

University of Central Missouri
Board of Governors
Work Session
October 25, 2018

The University of Central Missouri (UCM) Board of Governors convened in Work Session on Thursday, October 25, 2018, at 1:00 p.m. in Union 237A on UCM's main campus in Warrensburg, Missouri. Presiding over the meeting was Board President John Collier. Other Board members present included Governors Marvin E. Wright, Mary Dandurand, Mary Long, Stephen Abney, Walter Hicklin and Casey Short. Governor Gus Wetzel was unable to attend the meeting and was excused. Also in attendance were Interim President Roger Best, General Counsel Lindsay Chapman, Assistant Secretary to the Board Monica Huffman, Interim Provost Mike Godard, and other staff including Bill Hawley, Robert Lee, Vici Hughes, Doug Koch, and Karen Goos. Kaleb Lilly, Graham Ryan, and Jessica Schmitz of RubinBrown LLP were also present.

Call to Order – Agenda Item No. 1

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

External Audit Report – Agenda Item No. 2

Mr. Hawley introduced Kaleb Lilly, Graham Ryan and Jessica Schmitz of RubinBrown, LLP, contracted by the University to audit UCM's financial statements for years ending June 30, 2017, and June 30, 2018. Mr. Lilly reported the audit resulted in an "unmodified" clean opinion. He reviewed the auditor communications (*ViewPoints*) that included the process used to conduct the 2018 audit, areas evaluated, and any related findings or comments.

In reviewing the Financial Statements ending June 30, 2018, Mr. Lilly noted similarities between GASB 75 and GASB 68, both of which relate to UCM's post-employment/retirement plan. The plan, funded on a pay-as-you-go basis, has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75, and appears in the audit as a new liability. Mr. Lilly also discussed the Department of Education's (DED) non-renewal of the Perkins Loan Program that went into effect October 1, 2017. DED guidance stipulates that as UCM collect monies from Perkins Loans distributed prior to October 1, 2017, the funds must be proportionally remitted to DED. Mr. Lilly stated this is a known liability. UCM has approximately \$6 million to \$7 million in outstanding loans, of which nearly 90% must be repaid to DED. Dr. Best said in many respects the collection and remittance of dollars is much like a pass through of funds. Mr. Lilly concurred, stating it should be booked in the expense category.

After reviewing several new accounting pronouncements, Mr. Lilly referred to the Single Audit that resulted in an "unmodified" opinion with disclosed instances of noncompliance. The audit opinion was not modified with respect to these matters, which

were addressed by the University and included in the accompanying audit schedules. In closing, Mr. Lilly thanked Ms.Savage-Moore, Ms. Brockhaus and other Finance staff for the assistance they provided throughout the audit.

Charter Schools Update – Agenda Item No. 2

Dr. Best introduced Drs. Godard, Lee, and Hughes, who presented information contained in the Charter Schools Update (Attachment 1) previously provided to the Board. With regard to students' academic performance, it was noted that APR scores are expected to be released in early November, but overall, preliminary data reflects students are doing well. Academic Accountability indicators covering the period of 2013-2017 were included in the update and reviewed with the Board for each of the schools.

Dr. Long noted two-thirds of UCM-sponsored charter schools are *Fully Accredited*, or *Accredited with Distinction*. She asked for clarification of what UCM's intent would be to increase its "footprint" in Kansas City, Missouri. Dr. Hughes explained as enrollment grows in the charter schools, current buildings housing the schools may not be large enough to accommodate a growing number of students, and could likely result in Charter Schools purchasing additional or new facilities in the Kansas City area, increasing awareness of the Charter Schools and UCM as a sponsor.

Dr. Long expressed her interest in expanding UCM's relationship with the Charter Schools by involving and engaging more UCM students in the schools, and more specifically as a laboratory for our education students. She asked how many students over the past three to five years, were assigned to perform their student teaching in the Charter Schools. Dr. Hughes responded three, and Dr. Lee followed by saying UCM is meeting with several of the schools to discuss placement of more UCM education students in their schools for their student teaching experience.

Mr. Collier asked if there are a sufficient number of students in the Charter Schools to support having student teachers in the classrooms. Dr. Hughes responded yes, expressing confidence that each of the UCM-sponsored Charter Schools would welcome UCM student teachers in their classrooms. Mr. Collier also asked if the teaching opportunities currently available to our students is sufficient without placing them in the Charter Schools. Dr. Lee responded there are a sufficient number of teaching opportunities outside of the Charter Schools; however, with the high attrition rate of teachers in the Charter Schools, UCM can help the matter by exposing our students to the schools and help them to see teaching in the Charter Schools is another future employment opportunity.

Dr. Long inquired about the *Laura Bush 21st Century Librarian Program* grant. Dr. Hughes responded a grant application was submitted, and if awarded, the funds will be distributed among all the Charter Schools. In closing, Dr. Godard expressed confidence that the College of Education's initiatives to help schools in the urban core will result in positive experiences for Charter School children and UCM students.

Higher Learning Commission Assurance Update – Agenda Item No. 4

Dr. Doug Koch reviewed the Higher Learning Commission (HLC) Assurance update included under Tab 2B of the meeting packet (Attachment 2), and noted the final Assurance report is expected to be issued sometime within the next couple of weeks. Dr. Koch explained the three levels of the report including *Met, Met with Concerns, and Not Met*. Of the 21 core components, 19 were rated as “Met” and two were rated as “Met with Concerns.” The two components of concern were:

- 1B – Mission – recommendation was for UCM to conduct a thorough review of all the various missions, visions, values, goals, priorities, and plans; and
- 4C – Retention and Persistence – recommendation was for UCM to continue to develop strong mechanisms for generating strategies for meeting retention and persistence goals.

Dr. Long asked if the Strategic Resource Allocation Model (SRAM) addresses these concerns. Dr. Best responded the SRAM is reviewed separately, and UCM received a *Met* in the report’s financial categories. The concerns noted relate more to the strategic planning process and mission. UCM’s strategic plan is not easily identified, because its different components are integrated into different documents that are not formatted in the traditional template of what one would expect to see in a strategic plan.

With regard to retention and persistence, targets should be benchmarked and UCM should know if targets are or are not being met and why. Dr. Koch said a two-year follow-up report would be prepared and include information about corrective action taken to address the concerns. Dr. Best is confident all concerns will be addressed satisfactorily.

Census Enrollment Update - Agenda Item No. 5

Dr. Karen Goos provided an in depth review of the Census Date Enrollment Report included under Tab 18 of the meeting materials (Attachment 3). The report reflected a 6.4% decrease in total enrollment, which includes 198 fewer first-time freshmen from this time last year. A drop in international enrollment also contributes to decrease.

Dr. Goos discussed initiatives made by other schools in the state to attract first-time freshmen including scholarship programs offering free tuition. She addressed UCM’s efforts to address the decline in freshmen including a change in how we recruit students. UCM recently hired Drew Griffin as “Assistant Vice Provost for Enrollment Management.” Drew Griffin is a seasoned Admissions professional with six years of experience as a Director of Admission.

Mr. Wright asked how the schools offering scholarships are able to do so. Dr. Goos explained two Missouri schools are providing Pell-eligible students scholarships to cover any remaining balance for mandatory tuition and fees not covered by their Pell grants. One of the schools is also offering stipends for housing to a certain population of students. Both schools have redirected funds from their operating budgets to scholarships, as well as receive donations from alums. Dr. Goos added this is a practice some larger and private schools are following to attract more students. UCM determined it would cost approximately \$3.2 million to do the same, and is actively considering other ways to compete. Mr. Abney asked what UCM's cost is to acquire a student. Dr. Godard responded the cost ranges anywhere from \$1,000 to more than \$3,500 depending on the region the student is coming from. Mr. Abney asked if this is enough. Dr. Godard responded it likely is not. Mr. Collier asked if the residency requirement has any effect on enrollment. Dr. Godard stated UCM is reviewing the impact of the two-year residency requirement on enrollment.

Mr. Collier also asked if UCM is working to diversify its international enrollment. Dr. Goos responded UCM staff just returned from China and is collaborating with international agents to create more 2+2 opportunities.

Dr. Goos addressed a 20% to 30% decline in enrollment from the St. Louis region, noting UCM has increased its marketing efforts and physical presence in this region. Mr. Wright asked if UCM still has a recruiter in the Chicago area. Dr. Godard responded no. In reviewing the cost/benefit of having a recruiter in Chicago, UCM saw an increase in applications, but very few of these students enrolled. Dr. Goos added there are 142 schools in Illinois that have recruiters in Chicago.

Other highlights of the report related to incoming freshmen included a class holding the third highest ACT score in UCM's past 10-year history (22.08); the highest g.p.a. in the past three years (3.42); and the third highest high school rank in more than 10 years (63.47). In addition, the *15-to-finish* program and graduation rates are influencing the overall completion rate with the highest number of graduates in the last 10 years. There has been a 4% increase in the freshmen four-year graduation rate.

In closing, Dr. Best noted UCM's Enrollment Management team and Integrated Marketing and Communications team are taking an in depth look to determine why enrollment numbers are down and what we can do to change this. He expressed confidence the teams' diligence will help move UCM beyond where it currently is.

MDHE Mission Review Process – Agenda Item No. 6

Dr. Godard informed the Board that by statute the Missouri Coordinating Board for Higher Education (CBHE) must approve all missions for all state institutions every five years. Consequently, the Missouri Department of Higher Education (MDHE) viewed university missions as its responsibility and discussed including a review of service regions by

counties. Chief Academic Officers (CAOs) talked with the Assistant Commissioner and articulated institutional missions are established by each respective governing board, and stressed the review should focus on programs and not service regions, which are determined by state statute. MDHE established an original timeline of December 1, but institutions asked to push the timeline to Spring 2019 to allow more time for review and discussion. Dr. Best also met with MDHE's Commissioner to discuss the importance of a collaborative process, emphasizing the review is more about program approval and not individual missions.

Other – Agenda Item No. 7

There was no other business to discuss.

Request for Closed Session – October 25, 2018 – Agenda Item No. 8

Dr. Long 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, for the purpose of considering real estate matters, legal actions, contractual matters, personnel matters, and other matters included under Section 610.021 of the Missouri Revised Statutes. The motion was seconded by Mr. Abney and carried with the following roll call vote:

<i>Marvin E. Wright</i>	<i>aye</i>	<i>Steve Abney</i>	<i>aye</i>
<i>Mary Dandurand</i>	<i>aye</i>	<i>Walter Hicklin</i>	<i>aye</i>
<i>Mary Long</i>	<i>aye</i>	<i>John Collier</i>	<i>aye</i>

The Work Session concluded at 2:50 p.m.

**University of Central Missouri
Board of Governors
Work Session
October 26, 2018
Attachment Listing**

<u>Attachment No.</u>	<u>Attachment Listing</u>
1	Charter Schools Update
2	Higher Learning Commission Update
3	Census Date Enrollment Report