

MINUTES

SPECIAL BOARD OF REGENTS MEETING

OCTOBER 31, 2017

I. CALL TO ORDER

Chair Jan Sullivan called the meeting to order at 9:00 a.m. on Thursday, October 31, 2017, at the University of Hawai'i Cancer Center, Sullivan Conference Center, 701 Ilalo Street, Honolulu, HI 96813.

Quorum (13): Chair Jan Sullivan; Vice Chair Ben Kudo; Regent Simeon Acoba; Regent Eugene Bal; Regent Norma Doctor Sparks; Regent Brandon Marc Higa; Regent Wayne Higaki; Regent Michael McEnerney; Regent Lee Putnam; Regent Douglas Shinsato; Regent Michelle Tagorda; Regent Ernest Wilson Jr.; and Regent Stanford Yuen.

Excused (2): Vice Chair Randy Moore; Regent Jeffrey Portnoy

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; Interim Vice President for Academic Planning & Policy Donald Straney; Vice President for Research & Innovation Vassilis Syrmos; Vice President for Budget & Finance/Chief Financial Officer Kalbert Young; Interim UH-Hilo (UHH) Chancellor Marcia Sakai; UH-West O'ahu (UHWO) Chancellor Maenette Benham; UHM Vice Chancellor for Research/Interim Vice Chancellor for Academic Affairs Michael Bruno; Executive Assistant to the Board of Regents Melissa Matsuura; and others as noted.

II. PUBLIC COMMENT PERIOD

Executive Assistant to the Board Melissa Matsuura announced that the board office received no written testimony, and no individuals had signed up to give oral testimony.

III. EXECUTIVE SESSION

Upon motion by Regent Higaki, seconded by Regent Acoba, the board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2) to discuss personnel matters. The Board convened in executive session at 9:01 a.m. Following a motion to come out of executive session by Regent Higa, seconded by Regent Yuen, and the motion carried unanimously, executive session was adjourned at 9:10 a.m.

The meeting reconvened at 9:11 a.m. Chair Sullivan stated that the board went into executive session to discuss personnel matters as indicated on the agenda.

IV. ITEMS FOR APPROVAL

Personnel Actions (A-1 for approval)
Executive Administrator and Secretary to the Board of Regents

Regent Higa moved to approve the personnel actions on Attachment A-1, seconded by Regent Putnam, and the motion carried unanimously.

V. AGENDA ITEMS

Chair Sullivan indicated there had been quite a bit of discussion with President Lassner about what to do at this meeting. Initially they had looked at bringing in an Association of Governing Boards consultant. However, due to the cost that was associated with the consultant as well as the generality of the topics that were being discussed, the decision was made to take a more targeted approach to address specific strategic issues facing the university.

Administration was asked to brief and educate the board on specific issues, and this would be followed by questions and discussion. The three major areas that would be addressed in today's meeting would be:

- Implementation of the Integrated Academic & Facilities Plan (IAFP). A lot of time was dedicated to formulating this policy over the last 1.5 years. This discussion would center around how the IAFP will be implemented.
- Public-Private Partnerships (P3s). P3s are being utilized by universities across the nation. This discussion would familiarize the board with the concept, and being a discussion on this strategic goal for the university.
- Affordability, tuition and financial aid, including Hawai'i Promise. These are big issues for universities across the nation, and administration anticipates further discussion around these issues and wanted to provide the board with current information, as well as initiate policy discussions around these issues.
- Board Self-Evaluation. The board is required to do an annual self-evaluation. This would be done last, at the end of the meeting.

A. Implementation plans, issues and strategies regarding the Integrated Academic & Facilities Plan (IAFP)

Administration provided a presentation on the implementation plans, issues and strategies regarding the IAFP, which was approved by the board on April 20, 2017. Highlights included the purpose of the IAFP; the guiding principles and priorities for planning; a sketch of the 4 academic missions; implications for unit enrollments, facilities, and programs; and next steps.

Moving forward, a systemwide planning process will be developed that integrates academic programs, facilities, and enrollment management at the unit level, which are then rolled up to a comprehensive system plan. The proposed timeline for the development of the System Integrated Academic, Facilities, and Enrollment Plan starts

in December 2017 and ends in spring 2019.

When the IAFP concept was originally established by the board, it was a challenge to translate the concepts into the daily decision making around facilities, programming, and enrollment management. It took the leadership team time to establish what the framework would look like in a methodical and collaborative process that could survive the test of time. This IAFP forces the different units to understand how they relate to one another, and a culture shift like that does not happen overnight. It begins with a visionary statement by leadership, which then translates into changes in how the university does business.

Meetings were held and input from campuses received to determine how best to realign academic and facilities planning that historically was not aligned. The IAFP will be a roadmap and framework for how these areas will converge and result in something more comprehensive and strategic.

Administration will be recommending board policy revisions for Chapters 1 through 4 to the Committee on Personnel Affairs & Board Governance, three of which are tied into the IAFP: RP 4.203, Unit Academic Plans; RP 4.204, Long-Range Physical Development Plans; RP 4.206, Enrollment Planning. It is important that these stand-alone policies be brought into alignment with the IAFP and UH Strategic Plan targets.

It was noted that program development at the community colleges in the past five years have not followed this process. The ability to be adaptive with the 6 year rolling plan as campuses try to follow this process will allow campuses to bring in new things as they engage with businesses and respond to issues regarding rail. Interaction with the external environment also drives planning and policy needs to be encouraged and challenge campuses to be responsive and adaptive.

Comments from chancellors, vice chancellors and vice presidents were raised regarding the complexities of the academic planning process and how much better sense it makes that the IAFP will be a 6 year rolling plan that can be updated and adjusted annually, which will be a major part of the message to units. The new planning guidelines will help campuses with strategic and long range planning, and assist with agility.

The IAFP provides a structured way for campuses to look at academic offerings, the linkage to facilities, and how both are influenced by enrollment – factors considered as part of the accreditation process. This will be an educational process for campuses, but many on campuses have been asking for better direction for planning beyond the outcome goals of the Hawai'i Graduation Initiative.

Comments from regents focused on the need to ensure that the legislative budget requests and operating budgeting plans are integrated with the rolling 1 to 6 year plans; the importance to achieving buy-in and commitment from individuals who have to implement the IAFP; the need to provide the board with periodic updates as the process

and policies are being formulated; the need for agreement on how the guiding principles will be implemented and to communicate that to the campuses early on and at various steps along the way; the need to avoid duplication of programs; and the need for research to be integrated and aligned with the IAFP.

Extensive discussions were held regarding creating new programs that are responsive to new opportunities; changing existing programs to be responsive to changed conditions; and sunseting programs that are viewed as not being responsive to community; and the importance of data in making program decisions. Without integrating the IAFP with the budget, program decisions are being made in a vacuum. It was noted that the university is facing hard issues beyond programs, and may further need to consider consolidating departments. Innovation needs to be encouraged, and there needs to be a separate process for looking at core programs, and a less bureaucratic process for newer, more experimental programs that allows those types of programs to be approved faster and evaluated sooner.

The importance of data and analysis in making decisions were discussed. The university is increasing its use of data analytics, and it has proved useful for facilities management. For example, over the past 9 months information on space utilization at UH Mānoa has been integrated into a database that can now be modeled and manipulated, and used for metrics, benchmarking and best practices. This database provides the template for inventorying programs, and a framework to start a more analytical assessment of programs.

It would be helpful to know the framework and major components of the 2019 integrated system plan so campuses can incorporate that into their internal planning processes. It was noted that the IAFP has more resonance on the CIP side, and the system can more easily control committing resources to build facilities, which is an asset for managing deferred maintenance. The operating budget still needs to be worked through because repositioning of programs is campus oriented, and how this is done varies by campus, and does not percolate naturally up to the system level under the current operating budget process.

The board took a short recess at 10:41 a.m. and reconvened at 10:54 a.m.

B. Background, examples from other universities, issues and implementation plans regarding Public-Private Partnerships (P3s)

Administration provided a presentation on P3s that covered examples from other universities, issues involved with P3s and implementation plans regarding P3s. The presentation was intended to be a basic primer on what can be very complex financial and business structures.

P3s have been used for many years by governments, primarily on infrastructure projects. They are now being used in the higher education industry. Administration emphasized that P3's are only a form of approach or strategy to delivering a project,

they are not intended to be the sole strategy to execute a project. Determination of what is the best delivery structure for any project requires extensive due diligence – even for P3s.

Given that the board recently formed a task group on P3s, and there have been ongoing discussions at the board level and at administration over the past 1.5 years, this is a very relevant topic and discussion point.

Additional materials were provided to regents, including the Association for the Improvement of American Infrastructure (AIAI) publications “What is a P3,” and “P3 Questions, P3 Answers”; the National Association of College & University Business Officers (NACUBO) publication “The Power of P3” and “Public-Private Partnerships: It’s the Right Time”; and the Association of Governing Board (AGB) publication “A Tale of 2 Cities: Using Public-Private Partnerships to Create Higher Education Opportunities.” Highlights included defining what P3s are and are not; objectives and common models for utilizing P3s; and risk transfer via various business models.

Comments from vice presidents, chancellors, and vice chancellors were raised and included: the need to adopt clear policy and establish a strong commitment to develop long term partnerships of this nature; the importance of explaining these structures to the general public; the challenge of responding to external forces that are desiring the university to successfully deliver a P3 project.

Comments from regents were raised at their surprise over the low number of P3s in the state; how successful the military has been with P3s over the past 15-30 years; the need to work with the right developers, with proven track records; the need to look at P3s at the System level; the potential advantages of leasing lands instead of selling; concerns that the university pursue smaller projects to lower its risk and to enhance the university’s ability to succeed.

Discussions were held regarding proposed legislation regarding P3s. Administration explained that (in addition to the budget proposal) there is also a mirrored proposed legislation that includes a request for a System level Office for Strategic Development & Partnerships (\$500,000 with four positions). The bill was also submitted to the Governor for consideration as part of the administrative bill package that would formally establish this office under the chief financial officer specifically to oversee, coordinate, and initiate strategic development and partnerships for the university, including P3s. A similar bill was introduced by a legislator last year to establish a one person P3 office in the Department of Business, Economic Development, and Tourism but was vetoed for a number of reasons.

Concerns were raised by regents regarding the university venturing into an area where they have little expertise and the need to be extremely cautious and get proven expertise in managing and operating P3s. Some universities as a business structure have structured risk into affiliates (e.g., 501(c)(3), foundations) that participate in P3s and essentially the public sector side partner into the business arrangement.

Additional discussions were held regarding the type of agreement that is in place with the Hunt Companies and Stanford Carr Development team (HC) regarding the development of non-campus lands at UHWO. Administration explained that proposals were received from seven offerors. Four developers were shortlisted, and those developers were asked to submit more defined proposals. During the next stage of selection, all other offerors withdrew and only the HC team remained.

An exclusive negotiation agreement was structured with HC giving them exclusive rights to engage in one-on-one negotiations with UH to flush out any development/timeline over the next 12 months, which ends September 2018.

At 12:34 p.m., the board went into recess to break for lunch. The board reconvened at 1:00 p.m.

C. Affordability, tuition and financial aid including Hawai'i Promise

Administration provided a presentation on tuition affordability, financial aid and the Hawai'i Promise program. Highlights included information on the cost of education; tuition fees, books and transportation costs; institutional aid and on-campus jobs for undergraduates; federal PELL Grants; how UH students pay for college; student loan debt nationally and at UH; national Promise Programs and Hawai'i Promise; improving affordability for our students; and factors affecting future tuition schedules.

Additional materials were provided to regents, including the National Conference of State Legislatures "Free Community College Report"; CollegeBoard "Trends in College Pricing 2017"; and the Institute for College Access & Success "College Costs in Context: A State-by-State Look at College (Un)affordability."

Concerns were raised regarding the high housing costs for community colleges.

Brief discussion ensued regarding whether administration would consider looking into moving to a trimester system to help maximize facility usage. Administration had considered this because they are underutilizing summer for student progress towards a degree. This is harder to change at the community colleges, where higher summer tuition rates are charged, and those additional costs would need to be taken into account. The reinstatement of the availability of PELL grants in summer as an additional award will open up summer school for students with financial need, whereas before only those who could afford it could come. Courses in block schedules that include summers are being considered for distance delivered degrees. Concern was expressed about not losing the ability for students to articulate among campuses freely as divergent scheduling may impact pathways.

Discussions were held regarding the Free Application for Federal Student Aid (FAFSA) and how crucial it is for the university to provide first time college students going to college with avenues to help them navigate FAFSA and get access to a college education. How FAFSA is handled in multi-generational households was also

discussed. There are other vehicles (e.g., 529s; tax credits for first-time; full-time students; tax deductions, etc.) for providing support for higher education. It was noted how important it was for students to have emergency funds to assist them when unexpected out of pocket expenses arise (e.g., car breaks down, health issues, etc.), and how it could help those student populations that sometimes fall through the cracks.

The board requested data, including a breakdown of students who receive Hawai'i Promise funds by ethnicity; information on graduate student financial aid; the timeline for the next tuition review; whether administration would be evaluating reducing tuition prior to the tuition schedule revision; for administration to consider looking at the balance between tuition versus increasing graduate student pay/stipends; and whether administration had considered offering vocational training or apprenticeship programs not just in skilled trades, but in IT, banking, and hospitality which is a possible win-win for industry, students and the university.

Administration has not developed a detailed tuition schedule, the university is currently half way through year one of the three year tuition schedule. A tuition schedule will be proposed during year two, during Academic Year 2019-2020, so that students know what to expect before year three.

Reductions in non-resident tuition are being considered for competitive purposes, as the current level of non-resident tuition is a barrier to achieving the level of non-residents students the university would like to achieve. The request to lower non-resident tuition will not come this academic year, but may be considered next year.

Apprenticeship programs in Hawai'i are limited to trades, and are driven by the unions in cooperation with the Hawai'i Employers Council. Administration is looking at building on those programs with related instruction to build pathways to degrees, which they currently do at Pearl Harbor where students get their journeyman status and credentials. In the past couple of years, the U.S. Department of Labor has been noticing non-trade apprenticeship programs happening in places like Germany, and has made grants available to look at apprenticeship programs in areas just like those described. Campuses have had a hard time getting a critical mass of employers for IT to serve as mentors, and in order for it to work, they need to put infrastructure into the state, and get a trade association to manage the apprenticeship program. Discussions are ongoing with the workforce development opportunity boards and work force development boards. There is a similar problem with the shortage of health professionals, and the deans of the medical school, nursing, and pharmacy schools have met on helping with healthcare in rural areas. The barrier in all three professions was the limited number of professional preceptors in the workforce to supervise the practical side. A tax strategy is being proposed for individuals who agree to be preceptors in their work place, so it remains to be seen if that strategy will be successful.

D. Board Self-Evaluation

The board discussed its survey responses to the board self-assessment instrument regarding (1) employment, support & evaluation of the chief executive; (2) strategic planning; (3) policymaking to guide the system; (4) fiduciary oversight; (5) serving as ambassadors to the community; (6) protecting the system from undue influence; (7) setting an example of integrity, inquiry & service; (8) considering community interests; (9) acting as a unit; and (10) evaluation of the board's performance, along with general comments.

The board also discussed the SurveyMonkey results for top accomplishments for FY2016-2017 and most important priorities for FY2017-2018 for board, university, and both. For the most part, there is general concurrence that the board was doing fairly well, but there were areas for improvement.

Administration is reviewing board policies, including the policy on board self-evaluation. It would be good to have a consistent evaluation instrument to measure board performance.

VI. ANNOUNCEMENTS

Chair Sullivan announced that the next board meeting is November 16, 2017 at Windward Community College.

VII. ADJOURNMENT

There being no further business, Regent Higa moved to adjourn, and Regent Wilson seconded, and with unanimous approval, the meeting was adjourned at 2:33 p.m.

Respectfully Submitted,

/S/

Melissa Matsuura
Executive Assistant
to the Board of Regents