

MINUTES
BOARD OF REGENTS MEETING
AUGUST 16, 2018

I. CALL TO ORDER

Chair Lee Putnam called the meeting to order at 9:30 a.m. on Thursday, August 16, 2018, at University of Hawai'i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822.

Quorum (12): Chair Lee Putnam; Vice Chair Jeffrey Portnoy; Vice Chair Wayne Higaki; Regent Simeon Acoba; Regent Eugene Bal; Regent Brandon Marc Higa; Regent Ben Kudo; Regent Michael McEnerney; Regent Randy Moore; Regent Douglas Shinsato; Regent Michelle Tagorda; and Regent Ernest Wilson Jr.

Excused (2): Regent Jan Sullivan; Regent Stanford Yuen.

Others in attendance: President/Interim UH-Mānoa (UHM) Chancellor David Lassner; Vice President for Administration Jan Gouveia; Vice President for Community Colleges John Morton; Vice President for Legal Affairs/University General Counsel Carrie Okinaga; Vice President for Academic Planning & Policy Donald Straney; Vice President for Research & Innovation Vassilis Syrmos; Vice President for Information Technology/Chief Information Officer Garret Yoshimi; Vice President for Budget & Finance/Chief Financial Officer Kalbert Young; UHM Vice Chancellor for Research/Interim Vice Chancellor for Academic Affairs Michael Bruno; Interim UH-Hilo (UHH) Chancellor Marcia Sakai; UH-West O'ahu (UHWO) Chancellor Maenette Benham; Windward Community College (WinCC) Chancellor Douglas Dykstra; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. PUBLIC COMMENT PERIOD

Board Secretary Kendra Oishi announced that the Board Office received written testimony from Dr. Jim Shon of the Hawai'i Educational Policy Center (HEPC) offering comments related to the budget.

The following provided oral testimony:

1. Brian Powell, Chair of the UHM Faculty Senate Executive Committee (UHMFSEC), provided oral testimony welcoming the new board leadership and describing efforts being undertaken this year to lay the foundation for the future of UHM including, UHM's administrative reorganization and its relationship with System and reorganization of the general education curriculum to produce a 21st century citizen who can be a leader in an information-rich world. These efforts require open and free communication among faculty, students, and administration, and he noted the need for a similar communication channel with the board.

Regent Kudo arrived at 9:33 a.m.

2. Jonathan Valdez, President of the UHM Graduate Student Organization (GSO), provided oral testimony welcoming the new board and committee leadership and indicating GSO was available should the board require any input on the graduate student experience. This year GSO will be focusing on mental health, employment and compensation, and the overall graduate student experience and is looking forward to working with the UHM Faculty Senate and the board on these matters.
3. Dr. Jim Shon, Director of HEPC, provided oral testimony summarizing his written testimony regarding the need to include civic education and engagement in UH's higher education requirements.

III. REPORT OF THE PRESIDENT

President Lassner provided a report highlighting the following:

- VP Okinaga was nominated to serve on the Honolulu Police Commission and VP Young serves on the Honolulu Authority for Rapid Transit Board and the State's Deferred Compensation Plan Board. VPs and faculty members advance the public good with their expertise and commitment to Hawai'i through participation in various boards and commissions.
- The Kīlauea eruption is officially in a lull, but the impact has been severe on the community, and enrollment at UHH and HawCC. This is one of the unique aspects of higher education in Hawai'i that requires attention in addition to the remarkable education and research opportunities.

Hawai'i Graduation Initiative (HGI)

As of today, the fall 2018 enrollment is down systemwide. UHWO is trending up by the highest percentage among the campuses. UHH is trending down due in large part to issues associated with the Kīlauea eruption. The community colleges are trending down, which occurs when the economy is booming and there is low unemployment. The community colleges are leading efforts to boost UH's distance learning initiative among older adults. UHM's enrollment is flat, but it appears this is the largest freshmen class in 10 years. There are record numbers of new applications, new freshman are up by 12%, resident new freshmen are up by 10%, resident transfers are up by 8%, and total new undergraduate enrollment is up. This is the first time in several years there is a waiting list for dorm rooms.

President Lassner noted that UH needs to apply the same enrollment management discipline that is improving the undergraduate numbers to graduate education and also to continue to improve retention numbers. He noted that UH campuses are making strides in being analytical and scientific about enrollment management, and that work should pay off over time. A report and analysis will be provided once we have official numbers.

Hawai'i Innovation Initiative (HII)

Extramural funding for FY2018 essentially remained flat at \$386 million compared to \$387 million in FY2017. UHWO was the smallest unit with the largest percentage increase and Chancellor Benham created an Institute of Engaged Scholarship to support collaboration with community partners to address key issues in the community. UHM is up over \$300 million, and starting to see the productivity of the new strategic hires. Extramural awards for the System decreased due in part to timing issues; for the current fiscal year, extramural awards are currently up approximately \$10 million over last year. A more extensive report will be provided at the next Committee on Research & Innovation meeting.

High Performance Mission-Driven System (HPMS)

- The Maunakea administrative rules are moving forward and the notice of public hearings will be posted on August 19. Four public hearings will be conducted at the end of September: two on Hawai'i Island, one on O'ahu, and one on Maui. Thanks to Regents Acoba, Moore, and Portnoy, who agreed to serve as hearing officers.
- UHM has launched a photovoltaic canopy project for the top deck of the main parking structure that will generate about 2 megawatts of electricity. In addition to providing covered parking, the project is estimated to save between \$2 to \$8 million over its lifetime, depending on future energy costs, and will further help UH achieve its net-zero energy goal by 2035.
- UHWO hosted the Sustainable Agriculture Education Association Conference in July 2018. There were more than 200 participants from all over the world, including some of the best research universities in the country. Presentations and hands-on activities showcased Hawai'i's unique connections among food, land, people, and traditional culture and practices. Sustainable agriculture is a topic of interest everywhere, and there is tremendous opportunity for Hawai'i with the UHWO and UHH programs that were noted as among the most affordable in the country, and the statewide work of the College of Tropical Agriculture and Human Resources.
- In Fall 2018, KapCC will launch UH's first academic subject certificate program in sustainability, which will be rolled out to other campuses. The program provides pathways into baccalaureate programs. Students are interested in this area and an active systemwide faculty group is leading the way in creating curriculum opportunities including pathways.
- UH Hawaiian language educators from across the System will be meeting on August 20 to review work on improving the flow for students between campuses and who have varying levels of Hawaiian language instruction from public schools, charter schools, immersion schools, community colleges, and four-year campuses. There are different perspectives on how the language should be

taught and the goal is for faculty to reach agreement on key competencies that can be assessed fairly and help place students appropriately. Hawaiian language has become a great job pathway because there is a shortage of fluent Hawaiian language speakers to teach in immersion schools.

21st Century Facilities (21CF)

Effective July 1, 2018, UH assumed full responsibility for the Mānoa Innovation Center. UH has owned the land and the building since it was constructed. The state initially constructed the building and there was a 25-year lease to the High Technology Development Corporation that recently expired. The revenue for the space is available to UH to invest in innovation and may possibly help UH with the new innovation hub at the Atherton Y location.

IV. COMMITTEE REPORTS

A. Report from the Committee on Budget & Finance

Committee Chair Moore summarized the committee report. No additional comments or questions from the board were raised.

B. Report from the Committee on Independent Audit

Committee Chair McEnerney summarized the committee report. No additional comments or questions from the board were raised.

C. Report from the Committee on Planning & Facilities

Committee Vice Chair Acoba summarized the committee report. No additional comments or questions from the board were raised.

Chair Putnam indicated it was her opinion that the board did not need to approve the individual goals of each committee, each committee chair works in concert with the administrative liaison, and the goals and objectives change as circumstances change throughout the year, but she deferred to the regents if someone wanted to make a motion.

Regent Wilson made a motion to approve the goals and objectives for the Committee on Planning & Facilities, Regent Higa seconded.

Regent Moore noted his agreement that the committee goals and objectives are their own and do not require board approval.

There having been a motion that was moved and seconded, the motion was put to a vote and carried with Vice Chair Portnoy, Vice Chair Higaki, and Regent Moore voting no.

D. Affiliate Reports

Chair Putnam reviewed the following affiliate organizations and current regent liaison assignments: the All Campus Council of Faculty Senate Chair (ACCFSC) – Vice Chair

Portnoy; Career & Technical Education Advisory Council – Regents Acoba and Yuen; Maunakea Management Board (MKMB) – Vice Chair Higaki and Regent Wilson are ex-officio members; Research Corporation of the University of Hawai'i (RCUH) – Regent Bal is the Chair of the RCUH Board and Regent Moore is Chair of the Audit Committee; University Health Partners of Hawai'i (UHP) – Regent Acoba; University of Hawai'i Foundation (UHF) – Chair Putnam; the recently formed UH Ventures, LLC – Regent Shinsato; UH Student Caucus (UHSC) – Regent Higa; and the P-20 Council – Regent Tagorda.

All Campus Council of Faculty Senate Chairs (ACCFSC): Chair Putnam reported that she and Vice Chair Portnoy would be attending the ACCFSC Annual Retreat later this month.

UH Student Caucus (UHSC): Regent Higa thanked Chair Putnam and VP Straney for supporting the continuing relationship with UHSC and noted that the UHSC was on hiatus for the summer break. The most recent meeting was held in May 2018, and the first meeting of the new academic year is scheduled for September 8. The four priorities UHSC focused on last year were open educational resources, mental health, transportation, and affordability. The election of officers and identification of priorities will take place at the September 8 meeting.

P-20 Council: Regent Tagorda reported that the P-20 Council met on August 15. Members of the council include leaders from education, business, labor, government, and the community who meet to discuss statewide educational planning and policy. The council discussed strategic priorities, college readiness and affordability work being done by the Department of Education and UH.

Maunakea Management Board (MKMB): Vice Chair Higaki reported that there are currently vacancies on the MKMB and the Board is the appointing authority. President Lassner noted that the MKMB Bylaws require recommendations to originate with UHH Chancellor and he is working with Chancellor Sakai in consultation with a number of community groups from which administration invited nominations. The list of nominees is expected to be ready for consideration by the board in September.

V. ITEMS FOR DISCUSSION AND/OR APPROVAL

A. For Action Consent Agenda

- 1. Minutes of the July 19, 2018 Meeting**
- 2. Approval of the Operating Budget for the Office of the Board of Regents and Office of Internal Audit for Fiscal Year 2018-2019**
- 3. Approval to Indemnify Kissei Pharmaceutical Co., Ltd. (KP), for a Material Transfer Agreement (MTA) with the University of Hawai'i at Mānoa (UHM), College of Tropical Agriculture and Human Resources (CTAHR)**

Regent Moore moved to approve the consent agenda, seconded by Regent Wilson, and the motion carried unanimously.

B. For Action

1. Approval of University of Hawai'i Fiscal Year 2019 Operating Budget Proposal (Forecast)

Chair Putnam indicated that this matter was thoroughly discussed in the August 2, 2018 meeting of the Committee on Budget & Finance which recommends board approval, but Board leadership requested an executive summary be provided to the full board and public observers.

VP Young provided an overview of the UH fiscal year 2019 operating budget for the System, the 4-year campuses, and community colleges. Revenues and expenditures are both anticipated to increase, with an anticipated \$28.1 million net operating loss mostly attributable to one-time expenses. The university has adequate reserves and each campus/unit is still anticipated to have positive ending balances.

Chair Putnam reiterated the board's interest in a combined report that includes sources of funds from UHF at some time in the future.

Vice Chair Higaki moved to approve the UH fiscal year 2019 operating budget, Regent Moore seconded, and the motion carried unanimously.

2. Approval of University of Hawai'i Fiscal Biennium 2020-2021 Capital Improvement Project (CIP) Budget Request

3. Approval of the FY 2019 CIP Plan

VP Gouveia provided an overview of the UH fiscal biennium 2020-2021 CIP budget request by campus and the FY 2019 CIP Plan that were discussed at the August 2, 2018, meeting of the Committee on Planning and Facilities. She noted that in FY 2018, only 38% of CIP budget request was funded by the Legislature. The overall biennium CIP budget request is for \$295 million for FY 2020 and \$319.5 million for FY 2021. The budget was amended to include the Committee on Planning and Facilities request to include \$35 million for Holmes Hall in the FY 2021 budget request and removing the reference to a laboratory school from the UHWO budget request. The President or his designee is authorized to make minor changes to the project plan.

Regent Acoba moved to approve the UH fiscal biennium 2020-2021 CIP budget, Vice Chair Higaki seconded, and the motion carried unanimously.

Vice Chair Portnoy noted that these matters have traditionally been on the consent agenda because they were thoroughly debated and discussed at the committee level. After discussion with administration, board leadership opted to put these items on the agenda for discussion in an effort to increase transparency.

VP Gouveia noted that Attachment A of the action memo contained a high-level summary of how the university intends to expend the \$124 million in CIP funds appropriated by the Legislature this past legislative session on major projects; renew, improve, and modernize projects; minor projects; and planning projects.

A comment was made regarding the fact that approximately 62% of the monies allocated were for priorities established by the Legislature and not part of the university's budget request.

Vice Chair Higaki moved to approve the FY 2019 CIP plan, Regent Acoba seconded.

Chair Putnam reiterated that most legislative priorities were not in the original biennium budget request from the university.

There having been a motion that was moved and seconded, the motion was put to a vote and carried unanimously.

4. Final Report and Dissolution of the Permitted Interaction Group for UH-UH Foundation Relationship

Regent Moore requested the acceptance of the final report and approval of the dissolution of the PIG for UH-UHF Relationship that was formed on June 1, 2017, with the purpose being to plan for the agreement between UH and UHF that would replace the existing agreement that expired on June 30, 2018, and with the charge to focus on reviewing the current relationship between the university and UHF, inventorying best practices for fundraising, including evaluating what is working and what needs more attention. Recommendations were provided to administration and UHF regarding terms and conditions for the new partnership between UH and UHF, which will be considered for review and approval by both the board the UHF Board. Regent Moore moved to approve the final report and dissolution of the PIG for the UH-UHF Relationship, seconded by Vice Chair Higaki.

Questions and concerns were raised about the recommendation that the UHF CEO be made a UH vice president. President Lassner explained that the Office of General Counsel is reviewing the matter and indicated it was essential if UH and UHF were going to work together that the two entities stop looking at every conflict between the two organizations. This is standard practice at public universities. He noted that UH was looking at utilizing the vice president title and having the UHF CEO be a part of the president's cabinet. However, the UHF CEO would be a UHF employee and not a UH employee. Currently the UH participants on the UHF Board are ex-officio, non-voting members and excluded from the evaluation of the UHF CEO even though UH is the customer.

A point of clarification was made that the action is to accept the final report and disband the PIG, and is not necessarily an indication of agreement of the recommendations. Regent Moore indicated that by accepting the report the board is not agreeing with recommendations, but now was the appropriate time to discuss concerns because administration is in negotiations with UHF. He noted the tremendous support

provided to the PIG by the UHF board of directors, who are committed to the success of UHF and UH.

Additional comments were raised regarding the relationship between UH and UHF with regard to institutional grants, the need for a report and plan on the approach to corporate and UHF relations, the recommendations being laudable but vague and the need to see how they get implemented into the contract, and the need to look at the relationship and alignment of UH-affiliated nonprofits going forward.

Chair Putnam noted that several regents raised concerns that are not ready to be discussed today and indicated she would like to have further conversation with administration and bring this matter back as an agenda item for discussion once the contract is further developed.

There having been a motion that was moved and seconded, the motion was put to a vote and carried unanimously.

C. For Information and/or Discussion

1. Report of the P3 Task Group (Information Only)

Chair Putnam noted the revised report was distributed to regents as a handout. Regent Moore explained that this report shares the findings and recommendations of the P3 Task Group and as required in under Section 92-2.5(b), Hawai'i Revised Statutes (HRS). Deliberation and decision-making regarding the report and dissolution of the PIG will take place during the September board meeting.

2. Update on Real Estate Activities

President Lassner provided an update on the status of work on real estate-related initiatives including public-private partnerships (P3s), real estate, land monetization, and specific projects administration has been working on, many of which the board is aware of but have not come before the board for formal action. The university is engaging in real estate initiatives that demonstrate innovative ways to generate revenue and create new facilities through means other than legislative appropriations such as revenue bonds, philanthropy, leveraging real estate assets, and P3s.

P3 is a delivery method and a means to end, but it is not the end. President Lassner explained the qualities and characteristics of P3s or projects involving partnerships. Every project will need a structure process and plan that identifies goals and objectives, delivery methods, roles and responsibilities, timeframe, resource requirements, etc. Administration worked with the task group last year to identify projects that were ready to begin, with the goal of gaining a better understanding by the end of this year of how to succeed in these efforts.

President Lassner provided highlights of the following projects:

- Atherton Y. The lease agreement with UHF was approved by the board and this is the flagship project for learning how to work with UHF on real estate development. After performing due diligence on the property, administration

subsequently decided the original plan for student housing was not feasible. Administration is instead working towards creation of an innovation hub that would integrate student housing with UH's innovation program. UHF hired a professional consultant/project manager and UH/UHF are holding regular meetings to identify private partners and advance the project.

Chair Putnam called for a recess at 11:05 a.m. and the board reconvened at 11:17 a.m.

President Lassner continued providing highlights of the following projects:

- National Marine Fisheries Building. The building was transferred from the federal government to UH and administration has determined the best strategic use of the parcel is new housing for married and graduate students, and new child care facilities, with some light retail. Ideally, UH would provide the land and there would be no new financial obligations associated with the development. Administration plans to issue a request for information or request for proposals from private developers regarding a design-build facility in which UH will operate the child care facility.
- Vulcan Village in Hilo. A plan has been in place for more than 10 years to develop commercial mixed-use space adjacent to the campus. There has been no commercial interest in the project due in large part to the economy, and a 2011 demand study showed there was no demand for this project. An updated demand study was done last year showing there was still no demand, especially given the eruption of Kīlauea. The project is on hold awaiting the right opportunity.
- Adult Student Housing (ASH) in Hilo. Administration plans to recommend a 5-year lease renewal to the current occupant, which will require board approval. This will give administration time to develop a plan for a potential P3 project, hopefully in a more positive economic environment in Hilo.
- Parcels around Leahi Hospital and on Sunset Avenue. These parcels have been identified as potential parcels for revenue-generation. There are complicated histories and entitlements, which administration is researching and working to clear up. The next step is to hire a broker to create a commercial offering.
- UHWO. This is the most complicated current program. Administration has been working on a strategic plan for UHWO focused on what the campus is, what it means to the community, and its role within the UH system. This strategic plan may be used to drive the long-range development plan (LRDP) for the Makai parcel, which will help potential developers understand the possibilities for development of a university village. Examples of potential projects for the university land that will not be leased to a private partner or developer but will be used for academic programs directly related to UHWO include a film production facility and faculty/workforce housing. Potential projects for the Mauka parcel

include development for photovoltaic use, educational agricultural applications, and access to Honouliuli.

- UHM major land. Administration envisions utilizing some major lands differently, which is being supported by the development of a new UHM LRDP with assistance from MK Think. There are opportunities for innovative uses and revenue-generation with the College of Education (CoE) site and the Institute for Astronomy (IfA) and UH Press site in Mānoa Valley. Bringing the CoE and IfA into the core campus will help achieve greater integration and provide academic benefits, and will help enable UH to develop a thoughtful approach to managing these real estate assets.
- Waialeale. Administration is awaiting action by the Agribusiness Development Corporation regarding acceptance of the land.
- Mānoa Innovation Center. Administration wants to keep this property in innovation. Lease revenue will support UH's innovation agenda and provide start-up funding to help sustain the Atherton Y project.

President Lassner stated that updates will be provided in the future and projects will be discussed in greater detail with the Committee on Planning and Facilities. As required in board policy, any substantial contracts and land dispositions will be brought forward for board approval. It is a complicated endeavor as all UH parcels have multiple considerations around how they fit into academic mission, and the type of revenue that can be generated or costs that can be shifted to a private partner, which exacerbates the difficulty in balancing the interests of the university, stakeholders, legislators, and others.

Comments were made regarding the important role housing can play in recruitment of young faculty and postdoctoral scholars, especially in areas with high cost of living, and the need to communicate updates to the Legislature.

3. Integrated Planning Framework Presentation

Chair Putnam explained that the board adopted the Integrated Academic and Facilities Plan (IAFP) in April 2017, which provided a rich conceptual framework for academic and facilities planning. Actions are coming forward that show the effects of what happened through the lens of the IAFP. She requested administration provide an update on the IAFP implementation so that regents could have an early opportunity to provide feedback, ask questions, and identify concerns.

VP Straney provided a status update regarding integrating the IAFP into the university-wide planning process, and preview some items administration hopes to bring forward this year. The overview included the elements of the IAFP; status of revisions to Chapter 4 of the Regents Policies, related to planning; a history of the university's planning efforts starting with the 2010-2020 Second Decade Project, 2007 strategic priorities, 2008-2015 performance measures, and 2015-2021 Strategic Directions; incorporating the principles and approach of the IAFP into the planning process and

updating the planning content for the next decade; implementation steps; an example of what might be included in a 6-year unit academic program proposal; and how the unit and system integrated plans intersect and inform each other with regard to enrollment, facilities, academic programs, and operating budget in a dynamic and interactive planning process driven by needs, missions, and goals.

Comments were made commending administration for the presentation and that a holistic approach is a good way to budget. It was noted that a larger context, including information on similar programs across the system, and easily digestible information would help with decision-making on academic programs. Additional comments were made on the importance of program proposals providing broader context and rationale for the reasons changes are being proposed, and that there is a need to create a culture that is not averse to risks associated with trying new things.

In relation to testimony that was received, a comment was made that incorporating civic education into the curriculum could be accomplished by reallocating existing resources and would not necessarily require additional funding.

The board engaged in discussion on the roles of administration and the board, including that the board should focus on the overall goals and aspirations of the university as it relates to budget and enrollment, and that certain program actions should be delegated to administration. Additional comments were made regarding whether the board can collaborate with faculty who have expertise on the direction of education as a whole and how disciplines are changing.

Comments were made that there is a need to be more strategic and to identify what is happening in the broader landscape. Forward-thinking needs to occur, including consideration of the changes to the means of delivery of education that may be needed to keep up with how students will learn in the future, as well as to prepare students for the jobs of the future.

Feedback was provided regarding the impact that the development of UH online course delivery would have on physical facilities and that consideration should be given to wraparound services that help support students and integration of initiatives to promote these services.

At 12:15 p.m., the board recessed for lunch. The board reconvened at 12:50 p.m.

4. Executive & Managerial Compensation Update

VP Gouveia provided an overview of the four different types of employee groups at UH including: faculty; administrative, professional, and technical (APT); civil service; and executive and managerial (EM). The presentation provided background on the total headcount and annual salaries for the four employee groups; changes from the 2016 single salary schedule to the current salary schedules (System/Mānoa, UHH, UHWO, Community Colleges); revisions to board policies on EM compensation and statutory requirements for disclosure of EM salaries at UH; background on current EM, APT, and faculty salaries for the various campuses and the UH System; and historical salary adjustments and proposed salary adjustments.

Questions were raised regarding whether there had been any major changes in proportions for the various types of employees and the number of EM employees who received adjustments in 2016.

VP Gouveia explained that the percentages for the different employee groups have remained consistent for the last 4 years and for the most part, administration has done a good job of staying within the pay band ranges for EM employees. Approximately 190+ EM employees received salary adjustments in 2016. The difference in numbers was due to a reduction in the total number of EM employees, fluctuations in the number of EM employees who received a satisfactory or higher rating, and approximately 10 VPs and officers waiving participation in the salary adjustments.

VP Gouveia noted that the state assumes the fringe benefit costs for all general fund positions. VP Young added that the annual financial statements include the total amount for fringe and it is recorded to the benefit of UH. Fringe benefit costs (pension and health fund) are paid by the state, but a lot of employees are paid by non-general funds. UH gets charged back for those employees and UH remits payment from the appropriate funds.

VP Gouveia explained that administration is currently working on aligning the adjustment methodology to include performance evaluations, acknowledge results, and taking into consideration non-performance-based adjustments for inflation and parity with faculty, APT, and other employees across UH who receive annual across the board increases. The formula would be based on 1.5% of the annual salary, plus a \$2,400 adjustment to the base salary, which averages to a 3% increase to 200 EM employees for a total of approximately \$900,000. She noted that Honolulu inflation reached a 5-year high in 2017 and consumer prices were reported as being up approximately 2.9%, so there is some relation to an overall increase based on the consumer price index in addition to an increase based on performance.

VP Gouveia noted that if the board agrees with the methodology, all salary adjustments for EM employees eligible for an adjustment based on satisfactory performance will be posted with the September board meeting agenda with an effective date of October 1, 2018. Salary adjustments for EM employees eligible for an adjustment based on performance that exceeds expectations or is exceptional would be done at a later date.

Questions were raised regarding whether performance increases are fit to a bell curve; how long the current salary schedules will stay in effect; how objective are the bases for setting the current salary schedules; and whether the competitiveness of UH salaries is taken under consideration.

VP Gouveia explained that the process is currently fairly subjective, which has been a source of concern for using that as a basis for adjustments. There have been discussions around using a bell curve. The current salary schedules are based on hierarchy with the president's salary as the basis, a mathematical formula is used, and the schedules get reviewed annually. The only real subjectivity comes in where particular employees are placed within the range.

Human resources reviews all positions for complexity and technical or subject matter expertise that is unique, and also looks up comparable positions locally and for the College and University Professional Association for Human Resources (CUPA-HR). The current schedules are also informed by peers and the higher education industry. Board policy allows the president to make exceptions above the mid-point, and anything above the maximum (the president's salary) has to come to the board for approval. When the new schedules were set up, the board entrusted the president and administration to be judicious in the way EM employees are managed in terms of salary placement, but not be so rigid as to force it into the structure.

Regent Higa left at 1:16 p.m., quorum was not affected.

Regent Bal reported that RCUH reviews salaries annually and implemented compensation guidelines that went into effect on July 1, 2018. The Society of Human Resources Management (SHRM) and the Hawai'i Employers Council (HEC) are projecting that national and Hawai'i private sector employers will provide 3.0% pay adjustments for 2018. Data utilized by RCUH showed that the University of Hawai'i Professional Assembly (UHPA) faculty received a 2.82% pay adjustment, plus \$500 added to base pay. Hawai'i Government Employees Association (HGEA) Unit 3 clerical staff received a 1.5% pay adjustment on January 1, 2018 and received a 2.25% pay adjustment on July 1, 2018. HGEA Unit 7 APT employees received a 1.2% pay adjustment on January 1, 2018, and received a 2.25% pay adjustment on July 1, 2018. He noted that what is being proposed for EM employees is consistent with other organizations, including SHRM and HEC.

There were concerns expressed regarding giving everyone a raise, as there may be employees whose performance does not warrant a salary increase.

Questions were raised regarding staff to student ratios. VP Gouveia responded that this issue came up when the salary schedules were being developed and noted that UHWO is growing and continuing to expand its employee base, whereas UHH is dealing with slightly declining enrollment. President Lassner explained that there is a 50% difference in the actual amount of credits taught, which is reflective of UHWO having a higher percentage of part-time students and no graduate programs. UHH has several graduate programs, and graduate faculty typically teach less than undergraduate faculty. He added that headcount may not be the best factor to use in that analysis.

Chair Putnam noted that the proposed salary adjustments are only for EM employees who have at least performed satisfactorily and that EM employees who performed unsatisfactorily will not be eligible for a salary adjustment. The practices of the current president have resulted in lower expectations for high EM salaries. The principle that is generally followed is that initial hires are hired at or close to the minimum of the range, unless there is strong justification otherwise. There has been a more modest approach to EM salaries, and the president has brought in his direct reports at salaries less than they would make elsewhere.

A question was raised regarding whether the president's salary was comparable to peer institutions. Chair Putnam noted that this would be on the agenda for September's board meeting. VP Gouveia indicated she would provide regents with a copy of the *Star-Advertiser* article regarding the president's salary that is done annually.

VI. ANNOUNCEMENTS

Chair Putnam announced the next board meeting is on September 20, 2018, at Kaua'i Community College.

VII. ADJOURNMENT

There being no further business, Regent McEnerney moved to adjourn, and Vice Chair Higaki seconded, and with unanimous approval, the meeting was adjourned at 1:28 p.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents