Roll Call

Judge Jeff Taylor, Chair of the Tuition Task Force, called the meeting to order at 6:15 p.m. and the roll was called with the following present: Keith Cartwright, Mike Freels, Peg Hays, Dave Hornback, Kara Mantooth, Doug Watkins, Becki Wells, Brett Welter, Steve White, Ashley Wild, Tom Denton and Lori Mitchum. Absent: None. Others present included: Gary Brockway, Provost and Vice President for Academic Affairs; Jill Hunt Lovett, Coordinator for Board Relations, Executive Assistant to the President and Secretary to the Board of Regents; and members of the news media.

Mr. Hornback introduced himself to the group and stated that he is originally from Missouri but returned to Kentucky and earned his bachelor’s degree from MSU in 1967. Following time in the Army, he returned to the area and taught high school for three years and then earned his master’s degree. His daughter is a Murray State graduate and his son attended Eastern Kentucky University on a tennis scholarship. Mr. Hornback is retired from the Murray Bank.

Judge Taylor discussed a memorandum from President Randy Dunn and two articles pertaining to the rising costs of a college education and indicated that these materials provide additional valuable data. The Iron Triangle: College Presidents Talk About Costs, Access and Quality, is a report recently released from two respected organizations that examine public policy questions - The National Center for Public Policy and Higher Education (higher education issues) and Public Agenda. The joint report was based on interview data from college presidents and the section that deals with the topic of the cost of higher education was provided to Task Force members. The article, Changing the Tuition Discussion, was also distributed for review. This article from Inside Higher Ed provides background on how the tuition debate is being reframed around the country and is based on a larger report conducted by the National Association of State Universities and Land-Grant Colleges, another respected organization.

Judge Taylor stated Task Force members were also provided with additional information on course enrollment data for the MSU distance learning programs at the extended campus sites for fall 2008 (represents the official numbers reported to the Council on Postsecondary Education - CPE) and a link to the MSU homepage which will direct Task Force members to the Board of Regent’s website where they can access information regarding the Task Force, including minutes from previous meetings.

Judge Taylor presented an article from the December 3, 2008, Courier-Journal, KY ‘Fails’ College Affordability, which details results of a recent national study on higher education affordability. Kentucky received an “F,” according to the national report because income levels and also financial aid support are not rising as fast as tuition. In-state undergraduate tuition has increased an average of 10 percent each year in the past decade and average loan amounts have doubled since the mid-1990s to $4,800 a year. Kentucky has made strides in college preparation, participation, completion and benefits from higher education but still lags behind the top achieving states in most areas, scoring Cs for college preparation, D+ for state benefits from higher education and a B for completion. According to the national report, only California is passing under the guidelines of affordability. An msnbc.com article, Study: 49 States Flunk College Affordability, provides a more detailed report on the situation in Kentucky.

Presentation on Tuition Breakdown

Mr. Tom Denton, Vice President for Finance and Administrative Services, provided a presentation on tuition breakdown at Murray State University. He presented an Annual Tuition Analysis by Residency chart for the year ended June 30, 2008, representing actual gross tuition for 2007-08. Resident in-state tuition comprised $34 million (50.5 percent) of the $68 million gross tuition before discounts, waivers or scholarships (including reciprocal agreements) and $4.4 million of that amount was derived from web courses. Students are charged 30 percent over
in-state tuition for web courses which are taught by MSU faculty. Data regarding non-resident tuition was broken down by the regional states of Illinois ($9.9 million, 14.6 percent), Indiana ($3.4 million, 5.1 percent), Missouri ($3.6 million, 5.3 percent) and Tennessee ($8.8 million, 13 percent) representing 38 percent of gross tuition revenue from four regional states. Other non-resident (other states in the U.S.) tuition represents a relatively small percent of annual tuition when compared to the four regional states. International students contributed $4.6 million (6.9 percent) in tuition and non-resident (domestic) students contributed $3.1 million (4.6 percent). Undergraduate students contributed 81.2 percent to total annual tuition with graduate students contributing 18.8 percent.

Mr. Denton provided an analysis of tuition waivers and presented information on the prior year budget, actual budget and description of accounts and per semester rate (per student basis). For each of the various waivers it was indicated whether tuition, mandatory fees, Wellness Center fee, course fees, room, board and books are fully covered, in addition to whether the waiver is refundable. Ms. Mitchum explained that community college waivers pertain to the discount offered to community college students who attend MSU and averages $2,000 per student per year. There is a policy in place with regard to regional discounts where tuition rates for benchmark institutions in Illinois, Indiana, Missouri and Tennessee are reviewed and those rates are averaged to determine how much of an increase has occurred since the previous year. MSU receives more tuition revenue for out-of-state students and adjusts the net tuition for those students to attend MSU at essentially the same rate it would cost them to attend college in their home state.

With regard to Institute for International Studies tuition waivers, a one-third tuition discount is provided for all international students and is based on out-of-state tuition, totaling twice the amount of regional out-of-state tuition. With regard to Kentucky Institute for International Studies (KIIS) tuition waivers and discounts, students pay a fee to participate in the KIIS program and these fees are applied toward the cost of travel. MSU students and students from other schools travel to foreign countries but receive credit from MSU. Employee waivers amounted to $1.2 million and legislative mandated waivers totaled over $784,000. These particular waivers are mandated by the legislature.

The miscellaneous tuition waiver category includes waivers for students in the Commonwealth Honors Academy ($222,496), Graduate Assistants ($602,000), and Alumni ($1,136,950) as examples. Waivers are provided to alumni of Murray State so that their children can attend MSU at the in-state tuition rate. In addition, MSU employees are entitled to six free courses per semester (fiscal year) and can transfer that benefit to their immediate family members. Mr. Denton explained that athletic scholarships can be full or partial scholarships and are based on several factors, depending on the sport. Over $3 million in athletic scholarships were provided by Murray State with departmental scholarships representing a much smaller amount. Total waivers/discounts provided by E&G amounted to over $28 million which means more waivers were budgeted for than were used by Murray State students.

A Revenue Schedule was provided to all Task Force members and for the year ended June 30, 2008, there was net income of approximately $2.5 to $3 million and the University did not operate at a deficit. Judge Taylor clarified that there was $70 million in gross tuition, less $27 million for tuition discounts, for a total of $43 million in tuition collected by Murray State and Mr. Denton confirmed that to be the case. Ms. Hays asked whether any portion of this amount represents tuition that cannot be collected and Mr. Denton reported that each year there is approximately $110,000 in doubtful collection accounts but those are eventually written off and the percentage of those accounts that are written off in most years is well below the Kentucky median for universities. Ms. Wells stated that she has encountered the term “unfunded enrollment” and asked for clarification on what that refers to. Mr. Denton stated he is familiar with unfunded mandates which refer to those things the state requires the University to offer students but does not provide funding to cover the cost of those services. He indicated that while he is not familiar with the unfunded enrollment term it may pertain to unfunded mandates. Judge Taylor asked how much net tuition comes from external scholarship sources and Mr. Denton replied that some third parties provide scholarships directly to the students and those payments are included in the Fact Book if the University is aware of them and are in addition to tuition waivers. There are tuition waivers for the KIIS program in the amount of approximately $4.5
million, MSU Foundation ($1.2 million) and other scholarships in the amount of $3.5 million (Lions Club, Kiwanis, etc.).

Additional information was provided from the 2008-09 Fact Book to Task Force members regarding financial aid awards. Although this information has not yet been released, 2,402 awards totaling $3,501,677 were awarded to Murray State University students from outside sources. These monies were paid directly to the students and are refundable to the student if their bills are paid by other means. Housing waivers amounting to $900,000 were also provided. Mrs. Mitchum reported that undergraduate, dependent students are limited to $15,242 in financial aid to pay for tuition, room, board, clothing and books, less financial aid and outside scholarships and loans. Independent students cannot receive grants but can receive a discount from the state. Mr. Denton reported there is a line in the budget for graduate assistant waivers in the amount of approximately $600,000 but most graduate students must still take out loans to complete their education.

Mr. Denton reported that Murray State tuition increased $2.6 million for the current year and last year the budget was cut by $1.7 million and then again for another $1.6 million. In January 2009 there most likely will be an additional $2.1 million cut. Ms. Hays indicated that increasing tuition is not the only means of covering increased costs and the University must review the overall cost of operation and must talk about increasing the number of students to reach the breakeven point. Judge Taylor added if enrollment at Murray State increases by 1,000 students next year that will generate $5.4 million in additional revenue and he wants to see a significant increase in recruitment efforts and more progress being made toward increasing enrollment. He believes enrollment could be increased by 2,000 students without a substantial increase in costs, although there are currently some unknown variables – and even more could come into play given the current state of the economy. Mr. Freels added that the most cost effective way to increase enrollment is through the off-campus sites and by adding additional programs and offering more courses and programs via Interactive Television (ITV). The Henderson campus is down to four and a half degree programs from the initial 11 and he does not understand why because there are vehicles in place to increase enrollment and program offerings at the extended campus sites. Judge Taylor agreed that enrollment must be increased at the extended campus sites and is hopeful that Ron Crouch will be able to attend a Tuition Task Force meeting in January to talk about the demographics of the region. Ms. Hays asked if the rate of grants for extended campus students equals that of those students on campus and Ms. Mitchum reported that most extended campus students are adults, attend college on a part-time basis and receive more in grants because there are fewer scholarships available for this group. Judge Taylor asked if tuition discounts/waivers apply to off-campus students and Mr. Denton indicated that the University is currently reviewing additional benefits for extended campus students. Ms. Mitchum reminded all that the University is committed to increasing the number of non-traditional and transfer students but it is also competing against other universities that are also trying to increase their numbers. Non-traditional students do not receive discounts because they do not meet the requirement of attending college full-time.

Mr. Denton provided information to the Task Force members regarding the percentage change in high school graduates in ten-year increments, beginning in 1985. In 2005-06 there were 38,449 high school graduates in Kentucky. There was a 1.7 percent decrease in the number of high school graduates from 1985 to 1995 and a gain of 4.9 percent from 1995 to 2005. Over the next ten years, from 2005 to 2015, the number of high school graduates is projected to decrease by 1.2 percent. Information was also provided regarding the total number of high school graduates by district in the Murray State University service region. Over the past five years the number of high school graduates in the MSU service region has been relatively flat. Judge Taylor added that the Hispanic population could be a source of enrollment growth and overall trends are not positive for the state and the University should make every effort to reach out to potential students at an earlier age.

Update on Student Survey

Ms. Mantooth reported that an Ad Hoc Committee has been formed by the Student Government Association to develop a survey to be administered to students to determine the reasons why they chose to attend Murray State. The Committee will review the suggested survey instrument with Dr. Tim Todd, Dean of the College of Business and Public Affairs, and should have something ready for the Task Force to review by January 2009. Judge Taylor inquired whether faculty
could hand the surveys out during class and Ms. Mantooth reported that she hopes faculty will work with the students in this endeavor. Dr. White suggested keeping the survey short and simple and faculty will most likely be willing to administer it during their classes. It was also suggested that students who have departed from the University without completing their degree should be interviewed to determine the reason behind their decision. Mrs. Mitchum reported that Student Affairs currently contacts any student who does not return to the University and agreed to collect additional statistical information regarding this initiative. Mr. Denton stated that the University has intensively undertaken retention efforts for many years and at one point was even ahead of the game. Ms. Hays stated if a student chooses to discontinue their education at MSU or continue at another university, knowing why they made that decision would be significant.

Discussion/Question-Answer Session

Judge Taylor intends for the Tuition Task Force to hold at least two meetings in January to continue with data collection. Meetings held in February will involve more internal discussion and a determination of the direction the Task Force would recommend for the University to proceed. The goal is to complete this process by the end of April, considering that budget recommendations are due to the CPE by the first of May and this would most likely involve a special Board of Regents meeting in April 2009.

Mr. Cartwright is interested in hearing from the recruitment area because he does not believe they are performing as well as they should. Judge Taylor stated that he would ask Ms. Alison Marshall, Interim Executive Director for Enrollment Management, to attend the next meeting and provide a detailed report regarding the new recruitment plan. Dr. Brockway reported that staff from the Admissions Office has visited the high schools and are admitting students on the spot. As a result, new freshmen admissions at Murray State are up 100 percent when compared to this time last year and enrollment next fall will show the positive effect of this effort.

Set January 2009 Tuition Task Force Meetings

The Tuition Task Force set the following meeting dates for January 2009:

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
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<tbody>
<tr>
<td>Wednesday, January 14, 2009</td>
<td>6 p.m.</td>
<td>Jesse Stuart Room, Pogue Library</td>
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<tr>
<td>Wednesday, January 28, 2009</td>
<td>6 p.m.</td>
<td>Jesse Stuart Room, Pogue Library</td>
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Adjournment

The Tuition Task Force adjourned at 8 p.m.

Minutes approved at the January 14, 2009, Tuition Task Force meeting.

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Jeff S. Taylor, Chair
Tuition Task Force

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Jill Hunt Lovett, Secretary
MSU Board of Regents