

**Minutes of the Special Meeting of the Board of Regents
Murray State University
April 5, 2019**

Call to Order/Roll Call

The Murray State University Board of Regents and the Board of Regents Finance Committee met in Special Session on Friday, April 5, 2019, in the Pogue Library *Jesse Stuart Room* on the main campus of Murray State University. Chair Susan Guess called the meeting to order at 8:40 a.m. The roll was called and all Board members were present with the exception of Vice Chair Lisa Rudolph who had a travel conflict and Regent Phil Schooley. All were asked to keep Regent Schooley and his wife Virginia – who is currently at Vanderbilt Hospital – in their thoughts.

Others present were: Robert L (Bob) Jackson, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Mark Arant, Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Robert Pervine, Associate Provost for Graduate Education and Research; Renee Duncan, Associate Provost for Undergraduate Education; Robert Miller, General Counsel; Joyce Gordon, Director of Human Resources; Renee Fister, Director of Institutional Effectiveness and Strategic Planning; Kevin Saal, Director of Athletics; Shawn Touney, Director of Communication; David Looney, Executive Director of Auxiliary Services; the collegiate Deans and members of the faculty, staff, students, news media and visitors.

AGENDA

| | |
|--|------------------------------------|
| <u>Call to Order</u> | Chair Guess |
| <u>Roll Call</u> | Secretary Hunt |
| <u>Committee Reports/Recommendations</u> | |
| A. Finance Committee (9:30 a.m. – 12 noon) | Regent Kemp |
| 1) 2019-20 University Budget Executive Summary (For Information Only) | |
| 2) Authorization of 2019-20 Tuition and Mandatory Fee Rates* | |
| 3) Approval of 2019-20 Graduate and Doctoral Online Course Fees* | |
| 4) Approval of 2019-20 Program Fee Expansion for Doctor of Nursing Practice* | |
| 5) Approval of Asset Preservation Fee for 2019-20* | |
| 6) Approval of 2019-20 Housing Rates* | |
| 7) Approval of 2019-20 Dining Rates* | |
| 8) Online Initiatives Report (For Information Only) | |
| 9) Personal Services Contracts* | |
| <u>Full Board Action Follows Committee Action.</u> | |
| <u>Break for Lunch</u> (12 noon) | |
| <u>Reconvene</u> (1 p.m.) | |
| <u>House Bill 358 Update</u> (For Information Only) | President Jackson/ VPFAS Dudley |
| <u>Closed Session</u> | Chair Guess |
| A. Kentucky Revised Statute (KRS) 61.810(1)(f) – Discussions which might lead to the appointment of an individual employee | |
| <u>Personnel Changes</u> | President Jackson |
| A. Appointment of Dean – <i>Jesse D. Jones College of Science</i> , | |

*Engineering and Technology**

- B. Contract of Employment – Head Men’s Basketball Coach*
- C. Contracts of Employment – Assistant Men’s Basketball Coaches*
- D. Contracts of Employment – Assistant Women’s Basketball Coaches (For Information Only)
- E. Contract of Employment – Assistant Women’s Volleyball Coach (For Information Only)

Adjournment

(*Requires Board of Regents Action)

Regent Payne introduced the new Student Government Association (SGA) Officers for 2019-20 as follows:

- Vice President of Finance Bennett Estes – junior Finance major from Paducah, Kentucky, who is looking forward to giving back to a University that has given so much to him. He is looking forward to a year full of changes and new and exciting things for Murray State.
- Vice President of Administration Warren Norman – Sophomore Agribusiness major from Henderson, Kentucky, who wants to help bridge the gap between SGA and all Murray State students. He is looking forward to hearing from the students of Murray State and seeing how all can help improve their University so that each student has immense satisfaction when they graduate.
- Executive Vice President Kailey Bold – Sophomore Exercise Science major from Millstadt, Illinois, who will continue to establish a sense of community through innovative and engaging campus activities. She looks forward to boosting campus energy and getting more students involved.
- SGA President-elect and Student Regent-elect Trey Book – Junior Business Marketing major from Henderson, Kentucky, who wants to give back to the University that has given him everything. He is looking forward to working with and for students and ensuring that student needs are being met and the University continues to place a very high emphasis on recruitment, enrollment and involvement.
- SGA Graduate Assistant Christian Barnes and Advisor Jeanie Morgan were also introduced.

On behalf of the Board of Regents, Chair Guess expressed congratulations to all SGA officers and indicated this year represented the largest voter turnout ever with 1,600 total voters. All look forward to Trey joining the Board as Student Regent later this summer.

Committee Reports/Recommendations

Finance Committee

Daniel Kemp – Chair
Eric Crigler
Katherine Farmer
Jerry Rhoads
Phil Schooley

Mr. Kemp called the Finance Committee to order at 9:36 a.m. and reported all other members were present with the exception of Regent Schooley.

Dr. Jackson expressed appreciation to the Budget Advisory Council which is comprised of faculty, staff and student leadership representatives. All have been very involved in the budgeting process. Staff Congress, Faculty Senate, Student Government Association and other groups have provided a great deal of input and been actively involved throughout the process as well. The Vice Presidents, Deans and other administrators were thanked for their efforts in regard to difficult decisions which had to be made throughout the budgeting process. The President’s Executive Council also participated in a Budget Retreat and spent a great deal of time reviewing the entire budgeting process. Ms. Dudley and her staff were recognized for the hundreds of hours they have spent on the budgeting process. The University Budget and Tuition Forum held on March 29 was well attended by the University community. Appreciation was expressed to members of the Board of Regents who also attended the Forum.

2019-20 University Budget Executive Summary, received

Dr. Jackson reported that of utmost importance to the University is teaching and learning and as the budgeting process has been undertaken this remained the primary focus. Student success is

vitaly important, in addition to retention and graduation rates. Since August, a great deal of discussion has also centered on enrollment growth and ensuring strategic investments are being made in key areas, including online program enhancements and the development of new programs and a continued investment in deferred maintenance. Last year no cost-of-living adjustment (COLA) for faculty and staff was provided but this year it remains a priority budget item. Another budget priority is the third and final phase of the “\$10.10 plan” to take care of the lowest paid staff by ensuring a minimum rate of \$10.10 per hour. The budget includes at least a 1 percent COLA increase for all faculty and staff. In the \$10.10 plan for staff, some individuals may receive more than the 1 percent COLA, whichever is most beneficial to the employee.

Dr. Jackson indicated that a housing review is also underway with the goal of developing a long-range plan and components of this work are included in the budget to address this need. The University is working closely with a firm specializing in this area to determine the feasibility of developing public-private partnerships and identifying housing stock that should no longer be utilized. Student life enhancements are also included within the budget such as the Curris Center investments to enhance the recruitment experience because this is the facility students and their families visit first when arriving on the Murray State campus. The budget process has been very active, inclusive and transparent.

Ms. Dudley reported the following:

- A graph illustrating budgeted Education and General (E&G) revenues and expenditures from Fiscal Year (FY) 2008 through FY19 was included in the eBoard book. Information was also provided on those expenses which are increasing. In 2008, the University’s state appropriation was \$54.4 million and is \$45.5 million in FY18-19. Due to the decline in state appropriation, increasing costs and an enrollment decrease over the last few years, tuition and fees have also increased. Other revenues have remained relatively flat and this includes parking fees and revenue from concerts and other campus events.
- A chart was provided illustrating appropriation versus pension costs. The total the University pays for employee Kentucky Employees Retirement System (KERS) and Teacher’s Retirement System (TRS) pension contributions have trended up over the last ten years. The graph also illustrated the difference between the University’s total appropriation and the required pension contribution. A comparison of the University’s contribution to the KERS/TRS systems from FY08 to FY20 was shown illustrating that if Governor Matt Bevin does not freeze the pension rate again this year this will amount to an increase of 200 percent (\$11.2 million) for Murray State.
- With regard to enrollment, the President and the administration have discussed rightsizing for the University which is believed to be best represented by a goal of between 10,500 and 10,750 students. Agreement was reached that the Board would discuss this topic in further detail during the next Retreat.
- Fall 2019 freshman class numbers are expected to be up based on the various indicators. The recent Admitted Student Weekend was very successful, Summer Orientation registrations are up and scholarship letters were mailed March 15, 2019 – earlier than ever before. The Road Scholars Program, enhanced retention software (Starfish) and marketing efforts are also included in the budget to further increase enrollment and retention efforts. Support is also included for the residential colleges and new international programs (in particular, China).
- A significant one-time investment (\$750,000) has been made for the Enhanced Marketing Plan. An audit will be conducted to assist with the development of websites, overall marketing, tag line(s), yield marketing initiatives, marketing of academic programs and process improvements. As part of this work a review of potential new academic programs will be undertaken. Stamats will provide an update report to the Board in regard to this work at the June 7, 2019, Quarterly Meeting.
- Factors with regard to the FY19 tuition budget include Fall 2018 enrollment challenges. Spring 2019 enrollment is 2 to 3 percent better than estimated but the University must still meet the \$4.4 million Summer I budget estimate. Enhanced efforts have been employed to heavily promote summer school enrollment. If these elements remain the same and the University meets Summer I budget estimates, it will be \$2.3 million (down from \$4.2 million) short of budget projections for the current year. This shortfall will be covered utilizing a one-time budget contingency of \$2 million and one-time savings for the remainder (efficiencies and delaying expenditures). Confirmation was provided that the \$2 million contingency is also included in the budget for next year.
- There are a number of budget challenges for FY20, including decreasing state appropriations, the Performance Funding Model, increasing pension costs, prior year’s enrollment declines, reductions and reallocations, maintaining high quality academic programs and ensuring student access and affordability. The Council on Postsecondary Education (CPE) Work Group will begin meeting in July to discuss the Performance Funding Model. The Work Group is comprised of the university Presidents, legislators and staff, Governor’s Office and CPE staff.
- FY20 budget investments include a 1 percent COLA (across-the-board); the third and final phase of adjustments to the lowest hourly rates for minimum wage for regular, full-time University employees (\$10.10 Plan); campus health services enhancements; residential college support; recruitment and

marketing funding; deferred maintenance pools and the growth and enhancement of online programs. Online programs growth and enhancement will be funded from one-time savings from accumulated online fees for approximately two years with the goals of phasing to recurring funding to come from increased enrollments in online programs and courses.

- With regard to FY20 tuition and mandatory fees, it is being recommended that undergraduate tuition and mandatory fee rates be increased by 1 percent. No increase in graduate and doctoral rates is being recommended. This will generate \$740,000 in new net revenues. Information was provided on the tuition and fee rate increases approved by other universities as follows: Kentucky State (0 percent), Western Kentucky (2 percent), Northern Kentucky (2.7 percent), Morehead State (2.5 percent for tuition only) and the Kentucky Community and Technical College System (3 percent). Tuition rate increases at Eastern Kentucky, the University of Kentucky and the University of Louisville are unknown at this time. The Board was reminded that as tuition rates increase, scholarship and discount rates must also increase.
- The tuition and mandatory fee rate being proposed for resident, full-time undergraduate students represents an increase of \$42 per semester (1 percent) and the non-resident rate would increase by \$126 per semester (1 percent). In Fall 2016 the University implemented a new tuition and mandatory fee rate model and for this reason there are two rate models – one for students admitted prior to Summer 2016 and those admitted Summer 2016 or after. These regional rates are net and are based on the rate, less discounts. All rates presented were based on 12-15 credit hours per semester. Hours over 15 are billed at the standard hourly rate. Confirmation was provided that FY22 will be the last year of the old tuition model.
- A chart was presented showing the annualized gross tuition and mandatory fee rate comparisons for undergraduate, full-time resident students (includes Special Use and Asset Preservation Fee) among the universities. For FY20, Murray State is currently third from the bottom in terms of lowest cost.
- FY20 course and program fee changes include a reduction in the graduate online fee from \$100 to \$50 per credit hour which reduces projected revenues and academic support expenses by \$227,600. In response to whether the University had become too expensive with regard to online courses which is why it can reduce the online fee by one-half, Dr. Arant clarified the reason this change is being made is that in reviewing Murray State's competition and best practices, most programs are moving away totally from online fees. In reviewing market forces and through discussions with Stamats, it has been recommended the University begin to move toward where it should be in terms of its online presence. The ultimate goal is to eliminate graduate online fees and this represents a step in that direction. It is anticipated this reduction will continue the positive graduate enrollment movement. Online education is becoming mainstreamed and is no longer viewed as an add-on as it is considered part of the basic infrastructure.
- The Asset Preservation Fee of \$7 per credit hour (up to 12 credit hours per semester) will be established and is applicable to all credit hours, excluding online and Racer Academy courses. The \$1,250 program fee for the Doctor of Nursing Practice (DNP) – Nurse Anesthetist will also be expanded to all DNP students for both Fall and Spring terms and this is in addition to their per credit hour cost. This change is being recommended due to the School of Nursing and Health Professions being required to pay Baptist Health in Madisonville quite a substantial amount of money in order for students to be able to utilize those facilities. Dean Marcia Hobbs, School of Nursing and Health Professions, confirmed that Murray State will remain competitive in terms of tuition even with these program fee increases. There are required expenses associated with the Nurse Anesthetist and Family Nurse Practitioner programs and when the fee was originally implemented last year it was intended to be for all students, although this did not occur due to how the recommendation was presented at that time. Confirmation was provided that students are not required to pay the program fee during the Summer term.
- A 2 percent housing rate increase is being proposed for Franklin, Clark, JH Richmond, Hester, Hart, Elizabeth residential colleges and College Courts. No rate increase is proposed for Springer II, Regents and White residential colleges. Old Richmond Hall will not be open in Fall 2019 due to JH Richmond coming back online. Cost factors include the staff compensation adjustment, debt service increases, cable TV contract and additional residential college and deferred maintenance support. Dr. Jackson indicated that in the months to come information will be shared with the Board in regard to housing, including a recommendation related to which facilities should be renovated and those that may need to be razed, as well as the feasibility of public-private partnerships. The housing stock must also be rightsized and it is believed this should be between 3,000 and 3,200 beds. When JH Richmond comes back online the housing stock will be in excess and that will need to be addressed. Regent Payne suggested that as this work is undertaken, from a student's perspective consideration should be given to whether the cable TV contract (\$100,000 per year for the residence halls) is still needed. Most students do not use cable and are utilizing platforms such as Hulu and Netflix instead. It was indicated that the cable TV contract is in place because providers use to be limited due to the University's location. Ms. Dudley added that a survey was administered in the residence halls in 2007 and the overwhelming majority of students indicated they still wanted cable television, especially the local channels. A lot has happened since that time and many local channels are now available through other means. Consideration will be given to whether this contract should continue.
- A 2.63 percent rate increase is proposed for meal plans based on the Consumer Price Index for food purchased away from home.

- A chart comparing Murray State's housing rates to other Kentucky institutions shows the University is third from the bottom in terms of lowest cost. This comparison was based on room type and not necessarily quality of the housing option. The same information was presented for dining rates and shows the University is second from the bottom in terms of lowest cost. This price comparison was based on the unlimited (all access) meal plan option or the closest equivalent.
- In terms of compensation, the goal is to have a \$10.10 per hour minimum wage for full-time, regular employees. Information was presented showing that this represents a minimum increase for those making \$9.24 during FY19 of \$0.86 (9.3 percent) and a maximum increase for those making \$13.06 of \$0.14 (1.1 percent). The minimum and maximum rates are being utilized to prevent compression so the lower grade positions do not surpass the higher grade positions.
- In order to address deferred maintenance, the establishment of a \$7 per credit hour Asset Preservation Fee is being proposed. This is applicable to all credit hours, excluding online and Racer Academy courses. A \$1 million increase in the FY20 budget is also recommended to address facilities deferred maintenance.
- Information was presented on reductions and reallocations by executive area showing the gross approximate reductions: President (\$355,000), Academic Affairs (\$2.3 million), Student Affairs (\$78,000) and Finance and Administrative Services (\$704,000). Total reductions are \$3.4 million and information was presented on where those are occurring by program. The majority of the reductions are from vacant positions. A comparison of total E&G and Auxiliary Full-Time Equivalents (FTEs) from 2008 (1,418) to expected FTE for 2019-20 (1,271) was provided. This includes the FTE reduction from the executive areas as well as 80 positions from the outsourcing of dining services. Gross decreases in the E&G budget are 29.5 FTEs and are included in the \$3.4 million in cuts. There are 80 FTEs being cut in auxiliaries (dining services) for a total of 109.5 FTEs being eliminated. Confirmation was provided that the three FTE decreases in Student Affairs resulted from two custodial vacancies and one records clerk. There are no reductions in Enrollment Management or the Office of Recruitment as efforts are being enhanced in these areas. Dr. Jackson confirmed that the Vice President for University Advancement position has been eliminated. The three offices that reported to this Vice President are Branding, Marketing and Communication (BMC) which includes Publications and Printing; Development and Alumni Relations. Publications and Printing will now report to the Director of BMC and the three main units will report to the President.
- Current major facilities projects which are underway include Chick-fil-A and Starbucks in the Curris Center; Einstein Bros. Bagels in Waterfield Library; Curris Center parking lot redesign and rebuild (added spaces); Curris Center refresh and major enhancements; completion of JH Richmond residence hall; Waterfield Library water infiltration and HVAC systems repairs; Blackburn Science Building south tower roof replacement and renovation to accommodate Veterans Affairs, international programs and Experiential Learning offices; Sparks Hall entrance renovation and Americans with Disabilities Act (ADA) improvements and canopies replacement; Stewart Stadium parking lot resurfacing; razing of Woods Hall; new Fine Arts pressure washing and possible painting; Energy Savings Performance Contract review for possible use on deferred maintenance projects, electrical infrastructure, distributed heating and cooling systems and alternative power and housing facilities review and plan development. Regent Tharpe suggested consideration be given to delaying other projects where feasible so priority can be given to providing additional funding to be utilized for Curris Center renovations. Regent Payne indicated that he hopes to see the Curris Center transformed from a meeting room/dining hall facility to more of a student center like it is supposed to be to better meet the needs of students. It is hoped a newer design for this facility will help encourage increased student usage.
- Future budget initiatives relative to the regional and non-resident tuition model include enhancement of recruitment, enrollment and retention; elimination of multiple undergraduate regional net tuition amounts; development of a single non-resident net tuition amount and a review of possible expansion of resident rates to additional surrounding/border counties, effective Fall 2020. Dr. Jackson confirmed there would still be reciprocal counties that pay the in-state tuition rate because these have been in place for many years. Consideration will also be given to expanding the reciprocal agreements into key markets for Murray State to be more competitive in those areas. Reinstating the Alumni Legacy Scholarship that was eliminated a few years ago is also being considered. Based on certain parameters, students of a Murray State alum would be assured an in-state tuition rate. In the past this initiative yielded between 50 to 60 students and eliminating the scholarship has been detrimental to enrollment. A study was undertaken several years ago regarding the elasticity of tuition rates. As an example, Illinois is a high tuition state. Today students can attend Murray State at a cost that is less than what they would pay at an Illinois institution. The current model is based on the premise that tuition for individuals in these higher tuition states could be increased as these students could absorb the cost because it was still considerably less than what they would pay in their home state. For other states – such as Tennessee and Missouri which are low tuition states – this elasticity would not exist. Other universities do have regional tuition rate models but they are not as detailed as that for Murray State. Ms. Dudley added that the regional tuition model began in the early 2000's when Dr. Kern Alexander was President. The model began as an average of the rates of benchmark schools in a particular state. Agreement was reached the tuition model needs to be simplified for recruitment purposes and so that it is easier to understand. Regent Green asked if the CPE had ever expressed concern with Illinois students, as an example, being allowed to pay

what a Kentucky student would pay for their education. In this scenario, Kentucky educates these students but then they go back to their home state. Dr. Jackson indicated that first, the Illinois rate would have to be higher than the rate a Kentucky student would pay and second, research has shown that 40 percent of students who obtain their college education in a certain state remain in that state. For this last reason alone, the CPE is very supportive in terms of importing and hopefully retaining students in the state.

- In response to a request for an update on the grounds project adopted earlier by this Board, Ms. Dudley reported a list of such projects has been developed and work is underway. Funds have been restructured within Facilities Management and a third-party company will now be utilized for lawn mowing projects on the perimeter of campus so staff can focus on the interior of campus. Several buildings are being power washed and the Police Department and the Industry and Technology buildings have been completed within the past month. This project is not included as a budget priority funding item but funds are being redirected to accomplish the grounds projects on the list.
- Regent Guess presented requests from Regent Schooley who was unable to be present as follows:
 - Consideration should be given to a COLA increase of at least 2 percent because no salary increase was provided last year. In addition, the cost of parking was increased, health insurance premiums were raised and the city payroll tax was implemented. If a COLA of at least 2 percent cannot be implemented at this time, consideration should be given to providing an additional raise in December.
 - Clarification was requested on 80 FTEs being cut in Dining Services because 38 positions were previously referenced. Ms. Dudley reported that there are 80 FTEs in the current Dining Services budget and during the outsourcing process many of those positions became vacant as these individuals had secured other positions. A total of 80 positions are being eliminated from the budget in the Dining Services area this year and approximately 30 of those were filled.
 - In terms of the number of individuals affected by the \$10.10 initiative, Ms. Dudley reported 132 employees would receive an increase as a result of this initiative – some receiving an increase higher than 1 percent. In addition, 40 individuals are at the lowest hourly rate and 79 employees are under the \$10.10 minimum.
 - Consideration should be given to a higher tuition increase because the University will continue to lose faculty and staff if it does not address salaries. In the past the University has not raised tuition as much as it could and this is one reason there is difficulty retaining faculty and staff today. Regent Farmer indicated that it is not only a retention issue but also a hiring issue, especially for faculty.

Regent Payne asked with regard to cuts to Academic Affairs and instruction and the loss of 15.5 faculty FTE whether the University is straining that area. Dr. Jackson reported that approximately 50 percent of FTE cuts are in academics, with 50 percent being related to administrative staff. Approximately 80 percent of the University's overall budget is for people. As the budget process was underway, a Faculty Transitional Retirement Contract was put in place and several individuals have taken advantage of this option – or retirement in general. The remaining faculty lines being eliminated are also vacant. This means the budget process did not affect any one individual. The faculty lines were in various departments across campus and some have been vacant for up to two years. Dr. Arant reported that the salary associated with some positions vacated due to retirement were budgeted at \$175,000 (not including benefits) while others were budgeted in the lower range of \$45,000 to \$60,000. One of the Associate Provost positions is also being eliminated so the office will need to exercise intellectual creativity to do things differently.

- Ms. Dudley presented the budget calendar with the following dates:
 - March 26, 2019 Budget Advisory Committee
 - March 28, 2019 University Budget and Tuition Forum
 - April 5, 2019 Special Meeting of the Board of Regents and Special Meeting of the Board of Regents Finance Committee
 - April 26, 2019 CPE Meeting to approve tuition
 - June 7, 2019 Quarterly Board of Regents Meeting to approve FY20 Budget
- The Board was also provided with the FY20 Executive Budget Summary. Revenues and reallocations include budgeting a possible performance funding loss due to the 1 percent stop-loss provision and FY19 performance allocation being returned to the funding pool in the total amount of \$903,200. Net tuition and mandatory fees will decrease by \$1.6 million. This is due to a reduction for budgeting FY19 flat enrollment (\$2.4 million decrease), 1 percent tuition rate increase for undergraduate courses only (\$740,636) and gross growth factor for new scholarships and discounts (\$2.1 million maximum).
- Projected revenue from the Asset Preservation Fee, maximum \$7 per credit hour, capped at 12 totals \$1 million in new revenue. Internally, a Project Management Fee on all facilities and Information Technology projects will be implemented and is expected to generate approximately \$300,000. This is not being added to the deferred maintenance budget but represents a different way of funding what

is currently in the budget for deferred maintenance. Regent Farmer expressed concern in terms of this fee being assessed for projects being undertaken by the respective colleges.

- Also included in budget with regard to revenue is an increase in local bank interest income in the amount of \$10,000. The budget summary includes academic program reductions for FY19 not materializing until FY20 (\$146,945) and the 3 percent overall budget reduction to each executive level (\$3.2 million) which includes the gross position eliminations. All FTEs being eliminated represent vacant positions.

Total revenues and reallocations in the amount of \$2.1 million are available. A list of priority items for this funding (expenditure budget) was provided and includes \$1 million for routine and deferred maintenance, up to a 1 percent COLA salary increase and the third and final year of reaching \$10.10 per hour for minimum pay for regular employees (\$996,000), retention software upgrade (\$78,760), recruitment staffing and applications (\$39,436), data management support (\$15,604) and health services support (\$12,000). Housing (auxiliaries) will also fund residential college support in the amount of \$12,000. Fixed cost expenditures included faculty promotions and awards (\$80,000), staff awards (\$8,000), two additional working days for FY20 (\$103,879), fringe benefit increases due to changes in new hire options and fixed costs (negative \$291,902 at this time), liability and property insurance increase of 3 percent (\$61,800), increase of 1 percent for utilities/facilities leases (\$42,276) and the Paducah building lease/bond payment (\$1,000). All of these items total \$2,147,494 and the University has identified sources of funding to be utilized to cover the associated costs.

This report was submitted for informational purposes only and required no Board action.

Authorization of 2019-20 Tuition and Mandatory Fee Rates, approved

Ms. Dudley reported that the tuition schedule was provided in the eBoard book relative to semester tuition and mandatory fee rates for undergraduate (full-, part-time and non-resident) and graduate and doctoral programs (both the same as last year). The only tuition increase being recommended is 1 percent for undergraduate students. Dr. Jackson confirmed that when the budget process began the goal was a zero percent tuition increase but the University was not able to balance the budget under that scenario. Increasing tuition by 3 percent was actually an option as well. Regent Payne commended the administration for keeping the tuition rate increase to a minimum.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the undergraduate, graduate and doctoral tuition and mandatory fee rates effective for the 2019-20 academic year as submitted, beginning in Fall 2019. Ms. Farmer seconded and the motion carried.

Full Board Action – Authorization of 2019-20 Tuition and Mandatory Fee Rates, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached undergraduate, graduate and doctoral tuition and mandatory fee rates effective for the 2019-20 academic year, beginning in Fall 2019. Mr. Rhoads seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, no; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried by a vote of 8 to 1.

(See Attachment #1)

2019-20 Graduate and Doctoral Online Course Fees, approved

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the online course fee for graduate and doctoral courses of \$50 per credit hour (decrease of \$50 per credit hour), effective with the Fall 2019 Semester. Ms. Farmer seconded and the motion carried.

Full Board Action – 2019-20 Graduate and Doctoral Online Course Fees, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the online course fee for graduate and doctoral courses of \$50 per credit hour (decrease of \$50 per credit hour), effective with the

Fall 2019 Semester. Mr. Payne seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried.

2019-20 Program Fee Expansion for the Doctor of Nursing Practice, approved

Ms. Dudley reported that effective Fall 2018, a program fee for the Doctor of Nursing Practice – Nurse Anesthetist was approved for \$1,250 per semester (each Fall and Spring). After a continued review of the costs for the DNP programs, a recommendation is being made to expand the program fee to all Doctor of Nursing Practice programs, which include Nurse Anesthetist, Family Nurse Practitioner (FNP) and Nursing. Adding the program fee for the FNP and Nursing will produce an estimated additional \$90,000 in revenue for 2019-20. Projected total revenue from these program fees for 2019-20 is \$215,000. All program fees generated by the DNP Program will be used to cover costs associated with the Baptist Health Agreement (approximately \$300,000). Confirmation was provided that this was the original intent of the Nursing Program when the program fee was approved for the DNP – Nurse Anesthetist. Dr. Hobbs reported that the contract with Baptist Health allows the University to offer the collaborative Nurse Anesthetist Program. These monies help pay for a faculty position and this individual also teaches in the entire DNP Program – not just anesthesia courses. For the post-master's two-year program, the increase to students is an additional \$3,400 over the entire two-year period for a doctoral program. For the Family Nurse Practitioner Program, which is three years, full-time, these students would pay \$5,400 over the three-year period. The cost for Nurse Anesthetist students would actually decrease by \$2,100 given the action just taken by the Board related to doctoral online program fees. Confirmation was provided that students will be well informed regarding these fees before entering the respective programs. The Nurse Anesthetist Program is in high demand but potential Family Nurse Practitioner students can still choose to pursue master's programs, making it not quite as competitive, although this is eventually expected to change nationally. Dr. Arant added with regard to the national outlook demand for the Family Nurse Practitioner Program is increasing. All indicators show that there will be reasonable growth in this area over the next ten years.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the expansion of the program fee for the Doctor of Nursing Practice Program to include Nurse Anesthetist, Family Nurse Practitioner and Nursing Programs, effective with the Fall 2019 Semester. Ms. Farmer seconded and the motion carried.

Full Board Action – 2019-20 Program Fee Expansion for the Doctor of Nursing Practice, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the expansion of the program fee for the Doctor of Nursing Practice Program to include Nurse Anesthetist, Family Nurse Practitioner and Nursing Programs, effective with the Fall 2019 Semester. Ms. Farmer seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried.

Asset Preservation Fee for 2019-20, approved

Dr. Jackson reported that in 2017 the Council on Postsecondary Education authorized the Asset Preservation Fee to be utilized to address deferred maintenance on the various campuses. Since that time, Eastern Kentucky, Morehead State and Kentucky State have taken advantage of the fee. He is recommending that Murray State move forward with this fee for multiple reasons. First, revenues will be utilized to address current instructional infrastructure deferred maintenance issues on campus. By policy, any revenue resulting from this fee is required to be used for deferred maintenance and asset preservation. Currently, \$1.1 million in deferred maintenance needs exist in Waterfield Library – including HVAC and water intrusion issues – and that is the project being presented this year. Secondly, this fee is also bondable, meaning proceeds can be accumulated – and part or all of it can be bonded to be utilized to address a number of campus projects more quickly, all with Board approval. Thirdly, this fee can also be matched. For the 2020 Legislative Session the CPE is expected to propose a pool of monies for

asset preservation or deferred maintenance needs and a Work Group will be formed for this purpose. If the University bonds this revenue stream it would possibly be able to double the amount available to address necessary deferred maintenance/asset preservation projects. The CPE also approves the purpose for which the fee is being utilized on a yearly basis. A two-phase approach is being recommended from a student affordability standpoint. For Fall 2019 an Asset Preservation Fee of \$7 per credit hour, capped at 12 hours per semester, is proposed. Next year, an additional \$3 per credit hour, for a total of \$10 (CPE cap), capped at 15 credit hours per semester, will become effective for Fall 2020. Confirmation was provided that this decision can only be made once and cannot be changed for the next 25 years. The CPE actually proposed the two-year approach being recommended for Murray State. Next year this Board will approve a different project to submit to the CPE for approval. Ms. Dudley reported that in 2018 the Board approved the Program Statement and the use of emergency monies to fund the two outlined projects in Waterfield Library. The action being recommended today would change the funding source for the Waterfield Library projects so the reserve dollars can be replenished to be utilized for different projects in the future.

Regent Green asked where the Asset Preservation Fee will appear in terms of cost of attendance. Dr. Jackson indicated that, as of last Fall, the website contains information related to tuition and fees and all mandatory fees are included in the tuition rates outlined. In order to ensure transparency with students, any fees associated with courses are also provided when they register. Regent Green indicated that any extra course fees are still not obvious for first-generation students. In response, it was indicated those fees appear in three different locations on the University's website and a demonstration was provided showing those locations utilizing the "tuition and costs" search mechanism. Dr. Jackson indicated that suggestions are welcome in terms of how this information related to mandatory fees can be provided more clearly if that is the desire of the Board.

On behalf of the Finance Committee, Mr. Crigler moved that the Board of Regents, upon the recommendation of the President of the University, approve the establishment of an Asset Preservation Fee of \$7 per credit hour capped at 12 credit hours per semester, effective Fall 2019, and an added \$3 per credit hour with the total \$10 capped at 15 credit hours per semester, effective Fall 2020, excluding Racer Academy/Dual Credit and all fully online courses. Further, the use of revenues generated from this fee for 2019-20 will be designated to the Waterfield Library HVAC and water intrusion repair projects. Ms. Farmer seconded and the motion carried.

Full Board Action – Asset Preservation Fee for 2019-20, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the establishment of an Asset Preservation Fee of \$7 per credit hour capped at 12 credit hours per semester, effective Fall 2019, and an added \$3 per credit hour with the total \$10 capped at 15 credit hours per semester, effective Fall 2020, excluding Racer Academy/Dual Credit and all fully online courses. Further, the use of revenues generated from this fee for 2019-20 will be designated to the Waterfield Library HVAC and water intrusion repair projects. Mrs. Gray seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried.

2019-20 Housing Rates, approved

Ms. Dudley reported if this recommendation is approved the amount available to address housing deferred maintenance needs would be increased by approximately \$400,000. The proposed 2 percent rate increase will generate \$226,600 and the reopening of JH Richmond will generate \$403,700, with 90 percent capacity, and the latter represents funding which previously existed. Even with this housing rate increase Murray State remains the third lowest in terms of cost among public universities in Kentucky. Regent Payne indicated that the Board must be cautious in future years in terms of continuing to increase the cost of housing without also increasing quality. There currently is an overwhelming culture where students calculate the number of days until they can move off campus and this represents a huge concern – especially given the fact that the residential college campus concept is being marketed. Dr. Jackson confirmed the University is undertaking a review of the housing situation on campus to develop a comprehensive approach to determining the appropriate configuration of the housing stock in the

future to meet need. Regent Tharpe indicated he looks forward to the plan for College Courts which is one of the oldest housing complexes on campus. Dr. Jackson confirmed that a public-private partnership for College Courts, as well as other options, will be reviewed in greater detail.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the 2019-20 housing rate increases as presented, effective for the 2019 Fall Semester. Ms. Farmer seconded and the motion carried.

Full Board Action – 2019-20 Housing Rates, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the 2019-20 housing rate increases as presented below, effective for the 2019 Fall Semester.

| Residence Hall | FY19 | Rate Change | FY20 |
|--|-------------|--------------------|-------------|
| Springer II | | | |
| Double Room | \$ 2,457 | \$ - | \$ 2,457 |
| Private Room | \$ 3,650 | \$ - | \$ 3,650 |
| White and Regents | | | |
| Double Room | \$ 2,702 | \$ - | \$ 2,702 |
| Private Room | \$ 3,892 | \$ - | \$ 3,892 |
| Hart | | | |
| Double Room | \$ 2,702 | \$ 53 | \$ 2,755 |
| Private Room | \$ 3,892 | \$ 78 | \$ 3,970 |
| Elizabeth and Hester | | | |
| Double Room | \$ 2,948 | \$ 59 | \$ 3,007 |
| Private Room | \$ 4,136 | \$ 83 | \$ 4,219 |
| Franklin, Clark and JH Richmond | | | |
| Double Room | \$ 3,377 | \$ 68 | \$ 3,445 |
| Designed Private Room | \$ 3,801 | \$ 76 | \$ 3,877 |
| Double as Private Room | \$ 4,561 | \$ 91 | \$ 4,652 |
| College Courts | | | |
| 1 Bedroom Apt - Monthly | \$ 477 | \$ 10 | \$ 487 |
| 2 Bedroom Apartment - Monthly | \$ 579 | \$ 11 | \$ 590 |
| The \$10 residence hall activity fee will be added for all halls, excluding College Courts, approved May 2018. | | | |

Mr. Crigler seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, no; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried by a vote of 8 to 1.

2019-20 Dining Rates, approved

Ms. Dudley reported that a 2.63 percent increase for residential meal plans and no increase for flex plans are being recommended to the Board for approval. Sodexo has recommended discontinuing the Unlimited Plus and 150 block plans and replacing them with new all Access Premium and eight meals per week options. This provides students with more options and flexibility by giving them meal equivalencies at all dining venues – such as Chick-fil-A and Einstein Bros. Bagels. Students will give up the unlimited option but will gain additional flexibility. Regent Green expressed concern that freshmen are being required to purchase a seven-day meal plan when they may not be utilizing it because they go home on the weekends. Mr. Looney reported the unlimited plan is just that and the meal equivalency plan provides up to five meals per week and is not defined by the day of the week in terms of utilization. Regent Green stated if students pay \$1,883 for a meal plan and eat three meals a day and are on campus seven days a week that averages out to \$17 per day but if they are on campus just five days that amounts to \$24 per day. Ms. Dudley indicated the idea is that if students are on the unlimited plan it will not just be for three meals a day as students do eat multiple times throughout the day

and night and they can visit the various venues multiple times per day. Currently information is not collected on students in terms of whether they are on campus five or seven days per week.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the 2019-20 meal plan rate increases as presented, effective for the 2019 Fall Semester. Mr. Crigler seconded and the motion carried.

Full Board Action – 2019-20 Dining Rates, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the 2019-20 meal plan rate increases as listed below, effective for the 2019 Fall Semester.

| Meal Plan | 2018-19 | | Increase *** | 2019-20 | |
|-----------------------------|----------|--------|--------------|--------------|--------|
| | Price | Flex | | Price | Flex |
| Unlimited * (All Access) | \$ 1,883 | \$ 75 | \$ 47 | \$ 1,930 | \$ 75 |
| Unlimited Plus | \$ 1,949 | \$ 150 | | Discontinued | |
| 150 Block | \$ 1,807 | \$ 300 | | Discontinued | |
| 175 Block | \$ 1,873 | \$ 400 | \$ 39 | \$ 1,912 | \$ 400 |
| All Access Premium ** - New | | | | \$ 2,036 | \$ 75 |
| 8 Meals per Week - New | | | | \$ 1,807 | \$ 500 |

Mr. Payne seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, absent and Mrs. Guess, yes. The motion carried.

Online Initiatives Report, received

Dr. Arant; Bob Pervine, Associate Provost for Graduate Education and Research and Keith Weber, Chief Information Officer reported the following:

- In order to establish a greater online presence in the academic arena, Murray State must more firmly emphasize its online initiatives. A preliminary plan is being presented for the next two to three years in terms of how to increase the University’s online presence.
- Kentucky has adopted a Performance Funding Model which relies heavily on reaching under-represented minority and low-income students. Online instruction represents a good way to accomplish this requirement.
- Currently several undergraduate programs are offered online. These include Agriculture (Agriscience Technology emphasis), Associate of Arts in General Studies, Business Administration, Computer Information Systems, Integrated Studies, Logistics and Supply Chain Management, Manufacturing Engineering Technology, Public and Community Health, Registered Nurse to Bachelor of Science in Nursing and Telecommunications Systems Management (TSM). Graduate programs now offered online include Agriculture, Business Administration (master’s), Career and Technical Education, Economic Development, English, Human Development and Leadership, Information Systems (master’s), Library Media (Master of Arts in Education), Mass Communication, Music Education, Nutrition, Occupational Safety and Health (emphasis in Safety Management), Organizational Communication, Postsecondary Education Administration, Public Administration (master’s), Teaching English to Speakers of Other Languages (TESOL), TSM, Doctor of Nursing Practice, Doctor of Arts in English Pedagogy and the Doctor of Education.
- Approximately 8 percent of undergraduate students are enrolled exclusively in online courses, compared to 42 percent of graduate students. This reveals that the online market is very much an adult education effort. This may change over time as undergraduate students become more comfortable in the online environment. Some states are starting to require students to take at least one online course before they graduate high school.
- Upcoming online programs include Cybersecurity Management, Criminal Justice and Journalism. Conversations with Stamats have revealed preliminary recommendations for a future online presence with graduate degrees in Graphic Communications Management, Career and Technical Education, Clinical Mental Health Counseling and Applied Engineering and Technology Management and at the undergraduate level Early Childhood Education, Psychology, Sociology, Music Business, Creative Writing and Game Design. The University does not currently have some of these exact programs in place or would need to revise those already close in scope.
- National demographics were presented and illustrate that distance education courses and programs provide students with flexible learning opportunities. According to the National Center for Education Statistics, in Fall 2016, 5.2 million undergraduate students participated in distance education and 2.2

million were exclusively taking distance education courses and this represents 13 percent of total undergraduate enrollment in the country. Approximately 1.3 million were enrolled at institutions located in their state of residence, while 774,000 were enrolled at institutions in a different state. Enrollment in postsecondary degree-granting institutions of 25-34 year old students increased 51 percent between 1997 and 2011 and is projected to increase by 20 percent between 2011 and 2022. Enrollment in postsecondary degree-granting institutions of 35 years and over students increased 26 percent between 1997 and 2011 and is projected to increase 23 percent between 2011 and 2022.

- The University must maintain proper standing with its accrediting body – the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). This means that online offerings must be of the same quality and provide the same experience as those offered face-to-face. The institution is also required to demonstrate this requirement is being met as per SACSCOC guidelines. As the University moves deeper into online offerings this requirement will enhance face-to-face courses offered. SACSCOC also requires an institution offering significant distance and correspondence education to reflect that in its mission. As part of this process, faculty assume the primary responsibility for and exercise oversight of distance and correspondence education, ensuring both the rigor and quality of instruction. In addition, an institution offering distance or correspondence learning courses/programs must ensure that there is a sufficient number of faculty qualified to develop, design and teach those courses/programs.
- In terms of the online programs initiative timeline, in late Spring/early Summer, a Request for Proposals will be issued to engage a fee-for-service firm that will lead the development and implementation of a three-year plan to create an online campus element. The firm will assess the University's readiness and identify areas of strength and weakness. The estimated cost for the development of phase two of the plan is up to \$50,000. In Fall 2019, the comprehensive three-year plan will address the organizational structure for the academic online program initiative; selection of online programs, courses and certificates; curriculum and course development; instructional delivery methods and templates; student recruitment/marketing, student retention and student success; faculty compensation/incentive structure; modification of existing and/or creation of new support services and the development of a business plan with enrollment goals and estimated revenue and expenses. There are a large number of student services which must also be provided along with online instruction in order to be successful. As an example, online students will need access to mental health counseling that is regularly provided and on a 24-hour basis. The company will help the University develop appropriate protocols on how such services are offered. As the University reaches out to a more diverse student population it must also connect those students to more diverse services and all these factors must be considered as the model is constructed.
- The programs that are already online will be absorbed as part of this work and will move forward although consideration will be given to implementing best practices and assessments on programs and courses to ensure the University is in line with the SACSCOC expectations as well as Murray State expectations to offer the highest quality academic experience as possible. New courses will then be developed and this work will provide faculty with additional funds to build the programs and courses in an online format. The online champions will be the individual colleges, working on delivery and development methods and different templates. The colleges have already provided guidelines on hiring course designers and as the process unfolds all such elements will be considered. Course designers will be needed to ensure the replication of quality from course to course and make certain that online and face-to-face courses utilizing the Canvas system are providing the proper quality as well.
- A business model for this work will also be developed. The initial investment in this initiative will eventually need to be replaced because currently funds are being redirected toward developing this initiative.
- In Fall 2019 conversations will be held with the Chairs, Deans and faculty regarding proposals and those programs and courses which can potentially be offered online. This initiative does not solely involve degrees as certificates are also being explored. The opportunity for job certifications and credentialing will also be part of this work. This also requires student success activities for this population of students and the consultant should be able to provide assistance to the University in designing this aspect.
- In Fall 2020 the initiative will be officially launched although the format it will take and the name it will be given are not yet known. Specific marketing strategies will be considered depending on the online market that is being targeted and student services will be provided accordingly.
- In FY18 the number of undergraduate hours produced online was approximately 26,300 and graduate hours were 8,200 for a total of 34,500 student credit hours delivered online and this is approximately 13 percent of the University's total student credit hour generation. For FY19 the University is generating approximately 25,000 credit hours and gross revenue generated from this effort is about \$13.2 million.
- During this process consideration will be given to developing a revenue sharing model as the initial investment being made will eventually need to be replaced. An effort will be made to develop a model for distributing revenue back to the colleges and the Provost so they can continue to invest in Murray State students and provide even more online course offerings. At the minimum, new online enrollments must cover direct costs before any internal revenue sharing can be discussed. This means

that a program which generates the credit hours will receive a portion of the associated tuition revenue. The college that hosts the program would also receive a portion of the tuition revenue.

- The initial investment from Academic Affairs for this project is \$2.1 million – approximately \$900,000 in the first year and \$1.04 million in subsequent years – and information was provided illustrating how these figures are broken down even further. Some costs will be one-time in nature such as establishing the program while others will be recurring – such as personnel. In order to break even by target year three, the program must generate \$631,000 in new revenue which equates to 2,600 credit hours per year. If the program does not break even, there obviously cannot be revenue sharing.
- Consideration is being given to establishing a Program Director position and establishing an innovation fund to encourage faculty participation. The program assessment needs – third party support – will be done through a Request for Proposals (RFP) process and hiring a company to help provide advice and potentially a fee-for-service model will be considered in the future. Online students want things more quickly and efforts are underway to ensure current Admissions and Enrollment Management operations can meet expected demands. The programs must also be nimble enough so five to six start times can be offered. Scholarship and financial aid and advising issues must also be considered as these are standard in supporting face-to-face students and must also be offered for online students.
- A robust video conferencing system and student authentication process must be in place to maintain the fidelity of the programs offered.

Ms. Dudley provided confirmation that the first year investment will be included in the budget the Board approves in June and will be listed as one-time funds that are segregated. It is anticipated funding will be handled in the same manner in the second year and as the third year of the initiative approaches and enrollments are realized, revenues will be applied to recurring costs. Dr. Jackson indicated it is important to note that the \$2.1 million mentioned earlier exists today in Academic Affairs and this funding pool has been built up over several years as a result of online fees. This simply represents a reinvestment back into that model. In order to reach the year three breakeven number, 2,600 new student credit hours must be generated (approximately 289 new online students). Confirmation was provided that as online programs are marketed potential students must be confident that they are entering a sea of other online students, although the line has become blurred over the years in regard to students who are solely taking face-to-face or online courses or some combination of the two delivery methods. Currently online students average four to five credit hours per enrollment but this ratio is expected to increase as options are enhanced. It is also expected that online students who are currently enrolled on a part-time basis will shift to full-time as these aggressive efforts unfold and additional options become available. Confirmation was provided that the online programs initiative is expected to increase overall enrollment at the University. The goal of this initiative is to reach new markets and move beyond current face-to-face students choosing online courses/programs instead of the traditional instructional model.

This report was presented for informational purposes only and required no Board action.

Personal Services Contracts, approved

Dr. Jackson indicated that one of the Personal Services Contracts included on the listing provided is to secure a firm to provide assistance with the online initiative. The total cost for the first phase of this initiative is predicted to be no more than \$50,000 based on conversations with a number of firms over the past few weeks. An RFP will be issued and hiring the successful firm will be presented to the Board for approval. Confirmation was provided that this will also require CPE approval. The second Personal Service Contract will be for assistance to evaluate the financial impact of House Bill 358 to help provide the information necessary for the administration and the Board to make decisions appropriately with regard to the pension situation. The University's actuarial liability with KERS is approximately \$100 million and an outside firm can help evaluate and analyze all aspects of any decisions related to the pension systems.

On behalf of the Finance Committee, Ms. Farmer moved that the Board of Regents, upon the recommendation of the President of the University, approve the Personal Services Contracts presented as per requirements of the Delegation of Authority (Item #11). Mr. Crigler seconded and the motion carried.

Full Board Action – Personal Services Contracts, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached Personal Services Contracts presented below as per requirements of the Delegation of Authority (Item #11). Mr. Rhoads seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried.

(See Attachment #2)

Adjournment

The Special Meeting of the Board of Regents Finance Committee adjourned at 12:15 p.m.

The Special Meeting of the Board of Regents adjourned for lunch at 12:15 p.m.

Reconvene

Chair Guess reconvened the Special Meeting of the Board of Regents at 1:26 p.m.

House Bill 358 Update, received

Ms. Gordon reported the following:

- The Governor has until Tuesday of next week to sign House Bill 358 (HB358). One of the most critical components of the bill is that it provides a rate freeze for the universities at 49.47 percent of an individual's salary compared to 84 percent which had been proposed.
- Pension discussions do not apply to every employee – only those in the Kentucky Employees Retirement System (KERS) and, of that population, only individuals in the non-hazardous category. It does not impact the Murray State Police Department or anyone in the Teacher's Retirement System (TRS) or Optional Retirement Plan (ORP).
- As of the last Murray State payroll, 402 employees are impacted by HB358 and will be facing some type of change in their retirement if the bill is signed by the Governor. The effective date of the bill is July 1, 2020, but a great deal of background activity must occur before implementation.
- Within the KERS non-hazardous category there are three sub-plan tiers, depending on when an individual started to work. The first is for individuals hired before July 1, 2008 (Tier I employees), and a certain set of benefits applies to this group. The second tier is for individuals hired between September 1, 2008, and December 31, 2013. Tier III is for any employee hired on or after January 1, 2014. Which tier an employee is placed into is based on their participation date in KERS, which may not be the same as the date they were hired by Murray State, especially if they previously worked elsewhere and contributed to KERS. There are 184 individuals in the Tier I category who were hired before July 1, 2008, and 66 individuals in the Tier II category. There are 152 individuals hired on or before January 1, 2014, to the present in the Tier III category.
- In order to be vested in the KERS system, an individual must have 60 consecutive months of service (five years). Although some individuals may not have been employed by Murray State for this length of time they could still be vested in the system due to prior employment elsewhere.
- HB358 refers to an alternative retirement program which must be a defined contribution plan. With a defined contribution plan the University's employer contribution into a participant's account would be based on a percentage of salary. The final version of the bill passed by both chambers was very different from the previous versions. In the previous versions the University would have to opt out of the KERS system but what happened on the last day of the Session is this requirement completely flipped and once the Governor signs the bill the University will automatically be in the category of a "ceasing employer." On one hand this will not be effective until 2020 but an actuarial analysis of those employees in Tier III has caused some confusion.
- Tier III employees represent those most recently hired and these individuals will automatically be transitioned to a new alternative retirement plan. The University currently has an Optional Retirement Plan in place and in the past the only way to enter into this plan was for the employee to be in a TRS-eligible position. General Counsel Miller has confirmed that there is no reason the University cannot move the individuals impacted by the KERS changes (Tier III) into the existing ORP (403B Plan). Currently no administrative guidance has been provided for this bill but that should be forthcoming and what is being presented today is the MSU administration's best interpretation of the bill.
- If Murray State remains a ceasing employer, all new hires would go into a defined contribution plan or the ORP which is already established. From an administrative standpoint this is a positive option. There are specific statements within the bill that govern how Tier III employee contributions are transitioned from one system to another. One concern is that this is a cash-hybrid plan and there are

different rules and rates than for the other plans. This is an issue that will make it more difficult to communicate clearly to affected employees because the same rules will not apply to everyone and will be dependent on which tier they are in. Confirmation was provided that Tier III employees will not go into an ORP unless the University becomes a ceasing institution. If the University decides not to cessate, nothing changes except the contribution rate will increase to 84 percent with the potential of no limits on how high this could increase. Confirmation was provided that new employees are being informed of these impending changes as appropriate.

- Tier I and II employees have different options. They can remain in KERS or change to the Optional Retirement Plan. Generally, if there has been no break in service (60 months of continuous service) these employees will have this choice. If they decide to remain in KERS, employer contributions would be assessed differently as the bill is currently written. This is another area that is vague as currently worded and for this reason complete and exact details are unknown. These individuals could also transition into the ORP system. For the most part vested individuals will have a much more difficult choice to make, particularly if they have been at the University for an extended period of time.
- Currently under KERS, once an individual reaches 20 years of service they are eligible for health insurance after they retire and it is unknown whether this benefit will continue. Health insurance is a primary driver for someone nearing 20 years of service.
- Human Resources will develop a communication plan based on the specifics at the time and will offer campus-wide informational sessions and this work will include the regional campuses. Small group sessions by tiers will be offered as well as one-on-one sessions with individual employees. It is critical for every employee to fully understand their options and this will vary by each individual.

Dr. Jackson indicated that as House Bill 358 is currently written, assuming the bill is signed by the Governor, it is known there will be a rate freeze for one year at 49.7 percent and Murray State will automatically be out of KERS and would have to choose whether to opt back in. An actuarial analysis from the system must be requested by August 31, 2019, and by December 31, 2019, this Board will have to make decisions based on that analysis and recommendations from management. By December 31 the University will either have to opt back into KERS or decide to remain a ceasing institution. By June 30, 2020, this work will be completed as per the current bill being considered. Confirmation was provided that if the University opts out of the KERS system, Tier III employees will have their contributions moved, most likely to the Optional Retirement Plan. Each Tier I and II employee that are vested will have to make a decision on whether they want to go back into KERS and this will determine the associated cost to the University. The bill allows for this once the actuarial calculation has been completed and the option for employees to re-enter KERS presents an extremely challenging element of the bill. KERS has indicated that the University's pension obligation is approximately \$100 million. It is not anticipated this will change a great deal which means the University will have a significant liability that must be addressed in some manner. Conversations held earlier this week with the CPE included the option for the state to issue bonds – as one example – for the liabilities of all affected institutions. This option would require legislative approval as well as approval by the Governor and repayment by the universities. If the decision is made for the University to go back into the system, another decision must be made by June 30, 2020, in terms of how the liability will be addressed. The bill contains a provision that would allow universities to make payments to the retirement system over a substantial amount of time, at a determined rate of interest – similar to a mortgage.

This report was presented for informational purposes only and required no Board action.

Closed Session

Chair Guess solicited a motion for the Board to go into Closed Session pursuant to Kentucky Revised Statute (KRS) 61.810(1)(f) for the purpose of discussions which might lead to the appointment of an individual employee. Mr. Kemp so moved. Dr. Tharpe seconded and the motion carried. Closed Session began at 1:56 p.m.

Mr. Miller and Mr. Saal were asked to remain in the room.

Open Session

Chair Guess solicited a motion for the Board to reconvene in Open Session. Mr. Kemp so moved. Ms. Farmer seconded and the motion carried. Open Session began at 2:36 p.m. Chair Guess reported that no action was taken during Closed Session.

Personnel Changes

Appointment of Dean – Jesse D. Jones College of Science, Engineering and Technology, approved

Dr. Arant reported it is his honor to recommend to the Board Dr. Claire Fuller as the next Dean of the *Jesse D. Jones College of Science, Engineering and Technology*. Dr. Fuller has served as Interim Dean over the past year and has done a phenomenal job. She came in and took the college by the reins, fellow faculty have responded to her well and she has made some excellent decisions. An internal search was conducted and both candidates who applied for the position did exceptionally well throughout the interview process. As a result, he has received high commendation from the Search Committee for the quality of applicants. It is the recommendation of the Search Committee that Dr. Fuller be named as the next Dean of the *Jesse D. Jones College of Science, Engineering and Technology*. Dr. Fuller indicated she is excited to continue her work in this capacity and it has indeed been a pleasure to lead the college over the past year.

Ms. Farmer moved that the Board of Regents, upon the recommendation of the President of the University, approve the appointment of Dr. Claire Fuller as Dean of the *Jesse D. Jones College of Science, Engineering and Technology*, effective July 1, 2019, at a fiscal year salary of \$136,000. Mr. Kemp seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried.

Contract of Employment – Head Men’s Basketball Coach, negotiation authority granted

Mr. Saal reported that the Men’s Basketball Team just completed the most successful two-season period in 94 years of the program. This included back-to-back Ohio Valley Conference regular-season championships, with a record of 32-4 over two years in the league. The team has earned two consecutive OVC Tournament Championships and two National Collegiate Athletic Association (NCAA) Tournament appearances. The University also had a record margin of victory of 19 points against Marquette in the first round of the NCAA Tournament for the fourth NCAA Tournament win in program history. Coach McMahon’s 54 wins the last two years are the most in a two-year period by any one Coach in Murray State history. An entity assigns value for media exposure and for the 2018-19 season that was \$277 million for Murray State University attributable to the Racer Men’s Basketball Team. There was record-setting attendance at basketball games this year and the University set two capacity crowd records on January 24, 2019, against Belmont (slightly less than 9,000 fans) and the last home game of the year versus Austin Peay (9,012 attendees). There were four games with at or above 7,000 fans at the CFSB Center. The University broke a 21-year record for the program with 87,000 fans in attendance at 16 Racer home games. There were also 111,000 fans who attended road games and four neutral site games this season. The crowds in Evansville, Indiana, were phenomenal and the program set two all-time OVC Tournament single-game attendance records in the semi-finals versus Jacksonville State (slightly below 8,300) and against Belmont (10,500).

Mr. Crigler moved that the Board of Regents, upon the recommendation of the President of the University and the Director of Athletics, grant authority to the University administration (President and Director of Athletics) to negotiate a Contract of Employment for current Head Men’s Basketball Coach Matt McMahon with a term not to exceed a period of four years. Mrs. Gray seconded.

On behalf of the Board of Regents, Mr. Crigler publicly expressed appreciation to Mr. Saal for creatively looking at this particular coaching contract and identifying private funding to be able to negotiate an extension for Coach McMahon.

The roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried.

Chair Guess stated it is important to note that one cannot fully understand the impact the team has had on the University this year and appreciation cannot adequately be expressed for the hard work of both players and coaches in this regard. This season represented so much more than

winning. It was about who these players and coaches are as human beings and how they have represented themselves and this University as a team. They also shared what it means to be a Racer, especially for those who have never been exposed to Murray State University. It has been about the current student base as she witnessed excitement in the student section at the CFSSB Center that she has not seen in many years. The season has also been about high school students who have seen that Murray State student enthusiasm which makes them want to become Racers. The season has also been about recruitment – more than can really be quantified. Appreciation was expressed to the entire team, coaching staff and all individual players are wished great success in the future. It was also indicated that this represents the first time Murray State has had a First-Team All-American in program history – Ja Morant – and he has been a role model on and off the court.

Contracts of Employment – Assistant Men’s Basketball Coaches, negotiation authority granted

Mr. Crigler moved that the Board of Regents, upon the recommendation of the President of the University and the Director of Athletics, grant authority to the Director of Athletics and the Head Men’s Basketball Coach, subject to approval by the President of the University, to negotiate and enter into one-year Contracts of Employment for current Assistant Men’s Basketball Coaches Tim Kaine, Casey Long and Shane Nichols, effective May 1, 2019.

The Contracts of Employment for these Assistant Men’s Basketball Coaches will be presented to the Board for final approval at the June 7, 2019, Quarterly Meeting. Dr. Tharpe seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried.

Mr. Saal further reported additional accolades for Murray State athletics as follows:

- The Murray State Women’s Basketball Team was the pre-season Coach’s Pick to finish 12th in the Ohio Valley Conference. Head Women’s Basketball Coach Rechelle Turner and her team actually finished in 6th place which is very positive.
- Head Women’s Volleyball Coach Dave Schwepker does a phenomenal job with the Women’s Volleyball team and the young women respond well to his coaching style.
- Head Rifle Coach Allen Lollar also secured a league title and a 4th place finish in the country.
- As of the report released on March 21, 2018, the Murray State Athletics Department ranks 63rd in the country in the Director’s Cup standing which is a mark of success in comparing one athletic department to the remainder of the country. It is hoped by the end of the year as this ranking commences that it will represent a record finish for the University.

Contracts of Employment – Assistant Women’s Basketball Coaches, report received

Dr. Jackson reported that the Contracts of Employment for Assistant Women’s Basketball Coaches Monica Evans (\$44,000), Jauwan Scaife (\$44,000) and Amber Guffey (\$52,000) expire on March 31, 2019. The University desires to continue to employ these Assistant Coaches for the period of April 1, 2019, to March 31, 2020. The salary for each Assistant Women’s Basketball Coach remains unchanged from the prior year.

This report was presented for informational purposes only and required no Board action.

Contract of Employment – Assistant Women’s Volleyball Coach, report received

Dr. Jackson reported that the Director of Athletics and the Department of Athletics have selected Alison Mugler to serve as the Assistant Women’s Volleyball Coach, effective April 1, 2019, at a fiscal year salary of \$36,000.


This report was presented for informational purposes only and required no Board action.

Adjournment

Dr. Tharpe moved that the Special Meeting of the Murray State University Board of Regents adjourn. Mr. Payne seconded and the motion carried. Adjournment was at 2:48 p.m.



Daniel Kemp, Chair
Board of Regents Finance Committee



Chair Susan Guess
Board of Regents



Secretary Jill Hunt

(The remainder of this page intentionally left blank.)