

**Minutes of the Quarterly Board of Regents Committee Meetings**  
**Murray State University**  
**Friday, May 29, 2009**  
**Jesse Stuart Room – Pogue Library**

Chair Alan Stout called the committee meetings of the Murray State University Board of Regents to order at 8:10 a.m. and welcomed Regents, members of the general public and the University community.

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

**Jay Morgan, Chair**  
**Beverly Ford**  
**Alan Stout**  
**Jeff Taylor**  
**Gina Winchester**

Dr. Jay Morgan, Chair of the Academic Affairs Committee, called the meeting to order at 8:10 a.m. and reported all members were present with the exception of Judge Taylor.

**Faculty Handbook Revisions, approved**

On behalf of the Academic Affairs Committee, Mrs. Winchester moved that the Board of Regents, upon the recommendation of the President of the University, approve the following changes to the *Faculty Handbook*:

**1.4 University Governance System, 1.4.2.1, ARTICLE V (page 21):**

Reflects two departmental name changes regarding the election year of departmental senators.

**2.7.3.3 Rescission of Prior Reduction:**

Proposed change will allow a probationary faculty member to rescind an extension granted in section **2.7.3.2 Extension of the Probationary Period.**

**2.7.3.4 The Annual Evaluation:**

Proposed change requires the Departmental Tenure Committee to complete written annual evaluations for each probationary faculty member.

**2.7.5.1 Tenure Consideration Procedure:**

Proposed change requires the Departmental Tenure Committee to consist of all tenured faculty members, clarifying the Departmental Tenure Committee membership.

Mr. Stout seconded and discussion followed. Dr. Gary Brockway, Provost and Vice President for Academic Affairs, reported during the spring Board of Regents (BOR) meeting updates and revisions to the *Faculty Handbook* are presented for approval. The first proposed revision involves two departmental name changes: the Department of Art is now the Department of Art and Design and the Department of Theatre and Dance is now the Department of Theatre. Each will have a departmental senator representative on the Faculty Senate and this revision ensures the appropriate departmental name changes are included in the *Faculty Handbook*.

The second proposed change would allow a probationary faculty member to rescind an extension granted as per section **2.7.3.2 Extension of the Probationary Period** should the extension become no longer necessary. The next revision proposed for the *Faculty Handbook* would change the committee that annually evaluates the performance of probationary faculty to the departmental Tenure Committee in order to provide consistency in the tenure process. The proposal also requires that the probationary faculty member receive a written evaluation from the departmental Tenure Committee.

The final recommended change to the *Faculty Handbook* requires departmental tenure committees to consist of only tenured faculty.

Motion carried.

## **Regents Teaching Excellence Awards, approved**

On behalf of the Academic Affairs Committee, Mrs. Ford moved that the Board of Regents, upon the recommendation of the President of the University, approve the following faculty as Regents Teacher Awardees for 2009:

Robert Valentine	College of Business and Public Affairs
Jacqueline Hansen	College of Education
Traci Byrd	College of Health Sciences and Human Services
Jeffrey Osborne	College of Humanities and Fine Arts
Randall Black	College of Humanities and Fine Arts
Kelly Pearson	College of Science, Engineering and Technology
Linda Bartnik	University Libraries

In response to a Regent question, Dr. Brockway indicated this honor carries a \$1,000 cash award. Mrs. Winchester seconded and the motion carried.

## **Resolution to Affirm the Importance of the System of Academic Tenure, adopted**

Dr. Morgan reported tenure has been a part of the academic system at Murray State for many years and also exists at the majority of other universities. The Kentucky Community and Technical College System (KCTCS) Board recently decided to abolish tenure which has hurt their institution significantly, particularly among the academic community and individuals who are willing to be employed there. Some young MSU faculty members are concerned and are specifically interested in whether the institutional tenure process will remain in place and continue to be honored, especially in light of the fact there have been no faculty and staff raises over the last two years. Potential faculty will also consider whether a tenure system is in place before making a decision to accept an offer of employment from the University and the proposed Resolution will stem some current uneasiness at Murray State due to recent KCTCS action. On behalf of the Academic Affairs Committee, Mr. Stout moved that the Board of Regents, upon the recommendation of the President of the University, adopt the following *Resolution to Affirm the Importance of the System of Academic Tenure*:

### **Board of Regents Murray State University Resolution**

#### **Affirming the Importance of the System of Academic Tenure**

**WHEREAS**, the Murray State University Board of Regents recognizes the essential role and value of the faculty in the life of the University; and

**WHEREAS**, the institution of academic tenure protects the faculty's right to expectation of academic freedom, including freedom of expression and freedom of inquiry; and

**WHEREAS**, these freedoms form the foundation of teaching, learning and service within the University, contributing to student success, regional stewardship/development and providing an exemplar of the critical and creative thinking with which we seek to imbue our students; and

**WHEREAS**, an expectation of continued service facilitates faculty participation within the enterprise of shared governance that is requisite for the long-term welfare of the University; and

**WHEREAS**, academic tenure encourages investment by faculty members in long-term elements of university life such as building a sustainable research program, creating a continuing mentoring program and developing courses and teaching techniques over multiple semesters, as well as serving to foster a long-term commitment to the University among newer faculty;

**NOW, THEREFORE, ON THIS 29<sup>th</sup> DAY OF MAY, TWO THOUSAND AND NINE, BE IT RESOLVED** that the Board of Regents officially record its unqualified support and affirmation of the system of academic tenure at Murray State University; and

**BE IT FURTHER RESOLVED** that the Secretary of the Board officially display this resolution in the official Minutes of the University Board of Regents.

  
Alan C. Stout, Chair

Mrs. Winchester seconded and discussion followed. Mr. Stout asked if Board members have any concerns about the Resolution because these issues must be discussed so the recommendation can be passed unanimously. Mrs. Ford stated she has always been against tenure although it is very comforting for a faculty member to have tenure. She referred to a publication by Mark Taylor of the *New York Times* entitled, "End the University as We Know It." The document makes sense but would require a complete reorganization of universities to make them more viable and responsive to trends throughout the country. Mrs. Ford read the following, "Item number six in the document states to impose mandatory retirement and abolish tenure. Initially tenure was intended to protect academic freedom but has resulted in institutions with little turnover and professors impervious to change. After all, once tenure has been granted there is no leverage to encourage professors to continue to develop professionally or to require him or her to assume responsibilities like administration and student advising. Tenure should be replaced with seven-year contracts which, like the programs in which faculty teach, can be terminated or renewed. This policy would enable colleges and universities to reward researchers, scholars and teachers who continue to evolve and remain productive while also making room for young people with new ideas and skills." She believes there are two sides to every story and realizes Murray State is organized around the tenure system but will vote against the Resolution.

Mr. Stout stated from the standpoint of the academic community if a tenure system is not in place it would impair the quality of the institution in the long run, especially with recruitment of new faculty, and it is important for the Board to support this Resolution. Dr. Brockway certainly supports tenure and there are a number of incentives which encourage faculty to undertake activities such as those mentioned by Mrs. Ford. A promotion system remains in place and even after a faculty member receives tenure there are still incentives to be promoted. Every faculty member's goal is to achieve a full professorship at a university and in order to do so they must meet rigorous requirements. Typically with administrative appointments and duties there are incentives for faculty members and tenure does not imply they have completed all they are going to accomplish but is simply a starting point. Abolishing tenure would seriously compromise shared governance at Murray State University.

Mrs. Ford is not singling out any one professor at the University and believes Murray State has a great faculty, but there is always someone who could have been released if not for tenure and it is the idea she opposes. Dr. Brockway stated there have been cases where a tenured faculty member has been released from the University and tenure does not prevent the release of a faculty member if there is just cause. Mrs. Travis believes it is important for the Board to pass the *Resolution to Affirm the Importance of the System of Academic Tenure*. The Board has been unable to provide raises as it would have liked and the University has fine faculty and staff and if approving this Resolution helps morale, especially for young faculty, it should be approved.

Ms. Hays asked whether this Resolution would be necessary if the Board was able to provide faculty with raises. Dr. Morgan stated the faculty's preference would be for both to happen but is realistic about salary increases and given where the University currently stands, this would be one way of reassuring young faculty. The Resolution is also important because many faculty members believe the action taken by KCTCS creates a question of whether the regional universities in Kentucky will follow. Eastern Kentucky University recently passed a motion similar to the one being proposed today in an effort to reassure young faculty. If the University was providing 1 to 2 percent across-the-board increases to base salaries faculty would not be as concerned. Passage of this Resolution would further reassure faculty regarding the issue of tenure, particularly in light of action taken by KCTCS.

Ms. Hays asked if the Resolution passes whether that would also postpone the American Association of University Professors (AAUP) visit to campus and Dr. Morgan indicated it could potentially delay AAUP action. Some faculty groups have been working with AAUP to visit campus in the fall for preliminary meetings. He believes most of this action is a result of some frustration because there have been no raises, as well as other issues on campus, and passage of

the Resolution may assist in making some comments not quite so sharp. Ms. Hays asked whether a 1 percent raise would postpone an AAUP visit and Dr. Dunn cautioned about making this connection. Dr. Morgan added the individuals interested in AAUP coming to campus will be interested in having them come even with a 1 percent raise. Faculty members who may be undecided as to whether they should become more vocal – or a member of the group requesting an AAUP visit – would probably back off somewhat. Some “middle ground” individuals might indicate the AAUP visit is not needed at this time and this group is beginning to emerge but there will always be a group that wants an AAUP visit. Ms. Hays expressed appreciation to the excellent faculty at Murray State and feels passage of this Resolution is important and will provide some sense of security, especially to younger and more mobile faculty.

Dr. Morgan stated he has a motion and a second and requested a hand vote on approval of the *Resolution to Affirm the Importance of the System of Academic Tenure*. Dr. Morgan, Mr. Stout and Mrs. Winchester raised their hands to indicate support of the Resolution. Mrs. Ford raised her hand to indicate opposition to the Resolution. Motion carried by a vote of 3 to 1.

### **Adjournment**

The Academic Affairs Committee adjourned at 8:30 a.m.

#### **Audit Committee 8:30 a.m.**

**Bill Adams, Chair  
Beverly Ford  
Laxmaiah Manchikanti  
Alan Stout  
Jeff Taylor**

Mr. Bill Adams, Chair of the Audit Committee, called the meeting to order at 8:30 a.m. and reported all members were present with the exception of Judge Taylor.

### **Audited Financial Statements – WKMS-FM, accepted**

On behalf of the Audit Committee, Mrs. Ford moved, seconded by Mr. Stout, that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2007-08:

1. Audited financial statements for WKMS-FM for the year ended June 30, 2008
2. WKMS-FM Management Letter and Management Representation Letter
3. Corporation for Public Broadcasting (CPB) Schedule of Non-Federal Financial Support (NFFS) Compliance for the year ended June 30, 2008

Tom Denton, Vice President for Finance and Administrative Services, provided the following highlights with regard to the Audited Financial Statements for WKMS-FM:

- The auditors expressed an opinion with regard to the WKMS-FM financial statements and indicated they present fairly, in all material respects, the financial position of the station as of June 30, 2008 and 2007, and changes in financial position and cash flows conform to generally accepted accounting principles and signify a clean opinion.
- With regard to the balance sheet, overall cash, cash equivalents and accounts receivables have increased, total net assets decreased, total liabilities are down and unrestricted net assets increased by approximately \$60,000.
- In prior year there was a \$56,654 decrease in net assets, \$43,500 due to construction reinforcement of the tower, \$6,000 for studio components, \$3,000 for an air conditioner as well as other equipment purchases and infrastructure needs. In current year 2008, there is an overall decrease of \$32,148 partly on a one-time basis due to billing out for an additional classical music channel. There was \$12,000 in concert sales moved to an account in the Regional Special Events Center, an additional \$10,000 for student wages and an additional \$5,000 in non-exempt salaries in an attempt to increase underwriting revenues.
- The BKD Management Letter is a separate report and no material weaknesses or sufficient deficiencies were cited. Two control deficiencies were noted – cash receipts cycle and deposit reconciliation - and both were a result of WKMS being a small operation where most likely there will be some issue with desegregation of duties. One person was opening mail, entering contributions into the system and completing the deposit. The auditor’s recommendation was for these duties to be desegregated and the station has already made changes with two individuals

now splitting the duties. The control deficiency as it relates to deposit reconciliation is still being addressed, mainly due to the new Banner system and issues associated with Foundation reporting.

Mr. Adams reported there is a motion and a second to accept the WKMS-FM audited financial statements. Motion carried.

### **Racer Foundation Audit, discussed**

Mr. Denton indicated during the previous quarterly Board meeting the University administration was asked to address the possibility of obtaining services for the Racer Foundation audit (from the University auditors) which would represent less than a full audit. There are currently fewer than 20 transactions per year in the Racer Foundation and BKD has been charging the University \$5,000 to conduct an audit. There are three different levels of service that can be obtained from auditors, including compilation, review and audit. By utilizing the compilation method the University would save \$3,250 which represents the least expensive level of service provided by the auditors. Discussion has occurred with the National Collegiate Athletic Association (NCAA) and there are no issues with making this change because an audit is not required for the Racer Foundation. The University will continue reporting in the NCAA Agreed-Upon Procedures Report and Racer Foundation financial information will be included as a footnote in the University's general financial statements.

### **Kentucky Institute for International Studies (KIIS) Short-Period Audit, discussed**

Mr. Denton reported the KIIS program is separating from Murray State, effective July 1, 2009. The University remains involved in a large number of transactions because although most of the KIIS programs started in various countries prior to July 1, the University is still accountable for them. The University auditors are familiar with KIIS and what is necessary at this time is a short period audit. From a financial perspective the normal business cycle is December 31 and the KIIS program is scheduled to be audited before October 1, 2009. Since the auditors will already be on campus they are also being asked to review the KIIS program in the short period. The KIIS program cannot be closed by July 1, and a short period audit would run January 1, 2009, through August 31, 2009. This would represent a separate short-term audit for the KIIS program and two KIIS audits would in essence be conducted. Mrs. Ford asked when it was decided the KIIS program would transfer from Murray State and Dr. Dunn reported KIIS solicited proposals for administrative agents and while Murray State submitted a proposal it was not the successful institution. Mrs. Ford was not aware this is how KIIS operated especially since the program has been at MSU for so long, although Dr. Dunn reported the information was shared with the Board earlier. Mrs. Buchanon added the program is moving to Western Kentucky University.

Mr. Adams met approximately one month ago with Keith Messmer who is the auditor in charge of Murray State's account. This represented a preliminary interview before the audit process begins to secure information from the BOR Audit Committee regarding possible concerns and needs. Previously when an error (potential deficiency) was discovered it would be pointed out but would not be reported in the audit. A change has now been made for those control deficiencies to be noted as part of the report so the Board is aware and the deficiency will not simply be shared with management and corrected. Internal control is an issue critical to all audits and if there is a shortcoming the Board needs to be informed. Mr. Denton indicated the industry is now required to report more items of lesser deficiency to the governing body.

Mr. Adams also reported it was his impression the risk management fee of \$25,000 (due to necessary regulation changes) was a one-time fee for BKD to evaluate risk involved in conducting the audit which was required for the University. That is not the case and standards have been increased even further and this fee is charged every year and is referred to as a "risk assessment suite." The approval of an audit firm for the next four years is approaching at the end of this year and the University will seek RFPs from interested firms. BKD has been the University's auditing firm for eight years and while some may believe a change in auditing firms is desirable, BKD is quite familiar with Murray State. Mrs. Buchanon asked whether there are accounting firms in the region that can handle an audit to the scope of what the University requires and specifically mentioned Williams, Williams and Lentz of Paducah, Kentucky. Mr. Denton is not familiar with any regional firms that would be able to conduct an audit of the scope the University requires. They could have the expertise to perform the work but it may be they do not have the resources necessary for an audit of this magnitude. Sometimes a local firm will not have the necessary expertise within the office but with a larger auditing firm they can rely on

another office that may have an expert in a particular area. Dr. Dunn indicated the RFP process will not prohibit local firms from applying and what is required for the University's audit will be outlined in detail. The firm can then decide whether it has the resources to respond to the University's audit needs. Mrs. Buchanon inquired whether RFPs have been sent to regional firms in the past and Mr. Denton indicated they have when the contract is rebid every four years.

### **Adjournment**

The Audit Committee adjourned at 8:50 a.m.

### **Buildings and Grounds Committee 9 a.m.**

**Peg Hays, Chair  
Bill Adams  
Marilyn Buchanon  
Kara Mantooth  
Jeff Taylor**

Ms. Peg Hays, Chair of the Buildings and Grounds Committee, called the meeting to order at 8:50 a.m. and reported all members were present with the exception of Judge Taylor.

### **Reconsideration of Agriculture Task Force Recommendations, approved**

Ms. Hays and Dr. Morgan met previously with Mr. Stout and Dr. Dunn regarding clarification of two actions taken at the Special Board of Regents meeting on April 13, 2009, which were recommended by the *Agriculture Task Force*. There was considerable concern from agriculture students that the \$3 per FTE would become part of the general fund and the first proposed recommendation ensures this money will go to the School of Agriculture (SOA) to assist in funding an additional farm laboratory. The second recommendation is to complete the unfinished portion of A. Carman Animal Health Technology Rear Laboratory and Dr. Dunn has provided assurance this project will be completed by fall 2010 utilizing SOA funding of \$100,000 and University funds of \$256,000.

On behalf of the Buildings and Grounds Committee, Mrs. Buchanon moved that the Board of Regents, upon the recommendation of the President of the University, clarify its previous actions with regard to the *Agriculture Task Force* and implement the following recommendations:

1. Implement an AGR Student Farm and Facility Fee of \$3 per FTE generated credit hour committed solely to assist in the funding of an additional farm laboratory to begin July 1, 2009, with any unused funds from this account to be carried forward annually.
2. Complete the unfinished portion of the A. Carman Animal Health Technology Rear Laboratory utilizing funds as determined by the President of \$256,000 and SOA Improvement Funding of \$100,000 [remove: prior to the next accreditation process]. It is the intention of the Board to have the project completed by the start of the fall 2010 semester.

Mr. Adams seconded and the motion carried.

### **Adjournment**

The Buildings and Grounds Committee adjourned at 8:55 a.m.

### **Equal Opportunity/Affirmative Action Committee 9:30 a.m.**

**Beverly Ford, Chair  
Peg Hays  
Laxmaiah Manchikanti  
Kara Mantooth  
Vickie Travis**

Mrs. Beverly Ford, Chair of the Equal Opportunity/Affirmative Action Committee, called the meeting to order at 8:55 a.m. and reported all members were present.

## Statewide Diversity Issues and *Kentucky Plan* Report, discussed

Mrs. Ford indicated the Statewide Diversity Issues and *Kentucky Plan* Report has been provided for information purposes. Dr. Dunn reported there are a number of changes currently taking place with regard to diversity initiatives in the Commonwealth and it was necessary for the Equal Opportunity/Affirmative Action Committee to update the Board on these diversity issues. A voluntary partnership agreement in Kentucky with the Office of Civil Rights has now come to an end and there is need for a successor agreement or plan which will be accomplished via a statewide *Diversity Plan* for higher education. The CPE is currently undertaking this work and each university has a representative taking part in the initiative with Mrs. Sabrina Dial, Director of Equal Opportunity, serving as Murray State's liaison. The *Kentucky Plan* remains and is the reporting mechanism for African-American students, faculty and staff within higher education centered around eight objectives the universities are graded as either achieving or not achieving each year and the Board was provided with the most recent report. Once the statewide plan is established there will be an expectation on each of the campuses for a campus diversity plan and a newly-formed Diversity Committee at MSU will move toward developing such a plan once it has a better sense of the work of the CPE. Mrs. Dial reported in January the CPE adopted an action plan for the development of the statewide plan with the final draft to be presented to the CPE in January 2010. Currently the Committee on Equal Opportunity is charged with developing this plan and the institutional representatives meet on a regular basis to develop a statewide plan. A consensus draft has been completed in terms of the title of the plan, vision statement, core values and definition of diversity and this work can be found on the CPE website. With regard to *Kentucky Plan* compliance, the University has earned automatic eligibility status which marks the third consecutive year Murray State has accomplished this goal. If the University has automatic eligibility new degree programs can be initiated and the most recent examples are degrees in Japanese and Athletic Training (Exercise Science).

In 2005 the CPE requested all institutions develop a *Campus Environment Team* to review mechanisms in place for attracting minority students, staff and administrators. The *Blue Ribbon Task Force* was used to fulfill this mission at Murray State and provides an annual report each year. The *Blue Ribbon Task Force* will shortly transform into a diversity committee to assist the University in developing its *Diversity Plan*. The statewide *Diversity Plan* will serve as an umbrella plan and all institutions will be able to take the lead from that to develop their own plans for diversity. This differs from the *Kentucky Plan* which required institutions to meet all aspects of the plan but the University, through the *Diversity Plan*, will now be able to include input pertinent to the area it serves.

Mrs. Ford stated the University has approximately 300 undergraduate African-American students enrolled and asked why this number has remained constant since 2004. Dr. Dunn believes this is mainly due to recruitment and scholarship dollars. All Kentucky institutions are pursuing the same cadre of students and MSU does not receive credit under the *Kentucky Plan* for students who come from out-of-state and this group comprises a large number of students for Murray State. Each year all institutions pursue the same limited pool of Kentucky African-American students for purposes of meeting the requirements of the *Kentucky Plan*. Attracting these students with scholarship dollars has also been a challenge for Murray State. The administration has made a significant effort to put additional monies into scholarships to attract these students. In the budget materials, specifically the Executive Summary, the University seeks to hire a full-time recruiter in the Louisville area in part because that is where these students reside but also because the University must become more aggressive in pursuing Kentucky African-American residents. Mrs. Buchanon added in the past the University has not typically attracted many Paducah Tilghman students which could represent a potential pool of students. Dr. Dunn agreed this represents an area for concentration but it is also the pool of students all universities are competing for. The University of Kentucky and the University of Louisville are able to attract many of these students because they have been very aggressive in increasing scholarship opportunities available to Kentucky resident African-American students. There is a plan in place at Murray State for the recruitment of African-American and other minority students. Despite the University's efforts with additional scholarship dollars there remains a limited pool of available students and other universities are extremely aggressive and compete for these students along with MSU. Scholarship increases at the University have been significant but the other institutions are putting even more money into scholarships and have more designated staff specifically recruiting African-American students. The Murray State plan is continually reviewed and revised but a limited number of students remain, other schools have provided

significantly more scholarship dollars for these students and these schools have employed designated staff to specifically recruit Kentucky African-American students.

Mrs. Buchanon inquired whether Murray State still has a billboard in Louisville and Dr. Dunn indicated the University no longer has the billboard because other, more effective, means of recruiting students from this area exist, including social networking, individual contacts and the YouTube recruitment video. Dr. Robertson reported the University will host the Governor's Minority Scholarship Program this summer and over 300 students at the middle school level or above will be on the Murray State campus for the event which will assist in building for the future. The University has been very aggressive in attempting to host such groups during the summer. All methods of recruiting students are important and must be undertaken but there are also more auxiliary initiatives that can be powerful in attracting Kentucky minority students.

Ms. Hays stated with regard to the objectives mentioned earlier new programs were a benefit of compliance and asked whether those new programs are only offered on the main campus or whether they could be offered on the extended campuses. Mrs. Dial replied programs could be offered at the extended campus sites and Dr. Dunn indicated automatic program eligibility allows the University to offer new programs specifically for the purpose of attracting new students. If the University does not achieve the goals of the *Kentucky Plan* it will not be able to offer any new programs on the main campus or at the extended campus sites.

### **Adjournment**

The Equal Opportunity/Affirmative Action Committee adjourned at 9:05 a.m.

The Board took a short break beginning at 9:05 a.m. and ending at 9:25 a.m.

Mr. Stout called the meeting to order and Dr. Dunn announced during the break he confirmed the University has cancelled the billboard in Louisville because it cost \$38,500 per year. Enrollment numbers for fall 2009 are up 4 percent from Louisville which means the loss of the billboard has not significantly impacted enrollment in that area. Assurance was provided that Twitter and Face Book are very much a part of Murray State's overall recruitment plan and have played a major role in anticipated fall enrollment success.

**Finance Committee**  
**Jesse Stuart Room – Pogue Library**  
**10 a.m.**

**Jeff Taylor, Chair**  
**Bill Adams**  
**Marilyn Buchanon**  
**Peg Hays**  
**Alan Stout**

In the absence of Judge Taylor and at the request of Mr. Stout, Mr. Adams will serve as Chair of the Finance Committee and called the meeting to order at 9:30 a.m. He announced all other members were present.

### **Dan C. Hutson, II; BB&T Foundation and Dudley Estate Donations for CUETF (“Bucks for Brains”) Designation, discussed**

Dr. Dunn stated the Board must make designations for three gifts for the “Bucks for Brains” program and will then need to take action on two specific endowments, including the Doris S. Dudley Scholarship and the Dark Tobacco Heritage Scholarship. Mr. Denton reported the Board will be approving certain funds for inclusion in the state endowment matching program, in addition to changing the amount dedicated toward capital outlay. Bob Jackson, Associate Vice President for Institutional Advancement, reported during the 2008 Legislative Session, \$1.58 million was approved for Murray State in the “Bucks for Brains” Comprehensive University Excellence Trust Fund (CUETF) based on a formula for all public universities which has been used since the program began in 1998 (post higher education reform). The University has commitments or has matched almost all of this funding, with 50 percent of the money being matched in the science, technology, engineering and mathematics (STEM) area as required, which is much harder to match, especially considering the current economic environment. The

University has worked toward matching this portion of funding first and Mr. Jackson presented a chart illustrating how the funds have been matched to date, including two gifts from Jesse Jones in the amount of \$500,000 for STEM initiatives to create a large scholarship endowment which will be matched to create a \$1 million scholarship endowment for the College of Science, Engineering and Technology (SET). This represents the largest single scholarship fund in SET and is open to all majors within the college. A \$57,000 gift was also matched and although it represents “Bucks for Bricks” money it falls within the \$1.58 million and will be used to construct a science library in the new Chemistry Building. A recent gift from Dr. C. C. Lowry in the amount of \$200,000 for pre-med scholars will be matched as well. The 50 percent being matched for STEM initiatives includes gifts approved earlier by the Board from Charles and Marlene Johnson in the amount of \$35,000 for a new organ with the matching funds being used to create a scholarship fund in the Department of Music.

Board approval is currently being requested for three new gifts. The first is a gift from Cindy Hutson of Hutson Ag in memory of Dan C. Hutson II in the amount of \$100,000 that will be matched with approximately one-half designated toward scholarships in the School of Agriculture and the remainder being provided to the College of Business and Public Affairs (BPA). The second gift is a \$100,000 donation from the Doris Dudley Estate for need-based scholarships. This gift was made to the University but was sent to the Foundation in order for it to become a quasi-endowment and the Board is being asked to match this gift with “Bucks for Brains” funds to create an even larger need-based scholarship fund. The third gift is \$1 million from the BB&T Foundation and a request is being made to match this with \$250,000 to create a \$1.2 million initiative in the College of BPA to fund fellowships and various other programs. This gift was originally \$750,000 but, through the efforts of many and the “Bucks for Brains” program, University officials were able to increase the gift to \$1 million by matching the last \$250,000. This represents the power of the “Bucks for Brains” program and how useful it is in leveraging new gifts. There are also a couple of gifts (\$1 million and \$50,000) pending which will complete the required funding match. Dr. Dunn clarified the \$1 million pending is from an individual donor and the power of the “Bucks for Brains” program is evident when talking to a potential donor and assuring them their gift will be extended by a significant amount. Mr. Stout added this also illustrates the power of the legacy concept and applauded Mr. Jackson for his efforts in keeping in the forefront of people’s awareness the potential of making a gift to the University even within the current economic environment.

**Dan C. Hutson, II; BB&T Foundation and Dudley Estate Donations for CUETF (“Bucks for Brains”) Designation, approved**

On behalf of the Finance Committee, Ms. Hays moved, seconded by Mrs. Buchanon, that the Board of Regents, upon the recommendation of the President of the University, approve the University’s designation of the donations by Cindy Hutson/Hutson Ag in memory of Dan C. Hutson II of \$100,000, the Dudley Estate of \$100,000 and the Branch Bank & Trust Foundation (BB&T) of \$250,000 for matching funds from the Comprehensive University Excellence Trust Fund (CUETF) and revising the allocation of the capital matching portion of the CUETF program to \$46,263 and the endowment matching portion to \$1,533,737 for the 2008-10 Biennium. Motion carried.

**Doris S. Dudley Scholarship Endowment Designation, approved**

Mr. Jackson reported Mrs. Dudley was a graduate of Murray State in the 1930s and lived most of her life in Evansville, Indiana. For the last several years considerable focus has been placed on estate gifts and distributing information on how to make a bequest and a charitable trust and this gift resulted from those efforts. Mrs. Dudley left \$100,000 to the University and this motion requests approval to create a quasi-endowment through the MSU Foundation that will be matched for a total of \$200,000 to create a need-based endowment at the University. Mr. Stout indicated information distributed on bequests and charitable trusts keeps the issue in the minds of donors as they undertake estate planning and specifically provides the language a donor would need to use in their Will to make a gift to the University. A portfolio of several million dollars in known bequests and other planning gifts has now been compiled and will mature over the next several years to help increase the endowment of the institution.

Mr. Adams asked for the definition of a quasi-endowment and Mr. Jackson explained the gift currently being discussed was left to Murray State and the University, not the Foundation, actually received the gift. The University’s typical request language indicates donors should

leave gifts to the MSU Foundation, Inc. so they go directly through the Foundation and the process being undertaken today becomes unnecessary. This is a gift to the institution proper and what is typically done with such a gift is to form a quasi-endowment through the Foundation. The reason it is called a quasi-endowment is because the language of the bequest was not to endow these funds but simply represented a \$100,000 gift to the University for need-based scholarships. In practice the institution could spend the entire \$100,000 immediately for need-based scholarships if the Board so directed but it would be better to create an endowment to be matched to form a fund that can live in perpetuity for future students as opposed to spending the gift all at once. In response to a question from Mrs. Buchanon, Dr. Dunn reported two or three such designations have been approved over the last three years. Mr. Stout indicated currently it is acceptable to handle these donations on a gift-by-gift basis but at some point the Board might want to consider establishing a policy to address a circumstance where the University is named in a Will for scholarship purposes. Dr. Dunn cautioned the Board would not want to have a “blanket rule” in the event a donor made a gift to the University to be used for a specific program. There is an educative aspect where the University is attempting to communicate to potential donors their gift should be made to the MSU Foundation, unless it is a specific gift as mentioned previously. Mrs. Travis expressed appreciation to all donors to ensure they are aware of the Board’s sincere appreciation for their generous contributions to the University.

On behalf of the Finance Committee, Ms. Hays moved, seconded by Mrs. Buchanon, that the Board of Regents, upon the recommendation of the President of the University, approve the designation of the Doris S. Dudley Scholarship Endowment as a quasi-endowment. Motion carried.

**Dark Tobacco Heritage Scholarship Endowment Designation, approved**

Mr. Denton reported this designation is similar to the one just discussed and the Board is being asked to approve the Dark Tobacco Heritage Scholarship Endowment as a quasi-endowment. The School of Agriculture received a contribution of \$20,600 from the Dark Fired Tobacco Growers Association and there is funding within the SOA to match the \$20,600 with the source of funds being federal tobacco buyout money. The Board is being asked to make this a quasi-endowment for purposes similar to those just discussed for the Doris Dudley Scholarship.

On behalf of the Finance Committee, Mr. Stout moved, seconded by Ms. Hays, that the Board of Regents, upon the recommendation of the President of the University, approve the designation of the Dark Tobacco Heritage Scholarship Fund as a quasi-endowment. Motion carried.

**2009-10 University Budget, discussed**

Dr. Dunn provided the overview below for the 2009-10 total operating budget, indicating it represents an increase of approximately \$1 million, a 0.7 percent overall increase and a 0.2 percent decrease in the E&G budget.

	Budget 2008-09	Change		Budget 2009-10
E&G	\$111,016,436	\$ (215,893)	(0.2%)	\$110,800,543
Auxiliaries	<u>\$ 23,921,755</u>	<u>1,184,227</u>	<u>5.0%</u>	<u>\$25,105,982</u>
Total Operating	\$134,938,191	\$ 968,334	0.7%	\$135,906,525

The budget being presented is austere, restrained and responsible and will fulfill the needs of the University for fiscal year 2010. With the exception of some very limited areas this represents a no growth budget, which is reflective of the current economic climate, but the University will be able to sustain programs and services, most notably academic programs and staff while continuing successful work currently underway. The decrease in the E&G budget comes directly from the loss of state appropriations for next year that is anticipated to be rescinded and is budgeted for accordingly. Auxiliaries have experienced slight growth due in part to some program success in that area as well as debt services. In terms of full-time-equivalent employees the University is down by 1.5 FTE mainly because the University is losing most KIIS employees due to the consortium moving to another institution. As noted in the Executive Summary, the University must maintain positions in recruitment, a Human Resources Specialist and a security person in the technology area. Public hearings were held last year because cuts were being made to the budget but this year there is an even budget with no loss of programs, services or employees and hearings were not held although questions were answered as they were received.

The budget process was difficult this year in part because of uncertainty at the state level, tuition was an open discussion at one time and the University is transitioning to the Banner system. All of these initiatives conspired to make it very difficult to produce the budget in a timely fashion. Dr. Dunn thanked Mr. Denton, Jackie Dudley, Director of Accounting and Finance, and Carl Prestfeldt, Director of the Budget, who worked many, many extremely late hours.

Dr. Dunn reported the 2009-10 budget does not reflect any overall, across-the-board base salary increases but, as is evidenced by the salary roster provided to the Regents, there have been some salary adjustments. If a determination is made with regard to salaries (whether on an across-the-board basis, base increase or bonus) any such action should be taken only in response to revenue from higher enrollment. This Board has specifically and directly addressed the fact that the University must determine whether it has converted bodies to seats with regard to enrollment before it will be known whether the University will have funding to undertake new initiatives. Any revenue overage from increased enrollment, which is not budgeted, can then be used for consideration of salary actions.

Mr. Denton reported the following:

- The budget reflects a state appropriation amount larger than what the University will actually receive. The University has already adjusted for this difference assuming receipt of the same appropriation for 2009-10 as that received in 2008-09 which represents a 2 percent reduction. Dr. Dunn reminded Board members the University experienced a rescission of 2 percent mid-year this year and with discussion continuing on a potential \$1 million state budget deficit will be fortunate to be able to maintain this funding level.
- Three sections of the budget represent:
  - REV - a detailed revenue listing
  - ARA - area of management control for one-time expenditures that fall under a particular area
  - PCS - program code source where expenditures are formally reported and listed in a category called administration and represent the expenditure listing contained in the University's audits and is an internal accounting of how the University divides management responsibility for all accounts.
- The University started with an appropriation of \$134 million in 2008-09 and there was a 2 percent decrease for 2009-10 allotted by specific area of state general appropriations as listed below:
 

General Operations	<\$944,678>
Breathitt Veterinary Center Operations	<50,900>
Action Agenda	<35,297>
Telecommunications Systems Management (TSM)	<22,776>
Regional Stewardship	<3,777>
Faculty and Program Development	<1,471>
General Operations before Debt Service	<1,058,900>

Mr. Denton reported tuition and mandatory fees will increase by 4 percent or \$114 per semester for full-time resident undergraduate students. The gross tuition increase will be \$3.2 million but discounting \$1.2 million for scholarships and waivers (approximately 40 percent) nets only a \$2 million increase. Tuition increases are essential to maintaining academic quality, covering fixed costs and providing additional financial aid to students and other budget priorities. Murray State tuition remains among the lowest of the comprehensive public universities and is very competitive in the state and market region. The budget contains no salary pool for merit or across-the-board increases to base salaries but the possibility of a mid-year, one-time salary bonus payment has been discussed if expected enrollment increases materialize and state appropriations are not reduced further. The budget includes \$50,000 for a recurring salary enhancement pool for 147 employees who make less than the \$16,566 Calloway County annual per capita personal income. Expenditures for salaries and fringe benefits provide for promotions, staff job reclassifications and equity and include Residential College participation (109 employees), faculty awards, Staff Excellence Awards and the student minimum wage increase.

Mr. Denton indicated fixed cost expenditures are expected to increase by approximately \$1.9 million and include areas such as health insurance (\$716,638), KERS and KTRS retirement matching costs (\$327,333), utilities (\$250,000), academic promotions (\$87,000), minimum wage increase for students (\$230,884), workers compensation (\$56,302), property insurance (\$76,951) and technology upgrades (\$54,292). With regard to expenditures for scholarships and technology, scholarships have been increased by \$1.3 million, including tuition discounts and

geographical waivers which provides affordable access to education and continues efforts to recruit and retain students. Campus technology efforts will focus on two primary initiatives:

- 1) Refine initial installation of the ERP system (myGate) and add third-party systems and upgrades
- 2) Extend the campus wireless coverage while also providing for backup internet connection if the primary connection goes down

The administration budgeted for a relatively small number of expenditures for new institutional priorities which included additional funding for the Honors Program (\$28,000), academic admission counselor for the Louisville area (\$26,000), Commonwealth Honors Academy (\$34,627), electronic security position for technology areas (\$40,000), employment specialist in Human Resources (\$23,339), increased shuttle bus service for the Murray campus (\$142,000), stipends for emergency building coordinators (\$15,000) and development costs related to the Comprehensive Campaign (\$28,000). Dr. Manchikanti asked if the admissions counselor position is full-time and questioned whether the University would be able to hire someone for \$26,000. Dr. Dunn confirmed the University will identify a young, eager university graduate who will accept such a position and who will be especially appealing to high school students.

Mr. Denton reported the University made some major cuts in the 2009-10 budget but those cuts did not involve programs. As an example, \$200,000 was cut from the property acquisitions line and \$300,000 was cut from the fringe contingency account previously used for increases in health insurance and funding fringe benefits for new employees hired during the year. There was a budget line of over \$500,000 for the one-time stimulus payment in 2008-09 and when the decision was made this would not be recurring it was cut from the budget. These three accounts amount to just over \$1 million which helps offset the reduction in state appropriation. Dr. Dunn stated even though the University will be able to sustain programs, services and personnel there have been significant budget reallocations and what is being presented to the Board represents a budget with absolutely no flexibility. Ms. Hays stated \$28,000 for increased development costs for the upcoming Campaign was the same amount listed on a document provided to the Board at the Special Meeting on April 13, 2009, and asked if this figure represents the same funding. Dr. Dunn reported if both amounts were \$28,000 they are the same. Ms. Hays stated one figure was \$24,000 and one was \$28,000 and asked whether this amounts to a total cost of \$52,000. Dr. Dunn stated \$28,000 represents additional funding in the budget for the Office of Development to cover Campaign costs and would include additional postage and material costs.

Ms. Hays asked about \$142,000 for a shuttle service for Murray State and whether this includes new busses, increased routes and fuel and Dr. Dunn confirmed the figure includes all these costs. Previously the University operated a modified shuttle service primarily for international students. Working with the Murray-Calloway Transit Authority (MCTA), the University now desires to enter into a partnership to expand shuttle service on campus. A Parking and Transportation Work Group was formed almost two years ago to review parking and transportation needs which led to discussion on the necessity for a parking garage, more surface parking or whether there would be a desire for a campus shuttle. The work group distributed a survey on campus and results indicated there appeared to be some support for a shuttle service. Because the shuttle approach has support, as evidenced from the results of the survey, the option was considered but was put on hold due to a lack of identified funding. The MCTA has since secured stimulus grant funding in the amount of \$143,000 to be used for operating expenses for a shuttle system. MCTA has also secured grants to be used to purchase two shuttle busses and the University will contribute to establishing the shuttle service which will be available from 8 a.m. to 8 p.m. for any MSU student. The shuttle will follow two routes not only through campus but also through the City of Murray. Some issues which came to light with this project centered around safety, sustainability and a desire to improve the University's "green" aspect by minimizing the number of students driving their vehicles on campus and in the City of Murray.

Joshua Jacobs, Chief of Staff, reported a federal regulation became effective last summer which prohibits a publicly operated transit authority (such as MCTA) from providing charter services within a transportation district. There are federal transportation districts and there are companies licensed to operate within that boundary. In order for Murray State to offer a chartered route for Commencement or athletic events (because it does not have a route system it would be considered a charter) the University would need to put the service out for bids. MCTA would not be able to bid on offering the service to the University until all licensed providers in the region indicated they were not interested in doing so. If any one of the private charters made a bid the University (as an entity) would be required to accept the bid for service. By establishing

a route system around Murray and Murray State, the University will be provided with internal flexibility to modify the route system for special events because it would then be considered a modification of an existing route and not the establishment of a new charter. One of the private student housing developments, Campus Suites, has instituted a shuttle system and travels all over campus which is further indication of student interest in a shuttle service. The University and the MCTA will work with Campus Suites to ensure routes are not duplicated to offer even more coverage. Mr. Denton investigated the possibility of the University undertaking this operation but determined after the MCTA received stimulus money, and considering federal regulations, that alternatives should be considered. The University will set aside a portion of parking revenues for this endeavor and because an investment is not being made in capital equipment and personnel, the initiative can be discontinued if not successful.

Dr. Robertson reported the shuttle service will also help alleviate an issue which has existed at the University for years in that when students leave the main campus, particularly to go to the University farms, their ability to return to campus, find a parking space and be able to get to class on time is limited. A shuttle would address this issue and there is most likely a population to support the shuttle service. In response to a Regents question, Dr. Dunn indicated there is currently no cost associated with utilizing the service but whether students would be willing to pay for this service was a question included on the initial survey. Mr. Jacobs reported the response from students was divided between the desire for a per semester charge versus a per ride charge but the majority did not favor either option. Consideration was also given to instituting a fee-based approach for students on campus who would utilize the service but this was also set aside due to a variety of factors, including difficulty in determining whether this would be considered a mandatory fee. Mrs. Buchanon asked how many students responded to the survey and whether they expressed a desire for transportation from the residential college area to the classroom or to Wal-Mart. Mr. Jacobs reported 382 students, 107 faculty, 199 staff and 68 community members responded for a total of 756 initial survey respondents and transportation to a variety of locations was preferred.

Mr. Jacobs reported the partnership with MCTA comprises one component of the overall route system for the City of Murray and decisions regarding the proposed routes and stops along those routes have not been finalized. These issues will be evaluated this summer and a consultant for the MCTA will determine where the appropriate stops should be located to meet the needs of the institution and the community. Two routes will serve the internal campus, intersected by an extended route, and may include service to the University farms and the business community of Wal-Mart and the Bel-Air Plaza. Mrs. Buchanon stated a few years ago the Student Regent conducted research on how long it took to walk from the furthest parking lot to the center of campus and that turned out to be seven minutes. Ms. Mantooth confirmed the time was seven minutes but she is unsure where the furthest parking lot was located at that time. This survey was administered before Campus Suites started offering a shuttle which has led to increased interest from those living in off-campus student housing complexes. Ms. Hays indicated if students can be dropped off at a retailer's place of business then the retailer should pay a fee for bringing shoppers to their place of business and Dr. Dunn stated he would let her communicate this message to local retailers. Mrs. Buchanon added walking to class from a parking lot could be the only exercise some students get during the day. Ms. Mantooth believes the shuttle will be used more for transporting students to locations off campus so they do not have to drive than it will be for taking them from one campus location to another. Dr. Robertson reported even though many students have cars there are others who do not and the lack of a transportation system is a weakness in terms of recruitment.

Dr. Brannon reported the most commonly asked question from Animal Health Technology students, particularly freshmen and their parents, is how they will get to the Carman Pavilion for class. Currently classes on campus must dismiss early to allow adequate time for students to travel to the Pavilion and a shuttle would have a dramatic impact on helping alleviate this issue. Mrs. Buchanon inquired how much the University currently spends to provide a shuttle service for Commencement and athletic events and Mr. Jacobs reported the cost is normally a couple of hundred dollars per athletic event but a recent bid for offering the service for Commencement was between \$7,000 and \$8,000 due to the size of the event, and the cost for the shuttle would include transportation to this type of event. Ms. Hays believes the shuttle will be a great recruiting tool especially for parents when they realize they do not have to purchase a car for their child to be able to travel from the Murray campus to various locations in the city. Many students who attend MSU are already financially strapped and a means of public transportation might be particularly appealing to them. Mrs. Winchester asked if faculty and staff would be

able to utilize the shuttle and Mr. Jacobs reported they would with a valid MSU ID. Mr. Stout stated it will be interesting to see how the initiative is received and, if successful, the Board will have provided a valuable service for the constituents of the University while also relieving parking issues on campus.

Mr. Adams asked whether the University's contribution to the project is matching and Dr. Dunn indicated MCTA has an operating budget of \$143,000, plus capital, and MSU is contributing \$142,000 to the endeavor. Mr. Jacobs reported the MCTA also secured over \$4.5 million in grant funding this year and had already received grants to install solar powered bus stop shelters. The consultant will determine where those shelters will be placed throughout the Murray area, with one possibly being located on or near campus, and the MCTA has significantly increased efforts to secure grant funding and earmarks. Mr. Adams stated the money being used by the MCTA for this initiative is one-time economic stimulus funding and asked how this would be addressed in subsequent years. Mr. Jacobs indicated the stimulus funding would be used for the purchase of equipment and to meet other capital outlay issues, including busses and bus stops, but the cost of hiring drivers will be an ongoing capital expense the MCTA must address. Currently there is no route system in Murray and there is only an "on demand" service available for a fee. The MCTA is negotiating with the city and the county for increased funding but will be able to provide two routes – one that serves the city of Murray and a larger route that serves the community. The University is providing an inner loop (two sub-routes) for students which will allow them to also have access to the larger network transportation routes being provided by the MCTA. The University is not supporting the county or city in this endeavor but is instead supplementing what they are already doing. They will have a route system whether the University participates or not but it would be extremely convenient if a route is established on campus to connect to these larger routes and provide students, faculty and staff with needed transportation services. Mr. Stout inquired whether a component of this plan is to promote and market the shuttle service to prospective students, faculty and staff and Mr. Jacobs indicated this will certainly be the case. Dr. Dunn reported an environmental group comprised primarily of students will also be solicited to assist in this endeavor because they work primarily with sustainability issues for the campus and are excited about the initiative.

Mrs. Buchanon stated she has compared the 2008-09 budget to the 2009-10 budget and noticed several discrepancies in budgeted amounts. Mr. Denton reported there is an addendum to correct errors that is prepared after the Board approves the Regents Budget which could account for the difference but the overall bottom line has not changed. With regard to the E&G budget, Dr. Morgan commented there are several lines which have budgetary increases while Academic Affairs experienced decreases. There is some growing concern on the academic side of the house with regard to this particular issue and he encouraged the Board to perhaps not cut back the academic affairs area quite so hard next year because that area experienced a cut of \$500,000 this year. Mr. Denton reported in the academic area there was a 10.27 change in FTE, which includes the KIIS program, and BVC also had a 5.5 decrease in FTE. Those are the two major areas accounting for the decrease in funding. Dr. Morgan reported these two areas do not add up to the \$500,000 decrease although they do account for part of the cut. His comment was more conceptual in nature with the intent of stressing the importance of stemming some cuts to the academic area as the University moves forward. Mr. Denton asked for clarification on where the \$500,000 figure Dr. Morgan is referring to comes from and Dr. Morgan reported this is the difference between the amount in the 2008-09 budget and the 2009-10 budget and is listed as an academic affairs reduction. Mr. Denton reported this decrease is a result of the loss of the KIIS program and if the program was not a factor there would have been an actual increase in the academic affairs area. For 2008-09 KIIS had a budget of approximately \$1.5 million and in 2009-10 overall the Academic Affairs budget was reduced by that amount due to the program leaving the Murray State campus. If the KIIS program remained at MSU, there would not have been a reduction of \$1.5 million which would have amounted to an overall increase.

Mrs. Buchanon reviewed budget figures over the last two years for "other instruction" in the academic colleges to hire adjunct instructors and to pay faculty for teaching on an overload basis, and noted the MSU colleges are budgeted as follows:

- Business and Public Affairs (\$136,000)
- Education (\$256,000)
- Health Sciences and Human Services (\$191,000) - less than prior year
- Humanities and Fine Arts (\$750,000)
- Science, Engineering and Technology (\$484,000)
- School of Agriculture (\$53,000)

She asked why there is discrepancy between the individual colleges and Mr. Denton indicated the discrepancy comes from the size of the college but also the number of adjuncts necessary to meet teaching needs and some colleges may use this account for expenses other than adjuncts. The College of Humanities and Fine Arts (HFA) utilizes more adjuncts than any other college and carries the majority of University Studies courses. Ted Brown, Dean of HFA, reported his college is responsible for the majority of those courses all students must take and every semester there are 30 to 40 sections of each course which must be offered to meet University Studies Program requirements. The college also houses the largest full-time faculty at the University and any “dispensable” money available to the college is placed into “other instruction” although the majority of funding is used to fund adjuncts and overloads.

Mrs. Buchanon asked with regard to the Salary Roster why some individuals received salary increases but there is no corresponding percentage increase indicated on the document provided to Regents. Mr. Denton responded unless there was a mid-year change in an employee’s salary there should be a corresponding percentage increase for any individual whose salary will increase July 1. Mrs. Buchanon cited as examples several employees in the President’s Office and the Office of Equal Opportunity. Dr. Dunn reported last year Rebecca Watts left the University and Mr. Jacobs was promoted to Chief of Staff and Melissa Watkins was promoted to Executive Secretary and their salaries were adjusted accordingly. Changes such as these occur throughout the year and the 2009-10 Salary Roster provided to Regents contains changes to the 2008-09 base budget. Mrs. Buchanon thought previously when there were mid-year salary increases those were noted for the Regents and Dr. Dunn stated this has not been the case since he has been at the University. Mrs. Winchester clarified the percentage changes on the roster only represent salary changes effective July 1 and if there was a change in salary between last year and the current year the increase occurred mid-year and would not be listed on the roster. Mrs. Buchanon indicated it also appears as though Residential College Heads are paid different amounts for service in the residential colleges and Mr. Denton explained the difference is based on participation levels and length of service.

In response to a question from Ms. Hays, Dr. Dunn clarified Mr. Jacobs came to the University as Special Projects Coordinator and when he was named Chief of Staff his annual salary changed based on negotiations which took place at that time. Ms. Hays asked where information would be located on Mr. Jacobs’ salary last year and how the Board can determine what any increase may have been and Dr. Dunn stated the 2008-09 budget will show his salary for last year but the Board is also provided with a salary roster twice a year which provides this information. A more detailed discussion on such changes can take place if required. Ms. Hays stated she is not trying to micromanage but it is very difficult to go through the salary roster and have any idea of the individuals who have received some type of salary increase in order to make a comparison between years. Mr. Denton indicated the salary roster provided to the Board does not contain a small portion of those increases which occurred throughout the year but this process can certainly be changed to better reflect the needs of the Board. Dr. Dunn cautioned the Board that there are a number of increases which occur throughout the year and it would take a great deal of time to discuss all potential salary increases. He assured the Board these increases are closely vetted out before final decisions are made and it would be relatively easy to compile a separate report which provides an accounting (at a certain threshold) around salary adjustments throughout the year. These requests come from the vice presidential areas and as part of the priority budget process this year Dr. Dunn instituted a threshold where if the requested salary increase was greater than a certain dollar level or percentage then justification was required from the area before any increase would be considered. A report containing this information can be prepared for the Board although Dr. Dunn believes it would represent micromanaging approvals. Mrs. Buchanon indicated she was not implying the Board should have approval over every salary increase but would like to be able to determine when increases have occurred. Dr. Dunn reported mid-year increases take place for a variety of reasons and all administrators have been instructed to limit these adjustments but some employees are assigned additional duties and a job audit is conducted which results in a warranted salary adjustment. Mid-year adjustments are being limited but the administration must still be able to respond to salary adjustments due to necessary changes in an employee’s duties, tasks and responsibilities.

Mrs. Buchanon stated a budget issue which has come up in past years pertains to the listing of position vacancies that is provided and she has noticed a number of these vacancies have existed for several fiscal years and inquired whether there is a plan in place to eliminate lines which have remained vacant for some time. Dr. Dunn reported at this time no such plan is in place but ongoing conversations have occurred among campus management. The academic units have a

responsibility to discuss the necessity of any position that remains vacant for an extended period of time. He is much more willing to consider action along these lines for non-academic and non-faculty positions because there is an entirely different level of scrutiny when losing a faculty line is considered. There is a balance that must take place with the Deans so they have flexibility in staffing their colleges, conducting hires and having flexibility in terms of finding appropriate individuals to fill these vacant positions. The College of Health Sciences and Human Services is approaching three years in trying to identify a qualified candidate to fill a position in Criminal Justice and was becoming increasingly difficult to identify an individual to accept the position. If the University had adopted the standard that a position can be vacant for no longer than two years before it is taken away from the department, in this case that practice would have been extremely detrimental to the Criminal Justice Program. Mr. Denton has also prepared an analysis of all vacancies which resulted in a schedule indicating how long each position has been vacant and this becomes the basis for discussion among administrators. Position control at MSU is at the college level but at many other universities it would not be unusual to control all vacancies (or some percentage) where positions are held by the administration and only given back to the departments once a candidate is identified. This is not the way the situation is handled at Murray State currently and departments are allowed to retain vacancy credits (and attached savings) which provides flexibility to undertake other initiatives.

Dr. Dunn stated in earlier discussion the question was asked about using savings from these vacancy credits to repair classrooms, including painting, purchasing new desks and making minor repairs. This is part of the trade-off which exists at Murray State and the Deans are given great latitude in controlling vacancy credits and responsibility comes with that flexibility. He would like for the Deans to be able to continue to maintain flexibility and his general administrative belief is to push decision making down and for the Deans to have decision making control they must also have budgetary control. After over 20 years of no increase in operating budgets that is accomplished by allowing the Deans to proceed in the current fashion. Mrs. Buchanon indicated her comment is more related to if a department has been able to continue operations for three years without filling a position then perhaps the position is not really necessary. Dr. Dunn reported there is a qualitative element involved and the Criminal Justice Program could cover classes by hiring adjuncts. It would be preferable to have the position covered by a full-time faculty member, particularly if the program is accredited because one of the most important criteria for accreditation relates to the percentage of full-time faculty to adjuncts. Mrs. Buchanon stated this conversation has centered mainly around faculty but she intended for staff positions to be included as well and Dr. Dunn agreed and added this question is central to the management ethos of the University and every year discussion occurs with debate centering on whether this will be the last year the Deans maintain control over vacancy credits. This year the administration was able to make the budget work while allowing the Deans to maintain control of vacancy credits and Dr. Dunn would like for this to continue to be the operating practice for as long as possible. The Deans or persons closest to the area of program delivery will make the best decisions and are in the most favorable position to do so. In response to a question from Mrs. Buchanon regarding how faculty and staff vacancies translate into actual dollars, Mr. Denton reported he does not have the exact figures but generally with an institution of Murray State's size 5 to 8 percent of positions are vacant at any given time which translates into \$3 to \$4 million. In response to a question from Mr. Adams, Dr. Dunn indicated this could represent a source of funding to keep the University functioning if faced with a catastrophic, unpredictable event but it would also be the last approach utilized.

Mrs. Buchanon asked for an explanation of why tuition discounts or waivers have decreased in Illinois and Indiana while they appear to have increased in Tennessee and Missouri. Mr. Denton stated in regard to waivers from those states there has been an increase in enrollment from Tennessee. When the lottery went into effect enrollment decreased but it is now increasing and there has not been the same magnitude of increase from the other states. The University's marketing strategy indicates to students from these states they will be charged the same tuition to attend Murray State as the resident tuition in their home state. Board policy indicates certain benchmark schools within those states will be reviewed to set the MSU tuition rate for those students and the amount of waiver depends on the net tuition rate. Dr. Dunn reported there is a high degree of variability because out-of-state tuition pricing is handled on a state-by-state basis and there could be considerable fluctuation between states.

Mrs. Buchanon asked how much the University pays for advertising and where this figure can be found in the University Budget. Mr. Prestfeldt reported this information could be found in "subcodes" that would encompass advertising as well as a number of other things and Ms.

Dudley reported the data is available but cannot be easily extracted from the budget because advertising costs are contained within broader categories in the budget.

The Board adjourned for a break beginning at 11:05 a.m. and ending at 11:25 a.m.

Mr. Adams stated with regard to funding for scholarships “community college” is listed in the revenue schedule and has increased from \$40,782 to \$322,000 and asked whether this is related to the extended campuses. Mr. Denton explained the community college program involves transfer students and primarily getting transfers from the community college into the University system. The scholarships available to accomplish this were increased significantly in the 2009-10 budget due to the formation of the Transfer Center and to address other transfer student issues. Other universities in the area provide scholarships to entice students to transfer to their main campuses and Dr. Dunn indicated this past year a great deal of work was undertaken at MSU with regard to scholarships and one aspect was an eligibility index which would provide students with a scholarship guarantee so they did not have to wait until late in the process to find out what their overall award package would be. The work undertaken also resulted in the development of a more formalized process of making awards to transfer students and there are very specific requirements for students to be able to access this money.

Mr. Adams indicated there is over \$700,000 listed under various community college headings and asked what this funding represents. Dr. Robertson stated the \$322,000 in funding listed in the University revenue schedule, \$283,269 under the heading “community college” and \$101,221 in funding under the heading “community college-remediation,” refers to the services offered to students who enter Murray State with remedial needs and restrictions, including developmental math, English, reading, study skills development or tutoring. This funding helps cover the instructional cost for offering these services to students with need being determined based on ACT scores as well as other indicators. Dr. Dunn reported this funding represents the operating funds for this unit in Continuing Education and Academic Outreach and will increase due to the change in ACT requirements that will come into play next year in the Commonwealth. The change in ACT requirements will mean more students will be eligible for developmental education courses which are delivered through the community college unit at Murray State. A majority of this work is undertaken at the Lowry Center and takes place on campus. Dr. Dunn provided further clarification that “community college” was the name given to this particular unit but the unit is also commonly called “developmental education.” Apparently at some point it appeared there might be a funding advantage from the Commonwealth for using the term “community college” and there would be a differential funding formula offering these courses through a unit named “community college.” Other public institutions in Kentucky also have community colleges which are essentially developmental education units.

Mr. Adams discovered some tuition waivers listed in the back of the budget but were not included in the revenue listing in the front of the budget. Under the heading of fringe benefits there are employee and spouse/dependent tuition and graduate assistant tuition waivers of \$500,000 and he asked for clarification on what these figures represent. Mr. Denton reported with regard to the employee and spouse/dependent tuition the amount reported refers to fringe benefits and will be included in a different section of the budget. Mr. Adams asked if this is included in the tuition waiver and discounts (40 percent) or whether it is reported in another category. Mr. Denton stated in reference to a 40 percent waiver this will most likely capture those employee and spouse/dependent tuition waivers but from an accounting perspective they are considered fringe benefits and not scholarships. Dr. Brockway reported with regard to graduate assistant tuition waivers any student who comes from out-of-state and receives a graduate assistantship also receives a partial waiver of out-of-state tuition.

Mr. Adams agrees the University must be very competitive in the regional discount area with regard to waivers but is concerned about some waivers that are being offered. Dr. Dunn provided assurance there is financial benefit to offering these waivers and Mr. Denton clarified with regard to the \$4,159,381 being referenced many waivers are mandated by the state legislature while others result from exchange programs. Dr. Dunn reported there is accompanying revenue that comes with these waivers. Murray State has entered into partnerships with these universities to send students to MSU and these students will pay 2.7 percent over the resident tuition rate to attend Murray State but they also want to know they are receiving a discount. To meet this need the University will back out some portion of tuition which is essentially no different from other discounts the University provides to certain populations except these are done through formal agreements. Dr. Brockway reported one such

agreement has particularly benefitted the University and a group of 18 faculty, staff and students recently returned from Daegu University in Korea after participating in the Discover Korea program. Once the group arrived at Daegu University all expenses were covered and the University is able to participate in this particular arrangement because it accepts and waives tuition for two Daegu University students each year. It is not an out-of-pocket expense for the University because it does not involve an outlay of cash but involves tuition waivers for these two students. All courses at Daegu University are taught in Korean and MSU students could not study there so an alternative arrangement was established which provides valuable opportunities for faculty, staff and students who participate in the Discover Korea program. In response to a question from Mr. Adams regarding the number of international students participating in the Murray State MBA Program, Dr. Brockway reported there is a special program in place which allows the University to collect tuition on a program basis. Faculty travel to Cypress to teach MBA courses over holiday breaks and during the summer over a period of three years and this teaching program provides an extremely valuable international experience. Instead of charging course-by-course students are charged a fee for the entire MBA Program. Dr. Dunn indicated these arrangements can be highly individualized and there is no one patterned contract but instead programs are based on individual need and what the University is able to provide.

Ms. Hays asked about the Discover Korea program and the large amount of travel expense noted in the budget. International travel is necessary and the University needs to participate in exchange programs and she completely supports the concept but there must also be an understanding of the cost involved. She asked if representatives from the University truly took a two-week trip to Korea and did not have to pay one penny out-of-pocket and the University incurred no expense. Dr. Brockway reported the University incurred no direct expense and while there may have been some out-of-pocket expense on the part of the students and faculty, the cost was not even close to the full cost to personally make the trip. Ms. Mantooth reported it costs \$2,500 to participate in the Discover Korea program which the participant must pay but which also covers airfare and students can apply for scholarships for this purpose. Ms. Hays stated that means the University does pay these costs and Dr. Dunn reported units of the University could pay for the travel out of their operating funds and this depends on the unit's ability to do so. This qualifies as a legitimate University travel expense and if funding is not available the individual may need to wait until the following year. To a large extent this initiative is driven by the individual units and the resources they have available to support the program. Ms. Hays indicated there is still an underlying cost to the University but the tradeoff is Murray State receives Korean students and Dr. Dunn indicated that is the case and it is also a form of employee support. MSU may not be the highest paying institution in the Commonwealth especially considering there have been no raises over the last two years but this represents one of the other tangible opportunities, amenities and benefits available to MSU employees.

Mr. Adams asked if the Racer Advantage Grant is the need-based scholarship, indicating the University is decreasing the amount available for this program, and asked if this is because not as many students are taking advantage of the opportunity as anticipated and Dr. Dunn clarified this to be the case. The overall scholarship pool has also been changed with the eligibility index and some students will be picked up through this index or be guaranteed an award for GPA and ACT scores. Also considered were usage patterns of the Racer Advantage Grant to determine what amount should be provided to cover student need. The Racer Advantage Grant is the "last dollar" fund and has not yet been spent in its entirety. The University will maintain the program but must also ensure its patterns reflect usage and need. The University is also experiencing good success (and will in the Capital Campaign) on farming out need-based support through other scholarship avenues. This balance is monitored closely and if the Racer Advantage Grant program started running out of money and cannot support students who need access to this money then the necessary funding will be covered and the balance in the account will be adjusted the following year. Dr. Robertson reported the amount available in the Racer Advantage Grant was adjusted to allow for more scholarship dollars to go toward minority scholarships but there is still enough money in the fund to meet current need-based usage patterns. Mrs. Buchanon asked if area guidance counselors are aware of the Racer Advantage Grant and Dr. Robertson reported the Recruitment Office works with the schools to ensure they are very aware of the program and no incoming or current students who has a need for this assistance, based on Pell Grant eligibility, have been turned away. Mrs. Buchanon indicated some parents in Livingston County automatically assume they cannot afford to send their child to college and there must be a way to inform them of programs such as the Racer Advantage Grant.

Mrs. Ford requested an explanation of the Bridge Tuition Waiver and Dr. Dunn reported it is a high school program and was initially started five years ago with four high schools in close proximity to Murray State. The high school provides students and the University provides the programs where seniors come to campus for one class in the fall and one class in the spring for \$100. This provides a way for students to experience university life on campus and they are given a list of University courses to choose from. The high school releases these students from their class schedule so they may attend classes on the MSU campus and many who participate in this program eventually decide to enroll at Murray State.

Mrs. Travis asked for an explanation on the Project Graduation Tuition Waiver and Dr. Brockway reported this is an effort the University has been involved in for some time that targets students who have been away from the University for some time, particularly those with 90 credit hours or more, and in some cases these individuals only need one or two courses to graduate. The idea is to identify those students and assist them in completing their degree, including offering financial and scheduling assistance, which is in line with the CPE goal of doubling the number of degree holders in the Commonwealth by 2020.

### **2009-10 University Budget, approved**

On behalf of the Finance Committee, Mr. Stout moved, seconded by Ms. Hays, that the Board of Regents, upon the recommendation of the President of the University, approve the 2009-10 budget. Motion carried.

### **Adjournment**

The Finance Committee adjourned at 11:50 a.m.

**Governmental Relations Committee  
Jesse Stuart Room – Pogue Library  
May 29, 2009  
11:30 a.m.**

**Vickie Travis, Chair  
Bill Adams  
Laxmaiah Manchikanti  
Alan Stout  
Jeff Taylor**

Mrs. Vickie Travis, Chair of the Governmental Relations Committee, called the meeting to order at 11:50 a.m. and reported all members were present with the exception of Judge Taylor.

### **Federal Legislative Advocacy Efforts and Visit of MSU Delegation to Washington, DC, discussed**

Mr. Jackson provided a report on the recent MSU delegation visit with legislators in Washington, DC. A federal governmental relations consultant was hired in 2006 and that fall a group from Murray State made its first trip to Washington to visit all MSU delegate offices and to also begin making formal requests for funding (earmarks). This work continued in 2007 and 2008 and just a few weeks ago representatives from the University visited legislators again, with the goal of making these visits on a quarterly basis, and Regents Alan Stout and Vickie Travis participated in the visits to delegate offices. A lot of activity is currently taking place in Washington and MSU's regular presence is essential in order to receive funding. In federal fiscal year 2008 the University received from Congressman Ed Whitfield's appropriation request \$195,000 for the Breathitt Veterinary Center (BVC). In federal fiscal year 2009 (based on requests made by the University over a year ago), Senator Jim Bunning and Congressman Whitfield both made an appropriation request of \$333,000 for the BVC. This represents two requests made by Congressman Whitfield on behalf of Murray State University in the last few years. The Legislature is now entering fiscal year 2010 and all appropriation requests have been submitted. Congressman Whitfield has asked for \$2 million, Senator Bunning has requested \$1.5 million and Senator Mitch McConnell (for the first time) has requested \$500,000 – all for Breathitt Veterinary Center for equipment and/or renovation or new facility construction. These funding requests are for different initiatives and come out of separate agencies and budgetary sources. For the last three years these earmarks have benefitted the BVC and although the University will

not know for some time whether it will receive funding in fiscal year 2010, this still represents a record amount of requests for the University from Washington. There is hope the three delegation requests will remain and the University will receive \$4 million for Breathitt Veterinary Center. Tony Brannon, Dean of the School of Agriculture, and Dr. Wade Northington, BVC Director, have been involved in the process and have made trips to Washington to carry a consistent message on behalf of the University. He thanked Regents Stout and Travis for participating in the last visit and for the support they provided to the University administration. In response to a question from Dr. Manchikanti, Dr. Dunn reported Congressman Whitfield sent his request through the House structure and it is separate from the request Senator McConnell is advancing. The University is attempting to have these legislators coordinate their efforts which would result in a total of \$4 million from the federal fiscal year 2010 budget if all earmarks remain. Mr. Jackson reported the \$333,000 just received represents two different earmarks – a \$100,000 earmark by Senator Bunning and a \$233,000 earmark by Congressman Whitfield – and both come from different funding sources. It is significant that this represents Congressman Whitfield's largest single request for the 1<sup>st</sup> Congressional district and is one of Senator Bunning's larger requests as well. Mrs. Travis indicated it is important to note even if this funding does not come through the University will still be ahead of where it has been in the past. She referred to a list of fiscal year 2008 and 2009 requests which illustrates what MSU has received and it is obvious the University is only starting to get to the level where Western Kentucky University (WKU) and Northern Kentucky University (NKU) already are. MSU has not done well in this area because of the way the University previously made these requests which is now beginning to change. Legislators are being informed the Board of Regents support the President and the faculty and staff are strong and their help is essential to making the University even stronger and keeping it moving forward. Mr. Jackson reported Kelley Abell and Ronny Pryor with Capitol Solutions have been extremely helpful throughout the process since their firm was retained in 2006. They ensure the University is present in Washington and is carrying the right message. WKU has engaged a consultant to undertake this work for over ten years as has the University of Kentucky (UK) and the University of Louisville (UofL).

Dr. Dunn reported discussions have occurred regarding the Six-Year Capital Plan which will be presented to the Board for review in the fall of 2009. The BVC is one area where for some number of years the University has had a full facility request into the state which amounts to close to \$30 million to construct a new facility. Recent action in Washington has provided the University with at least the potential of capturing these different sources of funding and if there is success on the federal side and language is prepared to give the University flexibility for the appropriation to be used for more than equipment then other needs can be considered. If the University has some success at the state level it could be because Dr. Brannon has been working very hard to make this a reality and has gone through the Governor's Agriculture Policy Board and Kentucky Agriculture Development Board to secure funding rather than through the normal appropriation process. The University has already received \$300,000 in planning dollars made available for the BVC and this may be a harbinger of more funding to come from that source. It may also be the case some money can be pooled together from two to three different sources and the Board will need to make a decision whether to move forward with the renovations at BVC or hold out for the entire \$30 million appropriation request.

Mrs. Buchanon asked if the Governor's Agriculture Board is chaired by Senator Joey Pendleton and Dr. Brannon indicated the Governor serves as Chair and the Commissioner of Agriculture serves as Vice Chair. Mr. Jackson reported Roger Thomas is the Executive Director of the agriculture policy area and \$300,000 came from his office to assist the BVC. Dr. Manchikanti indicated Senator McConnell is a member of the Appropriations Committee and asked why he is not helping Murray State even more and Mr. Jackson indicated formal requests are now being made of Senator McConnell and relationships in Washington are such he may now be willing to advance projects on behalf of the University. Historically Senator McConnell has primarily supported research institutions – UK and UofL – because he is very much research focused. He has also recently started supporting WKU and NKU to some extent and is aware the universities do have a need and views Murray in that role now as well. Dr. Dunn reported Murray State's needs have been articulated in Washington and Senator McConnell has been extremely gracious in listening to the needs of the University. Mr. Jackson reported regular visits are also held with the three appropriators, including Congressmen McConnell, Hal Rogers and Ben Chandler. These gentlemen have been very helpful in providing direction for Murray State even though it may not be in their district and the entire Kentucky delegation is interested in MSU. Mr. Stout reported the MSU delegation also visited Congressman Brett Guthrie's office, 2<sup>nd</sup> Congressional district, and he was very gracious and also offered a great deal of support.

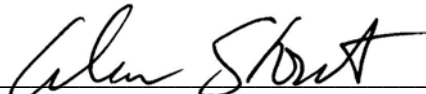
Dr. Manchikanti asked how much the University spends in the governmental relations area and Mr. Jackson reported it is approximately \$90,000 per year for consultants, including state work - \$60,000 for Washington and \$30,000 for Frankfort. Dr. Dunn indicated there is a budgeted account under the President's Office – Washington Research Office – and at different times the CPE has also asked the universities to contribute toward joint lobbying support. Mr. Jackson believes this is a modest amount to spend for governmental relations work when compared to other universities and peer institutions. The decision was made last year to use Capitol Solutions for assistance in both Washington and Frankfort and there are no other budget items involved other than travel costs which are covered by the individual units.

Mrs. Travis announced the latest Washington visit occurred at the same time the MSU Symphonic Wind Ensemble performed at the Kennedy Center in Washington. Congressional leaders were asked to introduce the Wind Ensemble but were unable to attend the performance.

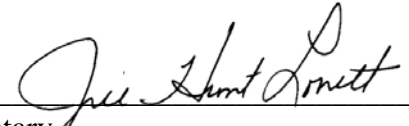
**Adjournment**

The Governmental Relations Committee adjourned at 12:08 p.m.

The committee meetings of the MSU Board of Regents adjourned at 12:08 p.m.

  
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Chair

  
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Secretary