

MINUTES

BOARD OF REGENTS' MEETING

OCTOBER 15, 2015

I. CALL TO ORDER

Chair Randy Moore called the meeting to order at 9:30 a.m. Hawai'i Standard Time on Thursday, October 15, 2015, at University of Hawai'i Maui College, Ka'a'ike Building, Room 105A/B/C/D, 310 West Ka'ahumanu Avenue, Kahului, HI 96732 and via teleconference at 2:30 p.m. Central Daylight Time at Hutton Hotel conference room, 1808 West End Avenue, Nashville, TN 37203.

Quorum (15): Regent Simeon Acoba; Regent Eugene Bal; Regent Wayne Higaki; Regent David Iha; Regent Ben Kudo; Regent Coralie Matayoshi; Regent Michael McEnerney; Regent Barry Mizuno; Regent Randy Moore; Regent Jeff Portnoy (via teleconference); Regent Lee Putnam; Regent Jan Sullivan; Regent Michelle Tagorda; Regent Ernie Wilson; and Regent Stanford Yuen.

Others in Attendance: President David Lassner; Vice President for Academic Affairs, Risa Dickson; Vice President for Administration, Jan Gouveia; Vice President for Community Colleges, John Morton; Vice President for Legal Affairs and University General Counsel, Carrie Okinaga; Vice President for Research, Vassilis Syrmos; Vice President for Information Technology and Chief Information Officer, Garret Yoshimi; Vice President for Budget and Finance/Chief Financial Officer, Kalbert Young; UH Maui College Chancellor (UHMC), Lui Hokoana; Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn; and others as noted.

Chair Moore recognized Regent Portnoy who was participating via teleconference from the Hutton Hotel in Nashville, Tennessee. Chair Moore explained that state law provides if an individual is participating in a board meeting via videoconference or teleconference then that becomes another board meeting site. Meeting notices are posted at the site and members of the public are able to attend. No public comment had been received from Tennessee. Regent Portnoy confirmed no other individuals were present at the site. Chair Moore noted the board is required to maintain contact with the other site throughout the meeting, and the meeting must be stopped if the connection is lost. To facilitate discussion, once regents at the UHMC site have spoken, Regent Portnoy would be asked if he had anything to add before any regents were called on to make a second comment on the same topic. In addition, the agenda was being reordered to take up the supplemental budget request after the committee reports, followed by Executive Session. The board will reconvene in public session to take action on the Executive Session matter (settlement of claims involving Gibson K. Arnold) and proceed with the rest of the agenda. The board will break for lunch at 12:30 p.m.

Chair Moore also recognized Emeritus Regent Artemio Baxa who was in the audience.

II. APPROVAL OF MINUTES OF SEPTEMBER 17, 2015 MEETING

Board Vice Chair Sullivan moved to approve the minutes of September 17, 2015 meeting. Regent Wilson seconded the motion, and the minutes were unanimously approved.

III. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary to the Board of Regents, Cynthia Quinn announced that written testimony and late written testimony had been received and distributed to the board from two individuals in opposition to the Approval of the FY17 University of Hawai'i (UH) Supplemental Budget Submittal for Additional General Funds for Operations and CIP, and commented on the process and handling of the Integrated Facilities & Academic Plan.

The following individuals provided oral testimony:

1. Artemio Baxa, Emeritus Regent, testified in support of providing sufficient funding for the University of Hawai'i Cancer Center, recalled his defining moment as a regent was attendance at the Center's groundbreaking ceremonies, and commented that not sufficiently funding the Cancer Center sends a wrong message to the community about the great need the community has for the Cancer Center.
2. Bob Cooney, UH Mānoa Faculty Senate Executive Committee Chair, summarized written testimony supporting a rational budget process vetted by faculty that prioritizes and equitably distributes allocations to units.
3. Dr. Marguerite Butler, Associate Professor of Biology at UH Mānoa, testified as an individual and summarized written testimony raising concerns on the planning process for the Snyder building and encouraging a more collaborative process.

IV. REPORT OF THE PRESIDENT

President Lassner reported on the following news and activities of the month:

1. Amendment language for the resolution on strategic academic and facilities planning that the board approved last month will be circulated with the following language:

WHEREAS, modern distance learning and online technologies provide opportunities for greater sharing of programs among campuses and islands;"

NOW, THEREFORE, BE IT RESOLVED that the University of Hawaii Board of Regents requests the Administration to develop an integrated high-level systemwide academic and facilities master plan that creates a strategic vision to align and leverage each campus' unique mission and resources while reducing unnecessary duplication and increasing collaboration and sharing of academic offerings to make more effective and efficient use of fiscal, human and physical plant resources, modern distance learning technologies, and land assets while advancing the higher education goals of the State.”

2. Next week, the university will announce the start of the 3rd major telescope decommissioning on Maunakea, as part of the university's commitment to the Governor, and originally anticipated in the Comprehensive Management Plan.
3. A new policy to clarify prohibitions on consensual relationships between individuals who have a power differential (e.g., faculty and graduate students, employer and direct report) is underway. A letter for consultation will be sent to the union and shared governance organizations. While some opposition is expected, as past attempts to implement a policy failed, clarity is needed on this matter.
4. Noting the tragic events at Umpqua Community College in Oregon, he assured regents that issues of active shooters had already been addressed within the context of the university's overall emergency management program. The VP for Administration is responsible for the program, with coordinators on every campus. Unrelated to the recent events, UH Mānoa (UHM) had already prepared an active shooter training program, and information is contained on the website. The university also takes proactive measures for hurricane preparedness, flooding, and other acts of nature, as well as human-related incidents.
5. To garner a better relationship between the university and the military, he hosted a lunch with Admiral Harris, the new and current commander of the Pacific Command (PACOM), along with leadership teams from UH and PACOM. A Memorandum of Understanding was signed between the parties to work together in the following areas of mutual interest, including water, energy, cyber security, health and disaster risk reduction, space and workforce development. He also met with the new commander of the Pacific Fleet regarding more specific partnerships with the Navy in Hawai'i.
6. Recent successful systemwide grant awards:
 - a. \$500,000 U.S. Department of Education grant to evaluate the university's completed Native Hawaiian Education grants, and to share outcomes with other states with indigenous serving education programs.
 - b. \$4.6 million grant for two years of hopefully a five year project at commensurate levels of funding in the range of \$12 million to work with government and business on Science, Technology, Engineering and Math (STEM) workforce development. The work involves assessing current and future workforce needs using national and local data sources; responding to current and future needs with immediate non-credit, just-in-time training;

looking into pathways in STEM fields that meet workforce needs from both the community colleges level, and systematically reaching high schools to help prepare students for STEM jobs in Hawai'i. The grant enhances data collection capability and systems so the university can better understand graduate outcomes, the success of programs, and opportunities for improvement. He noted that cyber security is one focus area that has high interest from PACOM. This work will be complemented with a multi-million grant to the State Department of Labor that has worked with Honolulu Community College (HonCC) for internships in cyber security.

7. A recent meeting was held with the consultants regarding the university vision to generate all electricity for O'ahu campuses with a large utility-scale PV farm on UH-West O'ahu (UHWO) mauka lands. The preliminary assessment is very positive regarding the site, exposure capacity, soil foundation, land size, and use of agricultural lands as a complementary activity and flood plain. There is enough room to generate all the power the university currently consumes on O'ahu, before conservation measures. The site is hilly, which makes it more expensive to build commercial structures, and its location is accessible for interconnecting to the Hawaiian Electric Company (HECO) grid. The cost of generating electricity is approximately one-half of what the university pays for electricity, providing an opportunity for significant financial savings. The university will need to collaborate with HECO, the Legislature, and the Public Utilities Commission to proceed.
8. He referenced the UH homepage (www.hawaii.edu), and the announcement of a \$5.5 million grant to the Cancer Center that complements a \$4.1 million grant to the University of Guam focused on cancer health in the Pacific. This project can uniquely be done in Hawai'i, and is one of the reasons the National Cancer Institute (NCI) has been so interested in UH. The University of Guam could not participate in the grant without UH's involvement.
9. Regarding rankings, last week the National Taiwan University, one of the reputable groups that ranks Research I universities around the world, released rankings showing UH improved from 203rd in the world last year to 186th; and from 80th in the U.S. last year to 71st. This complements other good news rankings for UHM, which moved up in the *U.S. News & World Report* (USNWR) rankings from 164th to 161st nationally. Some individuals find the methodology used by USNWR questionable, but it is nevertheless the most commonly referenced ranking. UH also received great recognition from several of the international rankings that use more rigor in their rankings, and are more aligned with UH's goals and vision. The Academic Ranking of World Universities ranked UH in the 66th to 78th ranking out of all public and private U.S. universities, and 151st to 200th globally. The U.K.-based Times Higher Education ranked UH between 250th and 320th globally, and 60th to 90th in the U.S. The U.S. Department of Education's new scorecard ranked UH above average in all categories including students repaying their loans, cost of attendance, student retention, and graduation rate. He acknowledged these are all areas needing improvement, but noted that at the previous committee

meeting there was discussion about UH being in the bottom quartile, which is clearly not true according to any of these external metrics.

10. On October 14, Maria Contreras-Sweet, the Administrator of the U.S. Small Business Association, was at C-More Hale to present SBA Growth Accelerator Fund Competition awards. There were over 800 applicants from across the country, and 80 awards, 3 of which were in Hawai'i, and 2 of which were for UH activities. XLR8UH and the Maui Food Innovation Center each received \$50,000 each.
11. Congressman Takai, Senator Hirono, Senator Schatz, and senior staff members of the Senate Armed Services Committee also visited the UHM campus.

Regent Higaki arrived at the meeting at 10:05 a.m.

Report of Host Campus

President Lassner introduced UHMC Chancellor Lui Hokoana, who recently completed his first year as chancellor. Chancellor Hokoana welcomed everyone to UHMC and gave a presentation on the campus' status on achieving the strategic directions.

He reported that enrollment overall dropped by 29% from Fall 2011 to Fall 2015, specifically in the number of liberal arts and career and technical education majors. However, the number of unclassified students increased as a result of dual enrollment and early enrollment student enrollment. He noted a 50% drop in international student enrollment, and highlighted the importance of internationalizing the campus that provides for deep learning for the college campus, and cultivating higher tuition.

Persistence numbers at UHMC are similar to community colleges throughout Hawai'i and the U.S., with room for improvement. To address the issue of access and success, UHMC provides a student centered learning environment that includes professional development, comprehensive student support model, resource development and governance. UHMC supports teachers to have the best teaching tools, such as STATWAY, which takes students from remedial math to college level math, with a 90% success rate for its small test group as compared to the 30% to 40% success rate for the normal delivery. This method is hoped to provide significant intervention to improve success at UHMC.

UHMC's comprehensive student support model includes a mandatory new student orientation, with approximately 500 students, and is in the beginning stages of moving towards a more prescriptive approach to help freshmen move through their first year of college. Studies show that for students who finish the first year of college, the likelihood of success improves significantly.

Regarding resources, UHMC focused on efficiently utilizing the resources they receive. UHMC was recently awarded \$10 million in Title III grants, a \$500,000 grant from the National Science Foundation (NSF), and a bequeath gift of \$400,000.

UHMC is undergoing a strategic planning process with a draft plan expected by the end of October. The plan is aligned with the UH System Strategic Initiatives and the Strategic Plan for the UH Community Colleges.

He shared the various participatory groups that comprise their shared governance system and the budget process flowchart, and indicated the need to be disciplined in communicating across the campus. He recognized that making UHMC a good place to learn has to do with staff and faculty, and empowering people to believe they can contribute to student success and make sure everyone's voices get heard.

Regarding the Kahikina O Ka Lā astronomy program, UHMC has a cultural mitigation grant for building the Daniel K. Inouye Solar Telescope on Haleākala. After public hearings, the NSF implemented three mitigation items—protect the native bird, mitigate traffic impact, and cultural. Kahikina O Ka Lā receives \$2 million annually for the next 10 years to mitigate the cultural impacts of the telescope on the Native Hawaiian population, and in the 4th year of the grant. He shared the Kahikina O Ka Lā outcomes, and four primary areas of the program.

Regarding the status as the only community college providing four year baccalaureate degrees in Applied Business & Information Technology (ABIT) since 2005, Engineer Technology (ET) since 2010, and Sustainable Science Management (SSM) since 2011, Chancellor Hokoana plans on bringing the ABIT, ET and SSM programs from provisional to established status within the next three years. The accreditation for the programs falls under the Western Association of Schools and Colleges (WASC) Senior College and University Commission. Enrollment needs to be increased as many students leave early after internships, and return later to complete their degrees.

UHMC continues with ongoing improvements in internal accounting; focused outreach and pedagogy changes to increase the numbers of success of the bachelor of applied science degree programs; closer monitoring of students to keep them on the right track and pathways to a degree; delivering courses via distance learning; aligning curriculum and offers for applied research and internships across all baccalaureate degree programs.

Regents raised concerns about declining enrollment and inquired as to efforts to increase enrollment. Chancellor Hokoana explained that a significant number of students not continuing have 6 or less credits, who likely enrolled for retraining when the unemployment rate was high, and returned to work once the job market improved. Scheduling is being assessed to ensure course availability for working people, such as the weekend college program that allows students to earn an associate degree, and investing in delivering coursework electronically. There were no further questions from the board.

V. COMMITTEE REPORTS

Chair Moore noted that summaries of the committee meetings were included in the materials.

A. Report from the Committee on Academic and Student Affairs

Academic & Student Affairs Committee Chair Putnam summarized the committee report attached to these minutes (Attachment 1).

Chair Moore indicated the program approvals discussed were on the consent agenda and opened the floor for questions.

The board inquired as to the timetable for requests for approval of the UHMC tuition policy for 300 level courses, timing for approvals of program and tuition, and the rationale for the policy. VP Morton explained the current board policy on tuition for community colleges has a very specific reference for the upper division courses, and the baccalaureate programs specifically for UHMC. The current policy's language cannot be applied to the advanced professional certificates, which are essentially the third year of a four year baccalaureate program. The tuition should be applied to these advanced certificate programs to be consistent and fair. UHMC tuition for upper division courses are tied to UH-West O'ahu and UH Hilo and the other baccalaureate programs, and revising the current board policy to apply the higher tuition schedule to the 300 level courses in the advanced certificate programs would make it consistent across the UH system.

The board requested that administration continue working towards an operating budget where the board could review program prioritization. Difficulty was noted in tying programmatic prioritization to the constraints of an operating budget. The board noted that students have complained that there are insufficient classes to be able to graduate on time, and the board must balance demand with keeping tuition reasonable given limited general funds from the Legislature. The board raised the importance of prioritization because the university does not have the resources to be everything to everyone. As the university moves towards a more thorough operating budget, it is expected that these two things can be tied together. Chair Moore added that Dr. Cooney's testimony included comments along those same lines.

Regent Matayoshi indicated that she would continue to vote against piecemeal approval of new programs until the process allows for decisions to be made on a more strategic basis, taking into account system-wide priorities and budgetary constraints.

B. Report from the Joint Committee on Budget & Finance and Planning & Facilities

Budget & Finance Committee Chair Sullivan summarized the committee report attached to these minutes (Attachment 2). Approval of Fiscal Year 2017 University of Hawai'i supplemental budget submittal was on today's agenda and would be reviewed

and discussed in detail when the agenda item was taken up. No additional comments or questions from the board were raised.

C. Report from the Committee on Independent Audit

Independent Audit Committee Chair Yuen summarized the committee report attached to these minutes (Attachment 3). No additional comments or questions from the board were raised.

D. Report from the Committee on Research and Innovation

Research & Innovation Committee Chair Bal summarized the committee report attached to these minutes (Attachment 4).

The board raised questions regarding scope and purpose of service ordering; rationale for exceptions made; and level of discretion by the chancellor, if any. Committee Chair Bal explained the process begins when the university typically receives a grant or contract, and provides funding to the Research Corporation of the University of Hawai'i (RCUH) via service order for execution of the contract. There were no exceptions, but administration provided thresholds associated with when service orders would occur, and when use of institutional funds are used, which are defined by administration as non-extramural funding such as the research training & revolving fund (RTRF), tuition & fee special fund (TFSF), and bond proceeds. Administration added that extramural funds are automatically service ordered to RCUH, and any service order of institutional funds takes place internally with thresholds for when board approval is required. Efforts are currently underway to ensure the thresholds are consistent with board policy. The decision to service order to RCUH is not a condition of the grant or contract. Currently, the chancellor makes the decision on service orders; however, an assessment is underway to consider shifting that responsibility to the VP for Research. No further additional comments or questions from the board were raised.

VI. ITEMS FOR DISCUSSION & APPROVAL

Chair Moore explained that the agenda was being reordered and the next item was approval of the supplemental budget request, followed by Executive Session, reconvening in open session to take action on the settlement of claims involving Gibson K. Arnold, after which the board will proceed with the rest of the agenda. The board will break at 12:30 p.m. for lunch. There were no objections.

B. Approval of Fiscal Year 2017 University of Hawai'i Supplemental Budget Submittal for Additional General Funds for Operations and Capital Improvements Projects

Chair Moore indicated that there had been significant discussion on this item at the committee level, and there was no consensus on \$5 million Cancer Center request. He requested a motion to approve the budget as submitted, followed by any amendments

to the amount.

Regent Putnam moved to approve Fiscal Year 2017 University of Hawai'i Supplemental Budget for Additional General Funds for Operations and Capital Improvements Projects as submitted. Regent Wilson seconded the motion.

VP Young gave the same presentation provided earlier to the Committee on Budget & Finance and the Committee on Planning & Facilities that outlined the process; covered the Fiscal Year 2017 Operating Appropriation, Statewide General Fund Outlook; Operating Budget Requests; UHM requests; Athletics Department requests; UH West O'ahu (UHWO) campus evolution; and other requests; along with the CIP, lump sum CIP, Act 119 (2015) UH CIP details, and calendar going forward. He explained that this submittal is consistent with requirements of Hawai'i Revised Statutes and executive branch requests for budget submittals from all state departments. He reminded the board that even though this request is submitted to the Governor, the Governor has the discretion to decide the extent to which the full university request will be included in his proposed budget to the Legislature. The outcomes of the Legislature may also be different from what the university or Governor submits.

Regarding the four positions and \$350,000 request for the College of Tropical Agriculture & Human Resources (CTAHR) at UHM, the board asked why funding was provided only for Fiscal Year 2016. VP Young explained that it was not uncommon for the Legislature to pass appropriation bills outside of the budget, but it was unusual that the appropriation bill included positions that were only funded for one year. When the Legislature appropriates something outside of the budget, it is usually assumed that at some point in the future the executive would include in its budget request to put that item into the base. Including this request in the budget proposal is consistent with past practices for all state departments.

The board asked for identification of the items listed that had been included in the prior Fiscal Year 2015 budget request and those that are new. President Lassner explained that every request was included in last year's budget except for the \$350,000 for CTAHR. Generally, a supplemental year is intended to be a continuation of the biennium process. Last year they knew the Cancer Center was a looming item, but for tactical reasons chose not to put in a request then at that time.

Regent Kudo commented regarding the previous joint meeting of the Committee on Budget & Finance and the Committee on Planning & Facilities, when he took a position contrary to administration's recommendation of \$5 million. Over the last week he studied the Cancer Center situation carefully, and after numerous discussions with Administration, he was convinced the more appropriate course of action would be to follow their recommendation. He requested that all regents who supported the \$1 placeholder initiative to support administration's recommendation of \$5 million for the Cancer Center, and indicated he would be voting in support as well.

The board inquired as to the status of the draft business plan for the Cancer Center

referred to at the October 1, 2015 joint committee by the UHM Chancellor, and that was an important consideration for some committee members; and whether or not what was reported to the committee regarding the \$5 million being used to augment \$7.5M of personnel costs that shift to general funds, thereby removing the \$2.5 million cost for retirement benefits requirements was correct. VP Young explained that in late October/early November the consultant is expected to deliver a phase one portion of the overall report that may not provide all the answers in terms of funding solutions or turnaround strategies for the Cancer Center. Regarding using the \$5 million to augment \$7.5 million worth of personnel costs reflects an example of how the \$5 million could be leveraged or capitalized among many other potential strategies, but still does not represent everything necessary to close the gap. How it would be used is largely dependent on the results of the business plan. President Lassner added that the request in this format is only one of other available means to request support. In discussions with legislators who support the Cancer Center, it is the expectation that financial assistance from the state could also come in the form of some other type of funding (e.g., cigarette tax, a contemplated e-cigarette tax). Legislative supporters of the Cancer Center advised a budget request of this size would be the best way for the university to signal that it needs help, and provide legislators an opportunity through the legislative process to provide that help, even though it may be in a form other than general funds.

The board inquired as to alternatives if any of the individual items are not approved. VP Young responded that the university would have to prioritize items that may result in some new initiatives being deferred. President Lassner added that last year a brand new process was created at the request of the board that separates the biennium budget request process from the approval of the operating budget. Administration will use the time after the legislative session ends and before the June board meeting to prepare administrative recommendations on next fiscal year's operating budget that takes into account the best assessment of the revenues available, including what the Legislature ultimately provides, updated tuition schedule, and enrollment projections, etc.

The board asked what impact the recently announced award of the \$5.5 million for the health disparities among the Pacific Islanders would have on the Cancer Center financial situation. Dr. Jerris Hedges, Dean of the John A. Burns School of Medicine and Interim Director of the Cancer Center, explained the grant received in partnership with the University of Guam will enhance the ability to deliver cancer registry information and perform clinical trials for cancer prevention in the Pacific. This bulk of the grant will go directly into supporting research positions, creating jobs in Hawai'i and Guam. Although important for the economy globally and for stimulating jobs in Hawai'i and Guam, the amount contributed towards Cancer Center actual operations will be a small portion.

The board asked if the requests for the Cancer Center and Athletics were likely to be specific line items or in lump sum form that administration would allocate. VP Young explained that last year only one specific item in the amount of \$1.1 million for the

implementation of Title IX and the Violence Against Women Act program was approved by the Legislature through a funding proviso in the budget. The Legislature also approved what amounted to lump sum funding for performance-based funding with no specific requirements. The Legislature could go with either specific line items or lump sum funding. VP Young estimated it was more likely there would be a larger increase to the overall base for UHM by program ID to allocate among campuses. Academically, this budget process signals to the Governor how much additional funds the University needs and for what reasons. All of these requests are to increase the amount of base funding the university receives. The Governor and the university will have to show this to the Legislature. The university is essentially asking to be given \$16.2 million more, how it will be spent, and methodology on how the university arrived at that requested amount.

Regent Portnoy commented that the Athletics Director in his presentation at the joint committee meeting indicated that, based upon his projections, the athletics department would need in excess of \$5 million in order to not operate at a deficit. He recognized that while it is a great first step if the Legislature were to accept the recommendation for \$3 million, that amount is still insufficient to allow the department to not operate in a deficit for the upcoming fiscal year.

Administration was also asked to consider adding position counts to the \$3 million request for UHM Athletics to convert fringe benefits costs from TFSF to general funds. Administration acknowledged that UHM did request consideration of \$5 million for athletics. President Lassner added that the lump sum for performance funding requires allocations based on a methodology around student success. A campus could earn performance funding by graduating more students, but in general, the point of performance funding was to have campuses make investments that result in graduating more students (e.g., Native Hawaiian and STEM) rather than allocate to unrelated campus priorities. The performance based funding would only be available if the campus makes targets in terms of performance metrics relating to student success.

Regarding the UHH request for authorization of 37 positions and \$420,000 to convert from contracted security services to university personnel, the board asked if the additional \$420,000 increase was feasible, considering the long term costs of having in-house personnel. VP Young explained that Chancellor Straney had informed the joint committee there were a number of factors, primarily rising costs and legal limitations on outsourcing to private companies instead of hiring union workers allows very little choice. UHH Vice Chancellor for Academic Affairs, Marcia Sakai, indicated that current costs utilizing private companies are higher than expected, and will likely increase as well. This affects only the UHH campus as the Office of Maunakea Management has its own ranger force.

There was no further discussion. Having a motion and a second to approve Fiscal Year 2017 University of Hawai'i Supplemental Budget for Additional General Funds for Operations and Capital Improvements Projects as submitted, upon unanimous vote of the board the motion passed.

VII. EXECUTIVE SESSION

Upon motion by Regent Kudo, seconded by Regent Matayoshi, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(4), to discuss legal matters. The Board convened in executive session at 11:30 a.m. Following a motion to come out of executive session by Regent Matayoshi, seconded by Regent Kudo, which was unanimously approved, executive session was adjourned at 1:40 p.m.

The meeting reconvened at 1:42 p.m. Chair Moore stated that the board went into executive session to discuss confidential legal matters as indicated on the agenda. Regent Acoba had recused himself from participating in Executive Session.

VIII. ITEMS FOR APPROVAL (continued)

A. Approval of Settlement of Claims involving Gibson K. Arnold

VP Okinaga thanked the board for the very lively discussion and heartfelt concerns expressed. The proposed settlement with Mr. Arnold involves \$700,000 payment, \$200,000 of which would go directly to his attorney. Mr. Arnold would receive \$500,000 in three separate calendar years: \$100,000 by November 30, 2015; \$200,000 on January 15, 2016; and \$200,000 on January 15, 2017. The terms of the settlement are otherwise quite commonplace. It is a global settlement for release of all claims by all parties with respect to the employment matters, including two prohibitive practice complaints, one grievance, and one lawsuit filed by the university against Mr. Arnold. All of that litigation would be dismissed with prejudice, and there would be no remaining litigation.

Chair Moore indicated there was extensive conversation on this topic in executive session, a variety of perspectives expressed, and requested a motion on the recommendation from VP Okinaga to approve the settlement.

Board Vice Chair Sullivan moved to approve the general counsel's recommended settlement of claims involving Gibson K. Arnold. Regent Wilson seconded the motion. Chair Moore reiterated there was a lot of discussion on the matter and it was not an easy topic to discuss. It is fair to say there is unanimity that the board is uncomfortable in the position it finds itself in, and there is also unanimity among regents that the variety of perspectives that were expressed are all relevant, appropriate and of equal importance. The motion passed with 8 regents voting in favor of the motion (Moore, Bal, Sullivan, Iha, Matayoshi, Mizuno, Tagorda, Yuen) and 6 regents voting in opposition to the motion (Putnam, Kudo, Wilson, Higaki, McEnerney, Portnoy) voting no. Regent Acoba recused himself from the matter.

Chair Moore thanked the regents for getting through this uncomfortable and difficult matter. At 1:47 p.m., Regent Portnoy indicated he had to leave the meeting, and the

room and teleconference line would remain open should any members of the public show up.

VI. ITEMS FOR DISCUSSION & APPROVAL (continued)

A. Consent Agenda for Approval:

1. **Approval of Provisional Status for the Advanced Professional Certificate in HOM (Hospitality Operational Management), Kapi'olani Community College**
2. **Approval of Program Change in Status from Provisional to Established for the Ph.D. in Hawaiian and Indigenous Language and Culture Revitalization, Ka Haka 'Ula O Ke'elikōlani, College of Hawaiian Language, University of Hawai'i at Hilo**
3. **Approval of Program Change in Status from Provisional to Established for the Advanced Professional Certificate in Information Technology, Kapi'olani Community College**

Regent Higaki moved to approve the consent agenda, Regent Wilson seconded the motion.

Regent Matayoshi indicated she would be abstaining from the vote on the basis that the board should be looking at all of these programs more globally in line with the budget.

The motion to approved the consent agenda carried by unanimous vote except for Regent Matayoshi who abstained from voting on the consent agenda.

B. Delegation of Authority to the President or the President's Designee to Render the Final Decision in Contested Case Proceedings Regarding Recovery of Delinquent Financial Obligations to the University

VP Okinaga explained that the university utilizes the State of Hawai'i's tax intercept program to collect on debts owed. After proper notice to the debtor, the debt is offset against tax refunds owed to the debtor. The debtor can challenge the offset, leading to a contested case hearing and a hearings officer issues a proposed decision. If the debtor is adversely affected, the debtor can present written and oral arguments to the board or its designee, and the outcome of which is the final decision. This final decision is that which is appealed to state court. The purpose of this resolution is to confirm the intent of the board with respect to its delegation to the president or the president's designee, the responsibility to issue these final decisions in contested case hearings processes. HRS Chapter 304A-105(a)(3) expressly allows the board to delegate this authority to render the final decision, and in September 2002 the board approved amendments to the Hawai'i Administrative Rules for the specific purpose of allowing the board to delegate the final decisionmaking to the president.

Regent Matayoshi moved to approve the delegation of authority to the president or the president's designee to render the final decision in contested case proceedings regarding recovery of delinquent financial obligations to the university. Board Vice Chair Bal seconded the motion, and the motion carried upon unanimous vote.

C. Award of Honorary Doctorate of Humane Letters Degrees to Robert Masuda, Martha Nussbaum, and Charles Nainoa Thompson

Regent Matayoshi moved to approve the award of honorary doctorate of humane letters degrees to Robert Matsuda, Martha Nussbaum, and Charles Nainoa Thompson. Board Vice Chair Bal seconded the motion, and the motion carried upon unanimous vote.

D. Follow-Up Discussion on Future Deep Dive Topics

Chair Moore noted that a matrix on topics was included in the board materials and explained that the purpose is to keep these topics in front of board leadership and the president as they plan agendas for both the committee and board.

The board asked what the process was moving forward in regards to these items as a whole; whether it would be appropriate to have a task group on strategic communications; and when the system reorganization structure was going to be discussed and if so, would it be a deep dive. Chair Moore explained that matrix was not a schedule, and deep dives would be scheduled on an ongoing basis dependent on timing, readiness, and workload. He noted that when the board first developed the list last year, the highest priority items were scheduled first and that original list would be complete once the deep dive on intercollegiate athletics is held in November.

Regarding task groups, Chair Moore indicated that board leadership and President Lassner would discuss whether there should be a task group. He further explained the mechanism for creating a task group is the chair makes a recommendation which the board approves the appointment of a task group. A task group has a specific assignment and typically a timeframe.

As to the status of system reorganization, President Lassner responded that the structure would be discussed as an agenda item in November, and anything that is ready for approval would be presented, and an update provided on whatever is not ready. Chair Moore added that it was mostly a report on work in progress.

President Lassner indicated the matrix lays out how administration would proceed, subject to comments and suggestions expressed today.

E. Deep Dive Discussion on Systemwide Enrollment Management

VP Dickson noted that she and Regent Tagorda attended a Complete College

America conference recently and enrollment management is a national focus. VP Dickson gave a presentation on enrollment management that covered recruitment and admission (admissions criteria; UH yield rates; the national decline in students going to college; graduation projections level for Hawai'i high schools through 2028; the going rates of public and private high schools; the out migration of Hawai'i high school graduates; enrollment by student type for the UH System; UH undergraduate student profiles for Fall 2015; a breakdown of special population (veterans, adult learners, 1st generation, Native Hawaiians, and international students) for Fall 2015; recruitment challenges; next steps); retention (UH Fall-to-Fall retention; Fall-to-Fall Retention of UH vs. IPEDS peers; outgoing UH transfers; retention challenges; next steps for retention); and graduation/completion (UH degrees and certificates awarded; 6-year graduation rates for UH four-year and community colleges; graduation rates for Academic Year 2014-2015; enrollment to degree gap for Native Hawaiian students; enrollment to degree gap for Pell Grant recipients; graduation/completion challenges; next steps for graduation/completion).

Questions and comments were raised regarding whether rising tuition was impacting transfers; a request for a breakdown of full time transfers from within the UH System and transfers external to UH; given the trending decline in enrollment, was there a specific size/number that would optimize the UH System for what is expected in the future as enrollment fluctuates, and within the limited resources.

VP Dickson explained that rising tuition can impact transfers, but UH tuition is still less expensive than many other schools, and the more likely factor in some cases is Hawai'i students are expected to or intended to go away to mainland schools or are transferring after a couple of years. A breakdown can be provided to show full time transfers from other UH institutions and those external to UH to see where students are coming from and if more could potentially be brought in from those areas.

In terms of the specific size/number that optimizes the UH System, VP Dickson explained that a key factor involves UH deciding how big it wants to be given the resources. When retention is increased, revenues increase because students are staying. She believes this is an upfront decision regarding capacities, priorities, where UH wants to go, and UH needs to do to serve the students and citizens of Hawai'i. Discussion ensued regarding this issue being an integral part of the strategic academic and facilities planning resolution the board earlier adopted.

Other questions and comments were raised regarding efforts to reach out to non-accepted students to redirect them to the community colleges; and concern about performance based funding being tied to moving students through versus educating them. President Lassner confirmed efforts to encourage non-accepted students to enroll with the community colleges. He explained how performance based funding is not proposing that faculty compensation be tied to progress to degree in a particular department. The community colleges have successfully used performance based funding at the campus level to encourage campuses investments that increase student success. Regarding majors, one strategy used, particularly at UHM, is to adopt meta-

majors so students do not have to declare a major like accounting, but rather indicate their inclination in the business field and start on a track that is focused on their area of interest. VP Dickson noted that performance funding compels campuses to make sure processes do not bottleneck students.

Concerns were raised regarding shifting focus from targeting a certain number of credits to finish to addressing different student needs. VP Dickson responded that student needs are addressed by advising and counseling at the campus level. President Lassner noted reviewing data for the 15 to Finish program shows at the aggregate level that pushing students to take at least 15 credits did not hurt them. VP Dickson added that the data showed first time freshman at UHM taking 15 credits had a higher retention rate than those taking less credits, and the results were similar for community colleges.

Discussion ensued about exploring addressing student challenges affecting enrollment such as needing to work, and investing in student services and professional development to ensure students have both access and success, and that faculty, administration, counselors and advisors have the resources to understand the diverse student population so that the university can be very student centered at the campus levels.

The board suggested a plan with specific targets and resources, showing lines of responsibility. President Lassner concurred that discussions need to take place regarding what things are best done on a coordinated, centralized manner (e.g., filling out FAFSAs), and a student-centric culture on a campus that the campus must fully own. VP Morton shared about how the community colleges align their campus strategic plans to system metrics and targets, which in turn reveals the implementation pieces. UHM Vice Chancellor for Academic Affairs Reed Dasenbrock also commented on the UHM Strategic Plan being developed, the System's Strategic Directions being mapped, and -chairs a group called Student Engagement, Retention, Graduation (SERG) that he co-chairs has a detailed action plan. The efforts resulted in the current 27.9% four-year graduation rate for UHM, an increase of 3.2% over last year, the biggest increase for any campus in a one year period.

VP Dickson shared about the STAR software, which has gained national attention, that allows students to check where they are with their pathways. VCAA Dasenbrock commented about how STAR began as a degree audit system for students to chart where they were with their degree path. The system has now evolved to STAR 2.0 which tracks progress towards the 120 credits, but also the percentage towards degree requirements. Administration is able to aggregate the information by major, and analyze to identify areas of greatest need and see where bottlenecks are. UHM has registered freshmen through STAR on a pilot basis for the past several years, and about 80% of UHM students get an automated registration in May or June, rather than later in the semester. They received an appropriation last year to move towards systemwide registration through STAR. The current infrastructure is UHM-specific, with close intersection with ITS, allowing STAR to move into a much more aggressive, high-tech

software for multi-campus use. STAR is one area where UHM leads the country. VP Dickson noted that pilots are planned for spring registration and fall registration. VP Morton clarified that every campus and student uses STAR, and the pilots involve the use of STAR and those degree pathways as the registration interface as opposed to registering for courses, which is the standard registration. STAR has helped facilitate the work on reverse transfer, and is responsible for the automatic posting of credentials, which will help guide students to pick courses that match their program of study. Regent Tagorda referenced her experience with STAR as an undergraduate and as an academic advisor, and indicated it was a useful tool that allows advisors to be “high touch” with students instead of spending time on academic planning and problem solving.

Concerns were raised about data showing that less than 28% of UHM students will graduate in 4 years despite the improvements discussed. Further discussion ensued on setting appropriate goals to increase graduation rates as it is the one thing that the UH can do to control costs of education, which does not involve legislative funding nor raising tuition. The board commented that the data was informative, and it would be more useful if tied to targets over time and aspirational goals beyond how UH compares to peers, and the strategies to reach the targets. There should be enough data to build a mathematical model to identify where the university would be financially, and how many students could be accommodated. The board needs to understand what the plan is moving forward as it is tied to the financial situation, especially with a new tuition schedule coming up next year. The plan needs to include addressing the costs associated with students leaving the university without completing their degree, as well as new recruitment opportunities, such as the veteran population.

Administration concurred that costs increase the longer it takes to graduate. However, VC Dasenbrock noted data shows that the current single largest predictor of whether a student graduates is actually availability of financial resources to families. The result is that in the U.S. today, the gap between the graduation rates of the wealth and the poor is widening. Thus, raising the graduation rate alone may hurt other aspects of the mission and access to education for others. Moreover, selecting peers is equally complex, as the UH system institutional research is based on the Integrated Postsecondary Education Data System (IPEDS) peers, and not necessarily peers for a campus, like UHM, who uses a different set of peers.

At 3:01 p.m., Regent Higaki, Regent Yuen, Regent Acoba, and Regent Mizuno left the meeting.

IX. ANNOUNCEMENTS

Chair Moore announced that the materials included executive and managerial appointments (Attachment A) that do not need board approval but require public posting.

The November board meeting is November 19, 2015 at Windward Community

College.

X. ADJOURNMENT

There being no further business, Regent Kudo moved and Board Vice Chair Sullivan seconded the motion, and with unanimous approval, the meeting was adjourned at 3:02 p.m.

Respectfully Submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents

Report of the Chair of the Committee on Research and Innovation
October 1, 2015

The committee received an update on board policy amendment proposals regarding the RCUH, an informational briefings on the F&A cost rate renegotiation plans, and a status report on the Applied Research Laboratory and associated funding.

RCUH Policy proposals.

Administration presented draft proposal amendments to the board policy on the RCUH to clarify definitions and threshold limits for institutional (non extramural) funding service orders. The committee provided feedback regarding need for coordination of fiscal reporting with the operating budget, policy on hiring researchers using institutional funds, ensuring alignment with executive policies to implement safeguards and proper monitoring, and ensure consistency with all polices affecting RCUH. Administration will make amendments accordingly for presentation at the next committee meeting.

Facilities & Administrative Costs Rate briefing and plan and timeline.

Administration provided a briefing and plan for upcoming negotiations for an increase in F&A rates. Administration plans to focus on the areas that have the greatest impact including those that expand research infrastructure, and consider research CIP in the future to merit a rate increase. Specifically, the plan for greatest impact is to focus on non-capitalized repairs in research intensive buildings, inventory fixed equipment in research intensive buildings, update and extend space survey, and update electrical meters. Administrative costs are near or at the cap. They identified need for more accuracy in accounting for costs, updating the space survey, and a plan for vacant and new research space.

The committee provided feedback on use of funds, allocation justification, budget relieving efforts, more reporting in the operating budget, consider leveraging energy efficiencies with a revolving green fund, increased efforts to better capture overhead costs, and provide a clearer correlation of overhead costs to the campus budgets. The committee requested a follow up on a specific pro-active strategy to show where administration will put its efforts in the next 10 months with associated justification.

ARL goals and targets briefing.

Administration provided a presentation on the background of the ARL and the status of UARCs. Most of the ARL activity is with the Navy on a sole source basis. Most are more applied research than basic research in alignment with core competencies in ocean sciences and technology, astronomical research and the development of optics, sensors and satellite sciences, electro optical systems for remote sensing, networking, cyber security, mission related and public service oriented R&D, and renewable energy technologies. The current contract has a \$50M ceiling over a 10 year period, that is at \$25M currently, administered by the VP for Research. The ARL has achieved self-sufficiency and plans to expand its services. There are efforts in community outreach to garner more support and inform the community on the good work being done, including outreach to PACOM. The committee requested to have periodic status reports on activities and efforts to increase participation from the military.

Report of the Committee Chair of the Committee on Independent Audit
October 1, 2015

The committee considered two items: update on enterprise risk management, and amendments to the governance documents.

Administration is progressing with formalizing an enterprise risk management program that is customized to the university's needs, beginning with a series of meetings to create an official formal framework analysis and mitigation plan. On review, at the unit and organization level, the university already engages in risk assessment on a more informal, adhoc basis that have led to embedded processes, audits, and proposal templates, required legislative reports and control mechanisms, in full compliance with the Hawai'i Revised Statutes.

The next is creating the formal process that embeds the current informal processes. formality around it. It will be a 12month process with high level discussion of risk and expands the types of risk to consider. First quarter a survey will be defined and sent out to defined stakeholders. The second quarter the results will be analyzed and prioritized, and in the Third quarter the plan will be ready to present for review. It will help the board be more proactive and quantifies risk to enable administration to make proper recommendations.

During the committee meeting Regent Kudo raised the need to audit the parking and housing operations within the university system. In order to mitigate against the trend of decreasing state funding of the university we must now rely on the university's ability to generate revenues through various activities and units. By conducting audits of these units we can encourage maximum performance to enhance revenue production consistent with fiscal responsibility. The recent experience of the IAC in dealing with the well-known culinary programs at KCC and LCC revealed a lack of operational and financial controls with regard to inventory, receivables, sales and cash in these culinary operations. This resulted in a lack of confidence in how these units were actually performing from a financial aspect. Regent Kudo will be making a recommendation to Chair Yuen to place on the next meeting agenda of the IAC an action item to have the internal auditors conduct a management and financial audit of two other revenue producing units at the university. These are the parking operations at Mānoa, and the student housing operations at Mānoa and Hilo. Regent Yuen agreed with this initiative and emphasized that this management initiative should not be limited to housing and parking, but all revenue producing functions and operations within the university system.

The final item the committee considered was amendments to the governance documents to reconcile the duties and responsibilities and the amendments were approved.

Report of the Chair of the Committee on Budget and Finance and the Chair of the Committee on
Planning and Facilities
October 1, 2015

The two committees met on five items, but due to time constraints deferred three items regarding performance based funding, request for authorization of holding a chapter 91 public hearing on parking increases at UH Mānoa, and request for amendments to board policies regarding summer tuition rates. The committees received public testimony in opposition to parking fee hike.

The committee considered the budget proposal and resulted in deferring two items to the next committee meeting, and due to time sensitivities waived review of the request to hold a Chapter 91 public hearing for parking fee increases directly to the board.

Administration provided a timeline on the budget request, and it is due on October 15. Administration presented a budget that committee reviewed FY 2017 legislative general fund request for operating and CIP budget that was largely lump sum based. The committee chose to address each separately. The committee also received individual presentations regarding the Cancer Center, Athletics, and Research and Innovation program requests.

Administration explained that generally, the proposal is modest intended to demonstrate fiscal conservation and included no new requests, and presumed at established revenue levels. The tax revenue looks optimistic tax revenues that could encourage the governor to relax restrictions.

Administration explained that the amount for the Cancer Center is intended to provide a starting point and expected to be exceeded once the formal business review and forward strategy is ready, expected in January. Regarding Athletics, UHM asked for more for rising costs and NCAA requirements but it was reduced by Administration who felt a lower target amount was appropriate to address rising costs and improvements for academic success.

There was not agreement on the request for Athletics as some wanted to increase the request. Regarding Cancer Center, some wanted to reduce the ask to \$1 as a placeholder as the external review is still pending. The other items of the proposal, including the CIP proposal are recommended for approval and will be considered separately on the board agenda for full discussion and not to be considered as part of the consent agenda.

Committee Chair Report on the Committee for Academic and Student Affairs
October 1, 2015

The Chair opened discussion with a brief overview of the main goals of the Committee for the coming year, namely to promote the Hawai'i Graduation Initiative and to develop a strategic approach to academic planning. The agenda for the meeting, however, involved only consideration of program actions, in line with the recent decision to take up these items twice yearly in the fall and the spring. The committee deliberated and is recommending for approval two advanced professional certificates (APC) offered by Kapi'olani Community College, in Hospitality Operational Management and in Information Technology, and the UH Hilo PhD in Hawaiian and Indigenous Language and Culture Revitalization.

Kapi'olani Community College proposes for provisional status a new program, the APC in Hospitality Operations Management to begin in Fall 2016, structured similarly to the existing APC in Information Technology which is now being proposed for established status. Both programs are intended to meet needs of students completing an AS degree at any community college. The APC credential consists of 18 credits of 300-level coursework. Since the courses make maximum use of distance learning technologies, students can complete the majority of the program without leaving their home island. Both of these programs are also articulated with the UH West O'ahu Bachelor of Arts in Business Administration. These pathways have an applied focus which prepares professionals in response to needs identified by their industries and are distinct from the baccalaureate degrees offered at UH Mānoa. Kapi'olani faculty, classroom and instructional support resources are adequate to deliver these programs, although it should be noted that Vice President Morton will be bringing to the Board a proposal to extend to all community colleges the current UH Maui College tuition schedule for courses that are 300-level and above. The committee engaged in extended discussion concerning student demand and enrollment and employment projections, competency based programs, quality of education using distance learning, distinctiveness of applied science degrees, and sustainability of programs under the current tuition schedule.

The University of Hawai'i at Hilo proposes established status for the PhD in Hawaiian and Indigenous Language and Culture Revitalization at its College of Hawaiian Language. This program is clearly related to our strategic objective as an indigenous serving institution, which has also attracted a great deal of interest nationally and internationally. It is the culmination of a movement which began in Hilo in the 1980's to restore the Hawaiian language as a medium of instruction at all levels from pre-school on. UH Hilo has had a crucial role in training the educators and providing curriculum. This doctorate will be the first in a Hawaiian Studies field and the first in the world specific to the growing field of indigenous language and culture revitalization. Four students from the first cohort, admitted in fall 2006, have completed degrees and are employed in their specializations. The second cohort has four students now at advanced levels, and the third cohort, with eight students, was admitted for the current academic year. Students and faculty from the program are actively engaged in research and in sharing their findings through publication and frequent presentations at conferences. Understandably, the program is heavily dependent on expertise developed internally, but has provided balance through engagement with a wide network of colleagues.

In summary, the Committee carefully reviewed and considered the proposals presented and recommends Board approval for:

Committee Chair Report on the Committee for Academic and Student Affairs
October 1, 2015

1. Provisional status for the Advanced Professional Certificate in Hospitality Operational Management at Kapi‘olani Community College
2. Established status for the Ph.D. in Hawaiian and Indigenous Language and Culture Revitalization at the University of Hawai‘i at Hilo.
3. Established status for the Advanced Professional Certificate in Information Technology at Kapi‘olani Community College