

MINUTES
BOARD OF REGENTS MEETING
NOVEMBER 15, 2018

I. CALL TO ORDER

Chair Lee Putnam called the meeting to order at 10:01 a.m. on Thursday, November 15, 2018, at Honolulu Community College, Norman W.H. Loui Conference Center, Building 2, Room 201, 874 Dillingham Blvd., Honolulu, Hawai'i 96817.

Quorum (13): 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; Regent Ernest Wilson Jr.; and Regent Stanford Yuen.

Excused (1): Regent Jan Sullivan

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 and Policy Donald Straney; Vice President for Research and Innovation Vassilis Syrmos; Vice President for Budget and 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 Doug Dykstra; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. PUBLIC COMMENT PERIOD

Testimony was received as follows:

- Regarding the agenda item requesting approval of the UHM reorganization plan:
 - Julie Uyeno-Pidot, and Thad Nakajima submitted written testimony in opposition.
 - Brian Powell, on behalf of the UHM Faculty Senate (UHMFS), submitted written testimony in general support.
 - Deborah Huebler and Andy Lachman submitted written testimony offering comments and also provided oral testimony.
 - Cassandra Luo and Tiffany Magno submitted late written testimony in opposition.
 - Jimmy Lagunero submitted late written testimony offering comments and also provided oral testimony.

- Jannah Lyn Dela Cruz, on behalf of the Associated Students of the University of Hawai'i (ASUH), submitted late written testimony in the form of a resolution in support with suggested amendments.
- Alberta Pukahi, Andrew Black, and Deanna Johnson provided oral testimony.
- Peter Forman submitted written testimony in support of the aviation programs at UHH and also provided oral testimony.
- Jannah Lyn Dela Cruz, on behalf of ASUH, submitted late written testimony in the form of a resolution in support of the fiscal biennium 2019-2021 operating budget request.

III. REPORT OF THE PRESIDENT

President Lassner provided a report highlighting the following:

- One of his priorities over the past year has been working with the University of Hawai'i Foundation (UHF) to improve UH's effectiveness in philanthropy through greater alumni and fundraising capacity. The agreement between UH and UHF expired June 30, 2018, and the new agreement is on the agenda for approval today.
- Tim Dolan was selected as the new Vice President for Advancement and UHF Chief Executive Officer (CEO) and will start February 1, 2019. The selection was the result of an international search of over 200 applicants. Eight individuals were interviewed and two finalists were selected and made campus visits. Mr. Dolan is currently the VP of Advancement at the University of Sydney, one of the leading universities in Australia. Mr. Dolan recently completed a \$1 billion campaign, the largest in the history of Australia. Earlier in his career Mr. Dolan worked at the John A. Burns School of Medicine and the UH Cancer Center (Cancer Center), and also worked at Chaminade University and the University of California Los Angeles. President Lassner commended Donna Vuchinich, whose last day is November 30, for the work she has done on behalf of the university as the UHF President and CEO.

Hawai'i Graduation Initiative (HGI)

- UH is participating with 130 institutions in the Association of Public and Land-Grant Universities *Powered by Public Schools: Scaling Student Success* nationwide initiative supported by the Bill & Melinda Gates Foundation to increase college access, close achievement gaps, and award hundreds of thousands more degrees by 2025. The Western Region cluster will focus on issues such as indigenous student success, faculty engagement in the student success agenda, and removing barriers to student success.
- The Lumina Foundation awarded UH \$400,000 to promote the Hawai'i Promise Program and recruit and support adults returning to UH who want to earn college degrees, certificates, and other credentials.

Hawai'i Innovation Initiative (HII)

- The Cancer Center is coordinating two breast cancer clinical trials that may critically improve routine care and treatments: the Aspirin Breast Cancer clinical trial on the use of aspirin to treat breast cancer patients, and the digital mammography breast cancer clinical trial. One of the most important reasons for the Cancer Center maintaining its status as a National Cancer Institute-designated center is because of the unique ability to conduct research on the health disparities that face the people of Hawai'i, including but not limited to Native Hawaiians.

High Performance Mission-Driven System (HPMS)

- The Thirty Meter Telescope (TMT) decision was rendered to support the UH's application for the conversation district use permit. Administration is committed to ensuring the project is accomplished appropriately and with deepest respect for the collaborative stewardship of Maunakea that demonstrates Maunakea as an inspiring and harmonious global model for culture, education, the environment, and groundbreaking scientific discovery. The TMT project and the ongoing stewardship of Maunakea represent a major advance in human kind's knowledge of the universe and will have a positive educational and economic impact for the people of Hawai'i Island and the state.
- Last week, Executive Policy 8.200, Policy on Contracts and Signing Authority, was adopted. The Office of General Counsel has been working on this project for over two years in response to questions raised by regents and others about UH's contracts, risk mitigation, signing authority, and review processes. As part of the project, templates for different types of contracts were developed that can be used going forward.
- Administration believes that public-private partnerships (P3s) will be a critical component of the university's strategy, particularly for projects that involve revenue generation. Projects will have different financial and programmatic objectives and administration is working with a strategic leadership team consisting of President Lassner, VP Young, and VP Gouveia, with the support of VP Okinaga, to review the major projects, goals, scopes, and priorities. The recommendation is for the strategic leadership team to work directly with the Committee on Planning and Facilities. The committee will receive periodic project reports and will have the opportunity to provide input and review contracts and agreements prior to board approval. The strategic leadership team will also work with the committee on principles regarding how the university charges for land on its campuses. High priority projects will be worked on this year, and a plan will be developed next year based on actual experiences on how best to structure and staff a team focused completely on these strategic real estate partnerships and movements, and work collaboratively with campus planning across the UH System.

- An exit meeting was held regarding evaluation and successes of the Title III activities across the state, which included 44 grants across 10 campuses with a total of \$62 million in funding. Title III program funds are only available to campuses serving large numbers of Native Hawaiian and Alaska Native students. One-third of the funds UH received went into facility renovations to help advance Native Hawaiian student success, but the projects serve all students. The respondents who participated in these projects and the evaluation study reported 98% completion compared to 70% for others; were more likely to report greater satisfaction with their college experience; a higher sense of belonging; and higher identity formation.
- The Hawaiian Language *Moana* DVD is being released November 30, 2018. The project was a collaboration between the UH System and UHWO Academies of Creative Media, the Music & Entertainment Learning Experience (MELE) at Honolulu Community College, and translation services at UHM. One DVD will be provided to every accredited K-12 institution for educational purposes as part of the agreement with Disney.

Report of the Host Campus

Vice Chancellor of Academic Affairs Karen Lee provided a report and shared the results of the HonCC performance and performance funding metrics. Six to seven years ago, HonCC was the worst-performing campus, and now they have met most of their targets. She discussed the challenges facing HonCC which include construction of the Honolulu Rail Transit project, recruiting qualified career and technical education faculty, and recruiting and retaining students, and the efforts and strategies HonCC has undertaken to address these challenges. Chancellor Lacro has declared Academic Year 2018-2019 as the Year of Purposeful Engagement, which was a quality focus essay in the 2018 Institutional Self Evaluation Report. She described efforts faculty and staff are undertaking to address student engagement and promote persistence.

HonCC Faculty Senate Chair Pat Patterson highlighted examples of unconventional means by which faculty engages students outside the classroom, including work on the Hawaiian Language *Moana* DVD, research on Mount Ka'ala, creating a student lounge, lectures, career fairs, Ho'olaule'a, hands-on learning, Ho'āla Hou, and speech tournaments. He also provided examples of connections between faculty and programs such as the MELE program, fashion technology, and cosmetology that help build the campus and the community.

IV. COMMITTEE REPORTS

Report from the Committee on Academic and Student Affairs

Committee Vice Chair Higa summarized the committee report.

Report from the Committee on Budget and Finance

Committee Chair Moore summarized the committee report.

Affiliate Reports

Research Corporation of the University of Hawai'i (RCUH): Regent Bal reported that RCUH held its annual Outstanding Employees of the Year Awards Luncheon in early November. Five finalists in three categories were recognized, with the first and second place candidates in each category receiving awards.

UH Student Caucus (UHSC): Regent Higa reported that the UHSC met on November 3, 2018, and four priorities for the year were established, including: open educational resources (OERs), transportation, affordability, and mental health. Two UHSC representatives met with Senator Donna Mercado Kim and Senator Kai Kahele regarding OERs and will participate in the UH OER task force to support this initiative.

The UHSC Transportation Committee is strategizing how to follow-up with administration regarding the recent decision to raise UHM parking rates and to find out how the increased rates will be reinvested into the parking program.

UH System Government Relations gave a presentation to the UHSC on legislative engagement and will be briefing them in the months ahead.

There are no updates from the Affordability Committee at this time. The next UHSC meeting will be held on December 16, 2018, at Leeward Community College.

V. Items for Discussion and/or Approval

A. For Action Consent Agenda

- 1. Minutes of the October 18, 2018 Meeting**
- 2. Approval of the Fiscal Biennium 2019-2021 Operating Budget Request for the University of Hawai'i**
- 3. Program Approvals:**
 - a. Establishment of a New Provisional bachelor of Science Degree in Aeronautical Sciences at the University of Hawai'i at Hilo**
 - b. Establishment of a New Provisional Bachelor of Science Degree in Engineering Science at the University of Hawai'i at Mānoa**
- 4. Approval to Indemnify the Federal Government, U.S. Navy, Naval Sea Systems Command (NAVSEA) for Proposed Contract, N0002418D6400 with the Applied Research Laboratory (ARL), University of Hawai'i**

Chair Putnam indicated that the minutes of the October 18, 2018, meeting will be deferred since they were not ready to be reviewed.

Chair Putnam noted there had been a request to remove item V.A.3.a. from the consent agenda for further discussion at the end of the agenda and there were no objections.

Regent Wilson moved to approve the consent agenda except for item V.A.3.a., Regent Moore seconded, and the motion carried unanimously.

The board went into recess at 11:12 a.m. and reconvened at 11:30 a.m.

B. For Action

1. Approval in Concept of the University of Hawai'i at Mānoa Reorganization Plan Including Reconsolidation of the Positions of Chancellor, University of Hawai'i at Mānoa and President, University of Hawai'i

Board Chair Putnam noted that under this proposed reorganization the structure of the university, duties of the president, and duties of positions that report directly to the president will change and the policies will need to be updated accordingly. She further noted that today's discussion will be at a high level, and internal consultation and consultation with collective bargaining units will need to occur for certain aspects of the proposed reorganization as well as discussions and consultations with affected personnel or their supervisors.

Board Chair Putnam highlighted that the principle action to be considered is the simultaneous responsibility of the president to serve as the Chief Executive Officer of UHM. Board Chair Putnam made a motion that the board approve in concept the restructure described in the action memo, including the reconsolidation of the positions of UHM Chancellor and UH President as well as the establishment of a UHM provost as an officer of the university. Regent Moore seconded.

Regent Acoba raised a question regarding the appropriateness of the board chair making a motion given the chair is responsible for casting the deciding vote in the event of a tie, leading the discussion, and ruling on objections, and because it gives the appearance of the chair being a proponent of an issue the board has to vote on. VP Okinaga and Board Secretary Oishi confirmed that according to *Robert's Rules of Order*, the chair for a small board is allowed to make a motion.

Chair Putnam withdrew the motion and Regent Moore made a motion that the board approve in concept the restructure described in the action memo including reconsolidation and establishment of a provost as an officer of the university. Regent Yuen seconded.

A question was raised regarding what "approval in concept" means and whether any subsequent reorganization proposal would come back to the board for approval. Chair Putnam explained that approving the reorganization in concept allows the president and administration to subsequently return to the board as needed for further restructuring.

Board Vice Chair Portnoy noted that this has been a recurring issue and expressed his view that when the UHM chancellor search was discontinued, it was because there was a belief among administration and certain regents that the best path was to combine the two positions. He further noted that the Western Interstate Commission for Higher Education (WICHE) reviewed this situation several years ago and did not recommend the two positions be combined. He expressed his concern that combining the two positions would result in the loss of an advocate for UHM. He does not believe

the positions should be combined and does not believe it is feasible for one person to do both jobs, and indicated that he would be voting no.

President Lassner responded that there were multiple reorganization proposals and he did not know what the outcome of the design team would be until the recommendation came forth to recombine the positions. He noted that not all the UHM deans or constituent groups were unanimous, and that after reviewing the history, it does not appear that past instability was due to the wrong individuals being in place. Only one UHM chancellor served for five years, and the national average is 6.5 years. Stability helps an institution continue to move forward, adapt to change, and serve the communities in which they are embedded. The establishment of a UHM provost position responsible for overseeing the academic mission is critical to the reorganization proposal and to obtaining at least majority support from groups such as the deans and the UHMFS.

President Lassner recognized that individuals in one unit under a particular vice chancellor have expressed strong concerns, but explained that the characterization of moving these things to the system is not consistent with what is being presented. The proposed model includes two hybrid vice presidents that are accountable to the UHM campus leadership including the provost, deans, and governance bodies for the work they perform. Operational and financial matters will be separate, with the UHM chief business officer to oversee finances while achieving economies of scale as the board has continually requested. The structure of individual administrative units was not included in the proposal because it requires consultation. The next stage will involve determining how to separate out campus finances from the operations.

Regent Tagorda arrived at 12:02 p.m.

Regent Kudo provided some historical perspective from six years ago. Only two regents were in support of recombining the president and chancellor positions. He explained that the justification at that time for recombining the two positions was to reduce redundancy and the cost of maintaining the chancellor's office, including vice chancellors. This would have resulted in an estimated \$5 to \$6 million savings in overhead. His position at the time was to recombine the positions on an interim basis to address the major problems so that if a new chancellor was hired they would have an opportunity to succeed. He noted that President Lassner has been able to address some of the major issues within the past few years. He added that universities are trying to reduce costs because national statistics show a significant decrease in the number of graduating high school seniors starting in 2025, which will cause a major crisis in higher education resulting in increased competition for students and reduced revenues. UH needs to be prepared to address this crisis from a fiscal and academic standpoint, and unless major change occurs, the university will not be prepared when the demand drops.

Questions were raised regarding whether the final organization chart and plan will be brought back the board for final approval and the rationale behind the proposed reorganization.

President Lassner responded that when this issue came up six years ago he was a proponent of the WICHE report and against recombining the positions, but he now holds a different view. He referenced pages 2 and 18 of the presentation, which identify the key objectives and strategies for the proposed reorganization.

Regent Yuen indicated his support for the consolidation and noted that there has been a history of turnovers and other challenges with the chancellor position causing unwanted vacancies, and that if something is not working then changes are needed.

Regent Acoba noted that the motion asks for approval of a concept, but does not describe the final concepts, and administration is only required to return to the board if the consultations result in substantial revisions. He expressed that the board is constitutionally obligated for the internal management and structure of the university, and approving this concept would be abdicating the board's obligation and authority. Although there have been several periods since 1972 when there was a separate UHM chancellor, he did not believe this was evidence of instability because there are various reasons why some administrations had a chancellor and some did not that are not reflected in the report, including the fact that people leave for various personal reasons, and sometimes the issues have to do with personalities and not the structure. Regent Acoba further expressed whether the president, in a combined role, could dedicate adequate time and effort to the UH System while he is also overseeing UHM. For these reasons, he indicated it would be difficult for him to vote in favor of this proposal.

Regent Higa referenced the March 22, 2018, resolution approved by the board authorizing the president to prepare a reorganization plan that may re-consolidate the positions of UHM chancellor and UH president, and to present the plan to the board. He lauded the efforts of students, student groups, and the president on their collective efforts to engage in discussions about the proposed reorganization, and noted that the UHSC had not had an opportunity to have a system-level conversation about the recent proposal. Regent Higa also commended the president and design team for proposing to incorporate a staff council into UHM leadership, which will further advance shared governance. He suggested that the design team consider the ASUH resolution that was submitted as part of its testimony.

Regent Moore cited the March 22, 2018, board minutes and noted that the vote to approve the resolution authorizing the preparation of a reorganization plan was 10 to 3. He noted that today's motion requires administration to come back to the board if there are significant changes, and suggested it might be helpful to define what that means. He referenced the delegations to the president under Regents Policy 3.202, Reorganizations, and suggested that if the boxes of responsibility stay the same as indicated in the proposal, then board approval is not needed and if the boxes change, then administration should come back to the board with an explanation of the rationale for the changes.

President Lassner explained that his intent was that if as a result of consultation something moved from one box of responsibility to another then board approval would not be required, but if something like a new vice president or vice provost position was needed than board approval would be appropriate.

Board Vice Chair Higaki indicated that he did not think the WICHE report necessarily precluded the board from pursuing a different avenue. He also did not think that anything regarding this proposal is set in stone, and things could be changed in the future.

Regent Bal indicated that he previously voted to keep the two positions separate because there was inertia and it was the safe thing to do given the WICHE report, but things have changed. He noted that even though Indiana and Washington were mentioned as universities that have adopted a provost format, it was unclear whether a thorough analysis had been conducted, but that may not matter because there is no other University of Hawai'i. WICHE took an antiseptic view of UH when making its recommendations. The difference is that this plan was developed by a design team comprised of UHM and system people who want to better the university. For that reason he is willing to take a chance on this reorganization plan.

Board Chair Putnam thanked the regents for the thoughtful comments and indicated it was a complicated issue. She summarized that the discussion indicates that the board is supportive of the president proceeding with this concept and the establishment of a provost position, and bringing back other parts of this reorganization as applicable. She requested that administration keep the board informed on fiscal implications. She added that she hoped the reorganization could take place before June and called for the vote.

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

The board went into recess at 12:47 p.m.

Regent Yuen departed at 1:00 p.m. Quorum was maintained.

The board reconvened at 1:05 p.m.

2. Authorization for Agreement Between the University of Hawai'i and the University of Hawai'i Foundation

President Lassner explained that material terms have been developed to help the board focus on the high-level concepts that would be captured in the actual agreement, which has not yet been finalized. The material terms are itemized in the action memo and were derived in part from the findings and recommendations in the UH-UHF Relationship Permitted Action Group (UH-UHF Task Group) final report. If approved by the board, authority will be delegated to the president to execute the agreement consistent with the material terms.

Board Chair Putnam shared that she and Regent Moore attended a meeting with the Office of General Counsel, UHF General Counsel, the president, and UHF board leadership to review the agreement, and that everything was as described in the material terms.

Discussion occurred regarding UHF's relocation from UHM to Downtown Honolulu and a question was raised on whether there was still an obligation to provide parking. President Lassner explained that the new location on King Street has limited parking and UH has made a short-term agreement to allow certain employees to continue to park at UHM at the current parking rates. As turnover occurs, new employees would need to make other arrangements. Shuttle routes will also be adjusted to transport employees between the Bachman Hall lot and the new offices. President Lassner also noted that Regent Emeritus Duane Kurisu provided a favorable opportunity to UHF for the new space.

A question was raised regarding whether there would be an indemnification provision in the unlikely event that UHF is brought to court. VP Okinaga responded that there is no indemnification provision. Recommendations from the UH-UHF Task Group and Association of Governing Boards (AGB) were followed, and the new agreement is intended to demonstrate more of a partnership than the previous agreement. Specific service agreements will have to be negotiated, and if a particular activity justifies an indemnification, it will be taken into consideration at that time.

Regent Moore moved to approve the agreement between UH and UHF, seconded by Board Vice Chair Higaki.

A comment was made that there doesn't appear to be a significant different between the present and proposed relationship, other than giving the UHF CEO a vice president title. Board Chair Putnam explained that this will allow for more coordination and university involvement in the strategic direction of UHF. Under the new terms, the president will be a voting member of the UHF board and executive committee, and the Board of Regents chair or designee will be a non-voting member. The president was also recently provided the opportunity to provide input into the performance evaluations of the UHF leadership team for the first time.

A question was raised regarding whether there had been any consideration to bringing fundraising operations in-house rather than paying a \$3 million annual fee and a percentage of contributions to an outside entity. Regent Moore replied that the UH-UHF Task Group considered a variety of arrangements. He explained some of the benefits of having UHF as a separate entity, including donor privacy, UHF being responsible for employee benefits, and having more flexibility with certain projects, such as with the acquisition of the Atherton property. UHF spends about \$13 million on operations annually; hence, the \$3 million paid by the university annually covers about one-quarter of the expenses. If operations were brought in-house, UH would bear most of that cost.

Concerns were raised over the board chair not having a vote. VP Okinaga responded that the board chair being a non-voting member was a point of negotiation and there was some concern about control on a nonprofit board. UHF Chief Legal Officer Hugh Jones further explained that the AGB template was used as a starting point for the agreement, which provides for the president to serve on the foundation board as a voting or non-voting member as determined by the institution. The template

did not provide for the board chair to serve on the board, but traditionally has served as an ex-officio non-voting member of the UHF board.

Concerns were expressed over referring to the UHF CEO as a vice president of the university. President Lassner noted that the vice president title is important to shift the focus of philanthropy as being a university activity. He explained that every public university has a foundation that is a separate entity, while private entities often manage the function in-house. He shared that separate entities that execute the mission of the university are thought of as part of UH, such as the UHF employee who is the principal development officer for athletics has the title of assistant director for development of athletics, and the approximately 2,000 RCUH employees paid by federal funds who are thought of as UH researchers and staff.

Regent Acoba noted that the action memo refers to a “partnership,” which implies potential liability, and expressed that the board should be able to see the final contract before it is signed. He did not feel that the material terms were sufficient. Board Vice Chair Portnoy also questioned why the board was not being presented with the final agreement for approval, particularly because this is one of the most important contracts the board will enter into. He also questioned why the board approves indemnification agreements.

VP Okinaga offered to go through the agreement with regents individually. She explained that the board policies contemplate approval of material terms and not the contract language itself, and that the board of regents typically approves authorization to enter into the contract and not the actual contract. She also noted that the agreement being negotiated and material terms recommended by the UH-UHF Task Group are more substantive than the existing contract with UHF. She added that the board is statutorily required to approve indemnification agreements.

Regent Moore noted that the board policy delegates to the president but under the Constitution the board can also delegate. He questioned where the line is between management and governance.

Board Vice Chair Higaki indicated that he did not think the statute explicitly stated the board was responsible for reading every single line and word of every contract. The board is responsible for hiring an administration that can be trusted to do the job.

Regent Kudo indicated that he has served on several nonprofits with foundations charged with fundraising. There is a natural tension that exists between the foundation and the nonprofit because the nonprofit wants to direct where the money goes and put conditions on how the money is spent. He suggested that administration consider using a consultant to help mitigate tension, promote cooperation, and incorporate appropriate provisions into memorandums of understanding or bylaws.

President Lassner reiterated that the new agreement is much more detailed as outlined in the material terms, regarding strategy and goals that were not in the previous agreement.

Regent Higa noted there were cross-jurisdictional issues in term 8 and term 11 that the board needs to be mindful of. There needs to be an understanding of who will be responsible for fundraising, and these terms should be adjusted before the agreement is finalized.

President Lassner responded that these terms have been discussed extensively, especially term 11, and it is difficult to assign absolute responsibility because many of the best research groups have relationships with individual donors or corporate or private foundations. More research is being privately funded than government funded and private gifts to support research do not appear in extramural fund reports to the regents if those funds are expended directly by UHF. Those items may not be addressed in the agreement, but are part of the commitment to work together as partners.

President Lassner clarified that the board is voting to authorize the president to enter into a memorandum of agreement that includes the material terms set forth which is consistent with the findings and recommendations made by the UH-UHF Task Group and adopted by the full Board on August 16, 2018. Future modifications will not be brought to the board for approval unless the modifications are deemed material by the president after consultation with the board leadership.

There having been a motion that was moved and seconded, the motion was put to a vote and carried with Regent Acoba abstaining based on his previously stated objections, and Board Vice Chair Portnoy voting against the motion based on procedure.

A. For Action

1. Program Approvals:

a. Establishment of a New Provisional bachelor of Science Degree in Aeronautical Sciences at the University of Hawai'i at Hilo

Board Chair Putnam indicated that the board was very familiar with the proposal and in the interest of time she suggested that the board proceed immediately to questions. There were no objections.

Regent McEnerney expressed concern regarding legal liability and risk management, and is reluctant to support approval of the program unless it was subject to obtaining a memorandum of understanding (MOU) with ATP Flight School. He noted that the proposal contains language that states if the program costs at ATP increase significantly then alternate articulation agreements can be created with other major flight instruction providers. If that situation were to occur, he suggested that UHH could not move to an alternative provider until there is a similar MOU in place.

Chancellor Sakai responded that UHH is continuing to work with the Office of General Counsel with regard to the pilot training track of the program. Any MOA or MOU would include appropriate indemnification for the university.

Regent Higa indicated the law governing drones is still evolving and referenced a recent student comment published in the University of Hawai'i Law Review, entitled *Up*

in the Air: The Status & Future of Drone Regulation in Hawai'i relating to drone liability and regulation. This article was recognized as the best Second Year Seminar paper in 2018 and is publicly available for review to gain a better understanding of the legal framework regarding drone liability and regulation.

Regent Shinsato noted that there is collision avoidance software for all drones with cameras and 20 minutes or longer of airtime, which significantly reduces the potential for accidents or drones falling out of the air.

Regent Portnoy indicated that although he usually believes regents should not be involved in approving academic programs, he takes exception with this program which he feels was born as a result of political pressures. He noted that the university has academic autonomy and is responsible for determining program offerings and locations for those programs. Administration has spent a tremendous amount of time justifying the need for this program and for its placement in Hilo. He expressed his belief that if there was a tremendous need for pilots, the private sector would have addressed the situation. He does not see the need, interest, or economics for this program and believes that the money could be put to better use elsewhere.

Chancellor Sakai explained that since the November Academic and Student Affairs committee meeting, two forums were held regarding the need for future pilots in Hawai'i and nationwide. She spoke with students and families regarding their interest in this type of program. The program is unusual because UHH is trying to build a simple and direct pathway to becoming a pilot that is available to students on any island, with most of the first two years of school being done at home. This is a cost-effective way for students to complete a pathway towards this career, which will soon be in high demand. UHH administration reviewed how the proposed program would fit with the mission of the campus. Adding the unmanned aerial systems track allows UHH the ability to integrate the application of this technology into existing student research areas.

Regent Tagorda commented how the program has evolved since it was first considered several years ago. This program fits the mission of UHH, serves its students, and creates opportunities that do not currently exist, which is important for a rural island. She commended the campus for having the forethought to create this niche academic program. Regent Tagorda then moved to approve the aeronautical sciences degree at UHH, seconded by Regent Moore.

Regent McEnerney suggested amending the motion to require the MOU for the pilot training track to be in place before the first students begin flight training. Regent Tagorda and Regent Moore agreed to amend the motion.

Regent Acoba inquired how the potential liability for the drone program was being addressed. VP Gouveia explained that the university has purchased a separate drone insurance policy.

Regent Moore agreed that this program initially came to the university through political means, but noted that not all political ideas are bad. He commended Chancellor Sakai for turning the program into something completely different than what

was first envisioned and that was significantly more responsive to student and community needs and has statewide applications.

There having been a motion that was moved and seconded, the motion was put to a vote and carried with Board Vice Chair Portnoy voting no and Regent Acoba abstaining not because he was against the program, but that the board should be able to review the MOU for the flight school.

B. For Information and/or Discussion

1. Background, Considerations and Approaches for the Next UH Tuition Schedule Including Affordability and Access

VP Straney gave an overview of the background, considerations, and approaches for the next UH tuition schedule that included historical and policy background information; affordability, aid, and access information; peer comparisons; student share of cost of attendance; impact of tuition on enrollment; and high-level options for consideration. After obtaining feedback, administration will put together a tuition schedule proposal for board action in January 2019, and upon approval, will seek public comments from the campuses.

Regent Wilson departed at 2:39 p.m. Quorum was maintained.

A concern was expressed that tuition was being reviewed in isolation. Given the increased competition for students in 6 years, it was suggested that administration consider developing a holistic plan that considers the organization, structure, tuition, financial aid, academic programs, fiscal resources, and other aspects of enrollment management in order to attract and retain students. It was suggested that UH consider what tuition is at competitor campuses.

VP Straney responded that in the near term UH needs a tuition schedule and enrollment strategy that ensures UH's competitive position. Administration could consider providing a presentation comparing UH and its competitors to the board because students are choosing to go to schools that are not considered peer institutions.

Regent Kudo departed at 2:50 p.m. Quorum was maintained.

Comments were made regarding the cost of attendance being misleading because it does not take all living expenses into consideration and that there are reasons besides cost that students choose to attend school on the mainland.

President Lassner explained that cost of attendance is included because the theory is that if you are attending school, you are not able to work and generate income to cover those costs.

Concern was expressed regarding the balance of running an optimal institution with providing other forms of support and scholarships.

A comment was made regarding cost of tuition and cost of attendance being different. Some students are willing to pay more for things such as mental health services, so lower tuition is not always necessarily best. A suggestion was made to compare our state support, such as debt service and fringe benefit costs, relative to peer institutions.

President Lassner noted that the university's energy bill is one of the highest in the country, with UHM averaging \$30 million per year, covered in part by tuition funds. He indicated that UH's non-resident tuition is higher compared to peers and competitors and initial research suggests that a decrease should be considered because it could help increase enrollment that would more than make up for the lower tuition rate. UH also needs to continue attracting and enrolling residents, and ideas such as foregoing the already-approved tuition increase are being considered, along with initiatives like the Hawai'i Promise program that benefits residents.

A question was raised on whether the impact of foregoing the already-approved tuition increase would translate to a constant tuition rate for residents. President Lassner responded that it would be a multi-year, zero percent tuition increase that provides stability and predictability for students.

A question was raised regarding whether consideration had been given to offering incoming students the opportunity to freeze tuition for 4 years. VP Straney indicated that studies have shown those types of programs can have problems. President Lassner noted that it adversely impacts students who do not graduate in four years. He added that using a four-year metric for campuses that enroll significant numbers of part-time students does not work.

Concern was expressed about decreasing tuition not being fiscally viable when inflation is factored in. President Lassner responded that Hawai'i is one of the only states where the state covers most collective bargaining increases and benefit costs, thereby alleviating some of the burden.

Vice Chair Higaki departed at 3:11 p.m. Quorum was maintained.

VI. ANNOUNCEMENTS

Chair Putnam announced the next board meeting is scheduled for January 31, 2019, at the John A. Burns School of Medicine.

VII. ADJOURNMENT

There being no further business, Board Chair Putnam declared the meeting was adjourned at 3:14 p.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents