The Board of Regents (BOR) of Murray State University (MSU) met in Special Session on Friday, May 7, 2010, in the Jesse Stuart Room of Pogue Library on the main campus of Murray State University. Chair Alan Stout called the meeting to order at 9:05 a.m. and welcomed members of the University community, news media, general public and those viewing the proceedings via the Internet.

Roll Call

The roll was called and the following members were present: William Adams, Marilyn Buchanon, Constantine Curris, Sharon Green, Kara Mantooth, Jay Morgan, Phil Schooley, Alan Stout, Vickie Travis and Stephen Williams. Absent: none.

Others present were Randy J. Dunn, President; Jill Hunt Lovett, Coordinator for Board Relations, Executive Assistant to the President and Secretary to the Board of Regents; Tom Denton, Vice President for Finance and Administrative Services and Treasurer to the Board of Regents; Gary Brockway, Provost and Vice President for Academic Affairs; Don Robertson, Vice President for Student Affairs; Jim Carter, Vice President for Institutional Advancement; Bob Jackson, Associate Vice President for Institutional Advancement; John Rall, University Counsel; Joshua Jacobs, Chief of Staff; and members of the faculty, staff, students, news media and visitors.

AGENDA

SPECIAL MEETING OF THE BOARD OF REGENTS
Murray State University
Jesse Stuart Room, Pogue Library – 2nd Floor
Friday, May 7, 2010
9 a.m.

1. Call to Order/Roll Call

2. Remarks by Chris Hatcher, MSU Head Football Coach
   Mr. Stout

3. 2010-11 Tuition and Mandatory Fees*
   a. Undergraduate
   Dr. Dunn/
   Mr. Denton
   b. Graduate

4. 2010-11 Dining Rates*
   Dr. Robertson
   Mr. Fritz

5. 2010-11 Housing Rates*
   Dr. Robertson/
   Dr. Wilson

6. Appointment of Dr. Bonnie Higginson as Provost and Vice President for Academic Affairs*
   Dr. Dunn

7. The Murray State News Editorial Issues
   Mr. Adams

8. Adjournment

(*Indicates Board Action Item)
Remarks – MSU Head Coaches

Athletic Director Allen Ward reported the MSU Athletic Program experienced a remarkable year and thanked the Board for their support. MSU won five conference championships in Women’s Soccer, Men’s and Women’s Golf, Rifle and Men’s Basketball. He introduced Head Men’s Basketball Coach Billy Kennedy, Ohio Valley Conference (OVC) Coach of the Year, who led the Racers to a 31-5 record (most all-time for Murray State), posted the most wins in the OVC, in addition to a first round win in the National Collegiate Athletic Association (NCAA) Tournament, with a close second round game against Butler University. Coach Kennedy thanked the Board, Dr. Dunn, faculty, staff and students for their support which contributed to the success of the team this season. It took four years to reach this point and without the help of these individuals such a successful season would not have been possible. Coach Kennedy thanked his players and indicated championships are not won and special events do not happen on a college campus unless student athletes believe in the University they play for. Mr. Ward hopes the Board recognizes the positive impact an athletic program can have on an institution through national exposure and that investing in MSU athletic programs is certainly worthwhile. Mr. Ward introduced Head Football Coach Chris Hatcher and indicated all are excited to have him on campus. Coach Hatcher thanked the Board for the opportunity to address the group and expressed appreciation to Dr. Dunn, Mr. Ward and the Murray community for this opportunity. During his first four months on campus much has been accomplished and, as with any new coaching staff, the transition process takes time. When the MSU Basketball Team played Vanderbilt in the first round of the NCAA Tournament, he was impressed to see coaches and athletes from other sports watching the game and cheering the team on which illustrates the Racer pride which exists on campus and throughout the community.

2010-11 Undergraduate Tuition and Mandatory Fees, discussed

Dr. Dunn reported background information was provided earlier but the Board was also presented with additional material in the supplemental notebook on tuition and mandatory fee increases. The Council on Postsecondary Education (CPE) again established a ceiling for rate increases on tuition and fees of – 5 percent for comprehensive state universities – which is the recommendation being advanced by the administration. Approval of a 5 percent tuition and mandatory fee increase would allow MSU to absorb an anticipated cut in state appropriations for fiscal year 2011 – although the exact amount is not yet known because a Commonwealth budget has not been passed. Both the House and Senate proposals reflected a 1.5 percent cut in state appropriations – approximately $739,000 for MSU – which is likely to be reflected in the final state budget. Fixed costs will also increase and the administration must be able to ensure those increases will be covered by the tuition and mandatory fee rate increase. A 5 percent increase would provide approximately $900,000 for priority spending. Historically this Board has expressed a desire to consider an increase at an amount less than the CPE cap and for that reason a model representing a 4 percent rate increase was provided. Dr. Dunn recommends a 5 percent increase in tuition and mandatory fees but, if preferred by the Board, a 4 percent increase would enable the University to absorb the state appropriations cut and increase in fixed costs but would allow only $500,000 for priority spending.

Additional information regarding tuition, scholarships and waivers requested by Regent Curris during the February meeting was included in Board materials. Regents can undertake as much discussion on this issue today as desired but the spreadsheets presented were designed to provide awareness-level information and whether a more complete discussion of this issue should perhaps be considered during a summer retreat or work session. The administration and the Board would benefit from undertaking discussion on a number of upcoming issues with regard to discounts, scholarships and waivers as part of a larger discussion on how tuition is addressed in the future. Two tuition forums were held on campus one week ago and the Board was provided with feedback on those sessions which were not well attended by students. Appreciation was expressed to the Student Government Association for hosting the forums and it was reported all presentation materials are available on the MSU website. Dr. Dunn presented the following additional information:

- With regard to annual tuition, mandatory fees and housing rates for 2009-10 MSU is in the middle relative to the other five comprehensive universities and the two research institutions and current academic year figures represent the quasi-total cost of attendance. If Kentucky public comprehensive universities and regional benchmark institutions were ranked on tuition and fees
alone, MSU would rank even lower with regard to annual tuition – perhaps in the bottom quartile or even quintile.

- A 5 percent increase in tuition and mandatory fees is recommended for 2010-11 and charts were presented showing the total cost per semester and the dollar increase amount. In comparison to other state institutions, MSU ranks second lowest in cost for tuition and mandatory fees but some differences exist in terms of the basis on which the full-time semester cost is determined, including Morehead State charges for any hours over 12 at 40 percent of the standard rate, Northern Kentucky charges for any hours over 16 at 100 percent of the standard rate (prorated) and Western Kentucky charges for greater than 18 credit hours at 100 percent of the standard rate (except mandatory fees).

- Boards at all state universities have not yet taken action but indications are the tuition rate increase ceiling proposed by the CPE will be met (5 percent for comprehensive universities, 6 percent for the two research institutions). The dollar amount for the tuition increase per semester for MSU is $144 and a bar graph was provided showing a comparison among institutions. Information was provided on resident undergraduate tuition illustrating where MSU ranks at the fall 2009 rate and where it would rank if the Board approved a 5 percent tuition increase for 2010-11. MSU would continue to rank near the bottom even if comparison schools remain at the fall 2009 rate but a number of institutions will take action that will make the comparison even wider. With the proposed tuition rate increase MSU remains an inexpensive, high quality university.

Dr. Dunn reported more detailed information was provided on the revenue impact from the two percentage increase scenarios as reflected below.

<table>
<thead>
<tr>
<th>Cost</th>
<th>4 percent</th>
<th>5 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Tuition Increase (rate increase)</td>
<td>2,854,030</td>
<td>3,567,537</td>
</tr>
<tr>
<td>Gross Tuition Increase (scholarship initiatives)</td>
<td>919,646</td>
<td>919,646</td>
</tr>
<tr>
<td>Mandatory Fees</td>
<td>293,547</td>
<td>366,934</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>4,067,223</td>
<td>4,854,117</td>
</tr>
<tr>
<td>Less: Scholarships and Waivers</td>
<td>(1,546,087)</td>
<td>(1,915,474)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,521,136</td>
<td>2,938,643</td>
</tr>
</tbody>
</table>

Cost adjustment information was presented as follows:

<table>
<thead>
<tr>
<th>Cost</th>
<th>4 percent</th>
<th>5 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation Reduction (1.5 percent)</td>
<td>739,000</td>
<td>739,000</td>
</tr>
<tr>
<td>Other Cost Increases:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Health Insurance &amp; Benefits</td>
<td>691,855</td>
<td>691,855</td>
</tr>
<tr>
<td>KERS Retirement Rate Increase</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>KTRS Retirement Rate Increase</td>
<td>63,000</td>
<td>63,000</td>
</tr>
<tr>
<td>Employee Promotions/Adjustments</td>
<td>168,559</td>
<td>168,559</td>
</tr>
<tr>
<td>Technology, Banking Services and Other</td>
<td>101,625</td>
<td>108,382</td>
</tr>
<tr>
<td><strong>Subtotal Fixed Costs</strong></td>
<td>1,275,039</td>
<td>1,281,796</td>
</tr>
<tr>
<td>Priorities/Total Available for New Spending</td>
<td>507,097</td>
<td>917,847</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,521,136</td>
<td>2,938,643</td>
</tr>
</tbody>
</table>

*Does not include Operation and Maintenance costs of $762,572

Priority/New Spending Commitment information was provided by vice presidential area at both the 4 and 5 percent tuition increases as outlined below and, if approved, would be included in the budget submitted to the Board for approval on June 11, 2010:

- Academic Affairs - Both percentage increases would allow for matching monies for the McNair Grant ($52,050 match) and if the University is able to provide matching funds could result in an increase in the amount of $175,000. Additional revenue resulting from the tuition increase would provide funding for the new Music Business Program for the purchase of software and equipment ($10,000) and creation of the new position of Transfer Center and Veterans Affairs Associate Director ($79,150). The 5 percent tuition and mandatory fee increase would allow for additional work with the Quality Enhancement Program (QEP)/Assessment ($50,000) to accomplish accreditation work required by the Southern Association of Colleges and Schools (SACS), hiring a Program Specialist in Continuing Education and Academic Outreach ($31,000) and provide increased funding for adjuncts to teach in high school bridge programs ($24,000).

- Student Affairs – The University attempted to contract with a psychiatrist for the Counseling and Testing Center to provide additional student services but the initiative was not successful and a decision was made to hire an additional counselor to assist with the current workload. Tuition increases at either percentage would fund the salary for the counselor position ($40,000), in
addition to a Student Disability Services Director ($59,000) and Financial Aid Direct Student Loan Specialist ($18,543).

- Institutional Advancement/Athletics - Both tuition percentage increases would allow for a Communications and Marketing Media Specialist ($25,000) to assist in University recruitment efforts, development of Student Calling Project ($12,000) and funding for softball scholarships ($26,000) which will bring the University to a full contingency according to NCAA rules.

- Finance and Administrative Services/General - Both tuition percentage increases would allow for additional funding to be added to the existing Building Coordinator Emergency Program ($15,000) and for the new positions of Direct Student Loan Reconciliation Specialist ($23,339), General Ledger/Accounts Payable Accountant ($38,000) and a half-time Payroll Clerk ($9,015) to be filled. A 5 percent tuition increase would also allow for $50,000 to be allotted to operations and maintenance/grounds, $200,000 for targeted compensation for hourly staff ($100,000 with 4 percent increase) and $155,750 for sick leave buy back.

Dr. Dunn explained that until four years ago the Commonwealth of Kentucky had as part of its base funding monies for operation and maintenance (O&M) so if new buildings and square footage came on line there was a formula-driven amount of money for O&M that would be provided by the state. This was considered to be a “given” for base funding to be provided to the universities when a funding formula was in place (which no longer exists). Under the old formula the University would have received funding for O&M in a base amount of approximately $770,000. Due to the difficult financial situation in the Commonwealth, it appears the University will not receive O&M funding because both Chamber proposals which have been passed do not reflect such funding. It is important, given new buildings and square footage coming on line, to at least provide some modicum of money (not even 10 percent) of what would have been recommended under the O&M formula to use within these facilities for whatever purpose deemed appropriate.

Information has been shared publicly through Roundabout Murray and in campus forums regarding the compensation study undertaken for hourly staff in an attempt to bring University salaries to market targets for various hourly staff job titles and positions. Although the University will not financially be able to fund all recommendations within one year’s time, an attempt is being made to build in some funding to address hourly staff salaries. The Board will recall that for at least two years money has been budgeted to provide adjustments for the lowest paid hourly staff ($50,000). Now that the compensation study has been completed the University has a fully-researched and analyzed approach within the regional labor market to begin to move toward increasing hourly wage rates by utilizing a portion of the tuition and mandatory fee increase. A proposal has also been discussed with Faculty Senate for the buy back of available sick leave as a retirement benefit. Although a final agreement has not been reached with regard to that proposal and discussion continues, it is anticipated within the next fiscal year an agreement will be reached.

Dr. Dunn provided clarification regarding the quote which appeared in the newspaper where he was reported as saying anything below 5 percent would not be good for the University. In actuality, he indicated anything below a 4 percent tuition and mandatory fee increase would not be desirable and while there is no scenario by which he would recommend a less than 4 percent increase, the administration will make any Board decision work and asked that this be reflected in the minutes. A correction to be made in Board member materials was also noted. Under Option A, for non-resident web course rates, the figures should be the same as resident web course rates and language should be included in the final motion explaining non-resident web course rates should be corrected to match resident rates.

Regent Curris indicated there is a difference in calculation of tuition rates among the institutions and two slides indicated tuition levels for the comprehensive institutions were relatively comparable. When looking at the bottom line one can see where MSU ranks in terms of that calculation but when looking at the figures he is trying to determine why a 5 percent increase for Murray State is $144 and a 5 percent increase for Morehead State (MoSU) is $228. Carl Prestfeldt, Director of Fiscal Planning and Analysis, responded MoSU has a different pricing structure per credit hour and operates on a 15-credit hour basis but discounts hours 13, 14 and 15 by 60 percent which makes it difficult to provide a strict linear comparison. Dr. Dunn indicated the rate being presented is pre-discount and would be comparable on a net basis. Chair Stout reported one year ago the Board discussed changing the University’s pricing structure but elected to stay with the current model. With regard to operations and maintenance Regent Williams
inquired whether the CPE “sun setted” the old state formula and there are simply no increases or whether what is being reported represents an actual decrease. Dr. Dunn stated the CPE had authority to decline O&M funding and until two biennia ago this funding was available and provided but was discontinued in the 2008-10 biennium. These O&M monies were considered part of the University’s base funding even before a budget was finalized. Mr. Denton indicated there was an expectation O&M would be funded not only for custodial maintenance but also for utility costs for a new building. In the House and Senate budgets O&M will not be funded even though these monies were included in the CPE recommendation submitted to the legislature.

Regent Adams indicated waivers total $30 million and some items have nothing budgeted and yet $300,000 was spent while others are budgeted for “x” dollars and nothing was spent and asked whether those items have been analyzed to determine if they are still needed. Dr. Dunn clarified the waiver total includes all types of institutional support and 38 to 39 percent of gross tuition goes toward the waiver of tuition and scholarships and a detailed analysis is undertaken each year to review areas supported in the budget to determine whether support should continue in the same amount – although it would be rare for a previously used line to totally disappear. The Cypress Master of Business Administration (MBA) waiver was cited as an example and was reflected quarterly when the program existed but because there is no cohort currently enrolled, there will be no budget, but the line will remain in anticipation of necessary funding at some future point. With regard to lines with a budgeted amount but no funds used, Mr. Denton indicated while there were some lines with no budget that had expenditures, this occurs because funds will be budgeted in one account – especially in the international area – and it is not known at the onset in which country the funding will actually be expended. If analyzed significantly, Regent Adams asked if the budgeted amount would be considerably more than the amount expended and whether that would have a positive effect on the operating budget and if excess funding is returned to the General Fund. Dr. Dunn indicated any remaining monies are available for general use and are swept into the fund balance at the end of the year. Mr. Denton added over the past several years MSU has relied on excess in this area to assist the University through lean situations but over the years the figure has come closer to the budgeted amount which is true with both gross tuition and waivers. If these amounts were decreased Dr. Dunn agreed there would be more revenue available to the University but the challenge becomes what would be given up in terms of enrollment and trying to remain competitive with other institutions. If MSU gets further afield in this area the University will become non-competitive, especially in the international arena, which is why these levels of support must be maintained. The Board must review these issues on a policy or philosophical basis and this continuation work could occur during the summer Retreat because when a change is made in one area it could cause a detrimental effect in another.

2010-11 Undergraduate Tuition and Mandatory Fees, approved

Mr. Williams moved, seconded by Mr. Schooley, that the Board of Regents, upon the recommendation of the President of the University, approve the attached “Option A” schedule of undergraduate semester tuition and mandatory fees which represents a 5 percent increase for the 2010-11 academic year and, further, that the non-resident web course tuition rate increase be the same as that for resident web courses. The roll was called with the following voting: Mr. Adams, yes; Mrs. Buchanon, yes; Dr. Curris, yes; Mrs. Green, yes; Ms. Mantooth, no; Dr. Morgan, yes; Mr. Schooley, yes; Chair Stout, yes; Mrs. Travis, yes; and Mr. Williams, yes. Motion carried.

(See Attachment #1)

2010-11 Graduate Tuition and Mandatory Fees, discussed

Dr. Dunn reported a different pricing proposal for graduate tuition and mandatory fees is recommended as opposed to paralleling undergraduate pricing. The University must consider means to increase available revenue, particularly for graduate programs. This pricing proposal would increase revenue for graduate initiatives in further support of graduate education at Murray State in the amount of approximately $600,000. Two different options were presented to the Board for consideration in addition to a third option that would represent a 5 percent “status quo” increase in graduate tuition and mandatory fees.
Under Option A the University would do an uncapping with a per credit hour charge on graduate pricing for hours 10, 11 and 12 (along with the 5 percent increase) to provide additional revenue. This recommendation is reflective of the Tuition Task Force proposal one year ago for all Murray State pricing but which was ultimately not supported by the CPE. Not knowing where this Board would be for that purpose and whether there would be support for per credit hour pricing that existed with the predecessor Board one year ago, and which was reflected in the work of the Tuition Task Force, Option B was presented as an alternative and would allow for revenue growth at the graduate level. This option would spread the cost among all graduate students and would amount to an 11 percent increase in lieu of the 5 percent base increase adopted for undergraduate tuition and mandatory fees. Option C represents the straight 5 percent base increase akin to what was passed with undergraduate tuition and fees.

Dr. Dunn further reported Option A would uncapping pricing at hours 10, 11 and 12 so the increase would be paid on those additional hours and this is reflected on the rate sheets the Board will base its motion on. Nine credit hours would continue to represent full-time status at the graduate level which has not changed. Approximately 265 graduate students would be affected by this change but it appears students who take the bulk of these additional hours above nine are international students on student visas for a very limited amount of time. Net revenue to MSU for both Option A and Option B would be approximately $600,000 annually.

Option B represents producing new revenue through an increase in resident graduate per credit hour tuition and mandatory fees (up to 9 hours) from $377 to $421 (11 percent increase). Additional net revenue of $600,000 will be used to support the following graduate initiatives:

- Graduate assistant increase and consistency in support;
- Graduate program development: doctoral and certification programs;
- Library acquisitions targeted for graduate needs; and
- Graduate recruitment and advisement.

Dr. Dunn reported graduate student support is not consistent and generally a stipend is paid for an assistantship. For a non-resident student the University will back off tuition and fees to an in-state or resident rate. Stipends on campus tend to be varied but an MSU in-state student, once the stipend is applied and in-state tuition is paid, has approximately $100 left. This is quite different from what is taking place at other institutions which have implemented a more aggressive pricing schedule at the graduate level. As Murray State seeks to grow, develop, support and innovate in graduate education, a better base of support for graduate assistantships must be established – perhaps even an increased development of research assistantships – which would be supported through new revenue. This occurs in limited areas where grant funding allows for a research assistant (also a graduate student) but generally support for graduate assistantships at MSU varies widely and is not considered strong compared to other public comprehensive institutions. Graduate program development must take place – most notably for the Doctorate of Nursing Practice (DNP) Program. When degree award authority is granted to MSU to offer the DNP Program, the University will incur additional costs associated with instituting the program. Fortunately, the University will not be required to fund this initiative within just one year and it will likely take time for degree authority to be approved, meaning the DNP Program will not begin in fall 2010. Eventually administrative regulation approval will be granted and the University will start ramping up the DNP in Nursing but first must have a means in place to support that growth.

Dr. Dunn reported MSU has had doctoral degree authority in education for some number of years but has not addressed this area due to cost and available capacity within the College of Education. Discussions have taken place for some number of years but a determination was made it would not be prudent to consider a Doctorate in Education (Ed.D.) at this point although authority to offer the degree exists. Morehead State most recently moved on this authority and Murray State in now one of two public comprehensive universities in Kentucky that does not have an Ed.D. program in place. In order to build enrollment the University could offer graduate certificate programs – either mid-career or post-baccalaureate credentials – for a variety of special purposes. Courses must be offered in support of these certificate programs and they must be appropriately marketed because this type of initiative has been successful across the country.

Dr. Dunn indicated Library acquisitions would also receive a portion of revenue from an increase in graduate tuition and mandatory fees. When the University made budget cuts in 2008, the
Library budget for acquisitions was reduced by $120,000. For the past couple of years this deficit has been patched together with support from the MSU Foundation but also during that period Dean of University Libraries Adam Murray has undertaken a difficult reallocation project and discovered a means of absorbing the $120,000 cut in large part through general acquisition. All academic deans assisted in this effort and in order for the University to become stronger in the field of graduate education it must identify a way to primarily offer electronic database acquisition to support specialized work which takes place at the graduate level. It is also desirable to grow graduate recruitment and advisement since that work has been decentralized and is now housed in the Office of the Provost.

The Board was presented with three different tuition options for consideration. Option A would increase graduate tuition and mandatory fees by 5 percent and establish capping at 12 hours. Option B would produce the same amount of new revenue but would divide the cost across all graduate students with an 11 percent increase in tuition and mandatory fees. Option C would amount to the Board approving the 5 percent tuition and mandatory fee base increase without undertaking any capping of hours. The Board was also provided with information illustrating where the University would rank among all Kentucky public universities with regard to tuition and mandatory fees for graduate students under the three different options presented. This comparison was provided at the full-time cost (assuming 12 hours for Option A) and at the semester per credit hour cost. Information was provided on the number of students impacted, including Kentucky resident, regional and non-resident students based on 2009 numbers.

In response to a Regent question regarding Option A and reference to full-time cost for 2009-10 and whether the University is currently third among the eight Kentucky public universities in cost for full-time graduate resident students – more than the University of Kentucky (UK) and the University of Louisville (UofL) – Dr. Dunn indicated this to be the case but reminded the Board that UK and UofL base their tuition cost on 9 credit hours as opposed to 12 hours. Mr. Denton added with regard to the research institutions there are also program fees which are not included in the information presented. These fees vary by program and can be as much as $600 per semester at the graduate level. Dr. Dunn reported Eastern Kentucky University (EKU) has moved to this pricing model for all students which amounted to approximately $750,000 in additional revenue with no detrimental effect on enrollment – it actually increased – even with the change in pricing structure. EKU has also attempted to address graduate assistant support and issues of that nature. Clarification was provided in response to a Regent question that under Option A graduate students would pay $3,564 for 9 hours during the fall 2010 semester – which represents a 5 percent increase but is approximately $1,000 below graduate tuition and mandatory fees at UK or UofL – not taking into account additional program fees charged by those two institutions.

2010-11 Graduate Tuition and Mandatory Fees, approved

Dr. Morgan moved, seconded by Mr. Williams, that the Board of Regents, upon the recommendation of the President of the University, approve the attached “Option A” graduate semester tuition and mandatory fees representing a 5 percent increase and applying the per credit hour charge for hours 10-12 for the 2010-11 academic year. The roll was called with the following voting: Mr. Adams, yes; Mrs. Buchanon, yes; Dr. Curris, yes; Mrs. Green, yes; Ms. Mantooth, no; Dr. Morgan, yes; Mr. Schooley, yes; Chair Stout, yes; Mrs. Travis, yes; and Mr. Williams, yes. Motion carried.

(See Attachment #2)

Regent Curris indicated the listing of priority/new spending commitments was helpful but is concerned the Board was informed in December the critical priority for Murray State was addressing compensation for faculty and staff and at the request of the administration approved a 1 percent salary increase. The salary increase was weighted more heavily toward individuals at the lower end of the pay scale and was capped at $1,200. This action was taken in an unusual setting (mid-year) because it was a top priority of the University and faculty and staff had not received raises for a number of years. In both undergraduate and graduate presentations the issue of overall salary increases for faculty and staff has not been addressed among the priorities listed. There are funds allocated for the lowest paid employees and there are funds available to cover some health insurance costs but salaries (which were a priority in December) do not appear to be
a priority in May. Dr. Dunn reported salary increases do not disappear as a priority simply because the Board has already taken action on the issue. The budget which will be presented in June will not contain an assumed salary increase for fiscal year 2011 short of a directive from the Board based on discussion today. The University provided a small increase to employees but in comparison to the other public institutions in Kentucky, MSU was able to provide only nominal salary increases to show the administration is aware salary increases are an important priority. Other Kentucky public institutions are building their FY11 budget under the assumption there will be very little or no across-the-board salary increases. Dr. Dunn does not want it reported he, as President, feels the University has fulfilled this priority and the salary issue no longer needs to be addressed. The University is not far afield in terms of how competitors are addressing compensation for faculty and staff and as the University considers the tuition proposal there are other needs and priorities which must also be met. Approval of the graduate tuition and mandatory fees proposal enables the University to begin addressing a number of priorities while bearing in mind it will also need to review the compensation issue again. An additional component to this discussion is health insurance renewals (increases), which occur on a mid-fiscal year basis and represent a key benefit, and the administration must balance wages against overall compensation benefits.

**2010-11 Dining Rates, approved**

Dr. Robertson reported auxiliaries include the University Bookstore, Dining Services and Housing/Residence Life. Auxiliaries are self-supporting which means no state dollars are provided to those operations and revenue must cover expenses. Revenues include Bookstore sales and housing and meal plan fees and expenditures include staff salaries, fringe benefits, student wages, maintenance and repair, supplies and commodities, utilities, communications, institutional support, capital and equipment upgrades, bond payments and debt reserves. Dining Services rate factors which were considered as part of this year’s request include:

- Rate increase for the 125/300 flex dollar plan is 7.5 percent ($100) which more accurately reflects applicable overhead cost of operation for this program.
- Rate increase for the 85/150 plan is 4.2 percent ($41) which is an optional commuter plan available for purchase.
- 4.8 percent ($493,600) of the revenue generated will cover Housing Debt Services and 2.4 percent will cover Dining Debt Services with the range of increase from $41 to $100 per semester.
- Food cost increases for 2010-11 are predicted to reach 3 percent.

The following plans would be offered:

**Unlimited Use (new)**

- Provides “unlimited” access to Winslow Dining Hall for the entire semester with students being allowed to enter as many times per day as desired for meals, snacks and beverages. The plan also includes eight Winslow guest meals for family and friends and $75 Flex dollars to spend at other campus dining venues. This plan was developed in conjunction with the Student Food Committee, has been discussed with the Student Government Association and the Residential College Association and was very well received during the first two Orientation sessions. The plan eliminates the issue of missed meals and hours of operation have been expanded. Currently brunch and dinner are offered on the weekends but with the implementation of this plan breakfast will also be offered. There is a small increase in cost but, as was discovered in discussions with other schools implementing similar plans, students tend to eat smarter under this plan which creates greater satisfaction. This plan will be required for incoming freshmen but can also be purchased by upper classmen at a cost of $1,486.

**175/400**

- Provides 175 Winslow meals and $400 Flex to spend at any campus dining venue at a cost of $1,486 (no increase).

**125/300**

- Provides 125 Winslow meals and $300 Flex to spend at any campus dining venue at a cost of $1,427 (7.5 percent increase – $100 per semester).

A number of commuter plans are also being offered, including:

- 85/150 – 85 meals, $150 flex dollars ($995 – $41 increase);
The majority of dining operations at other universities have not yet set rates and in comparison to 2009-10 figures Murray State’s unlimited use plan would rank slightly above the middle even with proposed 2010-11 rates. When other universities raise their dining service rates MSU will settle into the middle of the group of benchmark institutions and other Kentucky public universities.

Mr. Williams moved, seconded by Mrs. Travis, that the Board of Regents, upon the recommendation of the President of the University, approve the meal plan rate increase of 4.2 percent for the 85/150 plan and 7.5 percent for the 125/300 plan. The 175/400 plan and all other commuter plans will have no rate increase. Also recommended for approval is the new unlimited use plan of $1,486 per semester as the meal plan option required for residential freshmen. The roll was called with the following voting: Mr. Adams, yes; Mrs. Buchanan, yes; Dr. Curris, yes; Mrs. Green, yes; Ms. Mantooth, yes; Dr. Morgan, yes; Mr. Schooley, yes; Chair Stout, yes; Mrs. Travis, yes; and Mr. Williams, yes. Motion carried.

2010-11 Housing Rates, approved

Dr. Robertson reported revenue from room rate increases would be used to:

- Establish a pool for renovation of high-rise residential colleges ($480,000). A plan has been developed and there is an aggressive schedule in place to address facility renovation needs.
- Provide coverage for foregone revenue resulting from implementation of the Living-on-Campus Task Force recommendation seniors who receive regional tuition discounts no longer be required to live in campus housing.
- Provide budget for student scholarships in excess of $800,000 mainly through housing scholarships which play a significant role in recruitment and retention efforts.

A 6 percent rate increase is recommended for standard residential college housing which amounts to an increase of $108 for the academic semester and a $30 increase during the summer. For 2010-11 a double room will cost $1,903 and a private room will cost $2,903. There is an additional cost of $500 per semester for students living in the newer Clark and Richmond Colleges previously approved by the Board and the proposed rate increase of $108 would bring the cost of a double room to $2,403 and a private room to $3,403. David Wilson, Director of Residence Life/Housing, reported occupancy in these two residential colleges remains between 98 and 99 percent. Dr. Robertson stated many upperclassmen desire to move into these two facilities but some rooms are being reserved for incoming freshmen – further illustrating demand for these facilities remains strong. In response to a Regent question, confirmation was provided there was a decrease in housing occupancy over the last year due to commuter students who would normally live in the residential colleges deciding to live at home and commute to campus. In addition, approximately 100 senior students receiving regional tuition discounts elected to move into off-campus facilities. No fee increase is proposed for College Courts and for 2010-11 a one bedroom apartment will cost $423 per month and a two bedroom apartment will cost $487 per month. An aggressive renovation plan will begin this summer to address needs in the College Courts facilities and will continue over an approximate three-year period. The option of privatization to address renovation needs in College Courts was reviewed and utilizing this approach was deemed cost prohibitive. Once this conclusion had been reached a decision was made to instead implement a plan for the University to renovate the facility. Dr. Dunn indicated as part of the Buildings and Grounds Committee Meeting in June the Board will receive a full report regarding why a public-private partnership or a third party financing approach to College Courts was not feasible. Over the past two years the administration has reviewed many different approaches to address renovation needs for College Courts but has been unable to identify a suitable approach that would be in the best interest of the University. The Campus Master Plan will also be reviewed with the Board in June. Dr. Dunn indicated not being able to utilize this approach to address renovation needs in College Courts is one of the most disappointing developments since becoming President. Dr. Wilson indicated College Courts remains at full capacity and the students who live in that facility are vehement it should remain a viable option.
The cost which would be passed on to students by utilizing a private-partnership was simply too exorbitant.

In response to a Regent question regarding whether the University received funding approval from Frankfort for the replacement of Franklin College, Dr. Dunn indicated this to be the case although no actual bonds have been sold for that purpose. The University intends to shift some of that bond authority to the high-rise renovation project. Mr. Denton indicated the University has separate bond authority for the high-rise residential colleges and at one time had bonding authority for replacement of College Courts but renovation of those buildings is now requested. The University has authorization for the replacement of Franklin College but prefers for any debt service payment increase to go toward high-rise renovations to impact more students. Dr. Dunn reported the administration would prefer to be able to undertake both projects but was forced to make a choice with regard to replacing Franklin College or addressing needs in the high-rise facilities. The University will again address Franklin College at some point when it is able to accumulate some debt capacity and rearrange priorities to pay for such initiatives. The University would need to have bond authority to replace Franklin College renewed when it is able to address replacement of the facility.

Dr. Robertson reported a housing rate comparison was provided and most regional benchmark and Kentucky public universities have set 2010-11 housing rates and MSU remains in the middle of that group. Chair Stout indicated total cost of attendance for an incoming freshman student before scholarships or waivers (tuition, meals and housing) would be $6,521 ($13,042 per year). By the June Board meeting he would like to see a graph reflecting where Murray State stands based on this comparison. Dr. Dunn stated this information could be provided but it would also be appropriate to undertake additional work during the Summer BOR Retreat because there are underlying questions which could warrant further discussion. One past practice has been for housing auxiliaries to be entirely self-supporting and tuition and pricing is structured in a way so that is possible. One could argue whether $800,000 in housing scholarships has an overall institutional benefit and if there is a fairness aspect to it – whether it should be supported with general institutional funds as opposed to charging resident students. It is not universal practice for employees working in auxiliary units to be paid from those proceeds and the issue is handled utilizing a variety of approaches at other institutions.

Mr. Williams moved, seconded by Mr. Schooley, that the Board of Regents, upon the recommendation of the President of the University, approve a standard residential college room rate increase of 6 percent for residential colleges, effective with the 2010-11 academic year. It was further moved that the Board of Regents, upon the recommendation of the President of the University, approve a dollar increase for Clark and Richmond Colleges equal to that of the standard residential college room rate, effective with the 2010-11 academic year. The roll was called with the following voting: Mr. Adams, yes; Mrs. Buchanan, yes; Dr. Curris, yes; Mrs. Green, yes; Ms. Mantooth, no; Dr. Morgan, yes; Mr. Schooley, yes; Chair Stout, yes; Mrs. Travis, yes; and Mr. Williams, yes. Motion carried.

In response to a Regent question regarding whether the Student Aid Act passed with the Health Care initiative in Congress and if it contained “maintenance of effort” language, Dr. Dunn indicated the legislation passed through the Direct Lending Bill but is unsure whether it contained language to that effect. Maintenance of effort means when a state receives federal stimulus dollars it is a requirement that overall state support not be allowed to drop below the 2006 benchmark. Dr. Dunn agreed to clarify this issue and also with a Regent request that the importance of this requirement to the future of public higher education be conveyed to legislators at every opportunity. Discussion in general terms regarding not lessening the role of overall support to the University is already on the list to highlight with legislators and it is believed federal “maintenance of effort” language was not included as part of the Health Care Bill but was attached to federal stimulus language and if there is federal stimulus renewal the language may reappear. Due to recent changes in direct lending legislation, the University is now required to fund two new staff positions - one in accounting the other in financial aid. The public rallied against banks making money on student loans and the change in legislation represented a classic cost shift with the University now having to hire two individuals to directly service federal loans. Regent Buchanan indicated she would like to go on record as saying when meetings take place with Congressional representatives this issue must be kept in front of all legislators.
Appointment of Dr. Bonnie Higginson as Provost and Vice President for Academic Affairs, approved

Chair Stout reported Gary Brockway is retiring from the administrative position of Provost and Vice President for Academic Affairs, effective June 30, 2010, and Bonnie Higginson, presently MSU Associate Provost, is recommended to fill this position. A national search was conducted utilizing a University Search Committee working with an external consulting firm (HYA & Associates, Ltd.). Updates regarding the search were provided to Regents on an ongoing basis throughout the process. Dr. Higginson and President Dunn have mutually agreed this appointment shall be for a fixed term of three years (July 1, 2010, through June 30, 2013) which may be extended for a final year (through June 30, 2014). A curriculum vitae and copy of the Contract of Appointment were provided as attachments to this recommendation.

(See Attachments #3 and #4)

Mrs. Buchanan moved, seconded by Mrs. Green, that the Board of Regents, upon the recommendation of the President of the University, approve the appointment of Dr. Bonnie Higginson as Provost and Vice President for Academic Affairs, effective July 1, 2010, per the terms of the attached Contract of Appointment. The roll was called with the following voting: Mr. Adams, yes; Mrs. Buchanan, yes; Dr. Curris, requested his vote be deferred until after completion of the roll call; Mrs. Green, yes; Ms. Mantooth, yes; Dr. Morgan, yes; Mr. Schooley, yes; Chair Stout, yes; Mrs. Travis, yes; and Mr. Williams, yes. Dr. Curris’ name was again called and he abstained stating he has known Dr. Higginson since she was a distinguished student at Murray State and believes she has undertaken remarkable work since that time as evidenced by her curriculum vitae. Dr. Curris’ abstention is based on the fact that it is not the job of the Board to select individuals to serve under the President and his abstention should in no way be considered to be a reflection on the quality of Dr. Higginson’s qualifications or on his sense of her ability to undertake the work of Provost. The governing board has an obligation to oversee the governance of the institution and critical to this role is having a meaningful search process for all key positions at the institution and this philosophy has contributed mightily to the advancement of Murray State. If a search is unsuccessful the process should be reconstituted and begun anew and the fact that did not happen with this particular search constitutes a breach of how institutions should operate. He is concerned about setting a precedent which is why he wanted to speak. If the University undertakes a search for a Dean, Director or Chair and the search is unsuccessful, he does not believe the Provost or anyone else can make the determination to discard the process and choose whomever they want for the position. Because the importance of the search process influences him, Dr. Curris wishes to abstain but appreciates the opportunity to express the reason why he arrived at this decision.

Dr. Dunn agrees with Dr. Curris’ philosophy and stated the process as it exists in policy at Murray State University provides some degree of discretionary authority to the President. Philosophically it could be debated whether that is a good or bad thing but it exists in terms of some searches generally and there is specific language in the Faculty Handbook with regard to a Dean appointment and things of that nature. If the Board collectively desires to move toward constraining this authority it should do so through policy. The Board should review the policies and practices currently in place and make that determination and it is absolutely within the Board’s purview to restructure the process. To say an authority exists and the President should not or cannot use it to some degree puts a President in a box. If it is the collective thinking of the Board this policy should be reviewed, per Dr. Curris’ comments, an attempt should be made to identify areas within policy and practice – that the Board at a subsequent meeting would direct be undertaken – to be reviewed to allow issues Dr. Curris has mentioned to be structured within the rules and utilized as a basis moving forward. Dr. Dunn indicated his appointment of Dr. Higginson did nothing to abnegate any policies or procedures and did not violate any laws. He simply utilized authority which existed to put in who, in the President’s opinion, was the best person for the position and will be a great Provost for MSU. If there is a desire to review this issue then that could be undertaken by the Board or one of its committees to determine whether such areas of discretion should be identified and reviewed to determine how the process should function.

Motion carried.
Dr. Higginson thanked Dr. Dunn and the Board for the opportunity to serve MSU in this capacity and expressed appreciation to Dr. Brockway for his guidance and assistance over the last three years. Murray State has presented her and many others with amazing opportunities and she is passionate about the University and looks forward to serving as Provost. If the Board has any questions of an academic nature it believes should be reviewed, they were requested to let her know so she can undertake that work. Chair Stout expressed congratulations to Dr. Higginson on behalf of the entire Board and indicated he empowers her to move this University forward.

The Murray State News, Editorial Issues, motion approved

Regent Adams indicated he takes no joy in talking about the particular subject matter he is going to address but feels compelled to do so because it is his responsibility. He is referring to a special publication of The Murray State News, entitled, “Special Sextion,” that was published on March 12, 2010. He received a phone call from a successful business person in the community who had previous to the call set up a weekly (and likely long-term) advertising program with The MSU News and also, at the same time, had agreed to be a distribution point for the student paper. The first week that particular business received The MSU News this section was included and the individual called Mr. Adams to indicate he was appalled at what he saw and was distressed and unsure what to do about the issue but was sure he would cancel his advertising budget with the University over this particular section of the student newspaper. When Mr. Adams received his copy he saw exactly what this individual was talking about and indicated the following articles appear in the “Special Sextion;”

- “SEXTually Explicit” talking about the implications of sex via telephone;
- “Passion Party 101: An account of a passion party virgin’s big night;”
- “Durex reports sex norms from around the world;”
- “Vagina Monologues raises funds, creates ‘community of feminists’;”
- “Health Services condoms, STD tests,” and
- “Hot wax, wannabe captains and other sexual mishaps: Your embarrassing stories revealed.”

The back page of the special section contained the results of student sex surveys that 114 Murray State students (67 females, 47 males) participated in and in his opinion is second only to the front page. The questions on the survey included:

- Do you practice safe sex?
- If you are a virgin, is there a particular reason why you are waiting for sex?
- What is your favorite sex position?
- Have you ever had an STD?
- At what age did you first have sex?
- How many sexual partners have you had?
- Do you watch pornography?
- Have you ever been sexually assaulted?
- Do you masturbate?
- Where have you had sex on campus?
- Have you ever used sex toys?

Survey results were not hidden inside the publication but were readily available on the back page. Regent Adams’ first thought was this publication does not increase the body of knowledge at Murray State and certainly is not appropriate for the University’s new brand: Your World to Explore. He was excited about the new brand because it would take the University in a new direction but this is not the direction he expected or hoped the institution would go. It is his belief this particular publication was an unnecessary addition to The Murray State News. It did afford the editor an opportunity to offer shock and awe and poor taste subject matter and as she stated in the Letter from the Editor:

“It has been on my mind ever since I first took over as Editor so I have been worried longer than you have, I assure you. We aren’t trying to reinvent the wheel with this section, just spicing up the variety of topics we are presenting to our readers. Let’s all avoid spilled guts and explore more topics that might be under the radar in the Bible belt.”

Mr. Adams stated this issue is not under the radar and has actually been picked up rather well. He understands First Amendment rights related to a public or any institution and is not
suggests censorship through this discussion. However, he believes this University and this newspaper – which is the voice and the principle training vehicle for journalism at this institution and is tax payer funded – should be respectful of these facts and an expectation of high quality journalism is fitting for this University. The leadership of the newspaper has a right to freedom of expression even to a miniscule population but as a citizen and also as a Board member he has a right and an obligation to express displeasure with this type of journalism which represents the belief of a majority of people in this area. He believes this publication and similar recent articles are inappropriate, in poor taste, not representative of the culture of the University community, the service region and the state of Kentucky and not in the best interest of the University. Regent Adams stated, “Mr. Chairman, I yield my time to any Board members who would like to ask me a question or make any additional comments but I reserve the right to speak again at the end of that time.”

Regent Travis indicated when she received her copy of the publication she was shocked and disappointed but read the section sitting at her kitchen table. As fast as she could she put it in the bottom of her trash can because she did not want it in her home. As a taxpayer and a Board member, she was disappointed in the publication but was glad to learn the topic would be discussed at the Special Board Meeting. She understands freedom and speech and read the background information provided by Dr. Dunn, however, the comments she has received from the community – people who support this University with their money and their hearts and encourage enrollment – brings her to this passion point. The 18-county service region is part of many discussions and when this type of publication appears on other kitchen tables it does not put Murray State in a good light with the typical western Kentucky family. She is interested in how much money is – during this budget crisis when the Board would like to spend more for faculty and staff salary increases – provided by taxpayers to The MSU News. There is a line where good taste ends and begins and Mrs. Travis believes that line has been crossed in this instance. It does not accurately represent Murray State University and at some point she would like to discuss numbers.

Regent Buchanon indicated she also understands freedom of the press and First Amendment rights but also knows respectable, responsible journalism and this crosses the line. Chair Stout added this is not the first time the line has been crossed and in May 2006 this Board passed a Resolution condemning The Murray State News for inappropriate publications. Regent Green received two phone calls from strangers and their main concern was this information is not only available on campus but is left at various locations throughout the community where any child could gain access to it. As a parent of a 20-year-old and an almost 23-year-old she was not as offended by the material or afraid MSU students would read the publication as she was for high school students who visit campus and could potentially read it as well as younger children who could have access to the publication at a variety of local businesses.

Regent Travis asked how much money was provided to The Murray State News and Mr. Adams indicated one-third of the paper’s budget comes from the University ($25,000 of $75,000) but MSU also provides many other types of support, including space and faculty support, which likely amounts to more than 50 percent. Chair Stout agreed more detailed information could be necessary and Dr. Dunn indicated a breakdown of funding could be provided but he is compelled to say, depending on the direction this conversation takes, that the Board enters into very dangerous territory when it starts talking about controlling or using funds in such a way as to be viewed as a means to shape content. For the record and as President, Dr. Dunn indicated if the intent is to say review of this issue should be undertaken for the purpose of taking some action around budget, he has great concern about that and would make this known at such time the Board deliberated to undertake specific action. This sentiment is also reflected in the briefing materials provided to all Board members. Mrs. Travis indicated this type of supplement simply brings the newspaper to the attention of the Board and as budget cuts have occurred in many places this may be another area which should be considered to which Dr. Dunn responded just on the basis of discussion that has already take place the wall has already been broached. By virtue of the fact the Board is talking about this issue now would provide suspect cause on future budgetary decisions. Again, he does not want to forestall what the Board may wish to do with information it absolutely has a right to know and he is glad to share that information, but before the Board gets too far down this path he wants to be very clear it is in dangerous territory.

Regent Adams emphasized, as he said earlier, he is not headed in this direction and it is not about censorship but as a member of this Board he believes he must speak to this particular issue.
Mr. Adams moved that the President be directed to correspond in writing expressing the Board of Regents’ belief *The Murray State News* special publication entitled, “Special Sextion,” dated March 12, 2010, was an inappropriate publication, in poor taste, and this publication was not in the best interest of the University and that this correspondence be sent to the faculty advisor of *The Murray State News* and copies of the correspondence be sent to the Dean of the College of Business, Chair of the Department of Journalism and Mass Communications and the Editor-in-Chief of the 2009-10 *Murray State News*. Mrs. Travis seconded.

Dr. Dunn questioned whether it is violative of the Special Call Meeting provision when there is an informational item on the agenda and the Board ultimately takes action on a motion centered around this agenda item with no action anticipated so he cannot say action by the Board would constitute a violation of the Special Call Meeting provision. Chair Stout indicated this issue was listed as an agenda item and he has accepted a motion and a second.

The roll was called with the following voting: Mr. Adams, yes; Mrs. Buchanon, yes; Dr. Curris, abstain (due to not having read the “Special Sextion”); Mrs. Green, yes; Ms. Mantooth, no; Dr. Morgan, abstain; Mr. Schooley, no; Chair Stout, yes; Mrs. Travis, yes; and Mr. Williams, yes. Motion carried by a vote of 6 to 2 with two abstentions.

Following the vote on the above-styled motion, Regent Buchanon requested the wording “responsible journalism” also be included in the correspondence.

**Adjournment**

There being no further business before the Board, Mr. Williams moved that the Special Call Meeting of the Board of Regents adjourn. Mrs. Green seconded and the motion carried. Adjournment was at 11:25 a.m.