Minutes of the Special Board of Regents Meeting
Murray State University
April 21, 2017

Call to Order/Roll Call

The Board of Regents (BOR) of Murray State University (MSU) met on Friday, April 21, 2017, in Special Session in the Jesse Stuart Room in Pogue Library on the main campus of Murray State University. Chair Stephen Williams called the meeting to order at 9:32 a.m. and welcomed those present.

The roll was called and the following members were present: Clinton Combs, Katherine Farmer, Sharon Green, Susan Guess, Daniel Kemp, Jerry Rhoads, Lisa Rudolph, Phil Schooley, Jenny Sewell and Stephen Williams. Absent: Walter Bumphus.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Renae Duncan, Acting 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; Adrienne King, Vice President for University Advancement; Bob Pervine, Acting Vice Provost; Allen Ward, Athletic Director; Fred Dietz, Associate Vice President for Enrollment Management; Renee Fister, Senior Presidential Advisor for Strategic Initiatives; John Rall, General Counsel; Michelle Saxon, Internal Auditor; the Collegiate Deans and members of the faculty, staff, students, news media and visitors.

AGENDA

Roll Call

Secretary Hunt

Closed Session

President Davies

a. Pursuant to Kentucky Revised Statute 61.810(1)(b) – Deliberations on the future acquisition or sale of real property by a public agency

Committee Reports/Recommendations

Finance Committee

Regent Kemp

1) Council on Postsecondary Education 2017-18 Tuition and Mandatory Fees Recommendation Update (For Information Only)
2) 2017-18 University Budget Executive Summary (For Information Only)
3) Authorization of 2017-18 Tuition and Mandatory Fee Rates*
4) 2017-18 Housing Rates*
5) 2017-18 Dining Rates*
6) Property Acquisition – 1602 Miller Avenue*

NOTE: Full Board action will follow Committee action.

Intercollegiate Athletics*

President Davies

Adjournment

(*Requires Board of Regents Action)

Closed Session

Chair Williams solicited a motion that the Board of Regents go into Closed Session pursuant to Kentucky Revised Statute 61.810(1)(b) for the purpose of discussing the future acquisition of real estate by a public agency. Mrs. Guess so moved. Mr. Rhoads seconded and the motion carried.

Dr. Davies asked Ms. Hunt, Mr. Rall, Ms. Dudley and Dr. Fister to remain in the room during Closed Session. Closed Session began at 9:33 a.m.
Open Session

Chair Williams solicited a motion that the Board of Regents reconvene in Open Session. Mr. Schooley so moved. Ms. Green seconded and the motion carried. Open Session began at 9:44 a.m. Chair Williams reported that no action was taken by the Board of Regents during Closed Session.

New Student Government Association President, Introduced

Chair Williams introduced Ms. Tori Wood – newly-elected President of the Student Government Association and the next Student Regent. Ms. Woods is a Public Relations major and is from Marshall County and will be joining the Board on July 1, 2017. She was also recently named Miss Murray State University. Congratulations was expressed to Ms. Wood on behalf of the entire Board.

Committee Reports/Recommendations

Finance Committee

Daniel Kemp – Chair
Walter Bumphus
Clinton Combs
Katherine Farmer
Jerry Rhoads

Mr. Kemp called the Finance Committee to order at 9:46 a.m. and reported all Committee members were present with the exception of Dr. Bumphus.

Council on Postsecondary Education 2017-18 Tuition and Mandatory Fees Recommendation Update (For Information Only), received

Dr. Davies reported that the Council on Postsecondary Education (CPE) established tuition and mandatory fee guidelines at the March 31, 2017, meeting. By statute, the CPE has authority to act on tuition recommendations approved by the Board of Regents for the regional comprehensive universities. The CPE approved a slightly different tuition cap for each of the universities in an effort to acknowledge current tuition levels. Efforts were also made to take into consideration those institutions which will receive additional appropriation funding this year. The CPE set tuition and mandatory fee caps as follows:

- No more than 3.0 percent at Western Kentucky University
- No more than 4.0 percent at the University of Kentucky and Northern Kentucky University
- No more than 5.0 percent at Eastern Kentucky University, Kentucky State University, Morehead State University and Murray State University
- No more than $6 per credit hour (3.9 percent increase) for resident students attending the Kentucky Community and Technical College System institutions
- A tuition fee ceiling was not recommended for the University of Louisville because their Board had already approved maintaining current tuition and fee levels.

The initial cap-setting process focused on increased fixed costs each of the universities would incur over the course of the next fiscal year. This process established an initial tuition cap for Murray State of 3 percent. The initial tuition cap was discussed through the CPE Work Group, elected officials and the Governor’s Office. One key element discussed during these conversations – specifically with the Governor and his staff – was that the variability of tuition is one of the components that frustrates and causes harm for students and their families. The goal was to develop a more consistent approach to tuition over time. Fluctuations in tuition have proven over time to drive students away from higher education. As part of this process, the Governor and elected officials considered what is being forecasted to occur over the next biennium.

Over the past ten years, one of the University’s largest cost drivers every other year has been the increase in pension costs. This has also represented a major fluctuation point in regard to tuition.
Although not all pension costs will be offset by tuition increases, a large percentage of them are offset through this mechanism. The Governor recommended that an additional amount be provided to the universities to supplement tuition this year to help offset any significant increases in tuition in subsequent years related to increases in pension costs and/or decreases in state appropriations. This was averaged out through all of the universities at a level of 2 percent. Therefore, the CPE-recommended tuition cap for Murray State University was increased to 5 percent. It is important for the Board to note that the 2 percent added to the original 3 percent will not be replicated next year. This represents a forward-looking approach by the Governor and the legislative body to have a smoother line of tuition so any increases in subsequent years will be at a slightly lower rate. As the University undertakes its budgeting process, the revenue from the 2 percent is being added to reserves for special and specific projects where the funding would be used on a one-time basis. Next year the 2 percent will be part of the University’s base funding and the tuition cap from the CPE will be lower in future years. There could also be tuition freezes. This represents a very important component of the CPE tuition cap recommendations. Although current students will be paying more, this action will help offset even larger tuition increases for future students.

Ms. Dudley added that the CPE will continue its calculation of non-resident tuition and determine what the universities will be allowed to do. Last year this represented a new CPE policy and non-resident tuition is not necessarily calculated by the rate. They take into consideration whether the institution is covering the full direct cost for instruction and student service. A formula is utilized to calculate this amount per full-time equivalent (FTE). All institutions, including Murray State, are covering their direct cost for instruction and student service but this also represents a driver to ensure a university’s non-resident tuition is high enough to cover the differential in cost of instruction and student service. In calculating the direct cost of serving a student, operation and maintenance and administrative costs are not included—which means the formula remained the same. The actual recommendation the CPE approved was the non-resident student tuition and mandatory fee policy that requires institutions to generate a sufficient amount of net tuition and fee revenue per non-resident student to equal or exceed 100 percent of direct instructional and student services costs per student. The CPE also approved continuing the policy of allowing universities to submit for approval market competitive resident and non-resident tuition and mandatory fee rates for graduate and online courses.

Dr. Davies indicated the Board was provided with information about the amount of student financial aid per FTE by source. It is important to review this information in terms of state grants which over the past three years have been relatively flat, Pell Grants and other federal funds which show a decline on a per-FTE basis and campus-funded grants and scholarships which have significantly increased to make up this balance. How finances are managed at Murray State mimics these trends and the University actually provides more in terms of campus-funded grants and scholarships. This is due to specific strategic action taken by the Board last year which has been implemented this year with the new scholarship and tuition models.

Information regarding the difference between sticker price and net tuition was provided by the CPE and is included in the eBoard book. This is also reflective of Murray State’s situation where there is the initial sticker price but through institutional discounts and other measures an effort is being made toward trying to keep the net price as stable as possible. The comprehensive report of action taken by the Council on Postsecondary Education was provided in the eBoard book.

This update was provided for informational purposes only and required no action.

2017-18 University Budget Executive Summary (For Information Only), received

Dr. Davies reported that a draft Budget Executive Summary was included in the eBoard book and outlines information on proposed revenues, recurring expenditures and reallocations for the Education and General Fund for the 2017-18 budget. This information has been shared with the University through various open forums. A Budget Advisory Committee was also activated this year comprised of two students from the Student Government Association, two members selected by Staff Congress and two members chosen by the Faculty Senate. This has represented an ideal opportunity to discuss budget pressures, philosophies and priorities and these individuals have shared the information with their respective governance units. It has also been a positive
experience for those involved with great dialogue and questions being asked. It is believed that through this process communication regarding overall budgeting has been enhanced and improved.

There are three general components of the Executive Budget that are important to note. A 3 percent tuition increase is being utilized to address recurring budget expenditures and a 5 percent increase is budgeted for one-time expense items mentioned previously. With a three percent tuition increase and through the budgeting model, enrollment is being held consistent and no significant increases or declines are being projected.

A three percent tuition increase would generate net tuition – after the approximate 40 percent discount rate – of just over $2.2 million. The lower number of freshmen students four to five years ago are now having an impact on the size of the junior and senior classes and this certainly affects the budget. Declining enrollment, particularly from the international and graduate student populations, represents a $4.5 million deduction in revenue compared to last year. Summer school enrollment has also been taken into consideration in the budget model ($500,000 reduction). Discounts included in the new tuition model, even with the 3 percent tuition increase, will also represent a $500,000 reduction in revenue. There is a one-time budget shortfall in the General Fund of $5,000 because fees have previously been included for students making late schedule changes. Students have responded to these charges and are no longer making late schedule changes so the institution is no longer collecting revenue from those fees.

In total, the decline in revenue is estimated to be $2.2 million. Even with declining revenues, it is imperative for the University to continue to invest in key initiatives and there are also fixed cost increases which must be addressed.

The University is specifically investing in people and the current budget has an estimated across-the-board cost-of-living adjustment of 1 percent ($770,025). The non-exempt compensation adjustment for the lowest paid employees will continue to move these salaries up to a higher level and this amounts to a cost of $214,144. The Executive Budget Summary also includes figures for various other cost increases. One investment ($100,000) which is important is the creation of a diversity hiring pool. The University needs to be strategic and diligent in hiring diverse faculty and staff. This fund has been established to help recruit these individuals by offering higher salary levels. Investments and fixed cost increases total over $1.8 million.

Initial proposed reallocations and reductions include ways for the University to budget more strategically when reallocating resources within units and making reductions. The additional budget available from a 50 percent vacancy recapture amounts to $650,000 and anticipated salary and fringes savings ($300,000) due to the recent Federal Labor Standards Act changes with regard to overtime pay. There are some budget savings due to declining graduate enrollment ($150,000). Ms. Dudley has made a conscious effort to identify what the institution can do on a university-wide level to change practices, become more efficient, reduce expenditures and increase revenues to make the impact on the individual Vice Presidents, units, colleges and divisions as minimal as possible. In total, through their own efforts the Vice Presidents have outlined $1.2 million in budget reductions within their respective units. This has been achieved through efficiencies or identifying opportunities for increased revenues within their own operations, entrepreneurial activities or other sources. In total, the administration is able to present a balanced budget at this particular time. The final budget will be presented to the Board for approval in June. All were asked to remember that work continues to evaluate several items currently included in the Budget Executive Summary and some things could change as this process moves forward. Confirmation was provided that shortfalls are not being placed solely on the backs of students as the University is changing how it operates so that it is done in the most effective and efficient way possible while also continuing the level of quality expected at Murray State University.

In a further effort to be more fiscally responsible, the University will utilize the additional 2 percent increase in tuition allowed by the Governor for one-time expenditures and this revenue is not currently included in the Budget Executive Summary. This funding will be utilized to offset fixed cost increases the University will incur next year. The document being shared with the Board today helps articulate the need for a 3 percent recurring tuition increase and the additional 2 percent as outlined.
In regard to the $2.1 million in budget reductions, Dr. Davies reported that each of the Vice Presidents and the units reporting directly to the President reviewed each of their budget lines and analyzed where reductions could occur, determined how efficiencies could be increased and identified initiatives which must continue. This work was undertaken through the Vice Presidents, working directly with their units and individuals, in order to be very efficient. Through this process systems, processes and procedures were reviewed in detail to determine whether they could be changed or eliminated. In terms of people power, per capita, the number of reductions in force is extremely limited and amounts to one individual. The University will work with this individual to hopefully secure alternate employment in another area at the institution. It is not believed this will present an issue. As an example, there is a phenomenal group of individuals on campus who are exceptional mechanics but they are not actually mechanics – they are printers. The University currently owns an offset press that is truly being held together by the ingenuity of four individuals with bailing wire and duct tape. These individuals have been able to keep the offset press running but through an analysis undertaken by Dr. King it was discovered there are only eight print jobs that need to be run on an offset press. These four staff members are being utilized to keep the offset press running for very few jobs, although one of those jobs is very important – the Commencement program. Dr. King has proposed that the institution divest itself of the offset press and retrain the individuals maintaining it so that they are not being laid off and will be retained within the print division. The University will invest in a digital press which can handle 99 percent of print jobs at the University in a much more efficient manner. Making this change will save a great deal of money while also producing greater efficiency. Those print jobs currently being produced on the offset press will now be outsourced and only one of those is time sensitive – the Commencement program.

Dean Dave Whaley, College of Education and Human Services, put forward some very innovative ideas in terms of his academic program and this work was undertaken with faculty and staff within the college. Dr. Pervine worked specifically and strategically with the Deans to identify creative ways to reduce expenses without harming the University’s academic foundation. The $1.2 million reduction represents approximately 1 percent of the operating budgets for the various areas. A lot of reallocation has occurred within all of the units, specifically Academic Affairs, where vacancies in certain areas were transferred to other areas where growth is occurring. This process is important because resources are being reallocated to where they will have the greatest return. Confirmation was provided that the University has made significant efforts and strategic decisions to reduce expenses as much as possible without harming its academic reputation.

This update was provided for informational purposes only and required no action.

**Authorization of 2017-18 Tuition and Mandatory Fee Rates, discussed**

Dr. Davies reported that the University administration is recommending a 5 percent undergraduate tuition increase. A recommendation is also being made for undergraduate online credit hour courses that are taken as part of a full online program – such as the Registered Nurse (RN) to Bachelor of Science in Nursing (BSN) – to be subject to a separate tuition level. The 5 percent tuition increase represents a $198 increase in total tuition per semester for a student taking 15 credit hours for students admitted prior to 2016. For students admitted after 2016, the increase would be $210 per semester. The Board was reminded that students admitted after 2016 have a different scholarship academic grid and their scholarship dollars will also be increased to help offset the difference so the relative impact to students will be less than it appears. A change was made last year to establish a regional tuition discount rate mainly for students receiving a regional discount but deciding not to fulfill the requirement to live on campus. Confirmation was provided that the University has a different scholarship academic grid and their scholarship dollars will also be increased to help offset the difference so the relative impact to students will be less than it appears. A change was made last year to establish a regional tuition discount rate mainly for students receiving a regional discount but deciding not to fulfill the requirement to live on campus. Information on the changes in tuition rates for this out-of-state student population was also included in the eBoard book. Non-resident tuition rate information was also provided for students from other states who do not receive the regional tuition discount rates.

In terms of per credit hour charges for a student admitted prior to 2016, the per-credit fee will increase by $16.50 and for those admitted after 2016 the increase will be $17.50. Credit hours 13, 14 and 15 are not charged to the students and this practice remains. Information on changes in graduate and doctoral fees was also provided. The recommendations resulting from the in-depth focus on undergraduate tuition rates undertaken in the previous year were implemented this year. Next year an in-depth discussion will be focused on graduate tuition. It is important as
this work moves forward that consideration be given to differential tuition for all graduate programs. This will help strengthen the University’s market position in terms of graduate programs. Currently there is one graduate tuition rate and one doctoral tuition rate. These rates need to be differential by program in order for the University to be competitive and also seize available opportunities. This work will be undertaken over the next year and will be presented to the Board for approval at approximately this same time next year.

Mr. Combs asked with regard to non-resident tuition rates why graduate tuition is significantly more expensive than doctoral tuition. Ms. Dudley reported that when the doctoral programs were established a market analysis was undertaken and there were not a large number of students at that time. The intent at that point was to go back and adopt rates per program similar to what Dr. Davies described. The rate set for doctoral programs represented one which would allow the University to be competitive in the programs initiated – Nursing being the first. Confirmation was provided that a significant amount of study was involved in determining what the doctoral tuition rate should be and that is reflected in the numbers.

Ms. Dudley reported the new undergraduate online program rate continues to utilize the 15 credit hour cap for students receiving that rate. Students enrolled in fully online undergraduate programs will not receive the 15-hour cap and will be billed on an hour-per-hour basis and this is part of the action requiring Board approval. Currently the only program this affects is the RN to BSN. These students would receive the undergraduate tuition rate and they would be billed hour-per-hour and will not receive the benefit of the 15 credit hour cap. Most of these students are full-time because it is a cohort-driven program. Dr. Davies added that a federal law was passed a decade ago which required for any educational activity occurring outside of a student’s home state that the institution abide by and be certified by those state regulations. This caused an uproar and due to bureaucracy required substantial changes because every single state has different licensing requirements. This year Kentucky joined the State Authorization Reciprocity Agreement (SARA) which allows universities to offer programs in all other SARA states without having to adhere to the various licensing requirements. California, Massachusetts and Florida are the only states that are non-members of SARA. This presents a strong opportunity for Murray State to be competitive in terms of online programs and in order to do so the University must offer competitive rates. Most universities do not charge out-of-state tuition for online programs offered in other states. This action will rectify that area and allow the University to establish, build and create more programs online – and only online – for students in other states. As the academic departments begin to develop more online programs which are solely offered online, this initiative will continue to be expanded. Ms. Dudley added that all should understand this work is program driven and out-of-state students must be enrolled in a fully online program in order to continue to pay the standard tuition rates.

In response to a question regarding whether the other regional universities in the state will adopt the full tuition increases allowed by the CPE, Dr. Davies indicated it is believed the universities will proceed in this fashion – with the exception of the University of Louisville because their Board determined last year there would be a zero percent tuition increase this year. The current Board at that institution has extreme reservations about not increasing tuition but ultimately felt students and their families had already planned for no increase and this commitment should be upheld. Mr. Combs confirmed that the other student body Presidents have indicated they are expecting their respective institution to increase tuition by the full CPE tuition cap allowed.

Mr. Combs indicated that the trajectory for higher education affordability continues to be troubling. When he started at the University in 2011 as an undergraduate student tuition was $3,288 per semester for 12 credit hours or more. Over the course of his tenure at the University, assuming today’s recommendation passes, there has been a $1,122 tuition increase. Students have been faced with a tuition increase each year he has been at Murray State, in addition to an increase in the costs associated with being a student and cost-of-living increases. He recognizes this is indicative of a larger problem and appreciates the thoughtful actions that Murray State has put in place to identify budget reductions. However, it seems that students are paying more each year for less. The University is being forced to cut services and programs while tuition continues to increase. His comments apply to tuition, housing and dining and while it is easy to look at increases in these areas independently, in total they add up. A student taking over 15 credit hours will have to pay an additional $367.50 (or subsequent increases) for those additional credit hours. The aggregate for all proposed increases provides a better perspective on the total cost for students. Tuition will be $210 more per semester for Kentucky residents, $420 for regional
students and $570 for non-resident students. The average housing increase is $130.25 and the average dining increase is $52.33. For a Kentucky student, on average, this represents a $785.16 increase for the next academic year alone. For a regional student, on average, this represents a $1,205.16 increase and for non-resident students the increase is $1,505.16. According to the Census website, the median income for families in the 18-county service region for 2015 was $40,526.17 and per capital $22,096.06. This means that 17.9 percent of the University’s service region, according to 2015 Census data, lives in poverty – compared to the national average of 13.5 percent. The University is serving areas with incomes significantly below the national average and a higher percentage at poverty level. It is difficult – if not nearly impossible – for a family living on $40,000 per year to budget for an additional $785 for the next year to pay for their son or daughter to come to school. This equates to more student loans and because of that students are beginning to feel like walking pocketbooks. Due to the increased burden – particularly for students and families in the 18-county service region – he will not be able to support any increases being proposed today.

Dr. Davies indicated Mr. Combs’ position was very well stated and he understands his stance. As an advocate for higher education, maintaining and increasing quality and services is extremely important. As a population, the necessary discussion points need to continue to be put forward in regard to the importance of higher education, specifically public higher education, and the return on value that is provided not only to the individual but to the Commonwealth of Kentucky and the region. Mr. Combs’ arguments represent the message that needs to continue to be shared with legislators in terms of the investment required for higher education. Mrs. Guess agreed that Mr. Combs’ arguments were well stated and all are committed to keeping tuition as low as possible but, unfortunately, the Board has difficult decisions to make. In terms of the 18-county service region, many of those students are leaving this region to attend other universities even though, based on 2016-17 rates, Murray State has the lowest tuition. In terms of other fees such as housing and dining, the University is among the lowest rates being charged. The challenge is how to recognize the struggles of the families in the 18-county service region but also maintain quality and provide an experience that makes students want to come to Murray State. There are currently residential colleges in operation that cannot compete with housing options being offered at other universities and these represent differentiators for prospective students. Every university across the state is trying to determine how best to balance these interests.

Dr. Davies added that there are many things that the University and the community does to promote affordability. More and more high school students in the area are being afforded the opportunity for dual credit options. This provides those students, especially at the current rate of one-third of the community college cost ($54 per credit hour), the opportunity to earn almost a full year of credit – if not two years – at the undergraduate level. One of the challenges is ensuring these students are guided toward classes and programs that will meet their needs as part of the overall university experience. The Falcon Academy was cited as an example of efforts being undertaken in the community to address college affordability. Such efforts would not be possible without the generosity of community members or the relationship between Murray State and the community colleges. Dr. King and her efforts in terms of fundraising and scholarships will help to meet the needs of students within the 18-county service region. This is where the sticker price and net price becomes a very important discussion point. Regent Combs is correct that tuition continues to increase and all are concerned about being able to ensure students can attend college without accumulating any debt – or minimal debt – and the University has made a conscious effort to keep costs as low as possible. Less than 50 percent of Murray State students graduate with debt and the average for students who do have debt is approximately $26,000 which is the lowest in the Commonwealth. Murray State’s tuition level remains very competitive among other universities in the state.

Mr. Kemp reported that the University has experienced a reduction in state funding every year since 2008 (15 percent) while still maintaining lower tuition rates. Mr. Williams added that there have also been increased pension costs, as well as others, the institution does not have any control over. He agrees that Mr. Combs’ concerns were well articulated and represent an important part of the conversation. Clearly, related to the additional 2 percent increase which would be non-sustaining, it appears the state is giving the universities a very clear “heads-up” of what is to come and it would not be prudent or wise not to heed that signal. The University must be sure to utilize these funds in a non-recurring way so that it is not jeopardized with future budgets. The action taken by the state and the CPE must be heeded by the University in the
fashion in which it has been presented. Dr. Davies reported that on a full-time equivalent basis the state appropriation has declined from $8,600 in 2007-08 to $5,538 currently, meaning tuition has increased in direct relation to state appropriations being decreased. At the same time, due to the pension cost increases for the Kentucky Employee Retirement Systems, an additional burden has been placed on the University of which most people are not aware. Ms. Dudley confirmed that for the next year the University will be required to pay 49.47 percent per employee for KERS for every dollar in compensation paid. The pension systems must have this funding in order to remain solid and it is hoped the Legislature and Governor will be able to address the issue at some point in the near future. Dr. Davies reported that for fiscal year 2017-18 for postsecondary institutions, fixed cost expenditures increased by $89.6 million and the gross tuition and fee revenue increase for all public institutions was $56.1 million, leaving a shortfall of $33.5 million. All of the universities are working together to address this situation although that work does not answer Mr. Combs’ statement which was extremely poignant. It does illustrate the universities are trying – with all due diligence – to be fiduciary managers of resources and also responsive to student needs. Ms. Dudley reminded all that as tuition is discussed the University is also funding an average of close to 40 percent in discounts or scholarships that apply to all students. Approximately five years ago the Board approved funding the Racer Promise Program for all students in the 18-county service region – full-time, Pell-eligible students. The University pays the difference in tuition where other financial aid does not. This helps meet the needs of students in the Pell-eligibility category. Dr. Davies added that the amount for the discount rate for students has increased from 37.5 percent to 40 percent and this includes 2,118 scholarships provided by the Murray State Foundation in FY16 ($2.6 million). The scholarship contribution from the Foundation has increased significantly over the past several years. In addition, this year alone the Development team has raised an additional $2.1 million to be used for scholarships in future years.

**Authorization of 2017-18 Tuition and Mandatory Fee Rates, approved**

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University:

1. Approve the undergraduate, graduate and doctoral tuition and mandatory fee rates that are based on a 5 percent increase for the 2017-18 academic year;
2. Approve the recommended undergraduate online credit hour Rate for courses taken as part of full online programs.

Ms. Farmer seconded. Committee members Katherine Farmer, Jerry Rhoads and Daniel Kemp expressed support for the recommendation. Clinton Combs did not support the recommendation. The motion carried.

**2017-18 Housing Rates, approved**

Dr. Robertson reported that a 4 percent increase in housing rates is being recommended. With the increase Murray State remains near the bottom of 13 comparison institutions even when compared to 2016-17 rates for some institutions because their 2017-18 rates had not yet been approved when the data was collected. Factors which led to the requested housing rate increase included:

- Increases in costs for routine maintenance and cleaning
- Continued funding for student scholarships in excess of $668,000
- Continued funding for institutional support in the amount of $1.1 million
- Increases in salaries and fringes for proposed 1 percent COLA increase and Phase II of the non-exempt compensation adjustment
- Fund annual state pension fund adjustments
- Increases in KERS required contributions
Housing utilizes a tiered system for rates dependent on the particular residential hall selected. The increases range from $92 for the least expensive rooms to as much as $172 for a private room in Franklin, Clark and Richmond halls. Housing rates for Hart, White and Regents represent a rate increase of $101 which is in the middle.

Ms. Dudley reminded the Board that housing and dining units are business enterprises and those entities must cover their own costs. The first study conducted by MGT of America recommended – and the University has been following – a 4 percent housing rate increase per year over the last six years to cover debt obligations. This 4 percent housing rate increase represents a pattern the Board has approved specifically to cover debt assumed over the years for renovations and construction of new residence halls so the housing system breaks even but also provides significant institutional support.

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 2017-18 housing rate increases (4 percent) as presented, effective Fall Semester 2017. Ms. Farmer seconded. Committee members Katherine Farmer, Jerry Rhoads and Daniel Kemp expressed support for the recommendation. Clinton Combs did not support the recommendation. The motion carried.

2017-18 Dining Rates, approved

Dr. Robertson reported a 3 percent increase for the residential meal plans and zero increase for flex meal plans are being recommended. Again, with the increase Murray State remains near the bottom of 13 comparison institutions even when compared to 2016-17 rates for some institutions because their 2017-18 rates had not yet been approved when the data was collected. Factors which led to the requested housing rate increase included:

- Increases in salaries and fringes for proposed 1 percent COLA increase and Phase II of the non-exempt compensation adjustment
- Fair Labor Standards Act reclassification is creating increased labor costs as several managers have to work more than 37.5 hours per week in order to provide the necessary supervisory coverage
- Fund annual state pension fund adjustments
- Increases in food cost of 4-5 percent
- The increasing cost of bad debt
- Increases in required KERS contributions

Dr. Robertson indicated a $51 to $53 increase (3 percent) is being proposed for residential meal plans and no increase in the cost for flex plans. Commuter and residential students who are not required to purchase a meal plan can utilize the flex plan on a volunteer basis.

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 2017-18 dining rates (3 percent for residential meal plans and zero increase for Flex Plans) as presented, effective Fall Semester 2017. Ms. Farmer seconded. Committee members Katherine Farmer, Jerry Rhoads and Daniel Kemp expressed support for the recommendation. Clinton Combs did not support the recommendation. The motion carried.

Property Acquisition – 1602 Miller Avenue, authorized

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to purchase the property located at 1602 Miller Avenue, Murray, Kentucky, said authorization being contingent upon approval by the Secretary of Finance. Ms. Farmer seconded and the motion carried.

Adjournment

The Finance Committee adjourned at 10:51 a.m.
Full Board Action – Finance Committee

- **Authorization of 2017-18 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:

(1) Approve the undergraduate, graduate and doctoral tuition and mandatory fee rates that are based on a 5 percent increase for the 2017-18 academic year;
(2) Approve the recommended undergraduate online credit hour Rate for courses taken as part of full online programs.

Mrs. Rudolph seconded and the roll was called with the following voting: Mr. Combs, no; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried by a vote of 9 to 1.

(See Attachment #1)

- **2017-18 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 2017-18 (per semester) housing rate increases listed below, effective Fall Semester 2017.

**Housing Room Rates**

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<tbody>
<tr>
<td>Springer</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Double Room</td>
<td>$2,293</td>
<td>$92</td>
<td>$2,385</td>
</tr>
<tr>
<td>Private Room</td>
<td>$3,440</td>
<td>$138</td>
<td>$3,578</td>
</tr>
<tr>
<td>Hart, White and Regents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double Room</td>
<td>$2,522</td>
<td>$101</td>
<td>$2,623</td>
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<tr>
<td>Private Room</td>
<td>$3,669</td>
<td>$147</td>
<td>$3,816</td>
</tr>
<tr>
<td>Elizabeth and Hester</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double Room</td>
<td>$2,752</td>
<td>$110</td>
<td>$2,862</td>
</tr>
<tr>
<td>Private Room</td>
<td>$3,899</td>
<td>$156</td>
<td>$4,055</td>
</tr>
<tr>
<td>Franklin, Clark and Richmond</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double Room</td>
<td>$3,153</td>
<td>$126</td>
<td>$3,279</td>
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<tr>
<td>Designed Private Room</td>
<td>$3,726</td>
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<td>$3,726</td>
</tr>
<tr>
<td>Double as a Private Room</td>
<td>$4,300</td>
<td>$172</td>
<td>$4,472</td>
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**College Courts**

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Rates</th>
<th>Increase</th>
<th>2017-18 Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom Apartment</td>
<td>$450/mo</td>
<td>$18</td>
<td>$468/mo</td>
</tr>
<tr>
<td>Two Bedroom Apartment</td>
<td>$540/mo</td>
<td>$22</td>
<td>$562/mo</td>
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</table>

Mrs. Guess seconded and the roll was called with the following voting: Mr. Combs, no; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried by a vote of 9 to 1.

- **2017-18 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 2017-18 dining rates (per semester) as presented below, effective Fall Semester 2017.
**Residential Meal Plans**

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Meals</th>
<th>Flex</th>
<th>Price</th>
<th>Increase</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Access*</td>
<td>75**</td>
<td></td>
<td>$1,830</td>
<td>3.0%</td>
<td>$53</td>
</tr>
<tr>
<td>175/400</td>
<td>175</td>
<td>400</td>
<td>$1,830</td>
<td>3.0%</td>
<td>$53</td>
</tr>
<tr>
<td>150/300</td>
<td>150</td>
<td>300</td>
<td>$1,763</td>
<td>3.0%</td>
<td>$51</td>
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</tbody>
</table>

*this plan receives 8 guest meals  
**students will have option to purchase an additional 75 Flex for $65

**Flex Meal Plans**

**Available to commuters and residential students who are not required to purchase a meal plan**

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Meals</th>
<th>Flex</th>
<th>Cost</th>
<th>Increase</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>-</td>
<td>385</td>
<td>$385</td>
<td>0.0%</td>
<td>$0</td>
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<tr>
<td>Silver</td>
<td>-</td>
<td>550</td>
<td>$550</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>Copper</td>
<td>-</td>
<td>1000</td>
<td>$950</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>Platinum</td>
<td>-</td>
<td>1200</td>
<td>$1100</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>Meal Bundle</td>
<td>10</td>
<td>-</td>
<td>$75</td>
<td>0.0%</td>
<td>$0</td>
</tr>
</tbody>
</table>

Mrs. Rudolph seconded and the roll was called with the following voting: Mr. Combs, no; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried by a vote of 9 to 1.

- **Property Acquisition – 1602 Miller Avenue, authorized**

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to purchase the property located at 1602 Miller Avenue, Murray, Kentucky, said authorization being contingent upon approval by the Secretary of Finance. Mrs. Rudolph seconded and the roll was called with the following voting: Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried.

**Adjournment**

The Board adjourned for a break beginning at 10:51 a.m.

**Reconvene**

Chair Williams reconvened the Special Meeting of the Murray State University Board of Regents at 11:06 a.m.

**Intercollegiate Athletics Conference Affiliation, discussed**

Dr. Davies expressed appreciation for the opportunity to address the Board and the greater community in regard to intercollegiate athletics and associated conference affiliation. It is important for all to think about intercollegiate athletics as an integral part of the University and not as an island or entity separate from the University. Intercollegiate athletics is an integrated and important aspect of Murray State University. A quote from the President of an up-and-coming mid-major university, Dean Bresciani, North Dakota State University, was read, “As important as scholarly success is, rarely, if ever, on its own capture the attention and enthusiasm of the public. Reciprocally, a competitive athletic program brings widespread – and in the case
of the National Collegiate Athletic Association Division I universities – even national attention which, in turn, tends to suggest the academic merits of the institution. One can argue that is not how it should be but it is difficult to argue that’s not how it is. Athletics often becomes a proxy measure of the success of a university.” This is an important quote and discussion point that all should be mindful of as intercollegiate athletics is discussed. His quote was utilized to further Dr. Davies’ view that athletics is an integrated and important part of this University. It is not on an island. It is not to be operated separately. It is not to be held to its own self-proclaimed standards and to operate solely as a competition of individuals on a field, court or track.

At Murray State University, intercollegiate athletics is an important part of all the aspects of this institution. It is integral to teaching and learning, the creation and dissemination of knowledge and the service that all faculty, staff and the University hold true. The University must – and does – integrate athletics in those efforts because athletics supports such initiatives and abides by the same rules. Intercollegiate athletics plays an important role in student development, not only for the student athletes, but for all students. Intercollegiate athletics are also important in creating and sustaining the University culture of being student centered and working hard and the culture and ethic of strong values of ensuring fair play. As such, the Athletic Department is held to the same standards of accountability for their performance and this does not mean wins and losses. It is the ability to recruit, retain and graduate students and attract and retain fine professionals and staff that share the same common vision – that this is an academic institution and their role is to help students advance through a rigorous academic program, be retained and to ultimately graduate. The Athletic Department is held to the same standards of academic excellence as all academic units. Their efforts are evaluated in terms of how many students make the Dean’s List and how many graduate. The Athletic Department is held to the same standards of social consciousness and how they participate in the overall University community. Athletic teams and participants have additional responsibilities because of their public nature and the associated public perceptions.

The University also wants to retain its best and brightest students. Today there are over 150 honors students at Murray State and they are expected to participate in activities, conduct research, graduate and be exemplary citizens. At the same time, the University will welcome over 150 student-athletes over the summer months and they will be held to those same standards. The University sees the benefits of athletics and leverages those for the benefit of the entire institution – fundraising, alumni cultivation, political lobbying, marketing, community building and recruitment. All of these aspects are for the benefit of the overall University and intercollegiate athletics plays an important role in that process. The Deans, department Chairs, units and staff members reach out to and utilize the Athletic Department in many ways to further these goals. Murray State’s academic profile, rigorous academic standards, high retention rates and standards as an academic institution have placed the University in the mix of a lot of discussion with regard to athletic conference affiliation. Due to athletic successes – not in terms of wins and losses but because of their own successes such as graduation and retention rates – and the fact that the University does not have any NCAA major violations, and very few minor ones, Murray State is part of these discussions.

The University may have an amazing opportunity to further its investment in intercollegiate athletics, enrollment, fundraising, alumni development and as an academic institution by being paired with very similar peers in terms of conference affiliation. Over the last three years, the institution has been approached with various opportunities related to athletic conference membership and he has discussed these options with Mr. Ward and others, specifically peer Presidents. The University must be aligned with peer institutions to which it wants to be compared academically and athletically. Murray State is a faithful member of the Ohio Valley Conference but when thinking about athletic conferences the institution must be assured it is also in alignment with highly-ranked universities. The University must continually analyze its geographic footprint and determine its reach; from where faculty, staff and students are recruited; where alumni are located and where the institution can continue to leverage opportunities. All need to be mindful of national exposure, as well as intense regional exposure, and this also applies to how student recruitment is leveraged.

Earlier today student recruitment was discussed in terms of where students are coming from and looking at where they are projected to come from in the future. All must continue to look for opportunities for further enrollment and student recruitment efforts – not only for academic programs but in terms of how athletics can also be leveraged as part of this process. The
University must also determine how it capitalizes on robust community support and builds off of that to ensure the University’s efforts are supported and enjoy the associated return. The University must also capitalize on private support and fundraising. In terms of athletic conference affiliation, consideration must be given to how these opportunities can be leveraged and how the social and student experience can be further enhanced to continue to make Murray State University the finest place that all know. Leveraging for branding and marketing – which enhances faculty and staff recruitment, national rankings and academic-specific ranking – must also be considered. These are areas which build into the discussion of an athletic conference. It does seem strange that all of these aspects can be enhanced under a particular athletic conference but all should think about their own experiences with universities they know of and think about how that comes about in those perceptions that exist.

This is an extremely fluid time in NCAA Division I athletics. A lot of movement is occurring in conferences throughout the United States with some of that taking place in Murray State’s specific region. This cannot be viewed solely as an opportunity for athletics because it is an opportunity for Murray State to determine how its investment can be enhanced in athletics to further leveraging opportunities which have been mentioned. This represents a time of significant opportunities that can transform Murray State University and any conference change would represent a long-term investment and not a short-term expenditure. Murray State would not be the first to leverage athletics for University gain. Other universities have done extremely well in this arena and have been able to increase enrollment, prestige and the mark they have made across the country. This includes institutions such as Butler University, University of Central Florida, James Madison, Florida Gulf Coast, Virginia Commonwealth, Valparaiso, Gonzaga, Middle Tennessee and Western Kentucky University. The University of California-Davis is in the University of California (UC) system and 15 years ago while competing in Division II they were ranked within the lower echelon of the California State System even though they were a University of California school. By leveraging athletics, moving conferences and gaining national prestige they are now known as one of the top research institutions. Dr. Davies indicated that while at the University of Buffalo that institution was a member of the esteemed Association of American Universities but was still seen as a second-tiered university in New York. Through athletics and other opportunities the university was transformed into a top Research I university. His Alma Mater – the University of Nevada-Reno – had less than 10,000 students before it made an investment in athletics and changed dramatically. Even being a land-grant university it was losing students to many other universities but over time and a commitment to many aspects, including athletics, it was able to more than double enrollment which has now attracted more National Merit Scholars than many of the other universities in the UC system. It is considered to be on par as one of the major Research I institutions. He also worked at Boise State University that was a small metropolitan university confined to a demographic of a 55-mile radius. The institution is now considered to be very strong, has a national presence and all recognize it for its blue turf because of the commitment to intercollegiate athletics.

Murray State University is at a very interesting time and may be approached about changing athletic conference affiliation but this is not a given. The University is at the time in its history where it could be afforded an opportunity that would move the institution forward in numerous ways over a period of time. Making such a move would not be a short-term expense but would represent a long-term investment. Such a move would encapsulate at least five years of increased expenditures for athletics but, at the same time, the return on investment through increased revenues on multiple fronts; increased student enrollment, prestige, accolades; increased national presence and intensified regional presence. Matching a geographic footprint to where current students are coming from and stretching the institution into markets where it is known it needs to be must be part of this discussion. Stretching into these markets and having a more significant presence for alumni and fundraising, increasing private support and capitalizing on the momentum for Murray State are also important to these conversations.

Over the past few weeks Dr. Davies reported he has received numerous emails and read the following one aloud from a former Board Chair and former President of this University:

“Bob – a rumor is circulating that Murray State may be invited to a new conference. I hope that rumor is true as I believe it would be a major step forward for the University – not only athletically but also in terms of the academic stature and public perceptions. When I served at Northern Iowa, we made the move from the Mid-Continent to the conference that has been
rumored. The move enhanced the recruitment not only for athletes but of students in general because of athletic competition and its attendant publicity more closely aligned with our student recruitment markets. I believe that Murray State would likewise benefit. We also found that the expanded visibility enhanced faculty and staff recruitment in that we attracted applicants who would not otherwise be aware of Northern Iowa but who subsequently made the effort to evaluate our academic resources and standing. Public perception in Iowa and beyond improved as well by virtue of the academic reputation of the conference. On the latter point, most universities in this conference have solid, if not stellar, academic reputations. In most states they are perceived to be at the top tier of institutions, only surpassed by the largest land-grant universities. From a student recruitment point of view, I think the new conference membership would enhance Murray State’s visibility, especially in Missouri, Indiana and Illinois and would significantly assist in efforts to differentiate the University from those you are competing with now and, clearly, Murray State is much more viable. Having said all of this, please know that at the University of Northern Iowa the move was not cost neutral. Travel costs increased, additional grants and aid were required and heightened competition and conference expectations entailed more competitive salaries. There is no inexpensive way to upgrade any part of the University and that is clearly the case with intercollegiate athletics. It is an investment. It is an important investment and it is an investment in the University’s future viability. Look at the University of Northern Iowa today and that certainly affirms this conclusion. We may have that opportunity. We may have an opportunity like Northern Iowa to expand our reach, to grow and to considerably improve our national standing, or regional standing, and in doing so attract more students, better students, attract faculty and staff who would not consider us with our stature now. We are a fine university and, as my grandmother said, you are who you compete against. I think it is important that we compete against the best academic universities that we can. Cheers!”

Dr. Davies indicated that as the current level of expenditures in athletics are considered, compared to other universities in mid-major areas, Murray State would have to make a significant investment and over a five-year period of time that could amount to $3.5 to $4 million. Again, this represents a strategic, long-term approach that would increase the University’s national exposure for not only this year and next year but for five, ten to 15 years to come. Some of the upfront expenditures would eventually pale in comparison to the product the University would receive and be able to build upon. No particular sport has been mentioned today and wins and losses were not part of this discussion and that is important. What has been discussed today would represent a strategic investment and move for the University – not for the next year or two but one which would pay dividends five, ten, 15 and years hence. It is an important time for this University and strategic consideration must be given to the long-term benefits, very probable benefits, of moving forward if an opportunity is presented that the institution is able to seize upon. Go Racers!

Mr. Ward confirmed the process is still unfolding and because it is a process all are strategic in terms of what they comment about because there is a desire to remain respectful to those considering a possible move, as well as the current conference of which Murray State is a founding member. There is a great deal of collegiality within the current conference and if an invitation were presented, and accepted, Murray State would continue to be good members of the current conference. If an opportunity is afforded, there are numerous examples throughout the country of Boards and Presidents that have made decisions that become defining moments for an institution. There are many things that can happen at this institution that can be considered defining moments but this could be one such moment in terms of where it would position the University and impact enrollment, notoriety, prestige and how the institution competes. Any such move would certainly present opportunities for Murray State from a revenue standpoint which is key to how the institution can continue to grow its programs. These are exciting times and it says a lot about Murray State that the University is even in the mix in these discussions. The institution is doing everything possible to capitalize on this opportunity should it be presented. Over the next few weeks it will be seen how this process transpires to determine whether something needs to be presented to the Board for official consideration.

There being no further comments or questions, Chair Williams indicated that the Board recognizes the importance of the subject of athletic conference membership and encourages President Davies and Athletic Director Ward to continue evaluating potential opportunities relative to this topic. Through the years this Board has consistently supported and endorsed strategic initiatives intended to increase enrollment, broaden the University’s exposure and
footprint and elevate the overall reputation of the institution. The Board recognizes that conference membership and the associated benefits can positively and significantly serve as one strategy to advance the University.

**Intercollegiate Athletics Conference Affiliation, authorization approved**

Mr. Kemp moved that the Board of Regents authorize the President of the University and Athletic Director Allen Ward to continue their due diligence as this process unfolds and to present any invitations – and their due diligence on such invitations – back to this Board for serious consideration at a Special Meeting that would be called as needed. Mrs. Guess seconded and the motion carried.

Board members will need to be nimble in terms of a timely response if this process unfolds and a Special Meeting becomes necessary. Appreciation was expressed to Board members in attendance and a reminder was issued that the next Quarterly Board of Regents Meeting is scheduled for June 9, 2017. Ms. Dudley and her staff were commended for a job well done today in regard to the budgeting process.

**Adjournment**

There being no further discussion, the Special Meeting of the Murray State University Board of Regents adjourned at 11:35 a.m.

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