

**Minutes of the Quarterly Board of Regents Committee Meetings**  
**Murray State University**  
**Friday, August 26, 2011**  
**West Regional Postsecondary Education Center – Hopkinsville, Kentucky**

**Committee of the Whole**

Chair Constantine Curris convened the Murray State University (MSU) Board of Regents (BOR) as a Committee of the Whole at 9:33 a.m. and reported all members were present.

President Randy J. Dunn introduced Bob King, President of the Council on Postsecondary Education (CPE), and expressed appreciation for his leadership for higher education in the Commonwealth of Kentucky. The credentials and experiences he brings to the position having worked as President of the SUNY system in New York – the largest postsecondary education system in the country with 64 campuses – are invaluable. He also has political experience having served as a state legislator and as State Budget Director and has been particularly helpful in providing leadership in setting the *Strategic Agenda* for postsecondary education in Kentucky. He is visiting with the boards of all Kentucky institutions and on behalf of the Regents Dr. Dunn expressed appreciation to Mr. King for appearing before the MSU Board.

**Presentation by Robert King, President, Council on Postsecondary Education, received**

Mr. King thanked the Board and indicated he is impressed when he is able to meet the members of the various university boards with the amount of time, commitment and love each member brings to their respective institutions. The insight and points of view of the various members is invaluable to keeping the campuses moving forward. The new *Strategic Agenda for Kentucky Postsecondary and Adult Education* was shared with the Board. The statute under which the CPE operates is House Bill 1 (HB1), known as the Higher Education Reform Act. HB1 obligates the CPE to create a new *Strategic Agenda* every four to five years so the original objectives are recalibrated to determine if goals are being met, sufficient progress is being made and what the next step should be. This document represents the third such cycle and culminates a year-long exercise with input being provided by every campus, the State Department of Education, Economic Development Cabinet, Workforce Development Cabinet, Chamber of Commerce and a set of stakeholders, including faculty organizations and input from the student representatives so there is a high degree of confidence all voices which need to be heard were heard. The approach being taken is measuring where the universities currently are and what it is believed it will take for the CPE to achieve the objectives articulated in HB1 so the various goals are achieved by 2020 – the year the legislature set as a target for the CPE and the universities. Major challenges include:

- The state remains behind the national average for the objective set out in HB1 to elevate the baccalaureate and associate degree attainment for individuals in the age group 25 to 44. There is approximately a 7 percent gap between Kentucky and the nation in terms of educational attainment.
- The core of the challenge for the CPE and universities is the fact only 57 percent of freshmen met college readiness standards in 2008-09, meaning over 40 percent of students being admitted to higher education institutions are entering in need of remediation in one or more subjects.
- Graduation rates are below the national average with only 47 percent of full-time students completing college in six years.
- The state is not achieving the larger objective of being economically competitive.

A graph was provided indicating four, five and six-year graduation rates, with approximately 25 percent of students graduating within four years, 45 percent in five years and 52 percent in six years. Information was also provided on the percentage of students entering Kentucky institutions who are prepared and ready to successfully complete credit-generating classes. The graduation rates ratio for those students entering college who are underprepared, over a five to six year timeframe, is about 2 to 1. In 2009 the legislature enacted Senate Bill 1 (SB1) which has as its central objective reducing the number of students graduating high school but needing remediation and for those institutions admitting students who need remediation, elevating their graduation rates by increments of three percentage points per year. This data is at the core of the challenges facing CPE and the universities. A graph was provided indicating there is also a racial component which is illustrated by the graduation rate gap between the average for all students and that for underrepresented minorities (African American and Hispanic students).

Imbedded in the *Stronger by Degrees* executive summary are larger objectives to be achieved and the metrics which will determine whether progress is being made. Strategies are also in place at both the state and individual campus levels to meet these goals. Focus areas include:

1. College Readiness;
2. Student Success;
3. Research, Economic and Community Development; and
4. Efficiency and Innovation.

The success of the CPE and universities is measured by credentials produced and graduation rates and is directly impacted by the readiness of admitted students. The challenge is to increase the proportion of students graduating from high school who are ready for a career if they choose not to attend college or prepared to meet the expectations of entry-level college courses if they choose to pursue higher education. The question is what can be done within higher education to influence this change because the universities do not run the school board, hire high school teachers or supervise the school systems. Higher education decides who is admitted into teacher education programs and what must be demonstrated in order to earn a college degree. Ninety percent or more of the state's teachers come through the institutions within Kentucky which means there is enormous capacity to influence the caliber of the teaching force through the quality of programs and selectivity applied when students are admitted into teacher education programs. The first component of this work is for every school of education and the arts and sciences colleges to rethink how this work is undertaken so Kentucky can build the strongest teaching core among any state in the nation.

Secondly, the 45,000 to 55,000 teachers already working in the school system are obligated to participate in professional development programs. For reasons Mr. King cannot explain, higher education has not been highly engaged in providing professional development and the majority of such training instead comes from public providers with this instruction ultimately being ineffective. In Kentucky \$60 to \$70 million per year is spent on providing professional development to teachers but is not resulting in an improvement of skills or student outcomes. Teachers do not associate with this work and resources are being wasted. A conscious effort has been made to develop relationships with the State Department of Education to encourage faculty to build relevant, effective and meaningful professional development contacts and this work is now starting to blossom through initiatives taking place through the CPE and on the campuses.

Thirdly, there is growing interest in providing access to the capacity to earn college credit while students are in high school which is referred to as dual credit, early college, middle college and a new program which will be piloted this fall called the board examination system. All of these programs are directed toward encouraging high school students to begin performing at levels universities expect for those desirous of obtaining a postsecondary education degree.

A fourth aspect is engaging in research about what works and what does not and sharing that information. A new laboratory at the University of Kentucky – the P-20 Innovation Lab – represents such work as does partnering with the schools of education to actively participate in development efforts.

College readiness is a critical part of this new set of strategies. Higher education institutions have indicated a willingness to shoulder a significant portion of the responsibility of assisting K-12 educators to become successful. The success of K-12 education ultimately translates into success for the universities. Student success is also a critical component and while outcomes for students are significantly improving the obstacles must also be understood and addressed as well as why students are not graduating at a higher rate and sooner. An array of strategies has been identified and this week MSU representatives, as well as faculty and administrators from all Kentucky public universities, attended a program in Frankfort delivered by a national organization – the Education Delivery Institute (funded by the Gates Foundation). Currently in ten states public institutions are developing the capacity to more keenly analyze what the challenges are and develop strategies which work individually and synergistically to increase the likelihood of students attending college and earning a degree. MSU has been a leader in terms of graduation rates in the state among the public institutions. Student success also contemplates closing the achievement gap and focus should be placed on financial assistance, including aid provided at the state and federal levels. Another critical area of focus is research and economic and community development. Research is focused largely on the two research institutions but

other aspects, including current economic and community development, are intimately connected to the work undertaken at all universities. Every campus – in most instances – is among the largest employers in the communities in which they reside. Broad and active involvement in local communities and economies should be encouraged. There is an array of regional stewardship issues embedded in this work which must continue. Discussion has taken place with regard to tenure and promotion and whether certain commitments a faculty member makes to the community should be considered in that process. This work should be undertaken as efficiently, cost effectively and innovatively as possible because all institutions are ultimately stewards of public funds.

Various methods will be utilized to accomplish implementation of the *Strategic Agenda*. Throughout the process the CPE has met repeatedly with campus representatives and the presidents during monthly meetings and directed them through the metrics in order to reach some agreement on those that would be measured on a statewide, institutional and regional basis. Each campus will report once per year to the CPE in terms of progress toward implementation of each of these metrics. The format of CPE meetings will change from reporting by CPE staff to placing a focus on each of the campuses in terms of performance on meeting stated metrics. Work is underway with each campus to establish targets to which each institution will commit and progress will be measured against a University's success in meeting those goals.

As the Legislative Budget Request is prepared for the next biennium, one feature of that request will be the creation of an amount of money to be used as an incentive for performance funding for each campus over and above base appropriations. In order to access these funds the institutions must achieve stated targets on the various metrics. Four of the ten metrics are institutional in nature and pertain to credentials produced, graduation rates, closing achievement gaps and transfers. If the target is to increase graduation rates by 4 percentage points and a campus increases (within a specified timeframe) by 3 percent, the institution would earn 75 percent of the available allocation.

The CPE will measure regional metrics in terms of the readiness of high school graduates by determining what proportion of students are scoring at or above benchmark scores used to measure college readiness on the ACT exam. Also measured and tracked will be the "go to" college rate of students from a particular service region. Campuses will not be held accountable in the sense this work will affect funding but if the CPE observes a particular region where the numbers are below the statewide averages or are declining, this represents a signal the university, community and private and independent colleges in that area must make a determination of actions which can be taken in addition to or different from that which is already being done to increase these numbers. The National Center for Higher Education Management and Services (NCHEMS) has been engaged to assist in articulating the measurement of where the universities currently are and where they need to be by 2020. In the process of NCHEMS working with the CPE a report was produced which surprised the CPE in that as they have measured the improvement in graduation rates at both four- and two-year institutions, Kentucky has made more progress in the last decade than any other state. On September 7, 2011, a press event will be held with all presidents, Governor Beshear, numerous senators and representatives and members of the Board were also invited to attend. All should be proud of the work that has taken place on the MSU campus and the positive results which are now becoming apparent.

In response to a question regarding the most significant barriers prohibiting success in these areas, Mr. King indicated the CPE and universities should be more intentional in thinking about student success and work which needs to occur on each campus and in each classroom to focus on what students need to be successful. A recently-published report studied students from 30 to 40 public and private colleges who were tested when entering a university as freshmen and again at the end of the sophomore year to determine whether improvement occurred in terms of problem solving and critical thinking. The data showed, with few exceptions, there was little change in those skills between entry and the completion of the sophomore year. A great deal of time was spent identifying underlying issues which resulted in three focus areas:

- 1) Students report they spend only 16 to 17 percent of their time going to class or studying and 60 percent or more time socializing, with the remainder of their time spent eating and sleeping. Part of the issue is changing the culture and expectations for students.
- 2) Too many faculty members do not demand enough from their students, particularly in terms of the amount of reading and writing they must undertake.

- 3) A third issue pertains to leadership on campus which is set by the President and the Board in terms of expectations for high academic achievement. Part of this work involves self-assessment by each institution and in terms of the causes of why students are dropping out or stopping out, the largest single answer is dollars. Kentucky has three state-funded financial aid programs – the Kentucky Educational Excellence Scholarship (KEES) program which every student is eligible for based on performance in high school; the College Access Program (CAP) which is a need-based aid program for students to attend public and private institutions; and the Kentucky Tuition Grant (KTG) which is applicable to students attending private institutions. This past year applications which qualified for need-based financial aid exceeded available funding by \$100 million. This means students who did not receive aid but chose to attend college were required to get a job (typically consuming more than 20 hours per week of their time). Institutions were forced to apply operating dollars to institutional aid which reduces a university's capacity to hire new faculty, expand programs or resulted in students being required to take out loans to attend college.

Dr. Curris expressed appreciation to Mr. King for sharing with the Board the strategic initiatives of the Council on Postsecondary Education. The partnerships which the CPE has developed with colleagues in K-12 hold great promise for the Commonwealth. With regard to professional development for K-12 teachers, the observation that a great deal of money is not spent productively has been echoed across the country and often one confuses drive-in conferences and one-day workshops with effective professional development. The difference between what the private business sector does and what is undertaken in higher education is significant and higher education has not been a major player – except in terms of degree offerings – in this arena. As the CPE has identified, this is a significant issue for the state of Kentucky but whether there is potential the Council will seek funding so that higher education – by competitive grant program or some other means – can offer professional development in a more meaningful way remains in question. Currently any work undertaken must be financed either by tuition or through a contracted relationship with school boards and funding is limited. When SB1 was enacted it was designed to direct the creation of new standards for K-12 which are aligned with what students are expected to know as they enter 100-level courses at the institutions. It further directs the CPE, the State Department of Education and the Educational Professional Standards Board to work together to develop those standards. As the process begins to implement this forward-thinking legislation these entities will begin to review the process necessary for implementing the statute and professional development will play a critical role in the future success of this exercise. The Department of Education identified the amount of money federal and state governments include in their budget for these purposes and although some funding is specifically earmarked, approximately \$60 to \$70 million is provided to the school districts for professional development. Control over the spending of this money, however, resides with the school boards. Education Commissioner Terry Holliday agrees with the CPE that it is necessary to elevate the quality of professional development and the need exists to begin to constrain the choices of local school boards and they should be provided with a menu of acceptable programs defined by Commissioner Holliday and the CPE. The CPE would then ask the campuses to review this issue to determine whether a model can be defined to effectively serve teachers in each regional service area. In order for there to be an income opportunity the institutions must make an investment but it is likely if quality programs are offered school districts will be encouraged to participate in these programs. The budget proposal currently being constructed includes funding the CPE has identified and specifically targeted for the universities but the proposal cannot be presented to the legislature without providing details in terms of how the money will actually be spent. Members of the CPE staff, in consultation with the deans in the various colleges of education, have begun to produce a more sophisticated set of proposals which will be presented at the next meeting of the presidents and chief budget officers.

The annual Trusteeship Conference will be held on September 23, 2011, and issues common to all institutions will be discussed so the Board can see in a much broader context where this work is connected and not solely related to Murray State. Kentucky is not part of an overall system and each campus operates as an autonomous enterprise. The CPE is respectful of campus autonomy and the presidents meet monthly which provides an avenue for an active exchange of ideas and concerns.

Appreciation was expressed to Mr. King for a particularly informative presentation.

## Academic Affairs Committee

**Jerry Sue Thornton, Chair**

**Jack Rose**

**Phil Schooley**

**Jenny Sewell**

**Stephen Williams**

Dr. Thornton, Chair of the Academic Affairs Committee, called the meeting to order at 10:25 a.m. and reported all members were present.

### **Telecommunications Systems Technology Transfer and Licensing Agreement, approved**

Joshua Jacobs, Chief of Staff, reported the agreement being presented for approval represents a first for Murray State University. A team of individuals from the MSU Telecommunications Systems Management (TSM) Program developed the agreement over a number of years and an equally dedicated team has brought the proposal to this level for Board review and approval. Jay Morgan, Associate Provost for Graduate Education and Research and Deans Tim Todd (College of Business) and Steve Cobb (College of Science, Engineering and Technology) played an integral role in the process due to the involvement of their colleges with the TSM Program. Also involved in this work were Jim Gantt, TSM Director, and John Rall and Teresa Groves in the General Counsel Office. TSM is a program of distinction on the Murray State campus and a communications packager has been developed – with one example being a yellow box which can be taken into the field during disaster or emergency situations so integrated communications systems can still be utilized by first responders. In reviewing this agreement potential risks associated with commercialization must be presented to the Board, including infringement upon patents held in the field – although work has been undertaken to mitigate such risk by the legal team and through informal consultation with patent attorneys. Implementation is on a tight schedule as a result of grant funding which has been secured to begin formation of this company which is why the agreement is being presented to the Board prior to formal review by patent attorneys.

Dr. Morgan reported an attempt is being made to change the current campus culture. Approval of this recommendation will send a message to faculty and staff that there is a procedure in place to accomplish such work. Several projects have risen through the ranks but have not reached this point and the commercialization and adoption of this initiative by the Board will illustrate to the entire campus this work can be accomplished. Presently University patent policies are being rewritten and the technology transfer process is being reviewed. The University's current patent and copyright policies were written in 1976 and reference audio cassettes and transparencies which are no longer utilized. If this recommendation is adopted by the Board potential royalties from the company (approximately \$200 per unit) will result.

Dr. Todd agreed this initiative represents a natural progression from the perspective of the two colleges for a program of distinction and is directly tied to President Dunn's innovation directive. Dr. Cobb reported the College of SET is supportive of the recommendation and he is particularly pleased the TSM Program – under the direction of Dr. Gantt – has successfully identified and brought about technology which serves the needs of the region, the Commonwealth and possibly the nation. This undertaking has been developed and proven in the field and attention and favorable publicity have been directed toward MSU. The institution's future will bode well by having policies in place to assist in the development of intellectual property, activities and technology transfers.

On behalf of the Academic Affairs Committee, Dr. Rose moved that the Board of Regents, upon the recommendation of the President of the University, approve the general terms of the agreement for the licensing of the "Communications Packager" technology developed as part of the Telecommunications Systems Management program, and further authorize the President of the University to execute an agreement with PreparedIT, LLC. In accordance with the *Statement of Ethical Principles and Code of Conduct*, it is further recommended the Board of Regents specifically find there is no indication any employee has influenced any decision throughout the approval process. Mr. Williams seconded and the motion carried unanimously.

## **New Deans, introduced**

Bonnie Higginson, Provost and Vice President for Academic Affairs, reported last May the Board voted to hire two new deans and introduced Susan Muller, Dean of the College of Health Sciences and Human Services. Dr. Muller previously served as Chair of the Department of Health and Sport Sciences at Salisbury University in Maryland. Also introduced was Marcie Hobbs, Dean of the School of Nursing, who previously served as Chair of the Department of Nursing at Southeast Missouri State University. During her first tenure at Murray State she served as Chair of the Department of Nursing for 15 years and as Interim Dean of the College of Science.

## **2010-11 New Degree Programs Update, presented**

Dr. Higginson reported that in January 2010 the College of Humanities and Fine Arts (HFA) began offering the Bachelor of Science in Japanese which currently has 18 majors and seven minors and there is every reason to expect this program will continue to grow. As a part of the program – and through efforts of Tom Lough, former Professor in the College of Education and currently Japanese Program Consultant in the College of HFA – some interesting outreach programs are being offered, including Japanese Instruction at Pembroke Elementary School and at Hopkinsville Middle School. Japanese Instruction is also being offered at Calloway County High School and Middle School. This represents a testament to the importance of the Japanese language and the level of interest among middle and high school students. It is hoped these students will attend Murray State and major in Japanese and it is also anticipated a Japanese teacher certification program will be available in the near future.

The University is offering a master's program through the College of Science, Engineering and Technology (SET) – the Master's Degree in Chemical Manufacturing Management. The program was designed to provide higher education opportunities to individuals employed in west Kentucky in the Chemical Manufacturing industry – Calvert City in particular but also Paducah and southern Illinois. The first students enrolled in the program have primarily been international students and many will complete the Master's in Chemical Manufacturing Management in December 2011. Concerted efforts are being made to recruit students from the MSU service region.

Master's degree programs for elementary, middle and secondary teachers are offered through the College of Education and have been revised to represent “teacher of the year” programs. An attempt is being made to position MSU teachers to not necessarily be principals or superintendents but school leaders and change agents. Currently there are 100 students in the elementary program, 30 in the middle school teacher leader program and 38 in the secondary teacher leader program. The Master of Arts in School Administration Program was also significantly revised and there are approximately 90 students enrolled in the program which operates on a cohort schedule.

The Youth and Nonprofit Leadership (YNL) Program is beginning this fall but last spring when the program was announced 25 students immediately declared the YNL major. There are currently 115 minors in YNL and the future of this program looks promising.

## **Adjournment**

The Academic Affairs Committee adjourned at 10:45 a.m.

### **Audit and Compliance Committee**

**Harry Lee Waterfield II, Chair**  
**Constantine Curris**  
**Jenny Sewell**

Mr. Waterfield, Chair of the Audit and Compliance Committee, called the meeting to order at 10:45 a.m. and reported all members were present.

### **Audit Contract Revision, approved**

Tom Denton, Vice President for Finance and Administrative Services, reported the Board approved a similar revision to the Audit Contract last year. During the first audit year RubinBrown included the audit of two federal programs but is in the second year of the contract and the Office of Management and Budget issued a compliance supplement which revised audit guidance changing the minimum threshold calculation for single program audits to .3 percent of federal awards. Based on this calculation, a single program audit is required for the following:

- 1) Student Financial Aid Cluster
- 2) State Fiscal Stabilization Funds
- 3) Research and Development Cluster
- 4) TRIO Programs
- 5) Special Education Cluster

On behalf of the Audit and Compliance Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve an increase of up to \$18,600 in the contract amount for the addition of three major federal programs for June 30, 2011, and subsequent contracts for auditing services by RubinBrown. Mrs. Sewell seconded and the motion carried.

### **FY12 Annual Internal Audit/Review Plan, approved**

Dr. Dunn reported although the Board did not have a great deal of opportunity to discuss this issue during the Retreat materials were provided from the Internal Auditor as a result of work associated with Generally Accepted Accounting Practices in Kentucky public universities pertaining to the nature of audit/review plans. The results of this research were provided in the supplemental folder. The Internal Audit Charter should be revisited to more accurately reflect what the Committee and the Board desires to accomplish. This work includes determining the number of times per year the Auditor reports to the BOR, having the plan approved by the Audit and Compliance Committee, reviewing reports presented to the President and determining whether those should also be provided to the Board. Mr. Denton and other administrators are determining how to summarize this report for the BOR. A policy draft which details this work will likely be presented to the Board during a future meeting based upon the position of the BOR in terms of overseeing the Internal Audit. Agreement was reached that it would be desirable for the Audit and Compliance Committee to have a work session to make this determination because it varies from the original Charter approved by the Board.

The Internal Auditor reported the Audit Plan is similar to those in prior years and includes three broad areas, representing internal reports and projects. The Ohio Valley Conference Report is required which will not change but assistance provided to the external auditors will be based upon what is required. The departmental review is an area in which the Internal Auditor has subjective and objective ability to develop a plan with certain risk to be considered and those were included in the selection criteria. Throughout the year the Internal Auditor evaluates what is occurring on campus and determines a standard practice in terms of what is actually occurring and what needs to occur next year. At year-end the Internal Auditor prepares an analysis based on those factors, including total revenues and expenses and reviews those departments with cash-handling transactions and deficit balances. All these factors are taken into account, not individually but as a whole, and when selections are made there is an element of risk assessment but also a judgmental aspect to this work. One area which is new in this plan is review of renovation and capital construction projects. These projects have been reviewed in the past but one to two renovation and capital construction projects will now be included each year in the Audit/Review Plan so it is viewed as a routine review (not an audit) which will aid departments in determining where the system can provide benefit.

Dr. Curris moved that the Audit and Compliance Committee, upon the recommendation of the President of the University, approve the FY12 Annual Internal Audit/Review Plan. Mrs. Sewell seconded and the motion carried.

### **Adjournment**

The Audit and Compliance Committee adjourned at 10:55 a.m.

## **Buildings and Grounds Committee**

**Jack Rose, Chair**  
**Marilyn Buchanon**  
**Susan Guess**  
**Jeremiah Johnson**  
**Harry Lee Waterfield II**

Dr. Rose, Chair of the Buildings and Grounds Committee, called the meeting to order at 10:55 a.m. and reported all members were present.

### **2012-18 Six-Year Capital Plan and Biennial Capital Budget Request, discussed**

Information regarding the 2012-18 Six-Year Capital Plan and Biennial Capital Budget Request was provided in the meeting and supplemental notebooks. Kim Oatman, Chief Facilities Officer, reported the following:

The three main categories for Capital Requests include general fund, non-general fund and agency bonds. The University's top six general fund requests are:

- 1) Construct/Complete New Science Complex – Final Phase
- 2) Construct New University Library
- 3) Construct Paducah Regional Campus Facility
- 4) Upgrade Campus Electrical Distribution System
- 5) Renovate Blackburn Science
- 6) Replace Campus Steam Distribution System

**Science Campus:** Two buildings have been constructed on the Science Campus comprising approximately 120,000 square feet – but all are excited about the potential to complete the campus with the Engineering and Physics Building (72,500 square feet). The building would be LEED certified and contain features for teaching sustainability, green technologies and space for teaching, research and distribution of science resources. This would represent the largest building on the Science Campus.

**Library:** The Library function is currently divided between two existing facilities: Pogue Library (45,563 square feet) and Waterfield Library (101,480 square feet). The VFA Statewide Facilities Condition Assessment listed both existing University Libraries among the top ten worst facilities on campus. The University has also conducted a Library Feasibility Study to identify programmatic and spatial needs, resulting in the recommendation for a 169,000 square foot facility. The new facility would house both the special and regular collections and would include learning commons; food services; the Center for Teaching, Learning and Technology and classrooms, including tiered and seminar spaces. A study has also been undertaken to identify potential sites for the new facility but no formal decision has been made in terms of where a new Library would be constructed on campus.

**Paducah Regional Campus Facility:** A *Memorandum of Understanding* with McCracken County, the City of Paducah and the Greater Paducah Economic Development Corporation was approved by the MSU Board of Regents on May 20, 2011. This project will allow for the design and construction of a new regional campus facility on Murray State land located at the intersection of Interstate 24 and US Highway 62 in Paducah, Kentucky. This represents approximately an \$11 million project and the facility will provide 40,000 gross square feet of classrooms, offices and computer laboratories. Current MSU academic programs have outgrown existing leased space in the Crisp Center. This project continues to be included in the Capital Plan in the event funding does not come to fruition through the current planned source. A rendering was provided illustrating potential building sites for the facility.

**Campus Electrical Distribution System Upgrade:** The VFA Study identified the major components of this project as among the top ten worst facilities on campus. This project is vital to the safety and reliability of the campus electrical infrastructure system and would include upgrading the Central Plant Substation to replace the over 40-year-old Physical Plant Substation which would include replacement of switches, underground cables and related equipment. Completion of this project could result in substantial operational cost savings.



**Renovate Blackburn Science:** This project includes renovation of a 139,217 square foot building which was constructed in the 1950s and 1960s. The VFA Study identified Blackburn as not being fit for continued use as a science facility and recommended renovation for other E&G uses. Some programs have already been moved into the building and when the Engineering and Physics Building is funded that program would move out of Blackburn into the new facility. Renovation of this facility would include replacement of all major mechanical, electrical and plumbing systems.

**Campus Steam Distribution System Replacement:** This project includes replacement of a 60-year-old system with new piping, insulation, valves and related equipment. The existing system requires significant annual repair costs and problems/failures generally occur in mid-winter which require immediate repair and are extremely costly. Replacement of the old system will result in significant energy savings and a reduction in winter utility costs.

Agency Bond Capital Project Requests for 2012-14 include:

- 1) Construct New University Library (\$62,033,000 if funded with a special use fee). The University's preference would be for the state to fund this project but agency bonds must also be identified as an alternative funding source.
- 2) Renovate Hester Hall (\$8.4 million) – the University has recently opened bids to renovate Elizabeth Hall and the next facility scheduled for renovation is Hester Hall.
- 3) Complete Life Safety Projects: H&D Pool (\$590,000) – represents the installation of sprinklers in College Courts.
- 4) Renovate College Courts (\$10 million) – represents a full facility renovation.
- 5) Complete ADA Compliance: H&D Pool (\$629,000) – represents improvements to be made in the housing area.
- 6) Complete Capital Renewal: H&D Pool (\$6,534,000) – represents replacement of chillers, pumps, etc.

Dr. Rose introduced Judith Rhoads, President of Madisonville Community and Technical College, who stated it is an honor to appear before the Board and reported the following:

- She is a graduate of Murray State University and a major supporter of the institution. The Board was complimented for their support for the extended campus sites and it is hoped all realize the importance of those campuses for the western region of Kentucky. Without this access many would be unable to complete a college degree.
- The MSU extended campus in Madisonville occupies approximately 13,000 square feet and programs are currently offered in 11 different locations across the community. A 55,000 square foot building has been planned which would represent a shared facility between MSU and Madisonville Community College (MCC). The legislature has allocated \$300,000 for planning for a \$19.4 million facility.
- The MSU extended campus in Madisonville has grown approximately 3.2 percent over the last ten years and currently 850 students are enrolled resulting in a very crowded campus, particularly with MSU programs also being offered on campus.
- A rendering of the proposed building was provided with the idea behind the facility being to raise the educational level of the entire region. Concentration could be placed on offering only two-year degrees but many four-year degrees are also needed. MSU should be proud that each year it produces approximately 100 bachelor's degree recipients in the Madisonville area.
- If Murray State was based in one location instead of 11 it would be able to expand and raise the educational level of the region even further. The building would belong to the Kentucky Community and Technical College System (KCTCS) with an emphasis on 2+2 programs. The first floor would be for general purpose use, the bookstore, student commons area, multi-use classrooms and ITV and the second floor would be utilized for general and specific classrooms. It would provide floor space for model classrooms, state-of-the-art technology and a positive learning environment for students.
- The Board is being asked to support the proposed facility as well as the Murray State extended campus in Madisonville which serves Hopkins, Muhlenberg, Webster, Caldwell, Crittenden, Henderson and McLean counties.
- MSU offers quality programs in Madisonville which attract a significant number of students and are known for quality, producing outstanding teachers and successful PRAXIS test outcomes. The project is six weeks from being shovel-ready and appears as #6 or #8 on the KCTCS capital projects list – from among 16 colleges – which is significant.

Dr. Dunn indicated among community college presidents Dr. Rhoads is one of Murray State University's biggest supporters and appreciation was expressed for her efforts. It is a struggle to fit students into classrooms currently located in Madisonville and it takes a great deal of

creativity to find space to house MSU programs. Dr. Rhoads and her staff have always been helpful in determining how best to accomplish this work. There is tremendous need for this facility which represents a KCTCS project, meaning it would need to be handled through that system's six-year capital planning process as it moves forward to the state. It is important for MSU to support the project through approval of its own Six-Year Capital Plan. The University has supported this project over the past five years by including the Madisonville facility in the MSU Six-Year Capital Plan – even though it is not a Murray State project – because the institution will benefit when the facility comes to fruition.

Dr. Thornton echoed Dr. Dunn's remarks and indicated much discussion has centered on enrollment growth and Madisonville represents a significant opportunity for MSU in this area which draws students from a broad region. Dr. Rhoads has served as a wonderful advocate for 2+2 programs which present real opportunities and the Board's strong support for Madisonville is imperative. Dr. Rose indicated when the 2+2 programs were being developed Dr. Rhoads and Barbara Veazey, President, West Kentucky Community and Technical College, were the two most cooperative and supportive individuals for those programs. In his role as Dean and Professor he has not asked for anything in Madisonville which has not been provided. The educational needs in Paducah were resolved when funding was identified through McCracken County, the City of Paducah and the Greater Paducah Economic Development Corporation to construct a facility in that community. Madisonville deserves all the support MSU and this Board can provide.

Dr. Curris is supportive of the Madisonville project but is aware situations can change over 20 to 30 years. In 10 to 15 years if the Community and Technical College leadership decides this building in its entirety should be used solely by that entity or by another campus the Board should have assurances – given MSU would not own the building – that it would remain a center for offerings from this institution in a shared facility. Dr. Rhoads reported the *Memorandum of Agreement* contains language which indicates no other institution will occupy the building unless there is an agreement between Murray State University and Madisonville Community College to that effect. MSU has many alumni and tremendous support in the area and there is a demonstrated need for four-year degrees. The agreement contains language which indicates MSU responsibilities and MCC obligations. If the agreement is violated it can be renegotiated within a reasonable timeframe and is currently scheduled to be updated every two to three years. Dr. Dunn stated there is no disagreement on this point and a draft has been prepared and will remain on hold until the project moves forward. Another option would be for MSU to build on land in Madisonville and construct its own campus similar to how the University is proceeding in Paducah. MSU and the community college cannot continue to grow in the current facility. There are currently 85 to 100 dually-enrolled students, meaning they are simultaneously enrolled in Murray State and Madisonville Community College courses. MCC has undertaken a significant initiative involving WKCTCS and increasing transfer student numbers across the entire state. MSU personnel serve on the committees studying this issue to determine how transfer numbers can be increased to provide students with a clear pathway with no barriers to move from two-year to four-year degrees.

In terms of the 2012-18 Six-Year Capital Plan project listing, there was consensus among the members of the Buildings and Grounds Committee that construction/completion of the new Science Complex should remain the University's top capital projects priority. Discussion also occurred during the Retreat regarding retaining construction of a new Library as the University's second capital project priority. Dr. Curris indicated realistically given the fact no buildings have been authorized from state appropriations for several years the University receiving funding for one building would represent a best case scenario. A concern was expressed in regard to a \$62 million project being listed immediately following a \$33 million project, meaning MSU is communicating it requests \$100 million in state funding for these two projects which is not realistic. Including a renovation project ahead of the Library might be a better course of action and Committee members echoed this sentiment.

Dr. Dunn indicated it would likely be safe to remove the Paducah project from the Capital Projects listing. The University has authorization for this project in the current biennial budget which carries the institution through June 30, 2012. If the Paducah project is not completed by the end of the biennium the University would be required to seek reauthorization. MSU has not gone to market on the bonds for the Paducah project but should there be any problem associated with that process and MSU could be coming closer to the reauthorization date than can currently

be foreseen. Consensus was reached that the Paducah Campus will remain on the 2012-14 Capital Projects request but should be moved further down on the list because an alternative means of funding this project has been identified.

The CPE has indicated if a renovation project is not included in the top five Capital Projects it would not be included in the Council recommendation to the Legislature. On that basis Blackburn Science (originally #8) and Madisonville (previously #5) were switched to ensure a renovation project was included among the MSU top five projects, depending on how the CPE moves forward with its capital recommendation to the General Assembly. The University cannot take the chance of not including a renovation project in the top five especially if the CPE's capital recommendation is what is followed by the General Assembly. As long as Madisonville appears in the top 10 projects this shows sufficient support and endorsement from the Board for that project to happen. If KCTCS lists the project at #6 or #8 the fact Murray State does the same is not untoward and does not represent a lack of support. Dr. Rose believes assisting Madisonville Community and Technical College in any way possible is important because that entity provides the University's largest off-campus enrollment and MSU has not cultivated the possibilities there as it should. The Breathitt Veterinary Center also needs to be addressed, particularly considering the critical role the facility plays in this area and statewide.

Dr. Dunn reported politically the general rule is if a project is a high priority at the University it should be included among the top six or seven project requests. There has also been discussion on this Board regarding the appearance of projects being moved around and the Board's desire to change the recommendation submitted by the President today would do just that. Madisonville counts as a "chit" for MSU even though it is a KCTCS project and will be owned by that entity. A *Memorandum of Understanding* would be entered into for use of the space but when this building is constructed legislators will indicate they helped the institution by providing MSU with a building in Madisonville and it will take the place of other projects. His position remains that Madisonville should be kept high enough on the list to show support from the Board and its commitment to what is desired to be completed in this community but careful thought must be given to where the project appears. He stands by his recommendation that the Library remain as the #2 priority but if the Board desires to make a change, the project should remain within the top four. Additional Board discussion occurred regarding the reordering of priorities and the recommendation below represents Board consensus.

### **2012-18 Six-Year Capital Plan and Biennial Capital Budget Request, approved with amendments**

Mrs. Buchanan moved that the Buildings and Grounds Committee approve the 2012-18 Six-Year Capital Plan and the Capital Budget Requests for the 2012-14 State Biennial Budget which includes a reprioritization of the top eight capital project requests from the recommendation submitted by the President of the University as follows:

- 1) Construct/Complete New Science Complex – Final Phase (remained #1)
- 2) Upgrade Campus Electrical Distribution System (previously #4)
- 3) Construct New University Library (previously #2)
- 4) Construct Madisonville Postsecondary Education Center (previously #8)
- 5) Renovate Blackburn Science (remained #5)
- 6) Construct New Breathitt Veterinary Center (previously #7)
- 7) Construct Paducah Regional Campus Facility (previously #3) with a notation indicating funding for this project will likely be handled alternately but it is important for the project to remain on the list in the event funding does not materialize.
- 8) Replace Campus Steam Distribution System (previously #6)

Capital project requests #9 through #32 remained unchanged. It was further moved that the renovation of Ordway Hall (already included for demolition) and demolition of Woods Hall (already included for renovation) be added to the 2012-14 General Fund projects listing so they are dually-designated for renovation and demolition, pending a final determination by the Board on how the University should proceed in terms of these projects. Mr. Johnson seconded and the motion carried.

Mr. Williams indicated it is vitally important for the Capital Projects List to include footnotes and the minutes include the stipulations placed on the two projects which were included in the top ten list – one being Madisonville which is on another entity's list and Murray State's

inclusion of the project represents an endorsement – and the other being Paducah which the Board believes will be funded in a different fashion. The documentation submitted must clearly illustrate how strongly the Board feels about those two projects. Dr. Dunn reported there are separate, individual pages included in the full Capital Plan for each project and where the University has described each project these notations could be added to reflect the Board's request. It was agreed adding notations on the individual project pages contained in the full Capital Plan would be acceptable.

Dr. Thornton inquired whether it would be appropriate for the MSU Board to send a letter to KCTCS indicating support for the project and encouraging them to consider making it a higher priority and Dr. Dunn indicated that would be acceptable and such correspondence will be provided by his office.

### **Adjournment**

The Buildings and Grounds Committee adjourned at 12 noon.

### **Finance Committee**

**Stephen Williams, Chair**  
**Marilyn Buchanon**  
**Constantine Curris**  
**Jack Rose**

Dr. Curris asked the Enrollment Management and Student Success Committee to jointly participate in this discussion by virtue of the topic extending to both committees.

Mr. Williams, Chair of the Finance Committee, called the meeting to order at 12 noon and reported all members were present. The recommendation to be discussed is whether the University should provide additional incentive for recruitment of international students who are fully financed by their respective governments by extending a discount which would amount to a tuition rate equivalent to that for an in-state student.

Mr. Denton indicated the Global Outreach Scholarship would entice “incremental students” the University would not have otherwise attracted and Luis Canales, Director, Institute for International Studies, reported the following:

- International students are eager to study in the United States but MSU is facing strong competition from public and private institutions nationwide and evidences other institutions recruiting internationally with similarly structured programs.
- Target countries for enrollment growth include Brazil, Chile, Ecuador, Saudi Arabia, United Arab Emirates and Vietnam which represent countries with governments that provide full scholarship programs for their nationals.
- Governmentally-sponsored students seeking degrees abroad have typically been identified and selected by the governmental agency or institution providing resources, which in most cases are not only highly qualified individuals but also have potential to become the future leaders of their respective countries.
- Having alumni among the political and economic elite of foreign countries would benefit MSU.
- Another aspect to the revenue/cost calculation is the limited recruitment costs expended by MSU to secure a group of highly motivated and individually-selected students.

A program budget estimate for Vietnam was provided illustrating a comparison of current Global Outreach Scholarships, the proposed plan for sponsored students and an 8 percent increase for tuition, room and board in 2012-13. A similar scenario is being reviewed with other countries supplying fully-sponsored students to the University. Discussion followed and clarification was provided that current undergraduate international students receive a \$5,000 discount with graduate students receiving a \$6,000 discount. In response to a question regarding the discounting policies of sister institutions, it was indicated Western Kentucky University charges international students slightly over the in-state tuition rate.

Dr. Curris came to the meeting favorably disposed toward this recommendation but questions posed today have caused him to reverse his position. He has no issue with special arrangements for government-sponsored students and believes to some degree the University can be competitive in this arena. What caused a reversal in his opinion is the taxpayers of Kentucky pay taxes to support this institution through appropriations to ensure its citizens can attend state

institutions as inexpensively as possible. Taxpayers provide a subsidy to the institution philosophically so citizens of this state are able to attend public universities at the in-state rate. He takes issue with the idea students from across the globe would be able to attend Murray State at the same rate as Kentucky citizens because they are not subsidizing this institution through taxes. The concept of the in-state tuition rate should be reserved for citizens who pay taxes. Mr. Williams indicated as Chair of the Committee he also has concerns with the recommendation on philosophical grounds similar to those shared by Dr. Curris. He has no problem providing discounts for governmentally-sponsored students but that is different from providing the in-state tuition rate to foreign governments. He also takes issue with a student from Wyoming having to pay significantly more tuition than someone from a foreign country with that foreign country paying the total cost of their tuition. If this is being considered in terms of producing significant incremental income without a review of significant additional costs that sets a dangerous precedent. He supports and does not want to suppress the University's international programs but is not sure this recommendation, in terms of the level of discount being proposed, is the appropriate way to proceed.

The administration was asked to provide additional information on percentage discounts and waivers for in-state and out-of-state students, how many students live in Kentucky and pay in-state tuition and how many live outside of Kentucky but pay the same rate and how many students pay full out-of-state tuition. Further clarification was provided that in terms of the surrounding states tuition rates may differ based on the cost of attendance at MSU and the cost for these out-of-state students to attend college in their home state at the in-state rate. A breakdown of this information for the surrounding states was also requested as was comparison information for MSU sister institutions in terms of discounting (to the degree this information is available).

Dr. Dunn indicated many institutions offer Global Outreach Scholarships which represents a discount approach to working with governmental entities sponsoring groups of students. The University is considering means by which it can build enrollment and sustain growth that matches capacity and on this basis brought this recommendation forward. The administration approached the issue not in terms of giving away a highly-valued product but rather to consider how the University can build its enrollment base and increase the internationalization of campus in a manner similar to that which has been utilized by other institutions.

#### **Global Outreach Scholarship for Sponsored Students, tabled**

The recommendation being discussed is that the Board of Regents, upon the recommendation of the President of the University, approve the general terms of the Global Outreach Scholarship for Sponsored Students that would discount the current international student tuition rate to the in-state rate for sponsored degree seeking students. There being no motion to place the recommendation on the table for consideration, Dr. Curris moved to table the motion. Mr. Schooley seconded and the motion carried. Consensus was reached that tabling the motion would allow time for more consideration to be given to how the Board could more appropriately support internationalization of the MSU campus. The administration will review the issue to determine if there is a lesser level of discount that can be offered to these foreign governments and the recommendation will be brought before the Board for consideration at a future date.

#### **Endowment Report, approved**

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 Endowment Match Program Report as submitted for the period ended June 30, 2011, as required by the Kentucky Council on Postsecondary Education. Mrs. Buchanon seconded and the motion carried.

#### **Adjournment**

The Finance Committee adjourned at 12:28 p.m.

#### **Institutional Advancement Committee**

**Susan Guess, Chair**  
**Marilyn Buchanon**

**Sharon Green  
Jenny Sewell  
Jerry Sue Thornton**

Mrs. Guess called the Institutional Advancement Committee to order at 12:29 p.m. and reported all members were present.

Dr. Jesse D. Jones of Baton Rouge, Louisiana, has pledged \$1 million to Murray State University for completion of approximately 10,000 square feet of unfinished space in the Regional Business and Innovation Center (RBIC), including the entire second floor (22,000 square feet). This will provide an opportunity for the Office of Development to move to this location which will assist the University in recognizing its contributors and significant alumni. Mr. Jackson reported completion of the RBIC facility (\$1.9 million) has been included on the Capital Projects List for a number of years. It is not likely the project will be funded by the state so pursuing a private funding source was recommended, along with regional stewardship initiative funding (\$178,000) to complete the unfinished facility. The building will include a *Hall of Benefactors* which is significant because the University currently does not have a centralized location to recognize those individuals who have been generous to the institution. Dr. Dunn, Mr. Carter and Mr. Jackson have spent a great deal of time securing federal and state approvals to proceed with this project and now have clearance to move forward. Dr. Dunn indicated at the point this project has been completed renaming it as a center of outreach may be considered because the idea shared to secure federal approval was that the University is attempting to centralize all programs which pertain to outreach and regional support in one location. The Regional Outreach Office would also move into this space.

**Gift Acceptance for RBIC Completion Project, approved**

On behalf of the Institutional Advancement Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, accept the \$1 million gift pledge from Dr. Jesse D. Jones of Baton Rouge, Louisiana, and approve the project to complete unfinished space in the Regional Business and Innovation Center. Mrs. Buchanon seconded and the motion carried.

**Adjournment**

The Institutional Advancement Committee adjourned at 12:32 p.m.

**Regional Services Committee**

**Sharon Green, Chair  
Constantine Curris  
Susan Guess  
Jeremiah Johnson  
Phil Schooley  
Stephen Williams**

Dr. Curris indicated the Board will take a brief break, tour the West Regional Postsecondary Education Center, have lunch and begin the Plenary Session at approximately 1:15 p.m. Due to time constraints the Regional Services Committee will provide a brief presentation at the beginning of the Plenary Session. Gina Winchester, Executive Director for Regional Outreach, introduced John Rufli, who serves as Chair of the Regional Stewardship and Outreach Advisory Committee. Appreciation was expressed to Mr. Rufli for serving in this capacity.

**Adjournment**

The committee meetings of the Murray State University Board of Regents adjourned at 12:34 p.m.

  
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Secretary

  
\_\_\_\_\_  
Chair