

**Minutes of the Special Board of Regents Meeting
Murray State University
Thursday, May 7, 2009
Mississippi Room – Curris Center
6:30 p.m.**

The Board of Regents of Murray State University met on Thursday, May 7, 2009, in special session in the Mississippi Room in the Curris Center on the main campus of Murray State University. Chair Alan Stout called the meeting to order at 6:40 p.m. and welcomed members of the University community, news media and general public. He further expressed appreciation to all in attendance and stated because this is a special meeting discussion is limited to only those items on the agenda.

Roll Call

The roll was called and the following members were present: William Adams, Marilyn Buchanon, Beverly Ford, Peg Hays, Kara Mantooh, Jeff Taylor, Vickie Travis, Gina Winchester and Alan Stout. Absent: Laxmaiah Manchikanti and Jay Morgan.

Chair Stout expressed appreciation to the members of the Board who were able to attend the special meeting. Dr. Morgan was unable to attend due to a previous commitment to University business in Frankfort, Kentucky, and Dr. Manchikanti simply could not rearrange his patient schedule.

Others present were Randy J. Dunn, President; Jill Hunt Lovett, Coordinator for Board Relations, Executive Assistant to the President and Secretary to the Board of Regents; Tom Denton, Vice President for Finance and Administrative Services and Treasurer of the Board of Regents; Gary Brockway, Provost and Vice President for Academic Affairs; Don Robertson, Vice President for Student Affairs; Jim Carter, Vice President for Institutional Advancement; Bob Jackson, Associate Vice President for Institutional Advancement; John Rall, University Counsel; Joshua Jacobs, Chief of Staff; and members of the faculty, staff, students and news media.

**AGENDA
SPECIAL MEETING OF THE BOARD OF REGENTS
Murray State University
Mississippi Room, Curris Center – 3rd Floor
Thursday, May 7, 2009
6:30 p.m.**

1. **Call to Order/Roll Call**
2. **Amendment to 2009-10 Tuition and Mandatory Fees Action***
3. **Adjournment**

Amendment to 2009-10 Tuition and Mandatory Fees Action, discussed

Chair Stout reported at the special meeting held on April 13, 2009, the Board approved setting the 2009-10 tuition and mandatory fee increase for hours 1 through 12 at 4 percent to comply with a mandate from the Council on Postsecondary Education (CPE) that base tuition for the public comprehensive universities should increase no more than 4 percent. The Board also approved a second motion which stated for all hours taken in excess of 12 undergraduate or 9 graduate hours per semester, full-time students be charged 25 percent of the standard hourly rate of tuition and mandatory fees for each hour taken based upon their respective category of residence.

Chair Stout further stated as a result of meetings held since that time and discussions with University administrators and during a meeting he and Dr. Dunn attended with Mr. Robert King, President of the CPE, and Governor Paul Patton, CPE Chair, it became apparent it was the position of the CPE leadership MSU's recommendation to approve uncapping hours at 12 and charging 25 percent of the standard hourly rate of tuition and mandatory fees for any hours above

would not be supported by the CPE. The message was strong that a 4 percent increase in tuition and mandatory fees was being accepted across the board as a maximum cap and there would be strong resistance to the University's attempt to uncap at 12 hours. At the April 13 meeting the Board took action it felt was in the best interest of MSU to support continuity and quality of programs. The proposal also supported faculty and staff and incorporated the student's preference – uncapping at 12 hours. Also taken into consideration at the special meeting was the hard and thoughtful work of the *Tuition Task Force*. As a result of the Board's actions, as well as the actions of the Morehead State University Board of Regents last year with regard to new pricing schemes to address tuition based on charging over a certain cap, it is believed the CPE will focus on the issue and will move forward to develop models to assist the universities in pricing adjustments but at a later date. It was conveyed to University officials that the timing of the Board action was unfortunate and, as a result, further discussions with Mr. King and Governor Patton were held to determine if there could be any movement on the issue. It became apparent any attempt the University would make to uncap – even if the cap were raised to 15 or 16 hours – would be opposed by the CPE. For this reason he believes it would be in the best long-range interest of Murray State University to rescind the uncapping portion of the Board's action on April 13.

Dr. Dunn thanked the Regents for their attendance at the special meeting. As reported to the CPE the day following the April 13 tuition setting meeting, there was clearly distress around the University's proposal which was primarily driven by uncapping at 12 hours because of the number of students impacted. An internal group at the University studied the issue to ensure all aspects of the proposal passed by the Board were being considered and every indication was the proposal was not going to move forward without recommendation by the CPE leadership in the manner in which it was passed. Considering this situation, Dr. Dunn felt it was incumbent upon him to look at bringing the Board together to reconsider the action taken at the April 13 meeting. The University could proceed with the proposal as approved but it is also the case it most likely would not serve the Board well to try to advance a recommendation which individuals working directly with the issue felt did not have the support of the CPE. Mr. Denton and Mr. Jackson played an integral role with regard to the financial and political aspects of the situation. In subsequent discussions there was some hope there might be a middle ground to be considered with uncapping at 15 hours. The argument during the discussions referenced earlier by Chair Stout was there might be an opportunity to blend the work of the *Tuition Task Force* and with the student's recommendation to arrive at an uncapping proposal that would have had a better chance of receiving CPE support when they vote to approve Murray State's tuition on May 22, 2009. It is fair to say CPE President King remained concerned about moving forward with any uncapping option at this time.

Dr. Dunn stated President King was not speaking to any action the CPE Board would take but expressed concerns about uncapping this year in particular. He signaled to Murray State in an open and frank manner he would have a difficult time supporting the proposal with the Council but the University certainly had the right to present the proposal to the CPE and provide rationale for moving forward. It is for this reason there are two recommendations before the Board for consideration this evening. The first recommendation is that the Board of Regents rescind its second action on April 13, 2009, to uncap at 12 undergraduate hours and 9 graduate hours and charge 25 percent of the standard hourly rate of tuition and mandatory fees for each hour taken based upon the student's respective category of residence.

Dr. Dunn reported a recommendation representing a hybrid approach has also been presented to the Board for consideration which would rescind Board action on April 13 as noted above and approve the uncapping of hours so that all hours taken in excess of 15 undergraduate hours or 12 graduate hours per semester, full-time students be charged 25 percent of the standard hourly rate of tuition and mandatory fees for each hour taken based upon their respective category of residence, effective with the Fall 2009-10 semester. He believes it is now time for the administration to receive the collective wisdom of the Board on this issue. Although the Council on Postsecondary Education's mandate was to cap base tuition at 4 percent, President King views this action as limiting total revenue to 4 percent and MSU's proposal would have provided more than a 4 percent increase in revenue. The Board must also take into consideration the University undertook a very open, careful and thoughtful process to address tuition challenges at the University and must also consider the merits of both options being proposed.

Judge Taylor stated Morehead State University (MoSU) uncapped tuition last year and inquired about their proposal for this year. Mr. Denton reported Morehead currently uncaps at 12 hours and any hours above are assessed at 20 percent. For 2009-10 they propose the charge be

increased to 30 percent. Dr. Dunn stated while this was the original proposal, it may have subsequently been withdrawn. Judge Taylor clarified Morehead is also asking for a 4 percent increase in tuition and Mr. Denton stated that to be the case. Chair Stout reported during the meeting with President King and Governor Patton there was discussion regarding Morehead and he was unable to ascertain what the CPE's intention was with regard to MoSU other than they implemented this pricing structure one year ago which means the model is already in place. If MSU moves forward with uncapping, the base tuition increase would need to be lowered and uncapping would be figured in to ensure total revenue does not exceed 4 percent.

Judge Taylor indicated if Morehead advances their proposal and it is approved by the CPE, then they will receive revenue greater than 4 percent. He believes this would mean the CPE would be penalizing Murray State for limiting tuition increases for the past three years more so than any other university in the state. Chair Stout stated last year the Board approved a 6 percent increase in tuition (as opposed to the maximum of 9 percent) in an attempt to keep tuition low. Dr. Dunn reported the CPE is aware Murray State is concerned about the seeming inequity or lack of fairness between the two institutions based on timing. It became clear through discussions even though the motion passed by the CPE was explicitly a 4 percent cap on base tuition the operational definition has now changed to a 4 percent increase in new revenue. Chair Stout indicated Mr. King and Governor Patton acknowledged they did not have the authority to speak on behalf of the entire Council but there is no question they would both oppose Murray State's recommendation. Dr. Dunn stated one positive result from the conversations was a commitment from the CPE to seriously consider moving forward on this type of pricing model in the future which indicates the Council understands there is a demand for a different type of pricing structure. The CPE must assist universities in moving toward this type of model and such options will be considered in the future.

Mrs. Buchanon requested clarification with regard to the statement President King appeared adamant in taking the position the 4 percent overall cap passed by the CPE earlier must equate to a 4 percent increase in revenue for each institution. Mr. Denton indicated President King believes total revenue from tuition and mandatory fees is limited to 4 percent. Dr. Dunn stated Western at one time planned to advance a variant of this proposal for this year to implement a per credit hour surcharge above a certain number of hours. Given this variable, the CPE's position and the response from WKU students, they ultimately withdrew the proposal and will now propose a straight 4 percent tuition increase. WKU did institute, however, a course dropping fee of \$50 for every change which will provide significant revenue and is beyond the ability of the CPE to control. The fee for dropping a course is not considered a mandatory fee and WKU had the ability to create this revenue stream because it fell outside the statutory authority of the CPE. Mrs. Buchanon asked if room, board and dining fees are viewed in the same way and Mr. Denton reported auxiliary funds are considered to be self-supporting so the CPE does not review those particular fees. Mr. Adams did not realize mandatory fees were included in the 4 percent tuition increase. Dr. Dunn reported when tuition is discussed what is actually being referred to is tuition and mandatory fees. An additional issue which was reviewed was the question around the statute which gives the CPE authority to set tuition and the statute only refers to tuition with no reference to mandatory fees. Mr. Rall carefully reviewed the statute to provide a history for the tuition work group which indicated the CPE has always, even though the statute refers to tuition, included mandatory fees in the analysis. It would be difficult to make the argument the statute does not include mandatory fees considering the CPE has proceeded in this manner for many years. Mr. Rall indicated past Murray State documents refer to tuition and fees and one statute actually speaks to the universities setting incidental fees consistent with the recommendations of the CPE. There is no question to some degree the CPE plays a role in the fee aspect of tuition.

Mr. Adams asked if recent course fee increases are included in the 4 percent tuition increase and Dr. Dunn indicated those are not considered mandatory fees. In response to a question from Mrs. Buchanon, Dr. Dunn reported it is not unusual in some institutions for every mandatory fee there will be an actual "listing out" for each portion of the fee for things such as the library, SGA, technology, wellness, athletics, etc. MSU has very few specific fees and rather has a large general fee which, by practice, is divided across a large number of areas within the budget. Mr. Adams inquired as to what the revenue increase would be on a 4 percent increase in tuition and mandatory fees and Mr. Denton reported net revenue would be \$1.7 million. There is \$3.1 million in gross tuition, less \$1.4 million for waivers, which results in \$1.7 million in net revenue.

Chair Stout stated while there is no public participation section for this meeting he would like to provide Faculty Senate President Steve White the opportunity to speak, especially because Faculty Regent Jay Morgan was unable to attend the meeting this evening. Dr. White urged the Board to provide Dr. Dunn with flexibility regardless of the Board's final decision. He should be given flexibility between the recommendations originally proposed, if things change with the CPE, to move in the direction of uncapping. During the process of setting the tuition and fee structure with CPE last year, some universities were encouraged to change their proposals. Dr. Dunn adhered to the 6 percent tuition increase the Board approved but if the opportunity arises he should have some leeway to negotiate on behalf of the University. The CPE is a public board and may receive testimony, influence and comments from various individuals and could flex their opinion between now and the CPE meeting at MSU on May 22, 2009. The entire CPE has not made a decision, although the leadership has certainly rendered its opinion, and there is faculty representation on the CPE. He encouraged the Board, in actions taken this evening to provide Dr. Dunn with flexibility to take advantage of the possibility to move between where the Board stands with regard to the first recommendations and the recommendations being proposed this evening. Chair Stout stated as far as the CPE is concerned they must have the recommendations of the respective Boards in regard to the tuition issue in advance of the meeting on May 22. While there may be some flexibility among CPE members, during his meeting with the President and Chair there did not appear to be a great deal of flexibility.

Dr. Dunn reported if the Board rescinds the uncapping recommendation for next year the University will be okay with regard to the budget although significant revenue will be lost. Mr. Denton and his staff have reviewed the different scenarios and at this point if the University only receives \$1.7 million in new revenue, as a result of the 4 percent increase in tuition and mandatory fees, it will be approximately \$50,000 to \$60,000 short and that must be addressed. This includes practically no priority spending and does not include any across-the-board salary consideration. Only the required salary adjustments for promotion, tenure and market prevailing wage adjustments will be addressed. Most likely cuts will not be proposed and programs will remain intact at this point. There will be some reallocation but the administration can balance the budget. If the University experiences enrollment growth, that will provide additional revenue. The University will not book all the potential revenue from increased enrollment but will book some of that revenue based upon enrollment numbers which appear to be very strong. If enrollment growth occurs beyond the small amount that is booked, this would provide some flexibility for the Board to consider moving forward on some initiatives later in the year.

Mrs. Buchanan asked if the University increased enrollment by 500 students whether this would amount to additional available revenue and Dr. Dunn indicated Judge Taylor made a comment over a year ago that any enrollment increase would result in additional revenue for the University. Enrollment success will help the University address challenges it is facing. Mrs. Buchanan stated the University should focus heavily on the recruitment issue because it can make a significant difference with regard to available revenue. While recruitment is headed in the right direction, she does not believe the University can blame the CPE, the Chair or the Governor for its problems. Dr. Dunn and Chair Stout indicated neither of them was blaming anyone and no one should have the impression they are. The University conducted a very open and clear process and made a good faith effort to keep all apprised of the work taking place but other interests were brought to bear in the situation with regard to the economy and equitable treatment across the institutions. If Dr. Dunn was in the CPE's shoes he would be asking MSU to explain why the CPE should move forward with a proposal which could provide revenue equal to that approved for the research universities. He can see both sides of the issue but his role is to articulate for Murray State which is what he has attempted to do. Chair Stout indicated he was simply trying to explain his position while still reflecting the relevant issues. This is not just MSU's problem and the entire state is facing a projected \$1 billion shortfall. All universities and the entire state government are wrestling with this issue. He understands the equities behind the CPE opinion from the standpoint of trying to keep tuition increases even across the board. Dr. Dunn cautioned all to remember the challenges the University has as well. If the University experiences no enrollment growth and has the same set of students for next year, he asked Mr. Denton to estimate how much scholarship dollars have increased with the guaranteed and transfer scholarships. Mr. Denton reported of the 4 percent tuition increase a little over \$1 million in scholarship money is connected to the University's tuition rate increase. The University is currently experiencing more applications for the new tiered scholarships (guaranteed and transfer scholarships).

Mrs. Winchester stated one must have money to make money and the people who are tasked with recruiting students must have money available on the front end so they can make this

happen for the University. She is traveling to Ballard County in the morning to attend a Career Fair because she discovered the Recruitment Office did not have the visit scheduled because they did not have the money or the personnel to cover the travel costs to attend such an event. Scholarship money must be front end loaded. If advertising is going to be done across the state, money must be identified to be used for this purpose. Enrollment numbers will grow only if the University puts resources into making those numbers grow. If unit budgets continue to be cut and personnel lines are not filled after employees retire or resign, then that equates to less students the University will be able to attract. Mrs. Buchanan stated students must be a priority and the University is missing out because it no longer has the Roads Scholars Program and recruitment in southern Illinois and Tennessee is not as intensive as it used to be. The University is down 900 students and that speaks for itself.

In response to a question from Mr. Adams, Mr. Denton explained with base hours 1-12 and a 4 percent increase to base tuition and mandatory fees the University will have \$2.8 million in gross tuition. On average the University provides about 40 percent in waivers which will put the University over \$1 million in scholarship and waiver increases. The University has a total of over \$30 million in scholarships and waivers. The increase for the 4 percent base increase alone will be over \$1 million. Mr. Adams clarified because tuition increased 4 percent then there was a corresponding increase in scholarships and Mr. Denton indicated that to be the case. Dr. Dunn also reported the new guaranteed scholarship program is a tier-based scholarship for students with a certain grade point average (GPA) and ACT or SAT score. If students meet these criteria they will receive a certain amount of money to attend Murray State. The University is actually putting more money into that program on a per student basis. One of the reasons the University was losing potential students was because it could not tell students until very late in the game (typically after the budget was completed) what their financial award would be and by that time most students had already made the decision to attend college elsewhere. Students could receive even more financial assistance than the guarantee but the University must be able to tell students when they are admitted how much financial assistance they will be guaranteed to receive. Mr. Jackson added with regard to scholarships and student recruitment, it is important to note nearly \$2 million in privately funded scholarships through the Foundation are awarded to MSU students in addition to what Mr. Denton has referred to. Mr. Adams asked how this money is reflected in the budget and Mr. Denton reported it does not appear on the University's financial statements but is reflected through the University system as a credit to the student's account.

Amendment to 2009-10 Tuition and Mandatory Fees Action, died

Judge Taylor moved that the Board of Regents rescind its second action of April 13, 2009, which stated that for all hours taken in excess of 12 undergraduate or 9 graduate hours per semester, full-time students be charged 25 percent of the standard hourly rate of tuition and mandatory fees for each hour taken based upon their respective category of residence and instead approve the uncapping of hours so that all hours taken in excess of 15 hours for undergraduates or 12 hours for graduates per semester, full-time students be charged 25 percent of the standard hourly rate of tuition and mandatory fees for each hour taken based upon their respective category of residence, effective with the Fall 2009-10 semester. The motion died for lack of a second.

Amendment to 2009-10 Tuition and Mandatory Fees Action, approved

Mrs. Buchanan moved that the Board of Regents rescind its second action of April 13, 2009, as noted above with regard to uncapping of tuition. Ms. Hays seconded and the roll was called with the following voting: Mr. Adams, yes; Mrs. Buchanan, yes; Mrs. Ford, yes; Ms. Hays, yes; Ms. Mantooth, yes; Judge Taylor, abstain; Mrs. Travis, yes; Mrs. Winchester, yes and Mr. Stout, yes. Motion carried with one abstention.

Adjournment

Mrs. Buchanan moved, seconded by Ms. Hays, that the special Board of Regents meeting adjourn and the motion carried. Adjournment was at 7:35 p.m.


Secretary


Chair

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