

THE UNIVERSITY OF WYOMING

MINUTES OF THE TRUSTEES

“SPECIAL” MEETING

March 10, 2014

The final minutes can be found on the University of Wyoming Board of Trustees website at www.uwyo.edu/trustees

**THE UNIVERSITY OF WYOMING
“SPECIAL” MEETING OF THE BOARD
MINUTES OF THE TRUSTEES**

**Monday, March 10, 2014
10:00 a.m. - 1:00 p.m.
Old Main Boardroom; University of Wyoming Campus
Conference Call**

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Call to Order

Board of Trustees President Dave Bostrom called the meeting to order at 10:05 a.m.

Roll Call

Trustees participating: Dave Bostrom (in room), Betty Fear, John MacPherson, Jeff Marsh, Brad Mead, Dave Palmerlee (in room), Dave True, Wava Tully, and Howard Willson. Ex-officio UW President Dick McGinity (in room), ASUW President Brett Kahler (in room), Wyoming State Superintendent for Public Instruction Cindy Hill, and Director for Wyoming Department of Education Richard Crandall were in attendance. Ex-officio Trustee Governor Matt Mead was not in attendance. Trustees Dick Davis, Larry Gubbels and Warren Lauer were not in attendance.

Trustee Dave Bostrom thanked the Board for being present and for attending to these matters. He stated that this meeting was not only a preliminary conversation in advance of the regular meeting at the end of the month, but also the beginning of a template for how the administration hoped to work with the Board going forward. Trustee Bostrom stated that the Board would like to work closely with the administration as they all thought through dealing with important issues. This conversation led into the discussions that would take place at the end of the month and have the administration and the Board work continuously together to make decisions well in advance. Trustee Bostrom then asked Vice President for Administration Bill Mai to begin with the first topic on the agenda.

Public Session

Compensation (distribution of increase approved by legislature) – Mai

Vice President for Administration Bill Mai noted that the Board would be discussing the administration’s recommendation of how to distribute the compensation increase approved by the legislature. He referred the Board to page one of the report and discussed the following specifics:

Eligibility – Presidential Recommendations

[2014 Salary Distribution Policy – Board action required at March 27-28, 2014, Board meeting]

- Flat percentage approach (\$4.15M GF appropriation in budget bill for FY 2015 salaries),
- Must have satisfactory performance rating,
- Full-time and part-time benefited employees hired on or before June 30, 2013,
- Excludes senior administrators (president, vice presidents).

Eligibility – For consideration next year

[2015 Salary Distribution Policy- not Board action required until 2015]

- Final approach to be determined (\$8.35M GF appropriation in budget bill for FY 2016 salaries),
- Must have satisfactory performance rating.

Vice President Mai discussed the legislation, the original bill in the JAC, and the additional amount that would be charged to employees for their retirement contribution beginning in July. He then noted that full-time and part-time benefited employees hired or promoted after June 30, 2013 who

would not be considered for this compensation increase; however, those employees would be considered for a compensation increase the following year.

Vice President Mai noted that by not including the administrators in the compensation increase, there would be more funds available for distribution and possibly used to address numerous compression issues.

Vice President Mai discussed the proposal for consideration for the 2015 distribution, commenting that this would not require Board action until 2015. He then referred the Board to compensation increases given in previous years and how this information was considered when preparing this recommendation. Vice President Mai noted that the payout model used for preparation of the one-time incentive payment in September 2013 was not used as a model for this recommendation being that the timing of the payout was unique.

Trustee Brad Mead inquired about the flat distribution of funds instead of distribution based on merit, as it was his understanding there was expectation on the part of the legislature for the funds to be distributed based on merit.

Vice President Mai stated that the proposed component for merit for the first year of this proposed plan was that the employee has a minimum of satisfactory progress. He noted that for FY 2016, there would need to be discretion on the distribution and the merit component.

Trustee Dave True expressed his appreciation for the information during the meeting and in the coming weeks and commented that the Board must continue fleshing out the merit issue. He stated that the merit-based compensation appeared to be a major component of what the institution represented through its request for salary increases, and he believed the information being presented during this conference call was not consistent with what had been stated previously. Trustee True commented on the challenges facing the University with respect to relationships with the legislature and his concern that this position might jeopardize relationships further. He then inquired about the amount of funds which would be created by excluding senior administrators and employees who did not receive satisfactory performance evaluations, and whether that amount would create a large enough pot of money to be used for merit increases. Trustee True then inquired how many of the UW staff had not received, on average, a satisfactory evaluation in the past year.

Vice President Mai commented that the information Trustee True referred to was considered, and at the top of the list were the high performers. He provided estimates for the funds that would be generated by not giving compensation increases to administrators and to employees with less than satisfactory performance evaluations, noting there would probably be \$30,000 - \$50,000 available for use in addressing the merit issue. Vice President Mai then explained the Governor’s recommendation to the JAC and actions that had transpired during the session which led to the current topic being discussed.

Trustee True thanked Vice President Mai for providing this information, as it helped add some clarity to the discussion. Trustee Mead expressed his support for Trustee True’s comments and that it was also his understanding that raises should rely heavily on merit. He mentioned that some people in the legislature felt that satisfactory performance rating was not all that was needed to receive a raise.

Trustee Willson stated that he agreed with both Trustees True and Mead and would like to discuss the satisfactory performance rating further. He inquired why the University had anyone working that did not have satisfactory rating and commented that it was too loose if they let supervisors determine whether employees received an increase based on performance.

Vice President Mai noted that all were good concerns. He then provided some background on the employee performance evaluation process. In response to Trustee Willson’s inquiry regarding faculty input, Vice President Mai noted that the provost and associated provosts were in the conversation from the start, and the proposal being presented was not created in a closed door discussion, but rather conversations had been playing out since November.

Trustee Fear stated that when income amounts were discussed several years ago, with inquiries about whether the University was utilizing everyone to their maximum potential, she was met with reluctance especially in the faculty line. She stated that the University needed to serve its students with its best instructors—a point that needed to be considered going forward. Trustee Fear asked that this topic be discussed again at a later date.

Interim Vice President for Academic Affairs Maggi Murdock thanked Trustee Fear for her inquiry and encouraged continued discussion of this topic. She noted that faculty positions were specific in that each position was assigned with expected and assigned hours for research, teaching, and service.

Director Richard Crandall commented on performance and noted that the goals set by employees needed to be in line with those of the state.

Trustee Bostrom asked that the trustees put any additional questions in an email and submit it to the administration for response in the coming weeks.

Tuition and Fees and Fee Book – Mai

Vice President for Administration Bill Mai referred the Board to page 28 of their report [see document also inserted at the end of the minutes] and discussed the funding challenges facing the University. Vice President for Research and Economic Development Bill Gern discussed the research funding, noting that the University was losing faculty and prestige along with those positions. The University then had less money to operate with.

Vice President Mai referred the Board to page four of the document and explained the proposed tuition increase and mandatory fee increases. He noted that the students were in support of a tuition increase if the funds were applied to salary increases. Vice President Mai noted that the

administration was recommending a tuition policy, starting at 4% as a minimum annual percentage increase.

Vice President Mai discussed a list of items that would potentially be funded with these dollars including scholarship funds, extending planning of the campus areas around the STEM building, funding for the Lewis Street project, and Information Technology needs. He noted that the needs exceeded the funding amount. Vice President Mai stated that the two areas that required immediate attention were the A&S Structural Funding and the Learning Management System. He referred the Board to the list found on page five of the report, which detailed the proposed area to be addressed with tuition monies.

Addressing Needs with Tuition Revenues FY 2015
—FY 15 (4% R, 4% NR) (\$s in thousands)

Proposed Program Priorities:

A&S Structural Funding	\$350
Learning Management System (in lieu of separate student fee)	\$570
Libraries	\$500
Labs/equipment/supplies	\$250
STEP	<u>\$250</u>
	\$1,920

Vice President Mai noted that the University was still the lowest in resident undergraduate tuition compared to a large list of comparator institutions. He then provided information regarding where the University was placed in relation to the community colleges in the state. Vice President Mai discussed differential fees and mandatory fees and how this money was used.

Trustee John MacPherson inquired about non-resident fees in the College of Law and requested information be sent to him. He then commented that he supported the views of Trustees Willson and Fear and asked that the administration reassure the Board that the faculty and staff at the University were being used to their full potential. He questioned if there was any way they could adjust and/or any fat be cut? Trustee MacPherson added that if there were unsatisfactory employees, the University should cut that dead weight, as this issue needed to be addressed. He then stated that cutting scholarships required students to pay more.

UW President Dick McGinity apologized for the lack of response regarding the law school tuition topic and noted that it would be sent out as soon as the meeting concluded. In response to the issues regarding faculty and staff resources, he noted that the institution was in the middle of a strategic planning process, and the topic of productivity was going to be addressed during these discussions. UW President McGinity then commented that quantitative data would be provided, and some colleges were already reviewing the issues.

Interim Vice President for Academic Affairs Maggi Murdock stated that the University budget had been cut by about \$23 million in the past two years, noting that the institution had cut expenditures.

Trustee Jeff Marsh agreed with Trustee MacPherson that the issue of non-performing faculty had to be addressed. He commented that the institution needed to be more prudent with spending money.

Vice President Mai noted that the difference with the proposal at hand was the idea of having a reasonable, ongoing tuition policy. He stated that having a policy in place would help the institution absorb financial issues, as the University was currently playing catch-up and trying to plan rather than being reactive. UW President McGinity referred the Board again to the slide on page 28, and discussed inflation, cost of living increases, and operating costs.

Trustee Mead noted that he was in full support of a tuition increase and that the Board needed to be realistic and consistent, and this proposed amount was a reasonable starting point.

In response to Trustee Palmerlee’s inquiry if there had been any communication from the legislature about what they thought about a tuition increase, Vice President for Governmental and Community Affairs Chris Boswell commented that there were mixed reactions. He noted that the legislature was also thinking that if the University had problems, the institution should work to fix its own problems by increasing tuition or flexing budgets. Vice President Boswell noted that the flexibility in the budgets was rapidly eroding, and there was not the level of room within the University budget. Some legislators would support a tuition increase, while others would be critical.

There was discussion by the Board regarding Hathaway scholarships, their increases over the years, and the view of the previous governor versus the current governor. Vice President Boswell commented that when looking at the dollars in comparison to the percentage being proposed, it was not a lot of money, which was why the proposal was for an ongoing increase.

State Superintendent for Public Instruction Cindy Hill expressed her appreciation for this presentation, especially the comments regarding use of employees to their maximum potential and the comment that the University should try to seek other forms of fixing its financial problems. State Superintendent Hill stated that she was very opposed to an increase in tuition, as this would only put the burden on the backs of the students. She asked that the University continue to have checks and balances and listen to the people of the state and the legislators, or they would be putting themselves out for more criticism. State Superintendent Hill then referred to the constitution, reading specific text regarding keeping cost of attending this institution, “as free as possible.”

There was discussion regarding the constitutional aspect mentioned by Ex-officio Trustee Hill and how the institution might increase its funding, especially for research. The Board discussed research funding and how the numbers had reduced over the years. Vice President for Research and Economic Development Bill Gern stated that the University had lost 18 high-performing faculty, and at the time there was \$20 million in funding in those faculty. He added that the institution had recently worked hard to keep four to five high performing faculty who were being courted by other institutions.

There was discussion by the Board regarding the health insurance component, student fees for the Half Acre project, differential tuition and how it is used, and the need for financial assistance in the College of Arts and Sciences. Trustee Howard Willson commented on the need for seats in courses to be available to Wyoming resident students and not non-resident students, especially seats in speech language being taken by students along the front range. He added that he would rather the University be good than cheap.

ASUW President Brett Kahler thanked the administration for preparing the information, as it was helpful to have the numbers in front of them during this discussion. He commented that the students were slightly disappointed that support for faculty increases was not in the proposal for tuition increases, as this was the biggest resource to students. ASUW President Kahler commented that students would have difficulty supporting a tuition increase that did not provide support for faculty salary increases. He noted that in town halls meeting in recent months, the comments from students were about how a tuition increase would impact their education. ASUW President Kahler commented that he represented resident and non-resident students in his position, and this increase would not be supported by all students. He would take this information back to the students for discussion and get a better sense of what students thought about it before the March Board meeting March 27-28.

Legislative Update – Boswell

Vice President for Governmental and Community Affairs Chris Boswell referred the Board to their packets and information regarding the UW Budget Bill Provisions beginning on page 13. There was some discussion regarding BSL-3 and the study of top-tier science programs and facilities at UW. Vice President Boswell commented that this was similar to the WGEESIT, which was currently reviewing the College of Engineering and Tier I Science Initiative. Similar to the WGEESIT, the task force, which would be created to develop a plan to renovate and reconstruct the science labs and instructional areas in the Physical Sciences, Biological Sciences, and Aven Nelson buildings at UW, would be appointed by the Governor. Vice President Boswell noted that the plan would be guided by the goal of leading the University toward becoming a top quartile academic and research institution in the areas of science pertinent to Wyoming’s and the nation’s economies, as well as the state’s quality of life. A draft plan was due to the Governor by November 1, 2014, and the Governor would then recommend funding for this project. Vice President Boswell noted that a lot of work needed to go into this project. The University and the Board of Trustees had a responsibility to offer thoughts as the Governor assembled the task force.

Vice President Boswell discussed other topics as detailed in the Board report including: the College of Engineering, Matching funds for the High Bay Research Facility/SER, other matching funds, Campus IT improvements, classroom technology, infrastructure upgrading, major maintenance funding, water wells and irrigation system upgrades, proceeds from the sale of UW’s Poplar Street building in Casper, student enrollment count incentive, high school group costs, the Arena Auditorium, the competitive swimming complex, the UW Rodeo Club, matching funds for the Athletic Booster Organizations, the “Value Added Energy and Industrial Plan”, rare earth materials, reducing tuition for high school students graduating in surrounding states, residence halls, the study on the transfer of credits from community colleges, family medical residency programs, WWAMI, and other budget bill provisions which might impact UW.

Trustee Fear noted that she had questions which she would put in an email to the administration.

Trustee Willson thanked Vice President Boswell for his excellent review of the information.

Preparation for Budget Discussions – Mai

Vice President for Administration Bill Mai stated that with the important upcoming discussion regarding tuition, fees, and salary distribution at the upcoming March 27-28 Board of Trustees Meeting, it was important for the Board to have some context for the budget. He noted that an email would be sent with additional information, but the material found in the report for today provides some preliminary material.

Vice President Mai referred the Board to the budget overview section which began on page 18 of the report. He called their attention to the last page which provided an overall perspective and reminded them that 75% of the Section I funds were for personnel. Vice President Mai encouraged the trustees to email questions or requests for additional information in the coming weeks. Vice President Mai noted that approval of tuition and fees and the salary distribution policy needed to take place at the regular March Board meeting.

Trustee Bostrom commented on the importance of having these types of in-depth, interactive discussions before regularly scheduled Board meetings so the trustees could be proactive and ask questions of the administration as they prepare to make decisions and work with the legislators going forward. He noted that there were tremendous opportunities out there.

UW President Dick McGinity thanked the administrators who worked through the legislative session, noting that their efforts were extraordinary. He then thanked all those involved in producing the materials in preparation for today’s meetings. UW President McGinity echoed Trustee Bostrom’s comments that he appreciated the form and content of the conversation, one that he noted he hopes to continue as they move forward. He added that the administration needs the participation in the process from the Board of Trustees.

There was no further business to come before the Board.

Adjournment

Board of Trustees President Dave Bostrom adjourned the meeting at 12:53 p.m.

Respectfully submitted,



Shannon Sanchez
Deputy Secretary, Board of Trustees

