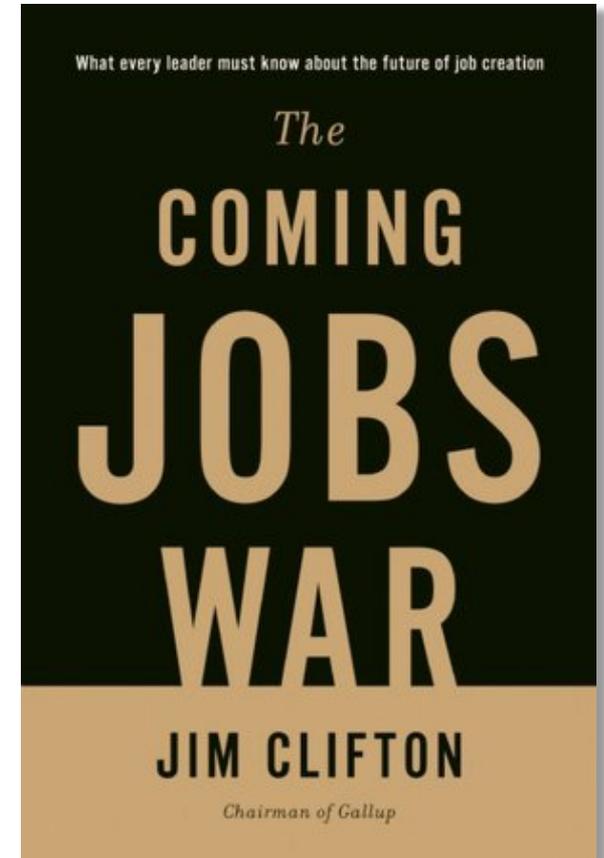
Source: America's Skills Challenge: Millennials and the Future. 2014. Educational Testing Service.



WHY IS
POSTSECONDARY
EDUCATION
SO IMPORTANT?

A Global War for Good Jobs is Coming.

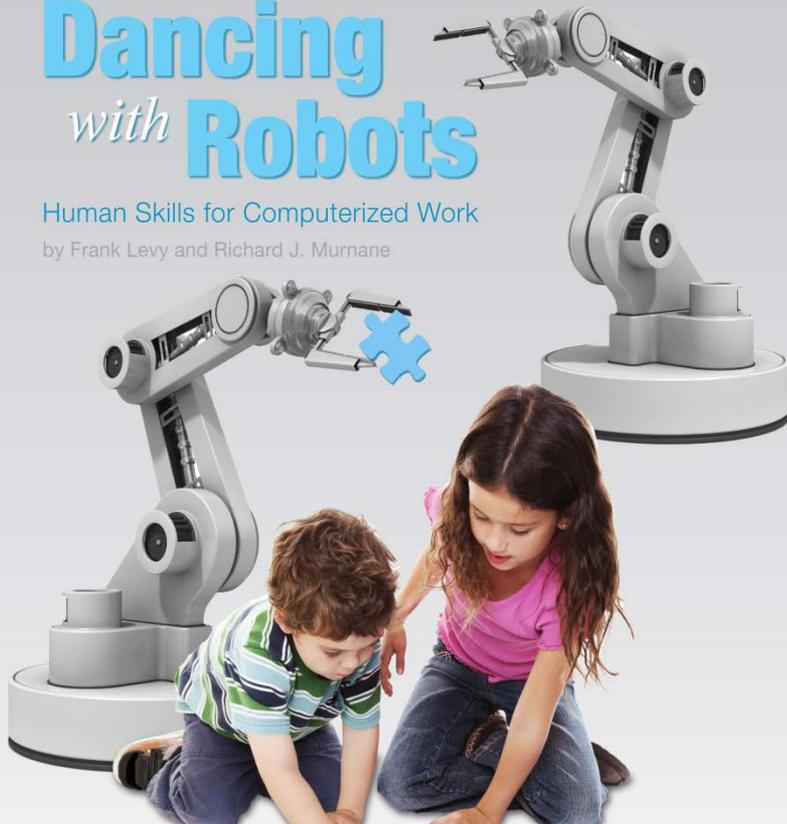
- 3 billion people reported to Gallup they want a job that consumes at least 30 hours per week, and by implication pays a living wage.
- Only 1.2 billion jobs in the world currently fit that description.
- As the foreign workforce becomes more educated, competition for jobs will be fierce.



Dancing *with* Robots

Human Skills for Computerized Work

by Frank Levy and Richard J. Murnane



LEARN

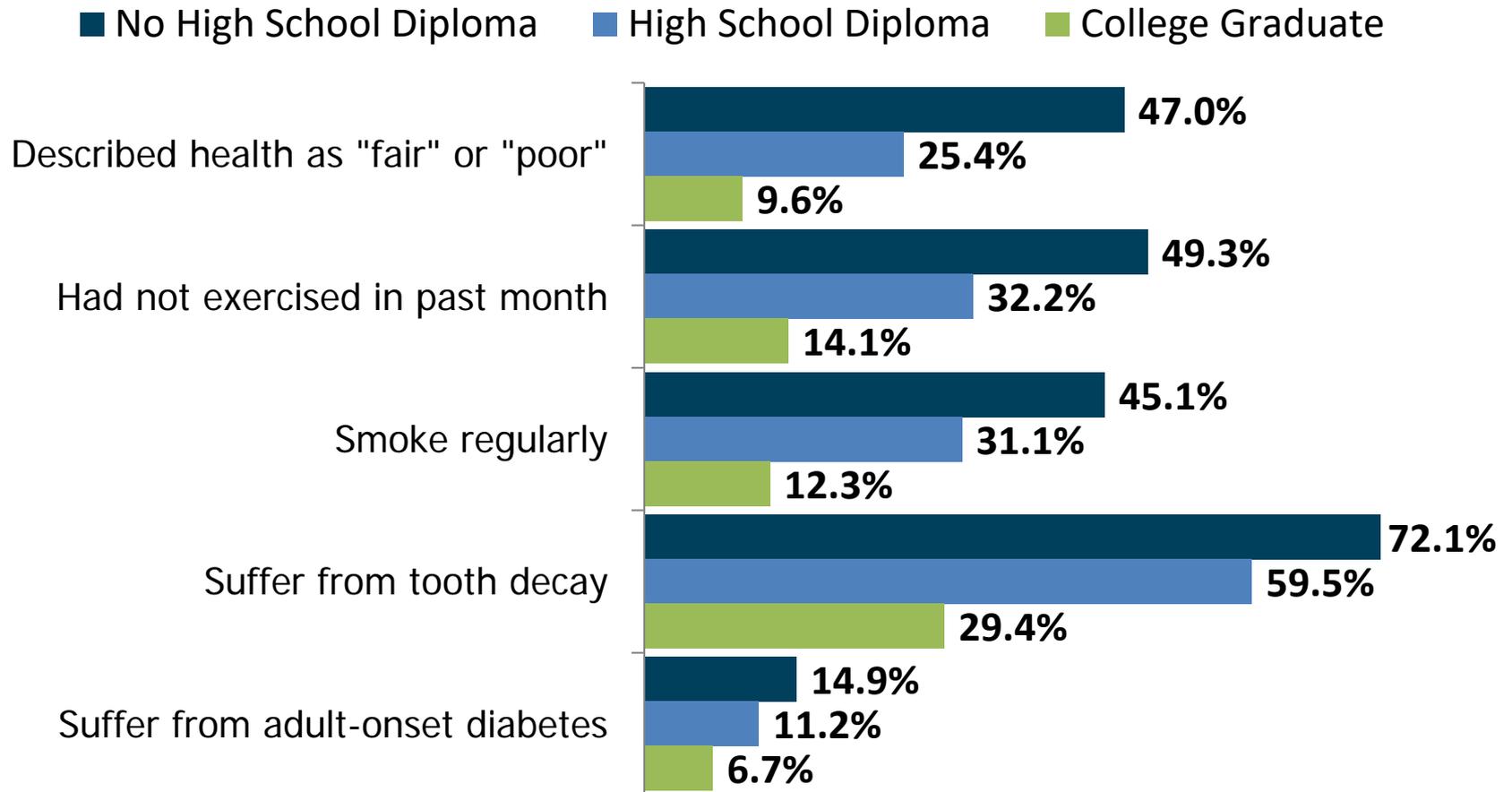


NEXT

TECHNOLOGY IS CHANGING THE SKILLS NEEDED EVEN FOR LOW-WAGE JOBS

- ✓ LITERACY AND COMMUNICATION
- ✓ MATH AND THEORETICAL THINKING
- ✓ ANALYTICAL & PROBLEM-SOLVING

Health Outcomes by Education Level



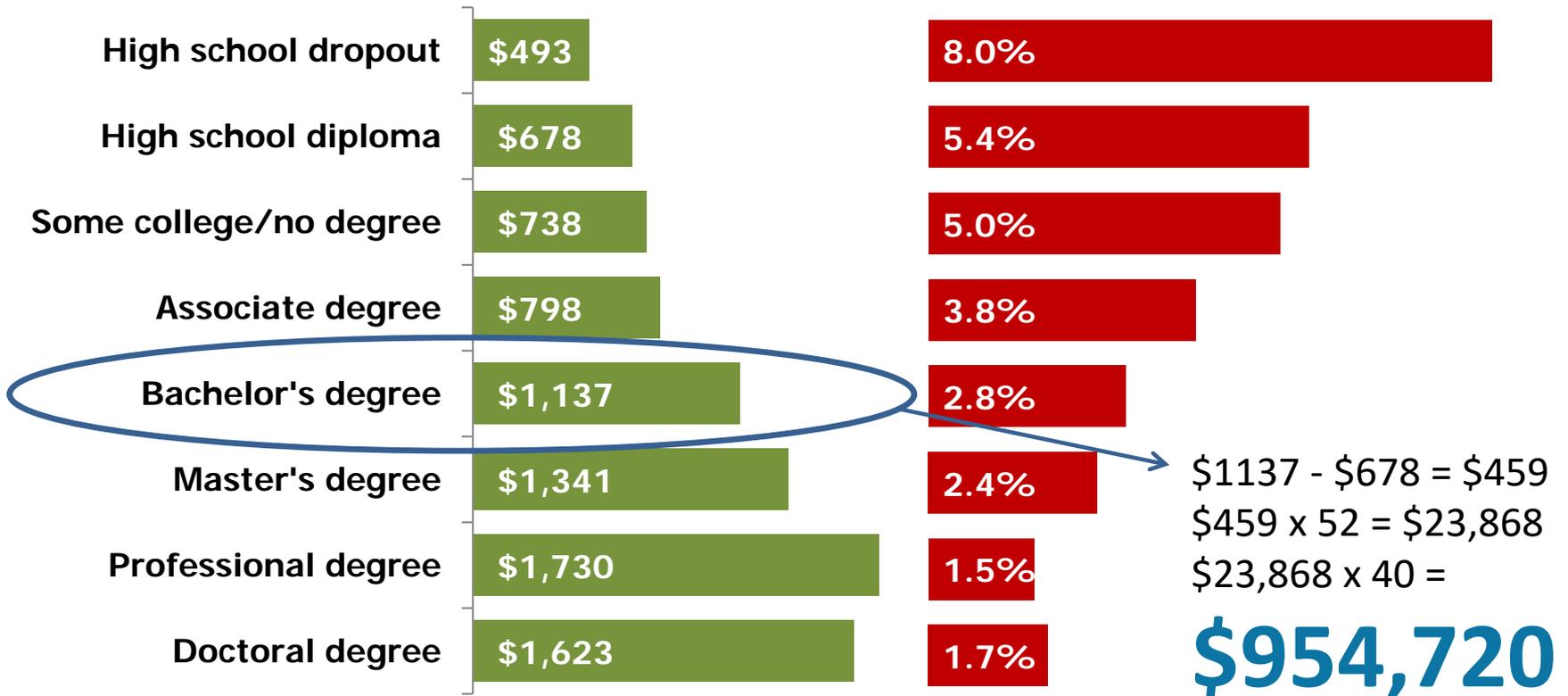
Source: Kentucky Behavioral Risk Factor Survey 2012 Annual Report. Kentucky Department for Public Health.



Educational Attainment Drives our Economy

Median usual weekly earnings

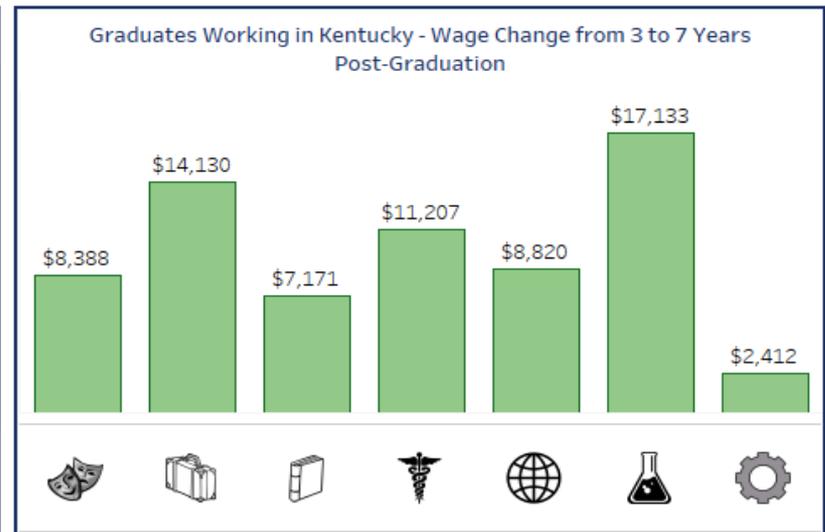
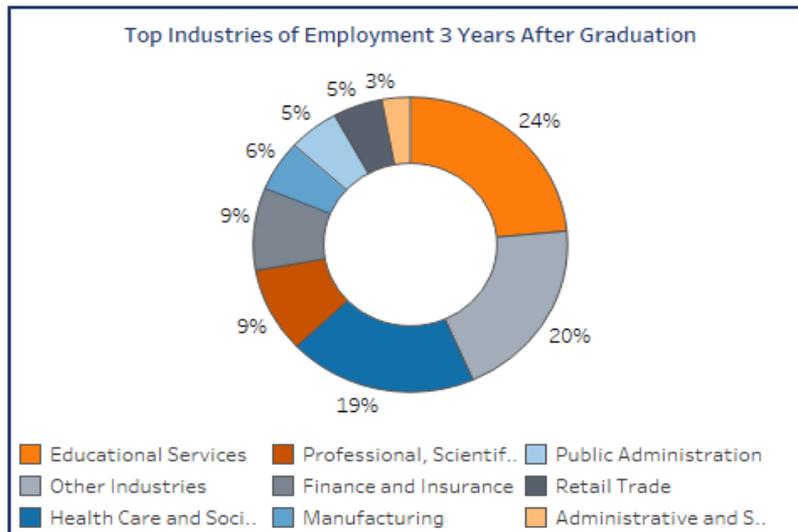
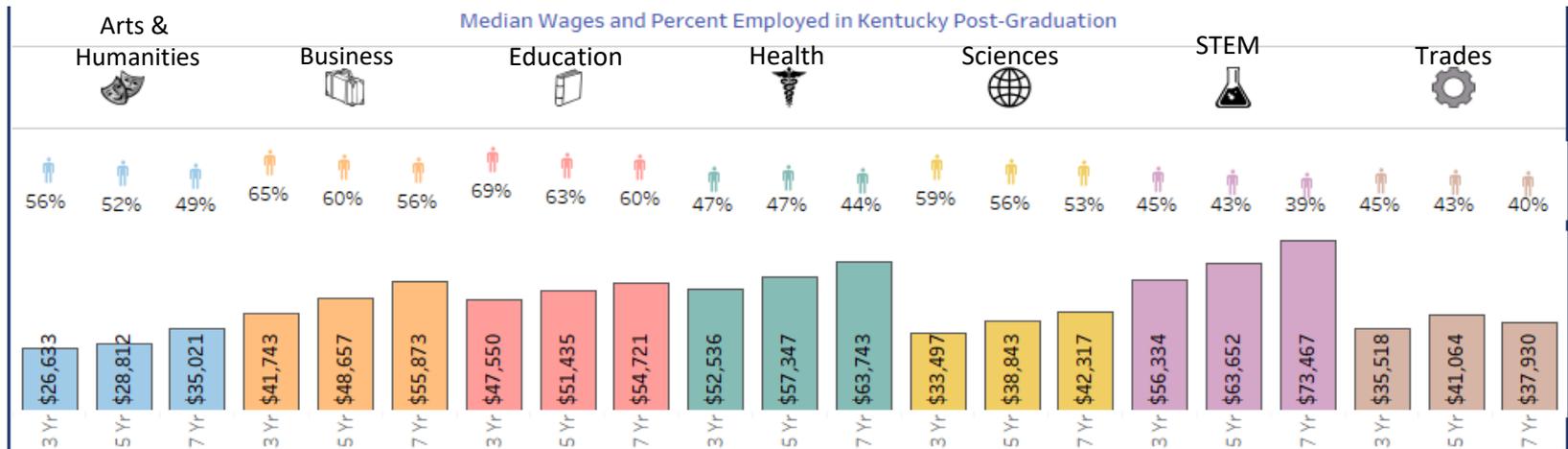
Unemployment rate



Source: U.S. Bureau of Labor Statistics, Current Population Survey. 2015.



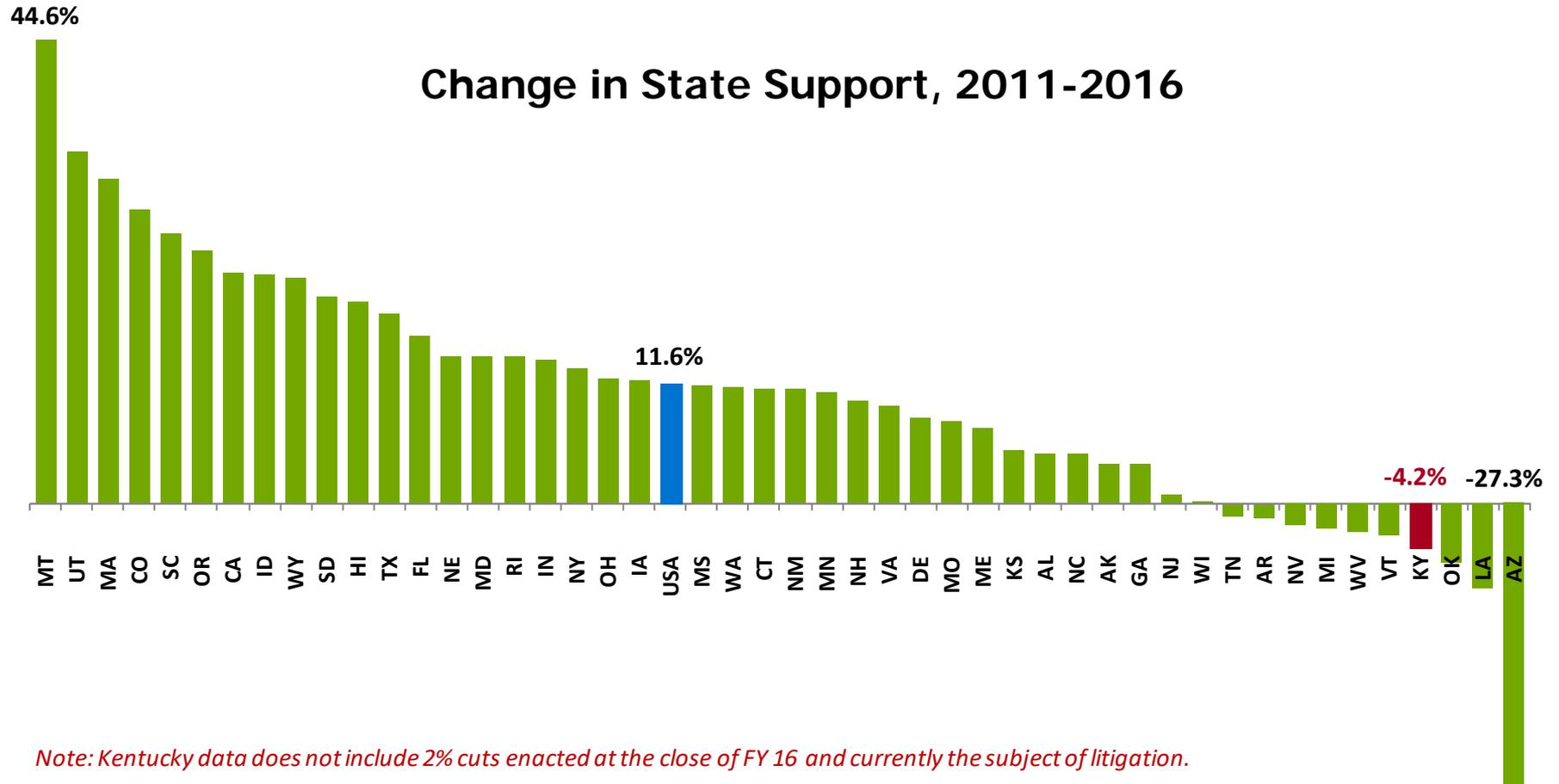
What are UofL's statistics?



Source: KCEWS, Postsecondary Feedback Report, 2017.

KENTUCKY IS MAKING
PROGRESS, BUT WE
NEED TO **WORK**
FASTER AND
OVERCOME BARRIERS

Higher Education Budgets Have Been Cut



Note: Kentucky data does not include 2% cuts enacted at the close of FY 16 and currently the subject of litigation.

Source: "Grapevine" Report, Center for the Study of Education Policy and the Association of State Higher Education Executive Officers, 2016.



Higher Education Is Overrated; Skills Aren't

Why College Is Necessary But Gets You Nowhere

Higher education Is college worth it?

Education

Home » News » Education

Too many degrees are a waste of money. The return on how much better if college were cheaper
Apr 0th 2014 | CHICAGO | From the print edition

Working your way through college doesn't add up for today's students



HIGHER EDUCATION Is College Worth It? It Depends on Whether You Graduate



Is College Worth It Anymore?



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Home > Teens & Tweens > College Prep

Do Kids Need College?

Richard Lamm
343 0 Share

College Doesn't Guarantee Success

get a good job with her

Mother Jones

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Must Reads: Inside the Men's Rights Movement | Which Cut of Meat Is Least Likely to Make

KEVIN DRUM
Economy, Education

College Doesn't Pay Off for Everyone

By Kevin Drum | Fri Apr. 25, 2014 1:07 PM EDT

The Case Against College Education

By Ramesh Ponnuru | Wednesday, Feb. 24, 2010

Like 20 Tweet 0 +1 20 Share 6 Read Later



Is a College Degree Necessary for a Good Job? Not Always.

NEW YORK TIMES

OPINION EDITORIAL

Is college worth it?

By Post Editorial Board September 22, 2014 | 12:1



Why Your College Degree Doesn't Mean \$h***

ON APRIL 3, 2011 | IN EDUCATION, WORK | BY THERESE



Bloomberg Business News Markets Insights

College Graduates Don't Always Outearn High School Grads

By Allison Schrager | July 15, 2014

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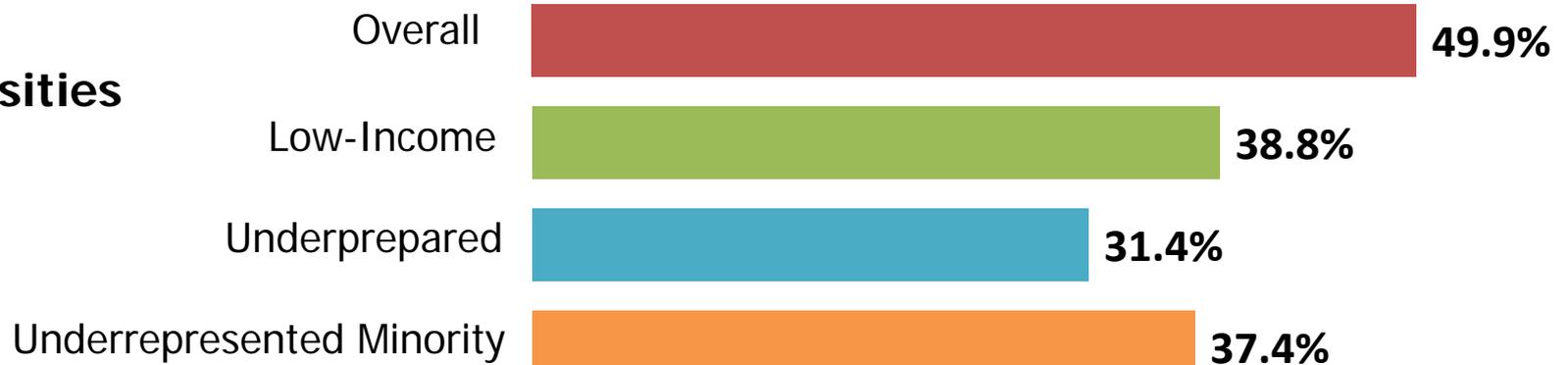
THE WALL STREET JOURNAL

U.S. NEWS

Elite Colleges Don't Buy Happiness for Graduates

Lower-income, Underprepared and Minority Students Graduate at Lower Rates

State Universities



University of Louisville



Source: CPE Comprehensive Database (KPEDS), 2015-16

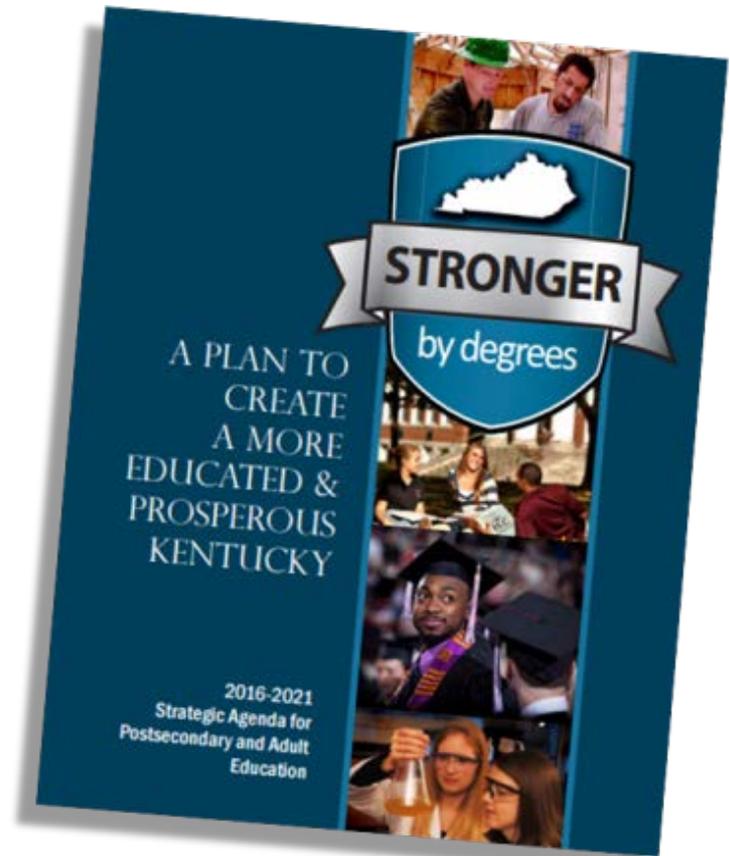
Other Challenges and Opportunities

- Ambitious **HB 1 goals** to meet by 2020
- Vocal demand for talented, **job-ready graduates**
- Increasing **international competitiveness**
- Growing levels of **student debt** and **uncertainty about tuition**
- Need to improve **college readiness** of K-12 graduates

WHAT IS
THE PLAN
TO ADDRESS
THESE
CHALLENGES?

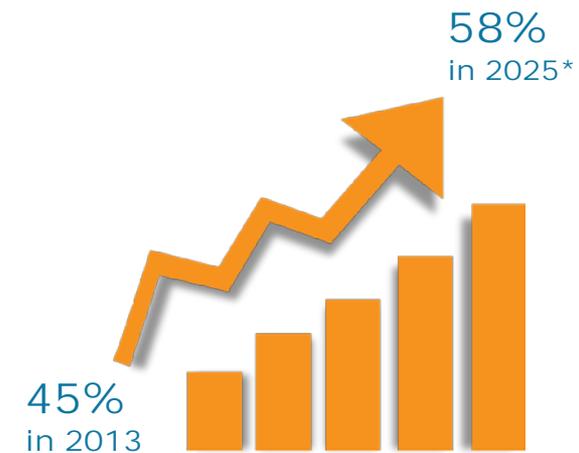
KRS 164.020 directs the CPE to develop a **Strategic Agenda**, which shall:

- Provide statewide priorities and a vision for long-term economic growth.
- State important issues and aspirations of the Commonwealth's students, employers, and workforce reflecting high expectations for their performance.
- Sustain a long-term commitment to constant improvement, while valuing market-driven responsiveness, accountability to the public, technology-based strategies, and incentive-based motivation.



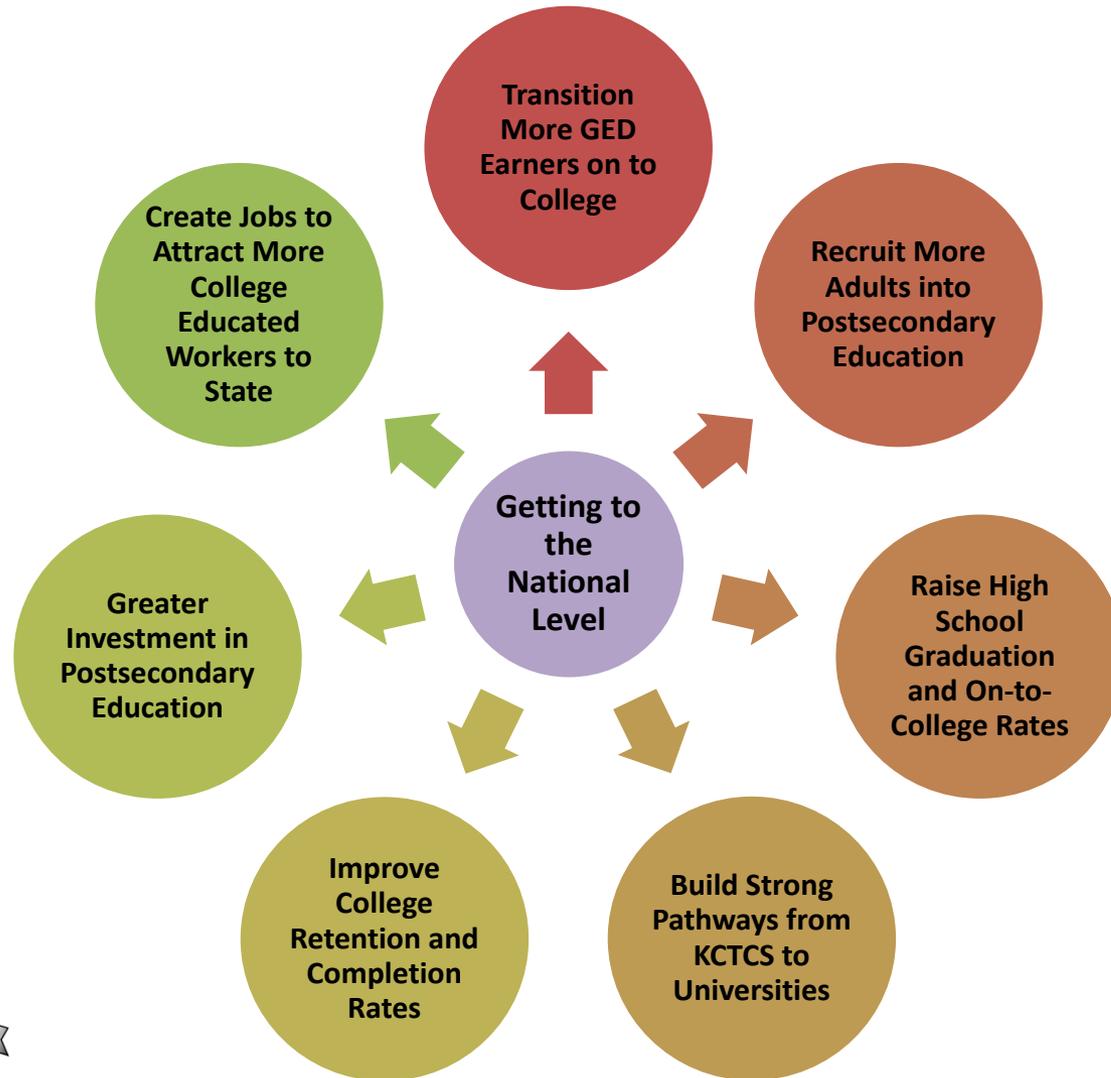
The Big Goal

- To increase educational attainment (certificate and above) to 58% by 2025.*
- KY's current attainment level for working-age adults is 45%.
- Developed in consultation with the National Center on Higher Education Management Systems (NCHEMS).
- Based on HB 1 (1997) goal to achieve "a standard of living and quality of life that meets or exceeds the national average," to be "accomplished through increased educational attainment at all levels."



*Goal may be revised.

What Will It Take to Reach the Goal?



Reaching the Goal Is a Shared Responsibility

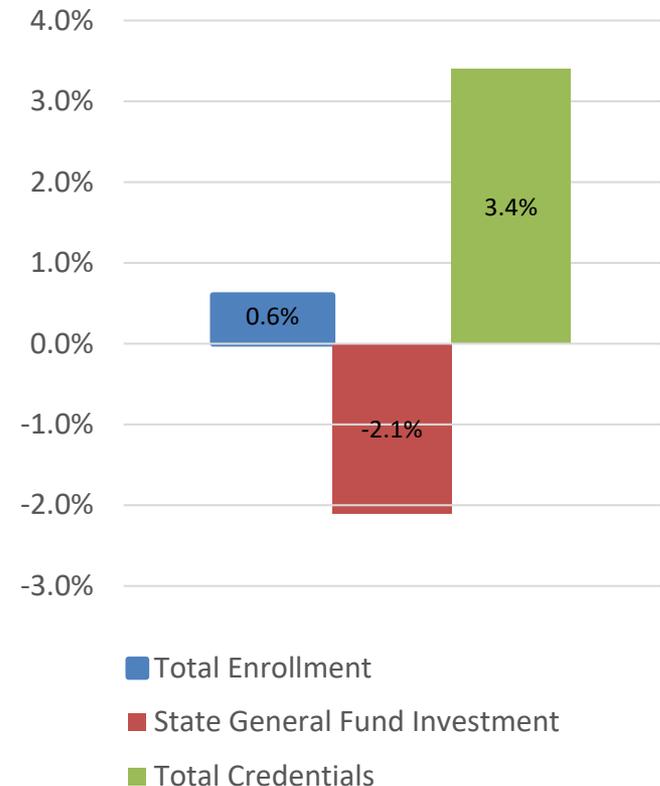
- P-12
- Adult Education
- KCTCS
- Universities
- Business and Economic Development Communities
- State Government

Are We Making Progress?

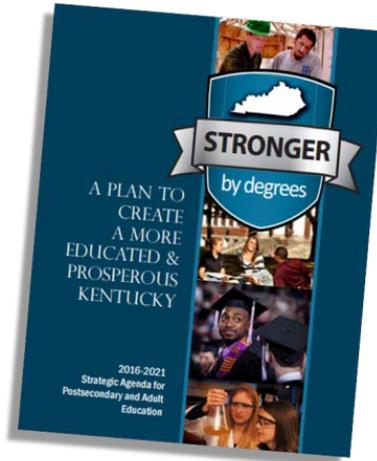
45% of Kentucky adults have a postsecondary credential versus a national average of 53%; however:

- Kentucky has been a leading state in growing its level of education attainment since 2000 (tied for third place with IA and PA), and **exceeding the national growth rate by nearly 30%**.
- Degree and credential production has continued to increase despite a leveling of enrollment and declines in state investment.

Average Annual Percent Change, 2006-2016



Drives Higher Education Accountability



Objectives,
Strategies & Metrics
inform:

Campus
Strategic
Plans

Eligibility
for New
Academic
Programs

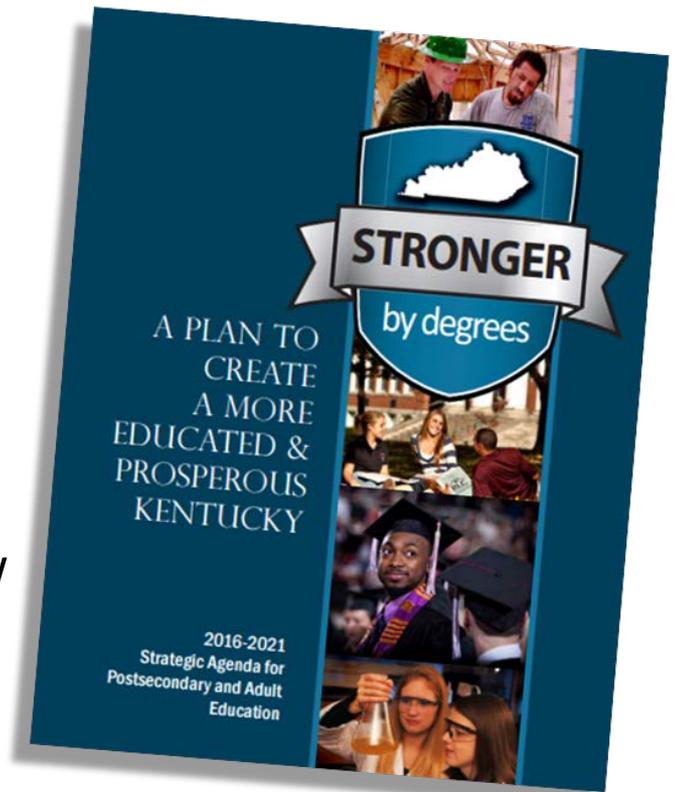
Performance-
Based Funding

Public
Reporting,
Dashboards,
Presentations



Three Focus Areas

- **OPPORTUNITY.** How can Kentucky encourage more people to take advantage of postsecondary opportunities?
- **SUCCESS.** How can Kentucky increase degree and certificate completion, fill workforce shortages, and guide more graduates to a career path?
- **IMPACT.** How can Kentucky's postsecondary system create economic growth and development and make our state more prosperous?





Focus Area 1: Opportunity

Key Metrics

- Outcome of Annual Degree Eligibility Review, Linked to Campus Diversity Plans
- College Readiness of College Entrants
- Progress of Underprepared Students in English & Math
- College-Going Rate of High School Graduates
- Kentucky Residents (25-64) Enrolled in Postsecondary Education
- Working-Age Population (18-64) Without a High School Diploma
- Number of Kentuckians Earning a High School Equivalency Diploma
- Percent of Adult Education Students Transitioning to Postsecondary Education
- Net General Fund Appropriations
- Average Net Price



Focus Area 2: Success

Key Metrics

- First-Year to Second-Year Retention
- Student Progression
- 3-Year and 6-Year Graduation Rates
- College Completion Rate
- Average Credit Hours Earned for Graduates
- Two to four year transfer
- Academic Quality and Excellence Metrics (varied based on institutional mission and priorities)



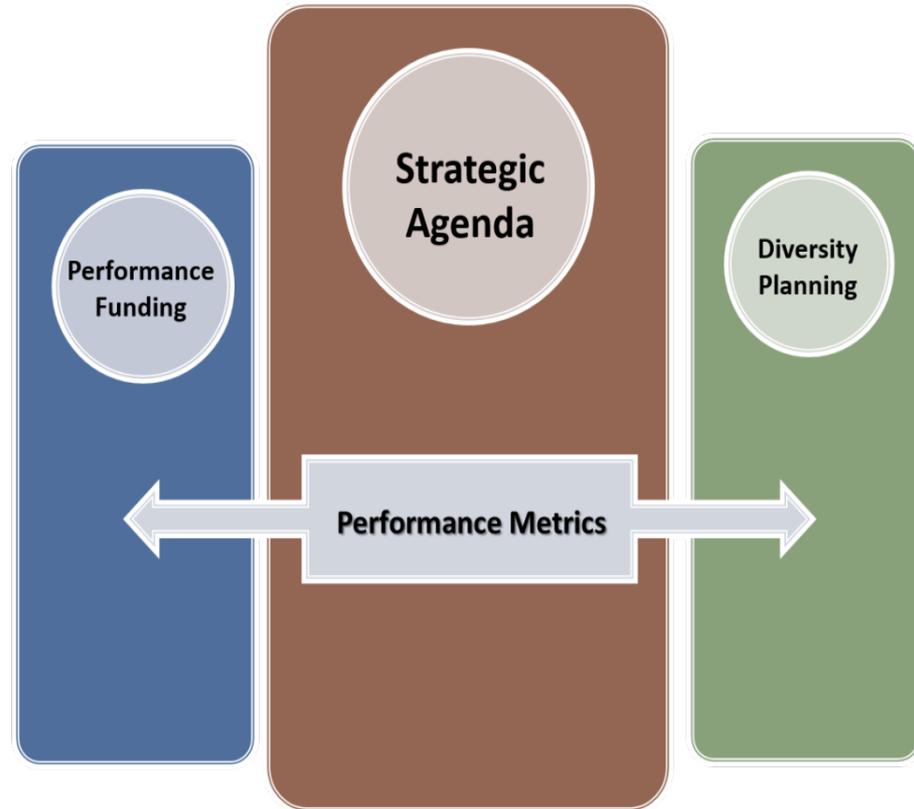
Focus Area 3: Impact

Key Metrics

- Degrees/Credentials Conferred
- Educational Attainment (Percent of Kentuckians 25-64 with a postsecondary credential)
- Percent of Graduates who Complete Internships and/or Co-ops
- Percent of Graduates Working or Pursuing Additional Education
- Research Expenditures
- Annual Updates on Regional Development, Outreach and Public Service

Strategic Agenda, Diversity Plan and Performance Funding Alignment

- Diversity Plan and Performance Funding Model metrics, with a few exceptions, are a subset of the Strategic Agenda metrics.
- Diversity Plan and Strategic Agenda target setting will be done together (funding model does not include targets).
- Annual metrics validation will be done at same time.



Reporting on Progress



Institutional progress updates:

- Annual campus presentations begin at June 2017 meeting
- There will be 3-4 campus presentations each meeting/work session, each lasting 20-30 minutes
- Presentations will include baseline data (2015-16), trend data, and negotiated targets
- Presidents will discuss campus priorities, strategies, accomplishments in each of the 3 priority areas

Performance Funding

Distribution of Allocable Funds

35% Student Success

- Degrees and credentials awarded.
- Degrees per 100 full-time enrollments.
- STEM+H degrees.
- Degrees earned by minority and low-income students.
- Student progression.

35% Course Completion

Based on each institution's share of sector total student credit hours earned, weighted to account for cost differences by degree level and academic discipline.

10% Maintenance and Operations

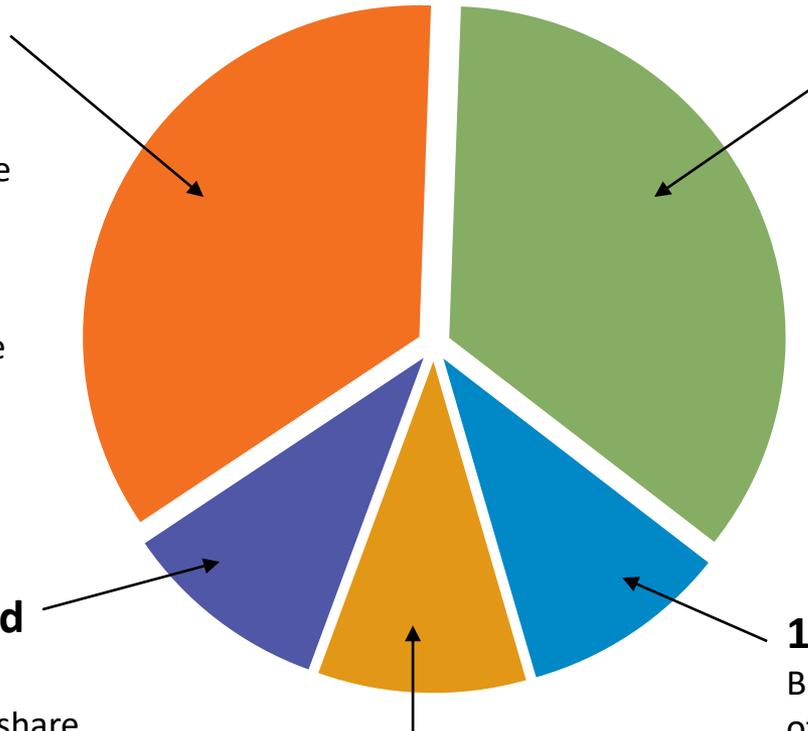
Based on each institution's share of square footage dedicated to student learning.

10% Institutional Support

Based on each institution's share of sector total instruction and student services spending.

10% Academic Support

Based on each institution's share of sector total full-time enrollment.



Your Role as a Fiduciary

- **Duty of care:** You come to meetings prepared and engaged, and act reasonably and prudently according to the information you have.
- **Duty of loyalty:** You put the university's needs above your President's or your own. You are not self-dealing and have no conflicts of interest that interfere with your board role.
- **Duty of obedience:** You act in an ethical manner that aligns with your university's mission.
- **Important to remember** → Act as a board upon properly adopted resolutions, not as individuals.



CONTACT INFO

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@CPEBob & @CPENews



QUESTIONS?