

*University of Central Missouri
Board of Governors
Plenary Session
September 17, 2009*

The University of Central Missouri Board of Governors convened in Plenary Session on Thursday, September 17, 2009, in Union 237B at 8:30 a.m. Presiding over the meeting was Board President Richard Phillips. Other Governors in attendance were Walter Hicklin, Weldon Brady, Lawrence Fick, Deleta Williams, Mary Long, Edward Baker, and Ryan Sanders. Also present was University President Aaron Podolefsky; General Counsel Henry Setser; and Assistant Secretary to the Board Monica Huffman.

Plenary Session

Call to Order – Agenda Item No. 1

Mr. Phillips called the meeting to order and determined that a quorum was present to conduct business.

Remarks by the Board President - Agenda Item No. 2

Mr. Phillips welcomed everyone to the first Board meeting of the new academic year and acknowledged students in attendance from the Governance and Finance in Higher Education class. He commented on the level of excitement and energy on campus with the return of students and faculty, as well as the numerous improvement projects currently in progress.

Remarks by the University President – Agenda Item No. 3

President Podolefsky called upon Dean Mollie Dinwiddie to introduce Ernestine Westerhold, a Library Services staff member who was recently awarded Missouri's "Experience Works Region IV Outstanding Older Worker Award." Ernestine joined the library staff in 1985 following a 26-year career as a public school teacher. The annual Older Worker of the Year award honors Missouri residents 65 years or older who are employed 20 hours per week or more and display dependability and willingness to learn new skills on the job. As the Region IV award recipient, Ernestine is a nominee for the statewide award. The Board extended its congratulations.

Legislative Recognition – Agenda Item No. 4

Representative Denny Hoskins presented UCM students Manuel Abarca and Nicholas McDaniels a resolution on behalf of the 95th General Assembly's Missouri House of Representatives for their outstanding efforts and accomplishments in establishing a recycling program at UCM. The Board extended its congratulations to Messrs. Abarca and McDaniel.

Following the presentation, Representative Hoskins provided a brief overview of upcoming legislation. He noted that State revenue is down significantly and that the primary focus and concern for the Legislature is next year's budget. Work will commence in January on the FY 2011 budget.

Recognition of the Employee of the Quarter – Agenda Item No. 5

Dr. Morrell introduced the Employee of the Quarter Amy Kiger. Ms. Kiger began her employment at UCM as Assistant Director for University Health Services in 2002 and continues in this position today. Ms. Kiger's nomination and selection is the result of a personal excellence that she demonstrates each day through a work ethic that goes above and beyond what is expected in the normal scope of her responsibilities. President Podolefsky presented Ms. Kiger with a plaque, and the Board extended its congratulations.

General Session

Approval of June 18, 2009, Plenary Session Minutes – Agenda Item No. 6

Mr. Fick moved that the Board of Governors approve the June 18, 2009, Plenary Session minutes. The motion was seconded by Mr. Hicklin and carried unanimously.

Reports

Governance Groups Written Reports – Agenda Item No. 7

Mr. Phillips said that written governance groups reports were included under Tab 4 of the meeting materials (Attachment 1).

Advancement Update – Agenda Item No. 8

Mr. Kremer reviewed fiscal years (FY) 2009 and 2010 (year-to-date) for the University of Central Missouri Foundation (Attachment 2). He noted that FY 2009 was a difficult year in financial and philanthropic markets, and cited decreases in philanthropic giving to higher education. Mr. Kremer shared the impact on UCM's Foundation including:

- The Foundation experienced a decrease of 22% in gifts
- \$3.08 million was raised in 2009 as compared to \$3.9 million in 2008
- Renewable cash giving decreased 5%
- The Central Annual Fund decreased 1%
- Corporate giving increased 40%
- In-kind gives increased 8%
- Realized bequests decreased 77%

Mr. Kremer said FY 2010 annual giving programs include:

- Senior class gift
- Parents' fundraising program
- Annual fund staff visits to donors and potential donors
- 50th reunion fundraising effort

- Corporate relations identifying businesses to align with opportunities on campus
- Solicitation of private foundations in Kansas City and nationally
- Major gift officers increasing visits and solicitations
- Major scholarship fundraising effort

Mr. Brady asked if the Foundation has a budget and goals for the various segments for the year. Mr. Kremer said there are internal targets that work towards a 5% increase from 2009.

H1N1 Update – Agenda Item No. 9

Dr. Morrell asked Ms. Becky Steckel, Acting Director of the University Health Center, to provide an update on the H1N1 Virus. Ms. Steckel said that since the start of the new academic year, the university has closely monitored the guidelines set forth by the Center for Disease Control (CDC) and the American College Health Association. Meetings and multiple educational campaigns are being held across campus. Additionally, an informational letter was recently sent to all students, faculty and staff, and a website was established to keep the campus community well informed of the H1N1 status.

Ms. Steckel said as of September 5, the activity level for the H1N1 within the State of Missouri was categorized as sporadic, as compared to 11 other states in the nation who have widespread activity. Nationwide, testing for the H1N1 is not routinely done. The only individuals receiving lab confirmed testing are those who are hospitalized and/or seriously ill. The CDC has determined that H1N1 is the predominant flu over the seasonal flu, and overall, is mild in form.

CDC guidelines recommended that students displaying symptoms of the flu be allowed to stay away from classrooms without a doctor’s note. Provost Wilson implemented an “interim” policy for this academic school year that works with the faculty and students in regard to class absence. Students will be responsible for notifying their instructors and making arrangements to make up any missed work. Depending on the class, some students may be able to continue to work from their residence or dormitory rooms throughout their illness, via Blackboard and other electronic means.

Morrow-Garrison/Student Recreation & Wellness Center Project – Agenda Item No. 10

Dr. Morrell said there was lengthy discussion concerning the Morrow-Garrison/Student Recreation & Wellness Center Project during yesterday’s Board Committee on Student Affairs and Alumni Relations Committee meeting. The primary purpose of the discussion was to ensure that funds are allocated and spent as originally planned. He noted that during the June 18, 2008, Board meeting, Mr. Hicklin stressed the importance of being good stewards of the funds, and ensuring the appropriate expenditure of dollars. Dr. Morrell said approximately \$21.5 million in student fees is being provided for the project, with \$14.5 million coming from the general fund and gifts (a 60/40 split). Dr. Morrell said UCM, J.E. Dunn, and Gould Evans have been very diligent in ensuring the dollars are appropriately spent. Another concern raised during the committee meeting was protecting student recreation space in future years to come.

Mr. Hicklin said yesterday's committee meeting provided great clarity related to the expenditure of funds; however, a good Memorandum of Understanding is needed to protect student recreation space. He understands the university cannot forecast future academic needs, but said provisions should be made to ensure there is always available space for student recreation. President Podolefsky added that the MOU should also address how equipment needs, equipment replacement, and other maintenance related items will be addressed by the shared spaces.

Mr. Brady asked for an update on any additional enhancements to the project. Mr. Larry Ray said the original bids issued for the project resulted in savings for the university. Six items had to be rebid. Two of the six items came in higher than the original bids because the scope was changed due to unforeseen conditions; the others came in under the original bids. In the aggregate, the bids came in \$1.6 million under the original bids. With the savings, the university went back to the original designs and was able to place 20 feet back into the Student Recreation Center building, as well as put all new windows in the Morrow-Garrison complex. Additionally, water intrusion issues were discovered in north Morrow and with the added savings much deeper excavation and waterproofing was able to be done. The university is in the process of looking at all of the numbers to get a clear definition of the costs and how it is distributed between both areas. Each scope of work has been divided to ensure student funds and state funds are clearly separated. When the numbers have been fully evaluated, an update will be provided to the Board that includes a confirmed list of all the project pieces. The construction budget remains at \$28 million. There is still some surplus that could be used at the tail end of the project. Completion of the project is November 2010.

“Three Storms” and Presentation of Budget Models –Agenda Item No. 11

President Podolefsky presented his State of the University Address to the campus in August. The presentation titled “Three Storms,” represents (1) a decline in state revenue; (2) the existence of stabilization funds (\$6.5 million for UCM) which will expire in FY 2012; and (3) a declining number of high school classes graduating in Missouri, a cap on tuition increases, and an economy that is making it harder for students to attend colleges, resulting in attendance at less expensive venues for higher education.

President Podolefsky gave a Power Point presentation that explained the potential impact these three storms could have if realized. He also presented hypothetical long-range budget scenarios for FY 2010 through FY 2016 (Attachment 3). President Podolefsky said in light of the impending “storms,” the university could choose to do nothing and hope that all is fine, or it can take measures now so that it is prepared in the event a shortfall is realized. His preference would be to do the latter.

President Podolefsky asked Ms. Ann Pearce to share information that came out of a recent COPHE meeting. Ms. Pearce reported that the State is currently experiencing a cash flow problem. She explained that this year's budget was built on a 1% decrease in general revenue. As of the end of the first quarter, general revenue was down approximately 5.6%. Approximately 75% of general revenue comes from state income and sales tax. Layoffs and

reduced employee hours statewide have resulted in less spending. Despite the general revenue shortfall, Deputy Commissioner of Higher Education Paul Wagner indicated it will be very difficult for the State to do a withholding from higher education this year. Included as part of the terms of the agreement that the State entered into with the federal government when accepting the stabilization funds, was that it would fund education. This will make it difficult for the State to withhold money from higher education, resulting in a reduction of funds from other areas.

Ms. Pearce said it appears there will be a shortfall of stabilization funds for higher education of approximately 5% to 6% in FY 2011. General revenue will have to be found and used to backfill the shortfall. During the COPHE meeting there was mention of a possible waiver from the federal government for the backfill. If the State receives a waiver, higher education institutions will have to find extra money next year to cover their budgets. Deputy Commissioner Wagner also said that the State's financial difficulties are not short-term and budgets will need to be aligned statewide.

Ms. Pearce reported that the State Auditor's office is conducting a non-financial audit of higher education in the State of Missouri. The State Auditor is reviewing governance across the State including a coordinating board vs. a governing board and local boards vs. a central board. As part of the audit, the State Auditor will also look at duplicative programs throughout state higher education institutions. The State Auditor report is due in January 2010 and will include recommendations for legislation. Legislation will likely not come forward for another year.

Another developing issue that will need to be monitored relates to the Missouri State Employment Retirement System (MOSERS). MOSERS underwent a 19.1% decline in its investment return last year. To make up for some of the losses, there is talk of a possible employee contribution, which does not presently occur.

Ms. Pearce stated that late this summer, all state departments received a letter from the State budget office mandating that any request for increased funds in FY 2011 must be accompanied by reductions within the individual department budget. In keeping with these instructions, the Coordinating Board for Higher Education approved the Department of Higher Education's recommendation to not ask for an increase in institutional operating budgets for FY 2011. This recommendation still needs to go to the Governor and through the legislative process.

Provost Wilson advised that the Strategic Planning & Resource Council (SPRC) is an advisory group to the President. One of its responsibilities is to make recommendations on budget matters. The SPRC composition is representative of all of the governance and administrative groups on campus. President Podolefsky spent time with the SPRC in late August discussing budget issues related to the university and the State. Since then, the SPRC has met and developed propositions that are presently being discussed with the different campus constituents. The general sense of the SPRC is that UCM needs to be fairly aggressive in budgeting now in order to get ahead of a possible serious budget situation in upcoming years. One proposition under consideration includes a salary increase that would minimize the need to reallocate, but that maintains the current purchasing power level of faculty and staff. A second proposition relates to tuition.

UCM needs to be very careful to remain competitive with other respective institutions in the State of Missouri. The recommendation under consideration is that regardless of what others may do, a UCM tuition increase would not exceed 3%. Another proposition under consideration is that UCM should reallocate additional unassigned base money as it did with \$400,000 this year in order to get ahead of a reallocation requirement that may be imposed upon the institution in FY 2012 and future years. Beyond this, the SPRC is formulating recommendations for how budget reallocations would be apportioned under the various units. The main message the SPRC is sending is the university should be aggressive in getting out in front of the serious budget issues in the years to come.

The Board of Governors took a short recess from 9:50 a.m. to 10:00 a.m.

Preliminary Review of Strategic Plan's Key Progress Indicators – Agenda Item No. 12

Provost Wilson referred the Board to Tab 6 of the meeting materials which included a briefing paper and a list of university-wide key progress indicators for the Board's review (Attachment 4). He said Board input and feedback is needed for the proposed set of indicators and the proposed format in providing reports to the Board. Provost Wilson reviewed the background of this issue and presented the key progress indicators as recommended by the President's Cabinet to the President. He noted that proposed targets are still being formulated for some of the indicators. Three questions the Board will need to answer are (1) are these the right indicators?; (2) are the proposed targets for each indicator appropriate?; and (3) is the format appropriate to report the university's progress back to the Board related to the university's progress?

Ms. Williams asked if once a target is reached, will the challenge be to maintain it, or will it be redefined. Provost Wilson said the goal is to establish a target that can be achieved in a five-year period. The target established for undergraduate enrollment reflects a stable and very modest growth. UCM believes the opportunities for growth are in the graduate program areas and in non-traditional delivery.

Mr. Baker asked if minority student enrollment was considered when establishing the indicator related to the minority faculty percentage. He noted that a past review showed the numbers were not aligned. Mr. Baker said it is important to have the targets for minority student enrollment and minority faculty mirror one another. Provost Wilson said UCM uses college-going student population demographics for students in its 21-county service area as the representative population. For faculty, UCM uses demographics specific to the discipline. Mr. Baker noted UCM has a larger minority population than most public colleges in the State. He said it is important that the minority faculty and staff mirror this number in order to better serve these students, and would like to see this included as part of the targets. Mr. Baker said the Board as a whole should address this target through further discussion and suggested it as a future agenda item.

Mr. Phillips said there are certain items in the key progress indicators table that he would characterize as outcome factors, such as student retention rate. He said it would be good to aggregate the data and drill down as far as possible. Provost Wilson said that the university already does this and is happy to provide the data if the Board is interested in seeing it. He added that the information is broken down to the level of major programs and gender and demographic ratios.

Mr. Phillips asked if data is available for student retention by minority for first-time full-time freshmen. Provost Wilson said data is available; however, before reporting it, consideration must be given to whether the targets are the same across all groups, or if they are differentiated. This also raises the question of whether there should be differential retention and graduation rates for international and domestic students, realizing that there are different issues associated with each. Data is available, but before it is reported the Board should have the opportunity to discuss what it would like to see as a result. President Podolefsky said one of the issues with minority retention and graduation rates is often the numbers are sufficiently smaller so that when you look at the rates they can change with a difference of a couple of students. Typically, a three-year rolling average is used to level out the ups and downs, with the normal target being to reduce the gap (rate between majority and minority) in every category to zero. These numbers need to be perfected so the specifics can be presented.

President Podolefsky said consideration must also be given to all of the external factors impacting retention and graduation rates, e.g. economy, scholarships, sense of community on campus. Some things are within the university's control and others are not. There are also many definitional issues. For example, there could be considerable debate over whether international faculty are American, racial and/or ethnic minorities. A variety of questions can be asked, but how they are answered depends much on how the data is defined. Until the Board determines what indicators it wants there is little purpose in having much debate on how to measure. Once the Board determines acceptable indicators and they are defined, data can then be collected in support of them.

Provost Wilson reminded the Board that the information presented today is preliminary and that he will recheck the data related to minority faculty, staff, and students. The presentation of today's materials was to see if the proposed report format meets the Board's approval. Mr. Phillips said there is strong support for the proposed report format and indicators. He encouraged the Board to continue its review of the documents, which will be presented for approval at the October Board meeting.

Provost Wilson reminded the Board of the three questions it will need to answer in order for staff to make future reports to the Board on the university's progress -- (1) are these the right indicators?; (2) are the proposed targets for each indicator appropriate?; and (3) is the format appropriate to report the university's progress back to the Board related to the university's progress?

Board Committee on Student Affairs & Alumni Relations

Progress of 2009 Goals – Student Affairs & Alumni Relations – Agenda Item No. 13

Ms. Williams, Chair of the Board Committee on Student Affairs & Alumni Relations, said the committee met yesterday afternoon. During the meeting, drawings of the Student Recreation & Wellness Center, currently under construction, were displayed. She noted that these same drawings were on display at today's meeting. The committee received an update on the recently awarded Food Services Contract. Dr. Morrell and Ms. Jenne Vanderbout shared the progress of their 2009 goals and goals for 2010 (Attachment 5).

Board Committee on Academic Affairs

Mr. Hicklin, Chair of the Board Committee on Academic Affairs, said the committee met yesterday afternoon. He asked Provost Wilson to present the following agenda items.

Proposed B.S. Degree in Health Studies – Agenda Item No. 14

Provost Wilson referred the Board to Tab 8 of the meeting materials which contained a briefing paper that proposed the implementation of a B.S. Degree in Health Studies Program (Attachment 6). Mr. Hicklin said this reflects UCM's efforts to meet the needs of its students through the establishment of independent programs as needed.

Mr. Hicklin moved that the Board of Governors approve the establishment of a B.S. in Health Studies, pending approval of the Coordinating Board for Higher Education. The motion was seconded by Dr. Long and carried unanimously.

Charter School Update – Agenda Item No. 15

Provost Wilson introduced Dean Michael Wright, and Drs. Doug Thomas and Randy Dewar who have oversight of UCM's Midwest Center for Charter Schools & Urban Education and work with UCM sponsored charter schools. Dr. Thomas reviewed and highlighted activities of the different Charter Schools and other background information included in the briefing paper under Tab 9 of the meeting materials (Attachment 7). He noted that four of the charter schools' contracts will expire in June 2010 and three in June 2011. A recommendation pertaining to those expiring in June 2010 will be brought to the Board in October.

Mr. Hicklin asked Dr. Thomas to explain the weighted ADA listed in Table 2 of the enclosure. Dr. Thomas explained that students identified as having special needs such as non-English speaking students, high-risk students, special education students, etc., generate additional ADA weight, which results in additional state funds. Students who receive more credit hours than the state requires also generate additional weight. He gave the example of Della Lamb who receives

additional state funds because it is a year-round school. Della Lamb's weighted ADA is 786 students, but its enrollment is never more than 450 students. Additionally, the school has some of the most high risk educationally disadvantaged students in the nation. Dr. Thomas also gave the example of Don Bosco, an alternative high school serving many high risk students whose attendance is inconsistent. Its enrollment is typically 230 students, but due to the attendance rate and the nature of its population, it only receives funding for 187 students.

Mr. Brady asked if UCM, as the sponsoring institution, makes efforts to recruit students from the Charter Schools, particularly Hogan Preparatory Academy. Dr. Thomas said UCM staff visits the school; however, there is a high demand for minority students in higher education. Hogan's student population is 98% African American. The majority of students attending college choose traditional black universities outside the State of Missouri.

Dr. Long asked if the enrollment at each of the schools has remained stable since inception. Dr. Thomas said that each school has a cap on enrollment. Most of the schools operate at between 90% and 100% capacity. In the case of an overflow, a lottery would be conducted. However, none of the schools are full when the open enrollment period ends in March. Urban families and students tend to not register early. They know several options exist and that if they are currently enrolled at a school they receive priority. There have only been a few instances when a lottery was conducted and it was at Academie Lafayette.

Mr. Phillips asked if UCM tracks dropout, discipline, suspension, and graduation rates. Dr. Thomas said these are tracked through the schools. This is also a Department of Secondary Education requirement.

At the conclusion of the report, Dr. Thomas introduced Dr. Randy Dewar, Co-Director for Field Experiences, who visits and works with the schools each week.

Board Committee on Administration & Finance

Mr. Fick asked Mr. John Merrigan to present the following agenda items.

Annual Investment Report – Agenda Item No. 16

Mr. Merrigan reviewed the Annual Investment Report included under Tab 10 of the meeting materials (Attachment 8).

Annual Debt Service Report – Agenda Item No. 17

Mr. Merrigan reviewed the Annual Debt Service Report included under Tab 11 of the meeting materials (Attachment 9).

BKD CPA & Advisors

Mr. Fick noted that a letter was distributed to the Board from BKD Auditors, which explains the planned scope and timing for the June 30, 2009, audit of UCM’s financial statements (Attachment 10). Mr. Merrigan added that the letter explains what the auditors have already been doing for years. The letter is an added attempt by BKD to get Boards of all higher education institutions involved in the annual audit process. This has never been a concern for UCM, whose Board meets annually with the external auditors.

Board Business Items

Special Honors & Awards – Agenda Item No. 18

President Podolefsky referred the Board to Tab 12 of the meeting materials, which contained a briefing paper explaining UCM’s special honors and awards (Attachment 11). He noted prior to the meeting, the Board was provided background information on Ms. Nina Balsam who is being recommended for the Distinguished Service Award. President Podolefsky reviewed this information (included with Attachment 11).

Mr. Hicklin moved that the Board of Governors bestow upon Nina Balsam UCM’s Distinguished Service Award during the winter 2009 commencement exercises. The motion was seconded by Mr. Fick and carried unanimously.

Proposed 2010 Meeting Schedule – Agenda Item No. 19

Mr. Phillips referred the Board to Tab 13 of the meeting materials which contained a briefing paper listing proposed dates for the Board of Governors 2010 regularly scheduled meetings (Attachment 12).

Mr. Brady moved that the Board of Governors approve the proposed 2010 dates for regularly scheduled Board of Governors meetings. The motion was seconded by Dr. Long and carried unanimously.

Board Committees – Agenda Item No. 20

Mr. Phillips proposed the following committee assignments, which Board members were agreeable to:

Academic Affairs	Walt Hicklin (Chair) Lawrence Fick
Student Affairs & Alumni Relations	Mary Long (Chair) Deleta Williams Ryan Sanders

Administration & Finance

Weldon Brady (Chair)
Ed Baker

Additionally, Mr. Brady will serve as the Board's representative on UCM's Foundation Board.

Request for Closed Session – September 17, 2009

Mr. Fick moved pursuant to the Missouri Revised statutes, Section 610.021, that the UCM Board of Governors meet in closed meeting, with closed record and closed vote, following today's Plenary Session for the purpose of considering real estate matters, legal actions, and personnel matters. The motion was seconded by Mr. Hicklin and carried with the following roll call vote:

<i>Walter Hicklin</i>	<i>aye</i>	<i>Mary Long</i>	<i>aye</i>
<i>Lawrence Fick</i>	<i>aye</i>	<i>Edward Baker</i>	<i>aye</i>
<i>Weldon Brady</i>	<i>aye</i>	<i>Richard Phillips</i>	<i>aye</i>
<i>Deleta Williams</i>	<i>aye</i>		

Adjournment

There being no further business to discuss, the meeting adjourned at 11:20 a.m.

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Attachment Listing*

<u><i>Attachment No.</i></u>	<u><i>Attachment Description</i></u>
<i>1</i>	<i>Governance Group Written Reports</i>
<i>2</i>	<i>Advancement Update</i>
<i>3</i>	<i>“Three Storms” Budget Presentation</i>
<i>4</i>	<i>University Key Progress Indicators (KPIs)</i>
<i>5</i>	<i>Progress of 2009 Goals and 2010 Goals – Student Affairs & Alumni Relations</i>
<i>6</i>	<i>Briefing Paper – Proposed B.S. Degree in Health Studies</i>
<i>7</i>	<i>Briefing Paper – Charter School Update</i>
<i>8</i>	<i>Annual Investment Report</i>
<i>9</i>	<i>Annual Deb Service Report</i>
<i>10</i>	<i>BKD Letter</i>
<i>11</i>	<i>Briefing Paper – Special Honors & Awards Background – Nina Balsam</i>
<i>12</i>	<i>Briefing Paper – Proposed 2010 Board of Governor Meeting Dates</i>