

Regent report 4.7.22

The Board of Regents met on campus (in 329 ADUC) on Thursday, March 31st.

The March 31st campus-wide email from the Office of the President relayed two of the most significant Board actions: the approval of

- the president's compensation plan (3% raise to employee base pay and the establishment of pay floors for faculty ranks)
- tenure announcements (congratulations to Drs. Getchell, Stanton, and Xu!)

The Board was also given several updates, including general plans to restructure debt and a timeline for the launch of the new website (note: the mock-up of the new website looks very good). Of most note was good news on the legislative front:

- equilibrium has been achieved in the performance funding model
- institutions may have another year's reprieve from increased KERS costs
- institutions will receive funding for asset preservation (replacing roofs, HVAC and elevator repair, water upgrades, etc.)
 - current assumptions are that we will have to raise/front \$6m to gain access to \$35m from the state
- MSU is positioned to receive another \$250k for Space Science Center infrastructure and another \$1.5m for the Craft Academy (to accommodate an eventual increase of 40-50 students)

Question about the Bookstore: Faculty had asked me if there had been a financial or budgetary incentive to transition to Barnes and Nobel mid semester, so I inquired during the BOR's review of the quarterly financial statements. Apparently transitioning mid semester would keep us from having to deal with book buy backs, so there are some potential savings there. I also asked about red shelf and vital source electronic book access because that had been an issue for students this term. The Staff Regent and I signaled our willingness to follow up on this issue.

Board actions I voted against: I voted against the tuition increase and the delegation of optional retirement plan selection to the president. Neither of these recommendations seemed warranted. Both were approved by the BOR (without my vote).

Tuition increase

The Student Regent and I voted against the proposed tuition increase. The Student Regent relayed her belief that housing increases were somewhat substantial, and I expressed my concern about student fees. Like the rest of the Board, I'm pleased our facility fee is decreasing (more than likely due to asset preservation funds we will be receiving from the state), but I still

have qualms with online fees. Our Master's programs are online, and given the fact that our online graduate students are expected to pay a fee for the privilege of remote learning, I don't think it's fair that they're also paying a fee for a Wellness Center they will never access (being off campus and mostly out-of-state students). I was informed that this is a legal issue, and that the user fee is uniformly imposed on all students.

Delegation of authority for the selection of an optional retirement plan

KRS Chapter 161.567 requires Boards of Regents to select 2 to 4 optional retirement plans for employees who are eligible to be in the Kentucky Teacher's Retirement System. The Board action (V-B-5, appended in the following page of this pdf) delegates the selection process to the president and a committee empaneled by said president.

The first paragraph under "Recommendation" states that the authority is passing from the Board to the president, but I wanted to make sure my interpretation was correct, so I inquired during the meeting. My reading was accurate. The recommended action was for the Board to cede its statutory authority to the president. The Board would remain informed about decisions, in much the same way they are informed about institutional decisions regarding health care providers, but they would not be making the decisions themselves or voting on options. According to the President, this delegation of authority is typical for most institutions, and most plan holders on campus will not notice any change. The delegation will allow the office of the president to make changes when market conditions provide the opportunity for profit from plan modification.

I voted against the recommendation because I am philosophically opposed to a unitary executive theory and because I had not been presented any evidence that changes in retirement plan options were so dynamic, sudden, or recurrent that the institution would need a nimble response team located in the office of the president. I was the sole "no" vote.

Reminder: all regent reports from this academic year, including this one, can be accessed at <https://helgashub.com/senate-reports/>

APPROVE DELEGATION OF OPTIONAL RETIREMENT PLAN

**BOR (V-B-5)
March 31, 2022**

Recommendation:

That the Board delegate authority and responsibility to the President for the selection of the University Optional Retirement Plan (ORP) providers; the creation, execution, and amendment of a Retirement Plan Investment Policy Statement; authority to add and remove investment “fund” choices for the Plan; and authorize the President to create and appoint a Retirement Plan Committee.

It is recommended that the Board delegate to the President the authority to create and appoint a Retirement Plan Committee to (1) develop a Retirement Plan Investment Policy Statement to provide meaningful direction for the ORP fiduciaries and designated Investment Consultant/Advisor in the management of Plan investment options; (2) make recommendations related to the plan providers; and (3) make recommendations related to the investment menu offered under the ORP.

Due to the specificity of retirement plans, the following Committee structure is recommended, who shall make their recommendations to the President:

- Vice President for Fiscal Services/CFO (Convener)
- Director of Human Resources
- One staff member who holds a Juris Doctor (J.D.) (3 Year Term)
- One staff member from Accounting & Financial Services who works with plans or financial analysis of plans (3 Year Term)
- Two faculty members who hold either a Doctorate in Finance or Accounting (3 Year Term)

*In populating the Committee membership of staff and faculty representatives, the President may confer with campus constituency leaders for a list of possible names.

It is also recommended that the President be authorized to utilize the recommendations of the committee and/or consultant(s) to facilitate the execution of and/or amend the Retirement Plan Investment Policy Statement, make changes to the number and make-up of plan providers as well as changes to the investment menu offered under the ORP.

Background:

KRS Chapter 161.567 authorizes an optional retirement plan (ORP) for employees who are eligible for membership in the Kentucky Teachers’ Retirement System. This statute also requires the Board of Regents to select two (2) to four (4) companies from which to purchase contracts under the optional retirement plan.

*Note/Disclaimer: The University does not manage individual employee ORP retirement accounts, rather the University is only involved with establishing investment policy statements, selecting plan providers, and plan/menu design. Each individual employee makes their own investment choices and manages their account(s) in accordance with their individual needs and individual selections of investments.