Minutes of the Tuition Task Force Meeting
Murray State University
Thursday, February 26, 2009
Jesse Stuart Room, Pogue Library
5:45 p.m.

Call to Order/Roll Call

Judge Jeff Taylor, Chair of the Tuition Task Force, called the meeting to order at 5:50 p.m. and the roll was called with the following present: Keith Cartwright, Mike Freels, Peg Hays, Dave Hornback, Kara Mantooth, Doug Watkins, Becki Wells, Steve White, Ashley Wild and Tom Denton (Ex-officio). Absent: Brett Welter and Lori Mitchum (Ex-officio). Others present included Regents Jay Morgan, Vickie Travis and Gina Winchester; David DeVoss, Chief of Police and Director of Public Safety and Emergency Management; Jill Hunt Lovett, Coordinator for Board Relations, Executive Assistant to the President and Secretary to the Board of Regents and Dr. Dick Frymire.

Minutes of the Special Tuition Task Force Meeting February 10, 2009, approved

Mr. Cartwright moved that the minutes of the special Tuition Task Force meeting on February 10, 2009, be approved as presented. Mr. Hornback seconded and the motion carried.

Student Survey Results/Discussion

Judge Taylor reported a summary of the results from the student survey was e-mailed to Task Force members prior to the meeting and a paper copy was also provided. Ms. Mantooth highlighted the following results from the student survey:

- There was good representation among academic colleges, student classifications and age groups.
- The number of students indicating they received no financial aid or did not take out private loans to pay for college was surprising and it was expected this number would be higher.
- Over 700 students participated in the survey and 94.7 percent agreed or strongly agreed they have enjoyed their time at Murray State, indicating even if they disagree with tuition they are happy with their experience at the University.
- Many students disagreed with the statement regarding whether they were willing to pay a reasonable tuition increase to maintain services and would sacrifice services to keep tuition low.

Ms. Wells found it interesting that students indicated the tuition they are currently paying is fair but when asked if higher tuition may negatively affect their ability to graduate almost 56 percent indicated it would which means students were okay with raising tuition even if it meant their ability to graduate could be negatively affected. Ms. Mantooth clarified students would rather cut services than raise tuition. Ms. Hays asked if any definition was provided for "increase" and Ms. Mantooth indicated the question read, "I am willing to pay a reasonable tuition increase to maintain the level of services I receive." Ms. Hays stated "reasonable" to a poverty stricken student could mean something completely different than it would for someone else. Ms. Mantooth reported the way the question was answered, regardless of a student's individual definition of a reasonable tuition increase, they did not want tuition to increase.

Ms. Wells asked with regard to higher tuition and a student's ability to graduate how this affects seniors. Ms. Mantooth replied most freshmen who responded to this question and the question regarding whether the way they pay for tuition has changed due to tuition increases, provided written comments indicating they have not yet faced this situation. Any such comments are being compiled and will be presented to the Task Force. Ms. Wells stated she is not necessarily concerned about the response from the seniors because this issue does not really affect them and asked whether seniors are counted in the 56 percent of students who indicated higher tuition would negatively affect their ability to graduate and Ms. Mantooth reported seniors were included in the percentage. Ms. Hays asked how the figure would change if seniors were removed and Ms. Mantooth stated the number would decrease but reminded the Task Force that seniors could also be affected by tuition increases, especially those attending graduate school.

Mr. Freels reported a large percentage of off-campus students have financial aid and he is not sure how this issue affects those students because a small number responded to the question. With regard to raising tuition versus lowering services, off-campus students would most likely

consider programs as part of the definition of services because they do not benefit from other services on-campus students receive and are more concerned about losing programs. Ms. Mantooth reported the percentage of students willing to sacrifice services was higher for on-campus students than for those at the extended campus sites. This could mean many different things, including there are currently so many services available that losing a few might not be detrimental to the overall educational experience. Mr. Denton found it interesting two-thirds of students agreed the tuition they pay is fair. Ms. Mantooth stated this question was included because students do not necessarily understand what tuition rates are for other universities. Mr. Denton believes if the word "significantly" had been added to the question about high tuition negatively affecting a student's ability to graduate that could have yielded different results.

Ms. Hays stated with regard to the questions about during their college career whether a student has ever taken out a private educational loan and at what level a student receives financial assistance from a parent or guardian per academic year, there could be some disconnect between a student not having knowledge their parents took out a loan to send them to college. Ms. Mantooth indicted they had not considered this possibility and the results show students indicated their parents are either paying for all college costs or are paying nothing. Ms. Hays believes a lot of parents do not want their kids to know what they had to do to put them through college. Mr. Watkins stated he would certainly want his children to know what he had to do to put them through college. Ms. Hays understands this point but there are parents who would not want their children to know how financially strapped they were and Mr. Watkins stated students probably already know their parent's situation.

Mr. Hornback was somewhat surprised by the number of students not receiving financial aid, that 46 percent indicated they received no assistance from their parents and sixty-five percent of students at MSU have a full- or part-time job. If this data is taken at face value, one would assume there are a lot of students paying their way through college through a combination of jobs, scholarships or tuition waivers. Ms. Wells added 21 percent of students who responded in this manner were 27 years of age or older. All Task Force members commended Ms. Mantooth and the Student Government Association on the quality of the student survey.

Judge Taylor asked if there is sentiment on campus about recent publicity on tuition and the economy and whether students seem to be concerned. Ms. Mantooth reported the issue is not yet being discussed but during the recent Student Senate meeting the Council on Postsecondary Education (CPE) was discussed which was the first time many of the students in attendance knew the CPE had been meeting regarding tuition. Her goal was to get students talking about the issue early and thought the survey might spark some interest in starting those conversations. Once information on the 4 percent tuition cap was presented, students started asking questions but it was obvious they were just beginning to absorb the information. It does not seem the issue is being discussed in great detail across campus.

Update on Tuition Parameters/Hourly Cap Adjustment

Judge Taylor reported discussion has taken place around capping the number of credit hours and generating revenue by charging for any hours above that cap. Mr. Denton presented an agenda item from the upcoming CPE meeting on March 6, where they will approve proposed tuition caps. What is being considered is 3 percent tuition increase cap for the Kentucky Community and Technical College System (KCTCS), 4 percent for comprehensive universities and 5 percent for the University of Kentucky (UK) and University of Louisville (UofL). The information presented contained a chart which illustrated the results of each institution raising tuition by the cap amount. The Task Force was asked to pay particular attention to Morehead State University (MoSU) because they base their tuition increase on a credit hour rate. There was prior discussion whether when MoSU moved to this model if that was figured into their tuition cap last year. Mr. Denton earlier reported this was figured into Morehead's cap but has now discovered it was not, based on discussions with a vice president at MoSU. If Murray State proceeds with one of the proposed scenarios for uncapping hours it would not be included in the tuition rate increase the CPE would approve. The University would note the change had been made but the per hour rate is not computed in with the overall tuition increase.

Mr. Denton distributed two charts showing projected annual tuition increase income due to uncapping hours, one at net and one at gross. With regard to tuition increases at gross, one method is uncapping all hours above 12 (charge for every hour above 12) and within that method charging either 100 percent or 25 percent of the per credit hour charge (or some variance in between). The second method would be to uncap all hours above 15 and by doing this there would be no additional charge for hours 13 through 15 other than the standard tuition rate and

not charging for these hours creates a tremendous difference in the magnitude of potential revenue. The Task Force was reminded discounts have not been factored into the gross income figures.

Mr. Denton explained if hours were uncapped above 12 and a 100 percent charge was assessed per credit hour for any hour above 12, gross figures would be (for undergraduates and graduates): tuition ($5,875,977), mandatory fees ($562,768) for a total of $6,438,745 for the fall semester. A factor of 1.9 is necessary to add in the spring semester which amounts to $12,233,616 in projected annual gross tuition income per year. The percentage increase if students continue to take the same number of hours is 17.3 and if a 50 percent decrease in hours is assumed that falls to 8.6 percent. If hours were uncapped above 12 and a 25 percent charge was assessed per credit hour for any hour above 12, figures would be (for undergraduates and graduates): tuition ($1,468,994), mandatory fees ($140,692) for a total of $1,609,686 for the fall semester. With a factor of 1.9 to add in the spring semester, that amounts to $3,058,403 in projected annual gross tuition income per year. If students continue to take the same number of hours the increase is 4.3 percent and if a 50 percent decrease in hours is assumed that falls to 2.2 percent. This model would bring in significant dollars to Murray State and is currently utilized by Morehead State University.

Mr. Denton reported the University would not collect all gross tuition income because a 40 percent decrease must be factored in for waivers and scholarships. At net, projected annual tuition if hours were uncapped above 12 and a 100 percent charge was assessed per credit hour for any hour above 12, would be $7,340,169 which is significantly less than under the gross tuition model. At net, if hours were uncapped above 12 and a 25 percent charge was assessed per credit hour for any hour above 12 that would amount to $1,835,043 in projected annual net tuition income. It is difficult to make a judgment based on percentages because they can vary widely depending on whether gross or net tuition scenarios are being considered.

If hours were uncapped above 15 and a 100 percent charge was assessed per credit hour for any hour above 15, gross figures would be (for undergraduates and graduates): tuition ($1,360,027), mandatory fees ($131,954) for a total of $1,491,981 for the fall semester. With a factor of 1.9 to add in the spring semester, that amounts to $2,834,764 in projected annual gross tuition income. If students continue to take the same number of hours the increase is 4.0 percent and if a 50 percent decrease in hours is assumed that falls to 2 percent. If hours were uncapped above 15 and a 25 percent charge was assessed per credit hour for any hour above 15, figures would be (for undergraduates and graduates): tuition ($340,006), mandatory fees ($32,987) for a total of $372,993 for the fall semester. With a factor of 1.9 to add in the spring semester, that amounts to $708,687 in projected annual gross tuition income. If students continue to take the same number of hours the increase is 1 percent and if a 50 percent decrease in hours is assumed that falls to 0.5 percent. This is the method currently utilized by Northern Kentucky University.

Mr. Denton again cautioned the University would not collect this total amount of gross tuition income due to waivers and scholarships. At net, if hours were uncapped at 15 and a 100 percent charge was assessed per credit hour for any hour above 15, projected annual net tuition income would be $1,700,859. At net, if hours were uncapped above 15 and a 25 percent charge was assessed per credit hour for any hour above 15 that would amount to $425,214 in projected annual net tuition income. Essentially uncapping all hours above 12 at the 25 percent per credit hour rate and uncapping any hours above 15 at the 100 percent per credit hour rate bring in similar dollars but at a much lower percentage rate. Hours 13 through 15 bring in the vast majority of revenue above 12 hours. Although uncapping hours above 15 and charging 25 percent per credit hour does not generate significant revenue, it would help the University move toward implementation of this model.

Ms. Mantooth asked how much it would cost a student per credit hour if hours were uncapped above 15. Mr. Denton stated at hour 16 (charging 100 percent per credit hour) that would amount to an increase of $239.50 under the current rate and would be approximately $60 at 25 percent per credit hour rate. Tuition per semester is currently $2,894 for 12 hours, including mandatory fees. Ms. Hays asked whether a different rate for hours 13 through 15 could be charged and then another for hours 16 and above. Mr. Denton stated this is possible but the differentials would make it much more difficult to handle refunds and would create a three-tiered approach. If there are two different methods that produce the same results it would be preferable to have two steps rather than three.

Judge Taylor asked how many hours are currently required for a degree and Dr. White reported 120 hours (8 semesters, 15 hours each semester) is the standard requirement but there are many

programs that require more hours. Judge Taylor asked what the current refund policy is for students who have either withdrawn from a class or the entire University. Mr. Denton stated there is a prorated refund scale and students receive a 100 percent refund if they withdraw before the first day of class. Spring semester classes started on January 12 and if a student withdrew from a course by January 14 they received a 100 percent refund. If they dropped within the next seven days they received an 80 percent refund, during the next 19 days a 50 percent refund and if the student dropped a course after February 10 they received no refund.

Ms. Mantooth stated currently if students are taking 12 hours they can drop and add classes with no penalty as long as they do not drop below 12 hours. Mr. Denton reported this is why Morehead decided changing to one of the methods mentioned earlier would help them become more efficient because there would be a reduction in student course shopping. Course shopping creates a problem for any institution that hires adjuncts based on course enrollments and when students end up dropping a course the adjunct has already been hired. Morehead has indicated there was a 30 to 40 percent differential on the number of classes dropped after implementing a method of uncapping hours.

Task Force Discussions/Report Parameters

Judge Taylor indicated the Task Force should be prepared to review different alternatives at the next meeting that could be proposed to the MSU Board of Regents. At the CPE meeting on March 6 it is anticipated they will cap tuition at the regional universities as mentioned earlier and while the Board of Regents will most likely follow the CPE tuition recommendation, the Task Force could propose a different recommendation. The University will be subject to a 2 percent state appropriation cut ($1,050,000 for the current year) and has been asked to factor into the budget a 2 percent cut for the next two biennia. If revenue projections for the state do not improve as anticipated, the University may be faced with even larger cuts. Mr. Denton reported this fiscal year the University will receive $1 million less in appropriations than anticipated.

Mr. Freels asked if the Board can recommend a tuition increase for the fall semester in anticipation of the state rolling back more funds next spring and have a second tuition increase in the spring semester for another incremental increase. Judge Taylor stated during his tenure on the Board this has not occurred. Mr. Denton reported Western Kentucky utilized incremental tuition increases two to three years ago and it was evident the CPE definitely frowned on this practice but he is not sure they disallow it. Mr. Freels stated even though Western increased tuition in this manner they experienced an increase in enrollment. Dr. White stated past practices have contributed to tuition at Western being significantly higher than tuition at Murray State. The CPE continues to work in terms of percentages instead of real dollars and when Western proceeded in this manner they continued to move ahead of the other institutions. Based on testimony provided to the Task Force he does not believe there is a link between tuition and enrollment and that case has been made repeatedly. Ms. Hays asked if Crit Luallen did not indicate the University is almost capped out on tuition. Mr. Cartwright reported his interpretation of what Ms. Luallen told the group was if tuition continues to increase there will be a decline in enrollment and this situation is already occurring at Morehead State University, with the opposite being true at Western. He philosophically agrees tuition increases are a bad idea and if something is not done given the current economy some people will be out priced and will not have access to college. He believes uncapping tuition at 15 credit hours and charging for any additional hours above 15 is a workable model and does not necessarily think the charge should be discounted. He also thinks the University should follow the CPE recommendation to increase tuition by 4 percent and Mr. Freels agreed.

Ms. Hays asked if consideration has been given to increasing student enrollment to offset budget cuts and stated while this is not a tuition issue it is a 2020 enrollment issue. Judge Taylor feels the Board must address the policy issue of whether the University has been adequately marketed and accurately portrayed to students to keep pace with institutions such as Western and Eastern. He reminded the Task Force of the presentation by Ms. Alison Marshall, Interim Director of Enrollment Management, who reported a new team is undertaking new recruiting and marketing initiatives for Murray State in an attempt to sell the University to high school students. Admissions are up by approximately 500 students compared to last year which is encouraging. The Board has determined there is at least an additional enrollment capacity of 2,000 students at the University. Some programs would require additional staff but in terms of numbers the University could increase enrollment based on classroom size which is also part of Dr. Dunn's 12x12 initiative (12,000 students by 2012). Once the Board addresses these policy issues and enrollment begins to increase, without an appreciable increase in costs and at the current annual tuition rate based on enrollment, every 1,000 new students amounts to approximately $5.5

million increase in revenue, less 40 percent in discounts (waivers and scholarships), with the University netting about $3.2 million in additional revenue (dependent on additional expenses which might be incurred).

Mr. Freels cannot stress enough the importance of the role of the off-campus sites. Enrollment can be increased considerably at the four sites without a tremendous increase in costs because facilities are already in place. Judge Taylor clarified he understands the importance of the extended campuses and when looking at a map of the area it is easy to see Murray is by itself in this part of the state and other institutions are located east of Interstate 65. MSU must build a wall between Henderson and Hopkinsville and signs should be put up indicating this area is "Racer Country." The largest percentage increase in Western's growth in the last five to ten years has come from extended campuses and President Gary Ransdell has said as much publicly. Western was focusing on increasing enrollment at the extended campus sites when perhaps Murray was not and this is reflected when considering enrollment at sites in Owensboro, Glasgow and Elizabethtown. Mr. Freels stated the University must spend money to make money and if some changes are not made at the off campus sites the University will not be able to attract additional students. Program offerings at the extended campus sites must be increased in order for enrollment to also increase and any program being offered must be ones the community wants and that will positively affect the local economy.

Mr. Hornback stated it is difficult to address the issue of tuition without infringing on other areas. As the parent of a former MSU student and an alumnus of Murray State, he has had contact with students and was an adjunct at the University for about 15 years. He was always interested to hear from students how they became aware of Murray State and is of the opinion tuition must be discussed within the context of different methodologies for student recruitment. Visits to high schools must take place much earlier than in the past. The University can do a very good job recruiting but it is a matter of making contact with students, not in their senior year, but during their junior year and working with guidance counselors. If the University waits until the senior year about one-half of the students have already made their college choice. The University has a wonderful audio/visual department and could develop programs and advertisements to present to students and guidance counselors during their junior year of high school – students from western Kentucky, southeast Missouri, northwest Arkansas, southern Illinois and northwest Tennessee. The overall economy will not improve any time soon and declining income levels for parents will remain an issue for years. Small communities will continue to lose local businesses and everyone must be attune to the issues individuals are facing. If Murray State wants parents to continue sending their children here then the University must be cautious about increasing tuition. Mr. Hornback added the University is under the gun and the Task Force is only seeing part of the process and does not have access to the budget and how money is actually spent. As the student survey results illustrated, a majority of Murray State students do not receive assistance from their parents and have a job to help pay their way through college. It is surprising the number of students who indicated they did not take out student loans and this aspect should be reviewed further. Mr. Hornback agrees to be responsible there must be a tuition increase but any increase should be as painless as possible.

Judge Taylor reported the Task Force will make a recommendation to the Board and as a general rule the function of the Board is not to involve itself in the daily activities of the University, such as developing a marketing plan. When Murray State's tuition is compared to that of other institutions some people seem to be ashamed or embarrassed because it is so low but this should instead be one of the University's best marketing tools. MSU has managed to keep costs down compared to other universities while also providing a quality education and this is evident in the University's national rankings. MSU graduates are successful and this must also be conveyed to potential students. Murray State is not a "public ivy" institution but is a regional university that sells a fantastic product and this must be conveyed for both the University and the extended campuses (where enrollment should be increasing). If empty desks in the classrooms can be filled with more students at little or no cost to the University then how to accomplish this is an issue which must be reviewed.

Mr. Watkins agrees with Dr. White and Mr. Hornback because when his son visited the Murray State campus during his junior year of high school he knew immediately it was a good fit and was where he wanted to attend college. He is also concerned about the marketing angle and has talked to school administrators and guidance counselors across the state and individuals who graduated from Murray State and all agree the University has many things to be proud of including the Department of Music, quality of education and that it is a top ranked pre-med school in the region. Mr. Watkins further stated the marketing piece concerns him as does three years of flat enrollment. Murray State is doing good things and no one seems to know about

those accomplishments. He agrees there must be a tuition increase but 12 hours should remain as the classification for a full-time student and tuition should be uncapped at 15 hours, with an increase somewhere between 12 to 15 hours, and above 15 hours tuition could increase to what the public will bear. Ms. Hays added Auburn University would rather have a Murray State graduate in their veterinary school than a student from any other Kentucky university. Ms. Mantooth understands the concerns of the Task Force with regard to marketing and increasing enrollment but reminded them just this year the University started revamping the entire recruitment, public relations and marketing pieces and this is the first time she has seen a lot of work going into these initiatives. Recently an open house was held for admitted students and it was a large event and was the first time she has seen anything like that happen. She also attended a dessert reception in Owensboro which had not been done in the past and it appears the University is moving in the right direction.

Ms. Mantooth stated from a student's perspective uncapping tuition at 12 hours is not fair because it says while the University wants students to graduate within four years they must pay extra to do so. With regard to uncapping tuition at 15 hours she indicated she would not say "yes or no" because questions remain that she would like to have answered, including what the statistics are on how many students are taking 15 hours or more and how many students must have over 120 hours to graduate within their major. This issue must be reviewed in order to not punish students who are trying to graduate in their desired major. The model of uncapping tuition hours over 15 will encourage students to choose a major in order to decide what classes are needed and they would be forced to act more responsibly. Mr. Denton indicated the information requested would be compiled.

Dr. White stated when 40 percent of Murray State students are working he does not think that is necessarily negative. Professional work is a major part of a student's education and the number could be even higher. Students having to work could affect how long it takes them to earn a degree but professional development is beneficial and he would like to see even more students working, for example, as laboratory teaching assistants. The *Kiplinger Report* has also been released and Murray State is ranked second for total cost for out-of-state students and third in terms of cost for out-of-state students after financial aid. Among quality institutions in the nation, MSU is second among public institutions and is in the top 15 for in-state tuition. The University is an absolute bargain and while tuition increases are not desirable, they are necessary to allow for additional programs to be added. He would like to provide the President with as much free reign as possible, via Board action, to allow him to increase revenue as much as possible and a 4 percent tuition increase is relatively small considering the University is behind in terms of what dollars can be generated. Dr. White reported he and Judge Taylor are concerned about individuals who simply cannot get to the University and this group should not be left behind due to financial reasons. A lot of tuition increases have been put back into financial assistance for such individuals and as those funds are increased it could be the recommendation of the Task Force that they be placed back into these types of opportunities.

Ms. Wild heard about Murray State University through her guidance counselor during her junior year of high school. During Spring Break she and her mother visited MSU and by the time she left campus she knew Murray State was where she wanted to attend college. She has taken out loans and holds down a job and while that does put a strain on things, she loves this University and the quality of education she is receiving. Every penny she has spent and every loan she has taken out is worth it because she is getting a great education. She agrees tuition has to increase to maintain that quality and would be willing to pay the increased tuition. She does not believe uncapping tuition at 12 hours is fair to students and should instead start at 15 hours. Uncapping tuition at 12 hours penalizes students and she currently takes 18 hours. Judge Taylor asked if she would take 18 hours if she had to pay additional for those hours over 12 and Ms. Wild indicated at this point she would in order to remain on track for student teaching. Mr. Freels asked Ms. Wild if she believes she has had any effect on her friends in Missouri because of her positive attitude toward Murray State. Ms. Wild stated many of her sister's friends are interested in Murray State because of the things she has relayed to them and prior to that they had never heard of it.

Ms. Mantooth stated if the Tuition Task Force makes the recommendation to begin charging tuition for any hours over 15 then once the policy is in place it will prohibit students from taking classes and accumulating hours they do not need. Mr. Watkins spoke with three guidance counselors who indicated they did not believe charging tuition for hours taken above 15 would affect a student's decision to attend MSU. Ms. Wild reported many people are surprised Murray State does not already have a per credit hour charge in place. Current students may need time to

adjust to the change but potential students, especially new recruits, have likely experienced a similar structure elsewhere.

Ms. Wells stated if the Task Force decides to choose between uncapping hours at 12 or 15 she would support charging for any hours over 15 so students could have the opportunity to succeed. When the University is mentioned by a graduate or someone who has hired a Murray graduate, comments are extremely positive and maintaining that quality is important. Her duties in workforce education involve convincing students who do not see college as a possibility to realize it could be. These students must be convinced to visit the Murray State campus as early as possible. Middle school students could visit for different events and high school students could participate in campus activities. Word of mouth is also an effective recruitment tool and emphasis should be placed on enrollment at the extended campus sites. Judge Taylor asked whether a tuition increase would negatively affect the Hopkinsville extended campus and Mr. Freels indicated just the normal grumble has been heard and students will return to complete their degree. Very few students at the Hopkinsville extended campus are full-time students and they are paying the full tuition rate anyway so there may not be the same volume of complaints coming from off-campus students if the University moves to a model of uncapping tuition. Ms. Mantooth reported the Student Government Association has decided to use numbers instead of percentages when discussing tuition. When percentages are used the increase appears to be larger but when put in terms of actual dollars students have a better understanding of how they are actually being impacted and are generally more accepting and can put the increase into proper perspective. Mr. Denton reminded all Murray State's tuition would remain the lowest even under these caps.

Mr. Freels added during his presentation Ron Crouch illustrated the University cannot control the decline in the number of students available to attend college. Twenty-two years ago in Henderson alone the total student body was over 8,000 and today is only a little over 6,000 but the number of people in the county is the same which is typical of the entire region. There are not many towns or cities in this area growing by leaps and bounds, with the possible exception of Owensboro. When the student body drops 20 percent the number of seniors to choose from is severely limited and this is out of the University's control. Ms. Mantooth indicated this has been mentioned quite often but she does not believe it is resonating that the University is not to blame for there being less high school graduates.

Judge Taylor asked if over the last five years in Hopkinsville the number of students leaving college to enter the workforce is increasing and whether there is a large population of residents with some college but no degree. In Paducah and McCracken County it is estimated there are 15,000 residents with some college education (in the workforce) who do not have college degrees and Judge Taylor asked if the same situation exists in Christian County. Mr. Freels indicated the situation is similar throughout the entire area. In regard to educational attainment in Christian County, 24 percent of the population has some college but no degree, in relation to the state (18 percent) and the nation (21 percent). This is the audience Murray State is attempting to reach. A program has been started in Continuing Education and Academic Outreach (Project Graduate) to pursue this population and they are seeing positive results. This is in essence an advertising campaign to bring these students back to the University by informing them they can earn a Bachelor of Integrated Studies degree if they have 60 credit hours or more. Ms. Mantooth stated during tough economic times it has been her understanding those with some college credit choose to return school to complete their degree which should be a positive trend for Murray State and Task Force members agreed. Ms. Mantooth is a senior and several of her friends who are also seniors have indicated they plan to enter graduate school because of the current job market.

Ms. Hays stated if the Task Force decides to pursue uncapping tuition then the per credit hour increase method would need to be followed starting at 15 hours or above. She is not certain whether she agrees with a 4 percent tuition increase. There is currently a budget giveback on the table for Murray State but the other side of the budget with regard to how the University would handle the giveback (assuming no tuition increase) and how any tuition increase revenue would be used has not been reviewed. The Task Force has seen only one side of the equation – the income stream – and is not seeing the expense side. If she were a student being asked to pay more and found out the money was not utilized in the best manner to further what she thought it was being purported to do, then she would have questions about the University's handling of this income. This is a larger Board of Regents question than it is a Tuition Task Force question but it is difficult for her to make an informed decision without this additional piece of information. Ms. Hays stated information has not been provided with regard to containing and cutting costs at the University. As a business person she cannot believe the only option for the University is to

increase tuition. She simply does not believe this is the case although the University may need a little tuition increase.

Mr. Watkins stated he works for the same thing Ms. Hays does – profit. This University has money in reserves and although state statute requires the University to keep a certain amount in reserves, he approaches the situation from a banker's perspective and sometimes banks must go into their "rainy day fund" to make their business work. Ms. Hays indicated perhaps in her mind regarding this entire process, the University sells a product and receives profit from that product. Sometimes people lose sight that the product is not the only place where the University can make a profit. The Task Force is tasked with the tuition issue but she also feels it is losing sight there are ways to fix the financial situation of the University without simply relying on tuition increases.

Mr. Denton reported Murray State will have suffered $4 million in cuts from July 1, 2008, to June 30, 2009, and the University has indeed cut expenses and even made some painful cuts and the Task Force should be aware of the University's actions to identify cost savings. Ms. Hays indicated she did not mean the University has been fiscally irresponsible but as a business person whose sales are down 25 percent and income is down, her company managed to be as profitable in 2008 as it was in 2007. She knows there are expenses that can be cut and while she runs a small business with only 22 employees – nothing like what the University has – some needed and painful measures had to happen to remain profitable without raising prices. This is a concern she has with regard to where the Task Force is right now and raising tuition may be a partial solution but she does not believe it is the only solution.

Mr. Denton indicated the best solution would be if states across the nation (not just Kentucky) could identify funding to provide the same proportionate share universities had years ago and that has been on the reversal side for quite some time now. Where state funding comprised two-thirds of the University's revenue and one-third came from tuition that is now reversed. Dr. White agrees and reminded everyone less than 40 percent of expenditures are spent on the product – education. There are tremendous expenses outside of the general education budget which should be examined and this is most likely true for the majority of universities across the nation but certainly within the Commonwealth. There are systemic issues which play a role and when other budgets get larger than the education budget – and education is the product – the University should encourage Board members to review this issue. Murray State has done a spectacular job (although salaries are not at the top nationally) and these reviews must be undertaken because the University is truly a bargain. MSU is the only Kentucky university in this group but the CPE has restricted it to the same tuition limitation cap as the other regional state universities even though retention rates and quality are much stronger and that should not be the case.

Future Meetings – March Timeline for Final Report

Judge Taylor indicated he would compile an overview of the information presented to the Task Force and will leave space for a recommendation for the MSU Board of Regents. The Task Force can process what has been discussed this evening and at the next meeting entertain a motion(s) and discussion to determine a potential recommendation to the Board.

The next Tuition Task Force meeting was scheduled for Wednesday, March 25, 2009, beginning at 6:15 p.m. in the Jesse Stuart Room in Pogue Library.

Adjournment

Judge Taylor indicated updated enrollment data was provided for informational purposes. The Tuition Task Force meeting adjourned at 7:35 p.m.

Minutes approved at the March 25, 2009, Tuition Task Force meeting.

Jeff S. Taylor, Chair
Tuition Task Force

Jill Hunt Lovett, Secretary
MSU Board of Regents