**Minutes of the Special Board of Regents Committee Meetings**
**Murray State University**
**Friday, June 11, 2010**
**Jesse Stuart Room – Pogue Library**

Chair Alan Stout called the special committee meetings of the Murray State University (MSU) Board of Regents (BOR) to order at 8:40 a.m. and welcomed members of the general public and University community. All Regents were present with the exception of Sharon Green.

**Academic Affairs Committee**
**8:30 a.m.**

**Jay Morgan, Chair**
**Constantine Curris**
**Phil Schooley**
**Alan Stout**
**Stephen Williams**

Jay Morgan, Chair of the Academic Affairs Committee, called the meeting to order at 8:42 a.m. and reported all members were present. The first agenda item for consideration is the establishment of a School of Nursing and background information was provided in the Board notebook.

**Establishment of the School of Nursing, approved**

On behalf of the Academic Affairs Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, change the organizational unit that includes all nursing programs, faculty and staff from the current Department of Nursing, within the College of Health Sciences and Human Services (HSHS), to a free-standing autonomous School of Nursing, effective July 1, 2010. Mr. Stout seconded and discussion followed.

Gary Brockway, Provost and Vice President for Academic Affairs, reported it is common as universities grow and evolve to transition professional programs into separate, autonomous academic units. This most commonly occurs in law, medical and pharmacy schools but also in the most prestigious schools of business. The MSU Nursing Program is among the largest and most prestigious in Kentucky and last year the program represented the largest undergraduate major on campus – although the master's program is also quite large. During spring 2010 the Kentucky legislature passed Senate Bill 127 permitting the six Kentucky comprehensive universities to provide advanced nursing practice doctoral programs (Doctorate of Nursing Practice - DNP) upon approval by the Council on Postsecondary Education (CPE). For some time there has been interest in elevating the Department of Nursing to school status and timing is right to move forward with the proposal being presented today. This initiative has support from a large number of alumni – evidenced by numerous letters received in support of the establishment of a School of Nursing. The proposal has been fully vetted throughout the University committee structure – including the Academic Council – and elevating nursing programs by placing them within a School of Nursing will provide an opportunity for those programs to thrive and prosper. A precedent for such an undertaking was set approximately ten years ago when the University reorganized agricultural programs into a School of Agriculture (SOA). Prior to the agriculture program being elevated to SOA status there were 400 students enrolled and currently there are 750 students majoring in various agricultural programs – with most participants being traditional, full-time students. The School of Agriculture has also been successful in attracting grants. Elevating the program to school status increased not only visibility but prominence within the University structure. The SOA has also been successful in attracting an increased number of student scholarships not only as a result of leadership within the school but also having those programs placed within this autonomous structure. It is believed the same opportunities exist for the School of Nursing. Moving the Department of Nursing to a School of Nursing will help attract quality faculty in a highly competitive market for nurses – particularly those with terminal degrees – and will be a critical component as the University establishes the DNP. A School of Nursing will also help with securing additional grants and contracts and will provide opportunities for fundraising as part of the comprehensive campaign. This proposal has full support from the nursing faculty and administrators and various operational issues have been addressed in order to identify resources necessary to establish the new School of Nursing.

Dr. Dunn reported the supplemental notebook contains additional documentation, including a pro-forma financial document which outlines the monetary ramifications associated with establishing a School of Nursing. Issues such as support help and faculty acquisition (DNP driven) must be addressed as this initiative is advanced. Chair Stout believes it is time for the University to start moving in this direction and Regent Williams fully supports and promotes the idea. Healthcare is one of few sectors of the economy that is still growing and will continue to grow significantly with an increased need for workers when the aging population and healthcare reform are taken into consideration. On the supply side of the equation, the healthcare industry will continue to see the projected huge deficits of nursing personnel both nationally and in Kentucky. It is time for the University to make this extraordinary move in order to meet regional workforce needs and the administration was encouraged to continue to consider other allied health related initiatives because the opportunity exists for the University to expand programs.

In response to a Regent question regarding cost, Dr. Dunn indicated the driver behind the initiative is to prepare the School of Nursing to offer the Doctorate of Nursing Practice utilizing a portion of the graduate dollars the Board approved through the tuition differential at the last meeting. Dr. Brockway reported this action represents a reorganization by moving the Nursing Program from departmental to school status to ensure resources and support provided within the college structure remain with the program to enable it to function autonomously. There will be a Dean of the School of Nursing who will meet with other deans when needs and resources for the various University programs are discussed. Dr. Dunn reported some of the larger issues center around personnel, including the need for information technology support currently provided by the College of Health Sciences and Human Services. Likely there will be an agreement with the College to continue to provide information technology support over the next year but the School of Nursing must eventually be able to provide its own technology support, particularly for projects being undertaken as preparation begins to offer the DNP. A half-time administrative assistant position was included in the proposal due to collegiate-level bureaucracy and the potential of securing a greater number of grants and contracts. The School of Agriculture built in "head" positions but this work has not been undertaken with the proposed School of Nursing. Faculty members in the SOA assumed additional graduate and undergraduate administrative duties but it will likely be at least a couple of years before the University undertakes this work as it pertains to the School of Nursing given the relatively small faculty base and the fact that the full-time Dean will automatically take on additional duties.

In response to a Regent question regarding whether the Board should be concerned about financial information provided during the first budget year and the fact there is a reduction in regular wages but an increase in the adjunct and the temporary salary pool, Michael Perlow, Interim Chair of the Department of Nursing, reported because of the number of faculty in the department and limitations the Kentucky Board of Nursing places on the program – as well as accrediting limitations – the department is currently a cost inefficient laboratory provider. The department is restricted to one faculty member for every eight students in clinical situations and one of the clinical settings restricts that requirement even further to one faculty member for every six students. This is the reason adjunct faculty members have been used extensively to provide laboratory experiences for nursing students. Approximately 60 percent of the College of HSHS budget is utilized for adjuncts for the Department of Nursing to provide clinical education. It would certainly be ideal to utilize full-time Murray State faculty to provide clinical experience but clinical supervision is time consuming and fatiguing and when the University's expectations for scholarly activity, service and teaching are taken into consideration, while adjuncts are not the ideal means of delivering clinical experiences, they represent what is best given the existing structure and resources available within the Department of Nursing. There is a desire to move away from this model but what has been reported reflects where the department stands now. Over the next year the School of Nursing will operate in a fashion similar to the Department of Nursing with more substantial changes being implemented gradually. Dr. Dunn reported one challenge for the School of Nursing is determining how to build capacity to grow enrollment and simply moving to school status will not accomplish this objective. There are challenges with regard to physical space in Mason Hall, recruitment of non-adjunct faculty who are in very high demand and limited clinical space but these issues will be addressed to enable the University to grow over the next three to five years. Dr. Perlow indicated as part of a long-term plan consideration is being given to ramping up the doctorate and working with the non-traditional student population which represents an area where tremendous growth could occur. Currently students are being turned away but a very small amount of resources could allow those students to be admitted to the program and this is one issue which must be addressed soon.

Chair Stout indicated in Marion, Kentucky, students pursuing community medical technician and radiology technician positions enroll in two-year programs through Madisonville Community

College and West Kentucky Community and Technical College in Paducah, Kentucky, and it appears those entities have a niche for two-year programs. He inquired about the possibility of MSU offering the same type of two-year programs. Dr. Perlow stated with regard to allied health fields he would defer to the HSHS Dean but as the initiative pertains to the Nursing Program this work would not be able to be undertaken because the school educates pre-licensure students to receive the Bachelor of Science degree. If a move is made toward an associate degree in nursing this would detract from the pre-licensure program – the largest supplier of the program's graduate students – and would amount to the University competing with itself. Dr. Dunn does not foresee offering allied health programs through the School of Nursing but the opportunity exists within the College of Health Sciences and Human Services to consider some applied health programs or allied programs in other fields. Discussions have taken place with Dean Corky Broughton and the Provost and it is believed the possibility exists to grow such initiatives and Dr. Broughton has been working on a partnership program with the University of Kentucky (UK) for physical therapists to create a strong pipeline between Murray State (with the pre-therapy program) which will allow students to transfer to UK as part of a seamless process. This is where growth will occur for HSHS – not only in allied health but also in other applied science fields which fit with work undertaken in that college. What the appropriate programs are and how start-up funds will be identified must also be determined. Regent Williams indicated the area of physician extenders is an initiative representing huge growth and major demand. There is a national shortage (also in Kentucky) for primary care physicians and significant growth has occurred in the use of physician extenders, primarily nurse practitioners. There is a major shortage of nursing faculty and the highest caliber faculty will gravitate to those institutions with separate schools of nursing. Growth opportunities exist both within nursing and the health sciences in order to meet demand.

Dr. Morgan reported the motion to approve the establishment of the School of Nursing was seconded earlier and the motion carried.

**Regents Teaching Excellence Awards, approved**

Dr. Morgan reported the Regents Teaching Excellence Awards were established in 1985 to honor faculty deserving of recognition as exemplary teachers. The recipients of these awards show a strong commitment to excellence in the classroom, an enthusiasm for their discipline and a sincere interest in the growth and well being of students. The individuals recommended for this honor were recognized during the spring Faculty Awards Banquet and May Commencement exercises.

On behalf of the Academic Affairs Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the following faculty as Regents Teaching Excellence Awardees for 2010:

| | |
|---|---|
| Lou Davidson Tillson | College of Business |
| Mardis Dunham | College of Education |
| Kelly Kleinhans | College of Health Sciences and Human Services |
| Reika Ebert | College of Humanities and Fine Arts |
| Eric Swisher | College of Humanities and Fine Arts |
| Robert Donnelly | College of Science, Engineering and Technology |
| O. L. Robertson | School of Agriculture |

Mr. Schooley seconded and the motion carried.

**Adjournment**

The Academic Affairs Committee adjourned at 9:10 a.m.

**Buildings and Grounds Committee**
**9:30 a.m.**

**William Adams, Chair**
**Marilyn Buchanon**
**Constantine Curris**
**Kara Mantooth**
**Stephen Williams**

William Adams, Chair of the Buildings and Grounds Committee, called the meeting to order at 9:10 a.m. and reported all members were present.

**Public-Private Partnership for College Courts Apartments Final Report, discussed**

Kim Oatman, Chief Facilities Officer, provided an update on efforts to replace College Courts apartments through a public-private partnership, indicating the University faced a number of issues throughout the process and is now considering renovation of those facilities. Dr. Dunn indicated a public-private partnership (third party financing) to replace College Courts apartments was envisioned in the University's Campus Master Plan approved during the 2007-08 fiscal year. Work commenced shortly thereafter to determine whether the University would be able to undertake this initiative. After over two years of study and research the decision has been reached that the University cannot address needs at College Courts by utilizing a public-private partnership for replacement. Mr. Oatman reported in the 2007 Campus Master Plan the University sought authorization to undertake the replacement of College Courts through third party financing. Authorization was granted in July 2008 and in September 2008 a Request for Proposals (RFP) was issued for the replacement of College Courts to be developed through a third party. Invitations were sent to eleven companies from across the country that handle this type of work and three attended the University's pre-proposal conference in October. Of those three, one developer expressed concern about existing market rates, target market, number of beds and construction type and determined the firm would be unable to submit a proposal. A second developer did not submit any proposal and while a third developer – Allen & O'Hara (A&H) – submitted a proposal, the rent that would be required was extremely high compared to what students currently pay on campus. The high cost of financing, combined with relatively high construction and labor costs in the Murray area, would require high rent rates for the new apartments in order for them to be self-supporting. A&H suggested the University commission a market study to determine whether the local market could support the rates that would be necessary. An RFP was issued for a marketing study, two proposals were received and the one from Brailsford and Dunlavey (B&D) was selected. The firm conducted the marketing study over a five-month period and results were presented to the MSU administration in June 2009. The market study confirmed there was very little demand for additional student apartments in Murray and in order to make financing work rents would have to be substantially higher than rent at current off-campus facilities. Estimates provided were as high as $518 per month which is 25 to 33 percent higher than present off-campus housing. Suggested alternatives included MSU financing the structure (although the University had authorization for third party financing), renovation of College Courts (convert from family to single student occupancy which would detract from occupancy in the high rise facilities), development of a different product type with higher density/fewer amenities and purchasing existing apartments and property acquisition (which, after review, was deemed not to be in the best interest of the University). The administration reviewed the option of developing a different product type with higher density/fewer amenities in more detail and determined from the results of the market study there was not sufficient market in the Murray area and construction costs were simply too high. Other options such as modular (contemporary) student housing units proposed by Christy & Associates were considered but a determination was made that an adequate market did not exist for the type of arrangement proposed (3 bedroom/1 bath units). With the additional expectation MSU would participate in financing the project the option was deemed unfeasible. The next option considered was renovation of College Courts apartments and throughout the process the University secured approval through an agency bond request in the amount of $10 million to renovate the facility (included in the 2010-16 Six-Year Capital Plan). Excess housing and dining bonds from other housing projects, housing and dining surplus and parking funds are currently being used to undertake projects at the College Courts facilities over the summer – including improving the parking lot (completed) and reviewing the possibility of upgrading the HVAC system and unit smoke alarms. Future projects include additional HVAC upgrades, asbestos abatement, interior finishes, exterior painting, perhaps some architectural improvements to the outside of the buildings and mechanical, electrical and kitchen upgrades.

In response to Regent questions Mr. Oatman reported there are currently 144 College Courts units (156 beds). There are 12 buildings with 11 single occupancy apartment buildings and one double occupancy apartment building. Dr. Robertson reported 12 to 15 percent of students living in these facilities are married students and the demand among this group is not exceedingly high due to the large number of housing options available off-campus, including subsidized housing for lower-income families, and also the limited number of two-bedroom apartments available on campus. College Courts facilities are typically at full occupancy during the academic year and there continues to be a high demand for these facilities even considering their current condition. These units are used to supplement housing for international scholars and filling the units is not

an issue at the current price ($423 per month including utilities). Married students and single-parent families have priority for housing in College Courts but there are also a large number of international and graduate students requesting housing in these facilities. Due to the convenient location and affordability students have expressed concern about the potential for increasing rent charged for these units. Dr. Dunn indicated information was provided in the supplemental notebook which included pages from the enacted Commonwealth Budget. When it became apparent MSU would not be able to undertake this project as originally envisioned, language was included for authorization in the budget which would allow the University to expend funds for renovation to begin. The University retained third-party funding authorization but also added the renovation authorization to provide some flexibility for this work to occur as funding becomes available. Consideration was also given to eliminating College Courts but a determination was made not to proceed in this fashion due to the need for the facility as a solid revenue generator. Clarification was provided with regard to available off-campus housing which indicates those units are not at full capacity which is why one of the recommendations included the University purchasing an off-campus facility. In response to a Regent question regarding where the University stands in terms of bonding capacity, Tom Denton, Vice President for Finance and Administrative Services, reported there is a $10 million schedule for renovations to the high rise residential colleges, $10 million for the renovation of College Courts and $1 million for renovation of the Thoroughbred Room. The University has capacity to secure additional bonds as long as a means of paying for them is identified.

Mr. Adams indicated this report was presented for information purposes only and no committee action was required.

**Adjournment**

The Buildings and Grounds Committee adjourned at 9:30 a.m.

**Development/Investments Committee**
**10 a.m.**

**Alan Stout, Chair**
**Marilyn Buchanon**
**Sharon Green**
**Jay Morgan**
**Vickie Travis**

Alan Stout, Chair of the Development/Investments Committee, called the meeting to order at 9:30 a.m. and reported all members were present with the exception of Sharon Green.

***Hold Thy Banner High* Comprehensive Campaign Progress Report, discussed**

Dr. Dunn indicated a comprehensive report is presented to the MSU Foundation Board twice per year and a determination has been made to proceed in the same fashion with the Board of Regents unless it is deemed necessary for comprehensive campaign updates to be presented to the BOR on a more frequent basis.

Bob Jackson, Associate Vice President for Institutional Advancement, reported the comprehensive campaign is proceeding well due to the generosity of alumni and friends to the University. Staff members in the Office of Development represent a team of professionals and – as with any campaign at any institution throughout the country – work has been underway for many years to build these teams before starting the campaign. The following highlights were provided:

- University has currently raised $49.3 million in gifts, planned gifts and pledges toward the overall comprehensive campaign goal of $60 million.
- At the beginning of the quiet phase of the campaign scholarship awards each year totaled approximately $1 million (1,300 scholarships). Due to work undertaken by the Office of Development and the management of the MSU Foundation – even considering the current economy – the University currently awards $1.8 million in scholarships (1,800 awards). Nearly one-half of all monies raised through the *Hold Thy Banner High Campaign for the Students of Murray State University* will be used for student scholarships.
- $5.1 million in fiscal year 2010 gifts received (11 months) are up 65 percent over fiscal year 2009 (11 months). Pledges continue to grow and as of May 31, 2010, there was a $3.4 million pledge balance.
- The comprehensive campaign leadership component is complete with national co-chairs, honorary co-chairs and the Campaign Cabinet having been named.

- The quiet phase of the campaign began January 1, 2005, and will continue through December 31, 2012. The original plan was for the campaign to "go public" in 2008 but this phase was delayed to October 2009 due to the economy at that time.
- The lead campaign gift is $3.6 million (Dr. Jesse D. Jones of Louisiana), there is $3.4 million in pledges outstanding, eight gifts are for over $1 million, 51 gifts are above $100,000 and faculty and staff have contributed $521,000 to the campaign. Additional gifts include:
  - Jesse D. Jones (additional $1 million in April 2010) to be used for research and laboratory equipment in the College of Science, Engineering and Technology.
  - Through a $1 million gift the David and Ashley Dill Distinguished Professor of Accounting was established.
  - Betsy and Jerry Shroat ($320,000) to be used for scholarships in the Department of Theatre and to provide a new stage in Robert E. Johnson Theatre to be named in their honor.
  - Mike Hamilton and David Alexander of Ernst & Young ($300,000) to be used for an Accounting Scholars Program.
  - Bill and Irene Morgan ($100,000) to be used to establish a Men's Basketball Endowment.
  - Bill Garrett of Winter Haven, Florida, ($672,000 real estate gift) and additional estate gift provision ($200,000) to be used toward the purchase of a new research laboratory farm for the School of Agriculture.
  - Tom and Jackie Maddox gift and Constantine Curris gift to be used to fund scholarships.
  - Bill and Genevieve Adams gift ($20,000) to increase existing William C. and Genevieve H. Adams Scholarship Endowment.
  - Farmers Bank and Trust of Marion, Kentucky, and Chair Stout ($50,000) for the Farmers Bank/Crittenden County Scholarship Endowment to be used for scholarships to benefit graduates of Crittenden County High School or residents of Crittenden County.
- Gifts pending include a major gift discussion which is underway in regard to the Agriculture Campaign for Research and Education of Students (ACRES) campaign. Also being considered is the donation of additional real and personal property from Johny Russell and a major scholarship endowment from Joe Evens to benefit the students of Mayfield and Graves County high schools. Visits with a number of alumni residing in Florida have been undertaken with a major estate gift pending from a family that thinks a great deal of this institution but has not previously made a gift to the University.
- Bequests are key to a successful campaign and the MSU planned giving program initiated five years ago is working. The supplemental notebook contains a copy of the *Murray Legacy* newsletter that is distributed each spring and fall semester and provides an explanation on how to make trust gifts, establish gift annuities and how an individual can remember the University in their Will. Selected estate bequests during the comprehensive campaign include Jeffrey and Sally Clarke ($1 million), Harold Dean Willis ($500,000), Dr. and Mrs. Thomas Weems ($320,000), Gyndel Garnett ($356,000), Leon Fleming ($350,000), Dr. C.C. Lowry ($200,000), Doris Dudley ($100,000) and John Petillo ($50,000), in addition to a major gift which is pending. Planned giving is vital to the institution and most of the individuals listed above had not previously made a gift to the University.
- The Board will also be asked to approve the University's final "Bucks for Brains" matching funding. $1.58 million was appropriated to MSU in the biennium ending June 30, 2010, and that funding has been matched – with 50 percent being matched for science, technology, engineering and math (STEM) initiatives. This CPE program initiative has been beneficial by providing scholarship assistance and enhancing other areas of campus.
- Campaigns are rallying events that assist with developing new initiatives, highlighting points of pride, demonstrating the positive momentum and impact the University has on the region and Commonwealth and celebrating generous alumni and friends who love and support Murray State. Campaigns are not successful without this component and the Office of Development facilitates this work through packaging, marketing and developing communications around new themes the institution is advancing.
- The larger campaign also leads to mini-campaigns such as:
  - $E^3$: The Campaign for the Department of Accounting which was established by alumnus David Dill. This campaign includes three key components – expand, enhance and equip – and $1.6 million of the $2.5 million goal has already been raised. Considerable activity centered around this initiative has taken place in Nashville, Tennessee.
  - The Agriculture Campaign for Research and Education of Students was developed by Tony Brannon, Dean of the School of Agriculture. The $1.5 million campaign will allow the University to add a new research and laboratory farm to the institution's portfolio for the School of Agriculture. Bill Garrett has been extremely generous with a real estate gift in Eufaula, Alabama ($672,000) and another major gift which is under discussion. A new advisory board has met and conducted visits and marketing materials are being developed.
  - The Basketball Endowment for Success and Tradition (BEST) is a $1 million endowment that will provide additional recruitment funds and summer school scholarships. Bill and Irene Morgan have contributed $100,000 toward the initiative and Jim Thomas from Vermont contributed $50,000 for the Howard Crittenden Scholarship. Mr. Thomas called the Office of Development over one year ago and – although not an alumnus of the University – wanted to know how to contact Howard Crittenden. He was a high school student in west Tennessee and while serving as manager of the basketball team remembers the team playing against Howie Crittenden – who was his idol at the time – which prompted his desire to make a gift

in honor of Mr. Crittenden. Marketing material and a recognition process are currently being developed in conjunction with this initiative.

- When Dr. Jesse D. Jones made his last gift for research and laboratory equipment he also wanted to create a Challenge Fund ($2.5 million) to assist with state and federal monies, corporation and foundation gifts and research grants. The acquisition of this quantity of state-of-the-art equipment will change the College of Science, Engineering and Technology dramatically because it enables the college to have access to new and additional research grants whether through the National Institutes of Health, the National Science Foundation or others. This new equipment will qualify the college to apply for and seek other types of funding. A new Jones/Ross Research Center is pending Board approval today and is where the majority of the new state-of-the-art equipment will be housed.
- Other "mini" campaigns that are in process include the Financial Services Center in the College of Business, Lovett Auditorium renovations/upgrades and many others.
- The 1922 Society has been created and represents a legacy scholarship endowment for children and grandchildren of Murray State alumni. The idea behind this initiative came from Jim Carter, Vice President for Institutional Advancement, and the Alumni Association fully supports the project with a goal of raising $2 million. For a gift of $1,922 (which can be payable over five years), one can purchase a brick for the new 1922 Legacy Walkway which will be created on the science campus and the website for the project is www.murraystate.edu/1922. This project will allow for completion of the sidewalks on the science campus which – in conjunction with the new Clock Tower – will result in it becoming a secondary "quad" at the University. A brochure regarding this initiative was provided in the supplemental notebook.

Dr. Dunn reported when "Bucks for Brains" funding was first announced there was some concern regarding the requirement that 50 percent be matched for initiatives in the STEM fields because ensuring there are a sufficient number of donations to undertake the match can be challenging. Mr. Jackson exerted significant effort and strategic thinking to bring this initiative to fruition.

**Adjournment**

The Development/Investments Committee adjourned at 9:55 a.m.

The Board adjourned for a break beginning at 9:55 a.m. Chair Stout reconvened the special Board of Regents committee meetings at 10:15 a.m.

**Finance Committee**
**10:15 a.m.**

**Stephen Williams, Chair**
**William Adams**
**Marilyn Buchanon**
**Constantine Curris**
**Alan Stout**

Stephen Williams, Chair of the Finance Committee, called the meeting to order at 10:15 a.m. and reported all members were present.

**Property Acquisition – 912 North 16th Street, Murray, KY, approved**

Mr. Denton reported this property is located adjacent to the University's current parking lot across from Richmond and Clark residential colleges on Waldrop Drive, facing 16th Street. This purchase has already been negotiated with the state, pending Board approval, and there is approximately 7/10th of an acre of land with a small house that would be raised.

On behalf of the Finance Committee, Dr. Curris moved that the Board of Regents authorize the President of the University to purchase the property located at 912 North 16th Street, Murray, Kentucky. Mr. Adams seconded and the motion carried.

**Farmers Bank and Trust Company of Marion, Kentucky; William C. and Genevieve H. Adams; and Dr. and Mrs. Thomas Weems Comprehensive University Excellence Trust Fund ("Bucks for Brains") Designation, approved**

Mr. Jackson reported there are two items related to final "Bucks for Brains" monies. The first pertains to Farmers Bank and Trust Company of Marion, Kentucky, (Alan Stout) and the gift of $50,000 for Crittenden County scholarships which would be matched with additional alumni

funds to create an endowment of approximately $114,000. Fifty percent of "Bucks for Brains" funding must be for STEM initiatives and in order for the numbers to be exact the Board is being asked to approve funding in the amount of $49,106 to match the $50,000 gift. The second item related to "Bucks for Brains" monies is a gift from Regent Bill Adams and his wife Genevieve which will be matched with $20,000 and represents – with the exception of an additional $18,369 in non-science money – the remainder of the University's "Bucks for Brains" appropriation of $1.58 million. The balance of $18,369 is being used in conjunction with the gift of $320,598 from the Dr. and Mrs. Thomas Weems estate.

On behalf of the Finance Committee, Mrs. Buchanon moved that the Board of Regents, upon the recommendation of the President of the University, approve the University's designation of the donations by Farmers Bank and Trust Company of Marion, Kentucky ($50,000); William C. and Genevieve H. Adams ($20,000); and the Dr. and Mrs. Thomas Weems estate ($320,598) for matching funds from the Comprehensive University Excellence Trust Fund ("Bucks for Brains") for the 2008-10 Biennium. Mr. Adams seconded and the motion carried.

**FY11 University Budget, approved**

Mr. Denton indicated a Budget Executive Summary had been provided in advance of the meeting for Board review. He thanked Jackie Dudley, Senior Director of Accounting and Financial Services, and her staff who have taken on increased responsibilities with regard to budget preparation. He also thanked Carl Prestfeldt, Director, Fiscal Planning and Analysis, and the members of his staff. Budget highlights include:

- The 2009-10 total operating budget was $135.9 million and this figure does not include restricted funds. The 2010-11 total operating budget increased by $5.6 million (4.1 percent) for a total budget of $141.5 million. Of this amount the General Fund (E&G) increased by 3.9 percent ($4.3 million).
- With regard to state appropriations, overall state funding decreased by $78,800. This figure includes $392,000 for Breathitt Veterinary Center and $268,200 for Regional Stewardship and Outreach that the University is receiving in a different format (through a grant process) with this funding now being built into the University's appropriation base. The University's true reduction for operations is much greater than $78,800. There was a $659,233 decrease in general operations and segments within the state appropriation that had specific funding set aside experienced reductions before considering moving the grant into the base – including BVC ($35,574), Action Agenda ($24,634), Telecommunications Systems Management ($15,896), Regional Stewardship ($2,636) and Faculty and Program Development ($1,027).
- Tuition and mandatory fees will increase by 5 percent ($144 per semester) for full-time resident undergraduate students. The Board approved the uncapping of graduate tuition for hours 10, 11 and 12. The budget indicates a gross tuition increase for all residency classifications of $3.2 million. If the Tennessee reciprocity reclassifications had not occurred, gross tuition and mandatory fees would have amounted to $5.8 million.
- An increase in tuition and fees is essential to maintaining academic quality, covering fixed costs and providing additional financial aid to students. Even with recent tuition and mandatory fee increases MSU will remain among the comprehensive public universities with the lowest tuition rates (and could be the lowest) allowing it to stay competitive in the state/market region.
- The Board previously approved general budget priorities and with regard to salaries and fringe benefits, in addition to funding for a one percent 2009-10 mid-year increase ($614,781), $1.7 million included in the budget targets compensation for a portion of hourly employees ($200,000); academic promotions, residential colleges (106 employees) and other awards ($138,163); graduate assistantship pay increases ($200,000); market adjustments and additional duties ($211,802) and net additional FTE ($701,472).
- There has been a 19.38 employee FTE net increase (approximately $700,000) for the General Fund which is divided by vice presidential area, including President (.90), Academic Affairs (7.76), Student Affairs (6.30), Finance and Administrative Services (2.57) and Institutional Advancement (1.85). These FTE net increases are a combination of over 100 changes because each time job responsibilities change a portion of FTE is reallocated to a different area.
- With regard to expenditure priorities and fixed costs, increases of approximately $1.8 million include KERS retirement rate increase matching costs ($630,000), KERS retirement sick leave buy back ($130,000), KTRS retirement rate increase for medical costs ($43,000), KTRS retirement sick leave buy back ($155,750), health insurance ($509,997 – MSU absorbed 100 percent of employee's share for calendar year 2010) and technology upgrades ($70,583 - funded primarily through mandatory fee increases). Regent Williams indicated it is worth noting the retirement rate increase for medical costs will be offset by savings through the fringe benefit program and existing position vacancies. Mr. Denton indicated that to be the case and with regard to the $600,000 cost the administration had budgeted for $250,000. It was not known until the Legislature met in special session what the retirement rate increase would be. There was the possibility it could be up to this amount but in years past the Legislature has limited the amount of the increase. A prior statute exists indicating the University is one of the state agencies that would match up to this amount and while in past years the Legislature limited the amount it did

not this year due to economic realities of the state. The University will have sufficient position vacancies over the course of the fiscal year to pay the difference between $250,000 and $600,000 but must address an additional $380,000 through the budget by using unused fringes for vacancies which exist. Regent Williams indicated in normal budget times this would be tantamount to a contingency fund which is now eliminated and the Board should be mindful the University has lost approximately $400,000 for other unanticipated expenses. Dr. Dunn agreed this was a significant change which was made very late and the University was forced to sweep in monies which would have normally been used if all vacant positions had been filled. Regent Adams commended the University administration for assuming the entire health care cost increase and assurance was provided that efforts are underway to ensure employees are aware the University assumed this additional health care benefits cost.

- With regard to expenditure priorities and recruitment and retention (scholarships), there was an increase of $2.4 million in scholarships, tuition discounts and geographical waivers (excluding the Tennessee reciprocity factor). This scholarship growth comes from the tuition rate increase and includes new initiatives for a regional tuition discount for the state of Ohio, high achievement out-of-state (non-regional students) and the Governor's Scholars Program (GSP). In response to a Regent question, Dr. Dunn reported recruitment counselors initiated a number of discussions with counselors in northern Kentucky regarding the potential to recruit students from Ohio and numbers which could result to determine a break-even point for the addition of the Ohio tuition discount. In response to Regent questions, the following was reported:
  - Regarding $200,000 for Governors Scholars Program scholarships, Dr. Dunn reported the idea behind hosting the GSP is not simply to have the prestige which comes with hosting that group but it also presents an opportunity to participate in an event which could have significant recruiting potential for the University. MSU will not be able to take full advantage of recruiting possibilities which exist by having the GSP on campus if it also does not provide necessary scholarship support because these students will be able to receive that level of support from other universities. In building the budget the administration had to develop a reasonable assumption to work from and the University is committed to offering the level of scholarship support necessary to attract these students to MSU. The number has been estimated for the first year but an attempt was made to reflect the subscription that would be evidenced based on Commonwealth Honors Academy numbers. This number will be refined once the University's success rate in attracting these students has been determined. Dr. Robertson added what other competitor institutions are offering and their yield was studied and MSU wanted to remain competitive with those universities. A number of factors were used to determine what level ACT would be required for attendance in the GSP and the associated scholarship support. Dr. Dunn stated the University has always provided GSP scholarships but determined as the issue was reviewed carefully prior to hosting the GSP this summer Murray State offered the lowest level of support for a Governor's Scholars student than any other Kentucky public university which resulted in very few deciding to attend MSU. Most GSP students are provided with a full scholarship. Chair Stout fully embraces the importance of the Governor's Scholars Program to MSU – like the importance of the Commonwealth Honors Academy (CHA) – from a recruitment standpoint. In order for these programs to be successful and benefit the University, it is important students have a positive experience while on campus. He received calls last week from parents who had students participating in the CHA complaining about the organization of the first couple of days of the program and some students were not able to eat breakfast because the lines were so long. Dr. Robertson reported this issue was identified and addressed and was corrected by lunch.
  - Regarding whether there has been a significant increase in international waivers this year, Mr. Denton reported the amount of international tuition waivers were adjusted for a total of $475,000 to match growth in international enrollment. International students receive roughly a one-third discount in tuition and as enrollment increases the amount of waivers will also increase. Dr. Dunn indicated an update was provided to the Board on the expected success (plus some) which has resulted from changing the international scholarships two years ago.
  - Regarding $200,000 budgeted for the Cyprus Program, Mr. Denton reported this is an existing program and the Teaching English as a Second Language (TESOL) program is taught in Cyprus. Dr. Brockway reported the University first offered the Master of Business Administration program in Cyprus but then made a proposal to also offer the TESOL master's degree program. Participating students are charged a pro-rated program fee which is returned to the University to support the operation but tuition is waived. The University still generates revenue but it is not shown as tuition revenue and rather as an international student program fee.
  - Regarding $142,000 in parking fines being used to assist the Murray-Calloway Transit Authority (MCTA) and whether the University has a contract with this entity, Dr. Dunn reported there is an agreement between MSU and the MCTA which is entering the second year. With regard to ridership numbers (less ballgames), Joshua Jacobs, Chief of Staff, reported current ridership is 95 percent students and there have been over 28,000 rides provided during the reporting period. While students often utilize the shuttle as a means of getting to ballgames, the number provided does not include rides from the Stewart Stadium parking lot to the Regional Special Events Center with MCTA staff members providing the ridership count. A concern was expressed that rarely is anyone seen riding the shuttle and Dr. Dunn stated as the next year approaches a determination may need to be made regarding that

situation. The genesis of this project was a partnership with the local transit authority (backstopped with federal stimulus money). It is an amenity that is appreciated on campus, particularly for recruitment purposes, a revenue source exists to fund the initiative and the University is not diverting tuition revenue to fund the project. Fine money from people parking where they should not is being used to provide MSU support for the program. Whether the University should continue to participate in the project will be reviewed and discussed as the contract nears an end.

- Priority requests have been reviewed and the highest priority items from Academic Affairs, Student Affairs, Institutional Advancement, Finance and Administrative Services and the President's area have been funded subject to fund availability. $1 million generated from the increase in graduate tuition was earmarked for Library holdings, pay increase for graduate assistantships, Nursing doctoral program, Fellowships for Research Policy Committee, recruitment services, travel and other graduate initiatives. A few high priority technology initiatives were also funded.
- With regard to capital projects, no state bonds were authorized for the 2010-12 biennium. Agency bond authorizations for the 2010-12 biennium include:
  - Renovate College Courts ($10 million)
  - Renovate Elizabeth College ($8.9 million)
  - Renovate Thoroughbred Room Dining Room and Kitchen ($1,008,000)

Regent Williams complimented Mr. Denton and staff on preparing a comprehensive budget and expressed appreciation for the process utilized which provided the Board with an opportunity to address key policy issues prior to the presentation of the budget in its entirety.

On behalf of the Finance Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve the Fiscal Year 11 (2010-11) University Budget. Mr. Stout seconded and the motion carried.

**Adjournment**

The Finance Committee adjourned at 11 a.m.

The special committee meetings of the Murray State University Board of Regents adjourned at 11:02 a.m.

Chair

Secretary

(The remainder of this page has intentionally been left blank.)