Call to Order/Roll Call

Judge Jeff Taylor, Chair of the Tuition Task Force, called the meeting to order at 6 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 (Ex-officio) and Lori Mitchum (Ex-officio). Absent: None. Others present included Regents Bill Adams, Jay Morgan and Gina Winchester; 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. Cartwright introduced special guest Dr. Dick Frymire, former member of the U.S. House of Representatives and State Senator, Adjunct General of the Kentucky National Guard, graduate of Centre College and former Chair of the MSU Board of Regents.


Mr. Cartwright moved that the Tuition Task Force approve the minutes of the special Tuition Task Force meetings on October 29, 2008, November 20, 2008, and December 3, 2008, as presented. Mr. Hornback seconded and the motion carried.

Presentation by Crit Luallen, Kentucky Auditor of Public Accounts

Judge Taylor introduced Ms. Crit Luallen, Kentucky Auditor of Public Accounts, to present her perception of the issues surrounding tuition currently facing higher education institutions in Kentucky. She also serves on the Governor’s special task force appointed last fall to study tuition. Ms. Luallen expressed appreciation for the opportunity to address the group and distributed two reports for discussion, including the Commonwealth of Kentucky Auditor of Public Accounts Briefing Report: Recent Kentucky Tuition Increases May Prevent the Achievement of the Commonwealth’s 2020 Postsecondary Education Goals and Expanding College Access and Affordability in the Commonwealth (January 2009 report of the HEWG established by Governor Steven L. Beshear).

Ms. Luallen views issues related to tuition from several perspectives because she worked for Governor Paul Patton in 1997 when the state embarked on the historic education reforms that were passed by the General Assembly. At the time she was serving as Secretary of the Cabinet and it was her responsibility to coordinate the Governor’s policy agendas. She chaired the staff team that developed the background and research leading to House Bill 1 (HB1 - Education Reform Act of 1997), helped shepherd it through its passage and assisted with the first year of implementation. The reason the Governor and General Assembly passed HB1 was to think in a different way about Kentucky’s future and the importance of a long-term sustained commitment to increasing educational access in the state. Ms. Luallen continued to follow this issue after being elected State Auditor and has tracked the changes occurring with the General Assembly as well as the Governor’s support for higher education. Two years ago she undertook a study in the Auditor’s Office to review the impact of rising tuition on the ability of the institutions to increase enrollment at the rate that was expected to meet the 1997 reform goals. One of the most central pieces of that legislation was to dramatically increase the number of students attending college, graduating successfully and attaining a bachelor’s degree. All research indicated the only way to increase Kentucky’s per capita income to the national average was to help more people successfully complete the process. Her observations over the last ten years have caused concern that the state was beginning to stray from the original commitment. Higher education operating budgets have been cut, beginning in the 2002-03 budget cycle, and have been cut three times since then with another budget cut currently being considered and this is not the way to put Kentucky on the path of historic reform.
In response to these concerns, Ms. Luallen’s office conducted an analysis of the impact of dramatically rising tuition and provided an op-ed piece which she authored, “Tuition Hikes Deter Progress,” that provides the most recent numbers as of May last year. That document and the Briefing Report present two pieces of analysis and research from the State Auditor’s Office on this issue. A chart was also provided containing the most recent numbers with regard to enrollment and tuition for Murray State University. Expanding College Access and Affordability is the report adopted yesterday by the Governor’s Higher Education Workgroup (HEWG) which also has an Affordability Subcommittee Ms. Luallen serves on.

The Auditor’s Briefing Report is a performance audit which reviews the impact of public policy decisions relating to tuition and the affect that has on the state’s ability to meet the legislation goals of 1997. The report concluded tuition increases have placed in jeopardy Kentucky’s ability to meet those 2020 goals that were established and presented in legislation ten years ago. As in-state tuition has steadily increased, full-time undergraduate enrollment of Kentucky residents in the postsecondary system started to decrease and the enrollment growth rate for out-of-state students is now higher than the growth rate for Kentuckians. The original report takes the analysis through 2006 and the op-ed piece includes numbers for 2007 so tuition numbers are included through fall 2008 but final enrollment figures are not yet available this year for all institutions.

Ms. Luallen indicated special emphasis has been placed on determining what occurred after the 2002-03 school year when the legislature first cut higher education operating budgets. After the reforms of 1997 budgets were steadily increasing and enrollment was increasing dramatically each year but during the 2002-03 double digit increases in tuition were becoming the norm because schools were responding to the cuts in the operating budget. This report was not prepared to place blame on any one individual institution or the institutions as a group. The goal was to put the focus back on the relationship between the Governor and the General Assembly and the importance of providing adequate support to the institutions. A lack of adequate support affects tuition which impacts Kentucky’s families by making college attendance less and less accessible. The latest statewide numbers show the following:

- Over the last six years tuition in Kentucky has increased an average of 96 percent for resident full-time undergraduates across the system which is over four times the rate of inflation. The norm for those years was double digit tuition increases.
- Since Fall 2004 when tuition numbers began to reach double digits, Kentucky full-time undergraduate enrollment in the state’s two- and four-year systems decreased by 955 students in marked contrast to the dramatic increases in enrollment that had been happening every year since the reforms. Final enrollment numbers for the system are not available for the current year but it is already known that the Kentucky Community and Technical College System (KCTCS) has experienced a decline in enrollment this year and Murray State has shown a slight decrease.
- The chart distributed earlier illustrates the historical timeline for tuition and enrollment. The focus was on full-time undergraduate residents because that is the cohort of students most likely to complete a bachelor’s degree (the most important indicator of how the economy in the long-term will help to change Kentucky). More bachelor degree holders will increase the state’s ability to compete economically. MSU’s full-time undergraduate resident tuition increased from $2,300 at the beginning of the reform in 1998 to the rate of $5,748 for the current year (150 percent increase) although MSU has not increased tuition as much as the statewide average of 168 percent.
- In the 2002-03 fiscal year the institutions experienced cuts in their operating budgets and that is when dramatic increases in tuition are apparent. MSU’s full-time undergraduate resident tuition was $3,032 that year and has grown by $2,716 to the current rate of $5,748 (90 percent increase) although MSU has not increased as much as the statewide average of 96 percent. Policy makers at MSU have made a concerted effort to understand the link between tuition and accessibility.
- Although there was an overall enrollment increase in full-time undergraduate Kentucky students (171 students) since the 1998 academic year, Murray State’s current enrollment is the lowest since 2004-05.
- This information has been compiled to present to policy makers so they understand there is direct linkage between the ability of the schools to keep pace with accessibility and the demands for increasing enrollment and if the institutions are not provided with adequate resources they must turn to tuition increases.
- During the time period of the Expanding College Access and Affordability report, a national study on affordability lowered Kentucky’s grade from ‘B’ to an ‘F.’ Analysis in the study was based on the percentage of family income needed to place a student into the postsecondary education system. The study found lower income households must expend 43 percent of their total income for a student enrolled in higher education in Kentucky.
Ms. Luallen added that often in enrollment studies the focus is on total headcount for the school or system and includes full and part-time students but the Auditors Briefing Report focuses on full-time students, again, because those are the students most likely to complete a degree. Data also showed part-time student enrollment declined at the four-year institutions and KCTCS growth has slowed dramatically. This change is occurring at a time when the Council on Postsecondary Education (CPE) has projected that between 2000 and 2020 Kentucky needs to add 389,000 new bachelor’s degree holders to reach the national average. The CPE is tracking against that benchmark because HB1 indicated this is the goal for the state in order to move toward the national average. CPE data shows if Kentucky continues to perform at its current level, without further declines, the state will fall short of those 2020 goals by 211,000 bachelor’s degree holders. The state is already behind in terms of meeting those goals and data illustrates if changes are adopted making it even more difficult to enroll students then it will be almost impossible to reach the established goals.

Data also shows in the ten years since the reform Kentucky has been more successful in attracting nonresident students (out-of-state students) to the state’s eight four-year public universities than it has been in enrolling Kentuckians. Average Kentucky resident enrollment increased by 10 percent and nonresident growth increased by 39 percent. Forty-five percent of the growth for full-time undergraduate students since the 1997 reforms came from out-of-state students. Newest numbers show since Fall 2003, when the large tuition increases began, 59 percent of all new undergraduate full-time enrollees came from outside Kentucky. This represents a positive infusion of new talent, capacity and resources and is not negative. However, if 59 percent of enrollment growth is coming from out-of-state students it is time to take a look at tuition policy (as it relates to in-state and out-of-state students) to ensure fairness to Kentucky students who are the ones that must be brought into higher education to ultimately change the long-term economy of the state.

The Auditor’s Briefing Report concluded there is an urgent need for a comprehensive review of the linkages between state appropriations, tuition policy and financial aid programs and several recommendations were made, including:

- The General Assembly, Executive Branch, CPE and postsecondary education institutions should ensure tuition is set at a level to encourage resident enrollment and make education more accessible to all Kentuckians.
- Tuition reductions should be considered and need-based financial aid should be increased to ensure any student from Kentucky is able to attend the state’s two- and four-year institutions through a combination of state, federal and institutional support.
- A policy for nonresidents that is fair to the taxpayers of Kentucky should be considered.
- A plan to integrate agencies with responsibility for financial aid with the CPE should be considered so there is a strategic approach to all issues related to affordability.

- Budget decisions by state policymakers in Frankfort during the budget process should take into account data that quantifies how those budget decisions affect tuition. Ms. Luallen is extremely familiar with the budget making process and there is a disconnect on the part of legislators between when they make a decision and understanding the ramifications of that decision in six to eight months, especially on issues such as tuition. This process should be more transparent so legislators have a clear picture of the impact of their decisions.
- CPE and the public postsecondary institutions should develop an analysis of the costs and benefits associated with lowering or eliminating resident tuition. This data should be provided to legislators and other policymakers prior to the next budget session.
- CPE and the education institutions should better quantify net tuition revenue based on student residency and/or full or part-time status.
- CPE and the public postsecondary education institutions should jointly review and monitor the various reciprocity agreements to ensure equity for Kentucky taxpayers as it relates to resident versus nonresident tuition.

Ms. Luallen reported the overarching message of the Auditor’s report is Kentucky’s policy makers must provide adequate funding to ensure tuition is set at a level which makes postsecondary education available to all Kentuckians. Decisions affecting affordability occur at many different levels and often there is disconnect between the actions taken at those various levels. The Governor drafts the budget, the General Assembly reviews, revises and passes their version of it, and the CPE reviews tuition policy and makes decisions. All of these pieces need to be more strategically joined so each understands how their decisions affect one another.

As the Expanding College Access and Affordability report illustrates, Governor Beshear understands one of the key issues with regard to a sustained commitment to improving
expanding college access and affordability

definitions:

report recommendations include:

1) undertake a comprehensive review of kentucky’s financial aid programs (both need and merit) and conduct a careful analysis of past students and research. a final report should include input from students, financial aid professionals, campus and business representatives and other interested parties and would be due to the HEWG in July 2009. all or parts of the review may be conducted by a nationally-recognized higher education policy organization or expert.

2) Congress and the federal government should be encouraged to simplify the free application for federal student aid (FAFSA) form and pledge. more direct assistance must be provided to help students and families complete the FAFSA form and access all sources of aid and a policy should be adopted that requires kentucky resident degree-seeking students to submit a FAFSA as a condition of receipt of all institutional, state and federal need and merit-based financial aid, including tuition waivers.

3) direct the CPE and kentucky’s public postsecondary education institutions to provide a comprehensive report to the affordability subcommittee of the HEWG on the state of transfer, including recommendations to substantially increase the number of successful transfer students from two- and four-year institutions by June 2009.

4) a Governor-led public service campaign should be launched to bring renewed public attention to the importance of a college education and to the state and federal resources that make college more affordable. the Secretary of Finance should be designated to convene representatives of interested agencies and parties to integrate the state’s existing college access websites and resources into one comprehensive, consumer-friendly site for prospective college students. the advisory committee of presidents must take the lead in providing more transparency to incoming students on what college will actually cost. more transparency must also be provided to taxpayers and public policy leaders about what it costs to educate a student and this information should include annual institutional costs per full-time (maybe part-time) degree-seeking students.

5) the postsecondary education community, in partnership with relevant state agencies, must increase collaboration and participation in consortia and other joint agreements to contain costs and increase the system’s purchasing power. public colleges and universities should be encouraged to expand campus opportunities for students for up to 20 hours per week, helping them contribute to the cost of their education. legislation should also be introduced or the CPE should be directed (with the consultation of postsecondary institutions, student government, campus bookstores and textbook publishers) to issue recommended guidelines to lower college textbook costs and promote greater transparency and predictability for students and families.

Challenges identified in the Expanding College Access and Affordability report include:

1) Despite a significant public investment in state student aid programs over the past decade, tens of thousands of lower income Kentuckians who qualify for state grants do not receive aid because of lack of funds (45,000 students were turned away from the needs-based program last year).

2) There are numerous sources of state and federal financial aid to help students pay for college, but they can be difficult to access, especially for students in families without a college graduate.

3) Kentucky must improve performance in the area of transfer (two-year to four-year) to expand opportunities for students and increase degree production. this is especially true with regard to moving from a community college to a four-year institution.

4) Potential college students in Kentucky are confronted with an overwhelming amount of information from a variety of different sources on how to plan, apply and pay for college.

5) There are significant cost drivers other than tuition which influence what students pay for college. while these issues do not receive the same level of scrutiny as tuition, they must be addressed.

6) On average, over half of full-time students at Kentucky’s public universities do not graduate within six years. Those students who earn degrees often accumulate many more credits than necessary, adding an unnecessary financial burden on the student and the state.

7) Financial aid opportunities for working adults are limited and awareness of these benefits is low.
6) The CPE, in cooperation with leaders of the state’s postsecondary education institutions (in partnership with other stakeholder groups), should undertake a thorough review of time- and credit-to-degree issues in Kentucky and develop a set of program and policy recommendations to improve performance, including the role online courses can play in addressing access and affordability. A comprehensive set of recommendations should be submitted to the HEWG by August 2009.

7) Businesses should be encouraged to provide educational benefits and assistance to their employees to pursue postsecondary education. The Secretary of Economic Development should convene the state’s economic, business, education and workforce development partners to review existing workplace education incentives, benefits and programs to find more innovative and creative ways to use existing resources. The CPE and postsecondary institutions should be encouraged to evaluate policies related to awarding credit for college-level experiential learning and use of credit by exam options. A highly visible link to educational benefits for veterans on the state’s comprehensive college access website must also be created with the “GI Bill” being heavily promoted to eligible veterans when it becomes effective in August 2009. Military veterans should be allowed to enroll at Kentucky public postsecondary institutions at resident tuition rates.

Ms. Luallen stated the biggest concern of leadership at the institutions is how the state will be able to ensure they have a stable, consistent and dependable source of funding. It must be discussed whether there is a way the state can make a long-term commitment to provide stable funding to the universities. She has observed during her years in state government Kentucky’s historical problem of not sticking with a commitment over the long term and reported the following as a result:

- Kentucky is at 82 percent of the national average in per capita income and there are counties in the state at 55 and 60 percent of the national average.
- 17 percent of Kentuckians live in poverty and the percentage increases every year.
- Kentucky has some of the worst health statistics in the nation and is at the top in lung and heart disease and is among the top in cancer, while 15 percent of Kentuckians are without health insurance.
- There are more individuals in the Medicaid Program than there are students in the public school system.
- There are more felons incarcerated in Kentucky than any other state in the nation.

These are the long-term issues Kentucky faces but none of them can be resolved without a sustained commitment to education and an increase in the number of individuals successfully completing a postsecondary education.

A question was asked with regard to 59 percent of Kentucky students being from out-of-state and whether that is a result of college costs in Kentucky being less expensive than in the student’s home state. Ms. Luallen indicated she does not necessarily believe it is that much less expensive but it is very affordable and some universities have found it difficult to meet the goals of higher education reforms in their region (Murray State excluded) and have had a specific strategy of providing affordable out-of-state tuition and are marketing to that audience. A question was asked whether there is a correlation between out-of-state students who come to school in Kentucky and whether they remain in the state after they graduate. Ms. Luallen stated the CPE conducted a study on that issue two years ago which indicated there was an increase in the number of students remaining in the state. A question was asked regarding families being less likely to incur the college tuition cost today or take out loans because of their own economic situation and whether discussion has taken place around giving tax breaks for tuition costs. Ms. Luallen indicated the possibility has been discussed but given the current environment in Frankfort it most likely would not be feasible but there is a federal tuition tax credit.

Ms. Luallen indicated earlier that reductions in public funding may prevent the achievement of the Commonwealth’s 2020 postsecondary education goals, especially considering tuition increases. Judge Taylor stated last year Murray State had the lowest tuition increase of any institution in the state and the Board of Regents is seriously reviewing the issue. House Bill 159 was filed last Friday which proposes a freeze on tuition increases for the next two fiscal years and ties future increases to the Consumer Price Index. Ms. Luallen indicated she believes it is irresponsible to freeze tuition unless a commitment has been made to sustain state funding support to the schools. If the state continues to cut operating budgets and also freezes tuition that will lead to dramatic results such as capping enrollment.
Judge Taylor indicated statements have been made by politicians that tuition is a small part of the total revenue impact on the universities and the statement is incorrect. The drastic increases in tuition are directly related to the reduction in state funding over the past six to ten years and the institutions must balance 2020 goals (along with students who need an education but cannot afford it) and asked how the University accomplishes this without raising tuition if additional monies are not provided. Ms. Luallen stated this is one reason why the Expanding College Access and Affordability report examines ways to lower costs to create less of a financial burden for students. She encouraged the Board to let its voice be heard, both individually and as a governing body. The universities must take an active role to inform key legislators in this region and in the House and Senate leadership of the effect freezing tuition would have on the institutions.

Judge Taylor added 75 percent of costs at Murray State are related to personnel and once the University has cut the “hard costs” it will be faced with decisions related to cutting salaries or personnel, jeopardizing not only the quality of education offered at MSU but also the ability to offer an education. Speaking on behalf of the university presidents, Dr. Doug Whitlock President, Eastern Kentucky University, made a presentation to the HEWG about how university budgets are structured (sources of income, revenues and expenditures) to bring more understanding and transparency to the issue. There is a myth among policymakers that universities have plenty of money without the understanding so much of what they do is tied up in actual construction (including personnel and faculty central to producing a degree for a student). Budget hearings take place every session in Frankfort and institutions and the CPE must explain to legislators how this process works and the actual impact of cuts to the University’s operating budget.

Mr. Cartwright stated at some other universities as their tuition increases enrollment has increased as well and asked if there was a correlation. Ms. Luallen stated charts had been provided comparing enrollment and tuition for each of the universities in the Briefing Report but this issue was not specifically addressed in the Expanding College Access and Affordability report in terms of what steps schools might take to mitigate tuition increases. Some universities experienced an increase in enrollment while others experienced a dramatic decrease. At the time tuition increases were announced, the University of Kentucky and Western Kentucky University announced an internally-funded special scholarship program for high-achieving students. Ms. Luallen stated another possibility that has been mentioned in the Governor’s HEWG report is imitating what is being done in other states with a college access core where students and recent graduates are recruited and placed in the high schools to work with students at risk of not going to college. The initiative is geared toward those students who do not have the support and encouragement they need from family and also do not know how to fill out the required forms. The college access core would put these at-risk students in touch with the programs and resources which already exist in addition to providing someone to guide them through the process. Other states have experienced dramatic results from such college access programs without spending new money on financial aid.

Judge Taylor reported in two weeks Ron Crouch with the Kentucky State Data Center will speak to the Tuition Task Force and has indicated the number of high school graduating seniors, due to population trends in Kentucky, is declining in most areas and asked if this factor was taken into consideration in the preparation of the report. Ms. Luallen indicated that specific data was not reviewed but a separate report has been conducted on high school dropouts and it is believed the number being reported could be off by a full percentage point because of the disparity in high school dropout reporting. Currently the state is losing almost 30 percent of students from the time they enter school in the 9th grade and graduate from high school. In order to meet the goals of postsecondary education, high school and postsecondary efforts must be linked. The percentage of students graduating from high school who need remedial classes is also extremely high which results in students remaining in college longer and spending more money on their education and is an issue that must be addressed because oftentimes the student becomes frustrated and leaves college. Too often in Kentucky the systems operate independently of one another, although the P-16 Council promotes efforts toward a more collaborative environment.

A question was asked whether discussions have taken place regarding real dollar amounts as opposed to percentages and Ms. Luallen indicated the audit report contains real dollar comparisons and there are only two institutions with tuition rates lower than MSU. The CPE reviews the entire tuition process and helps to set the standard for how tuition is raised and they
consider real dollars. The Governor’s HEWG will focus on the broader issue of how much money the state should commit to higher education on an ongoing basis to ensure stability. If the state makes a sustained commitment over time the tuition issue will resolve itself because they are a direct result of the decrease in state funding.

A question was asked regarding the likelihood of the passage of the 70 cent cigarette tax and the gambling bill and the overall impact they will have on the state’s financial situation. Ms. Luallen stated the Governor’s proposal to balance the current year shortfall is a combination of cuts, moving funds around and passing the 70 cent cigarette tax. Personally and from what she is hearing, she does not believe the General Assembly is willing to pass a cigarette tax of that magnitude and it will most likely be somewhat less. Every dollar taken away from the Governor’s package on the revenue side must be cut somewhere else, which is why cuts to higher education are being discussed in terms of ranges. With regard to gaming, she does not sense there is a great deal of sentiment in this current legislative cycle to pass the expanded gaming legislation. The bill filed by Greg Stumbo will put video lottery terminals only at the racetracks and this varies from what has been discussed in previous years. The more expansive gaming bill the Governor originally proposed would generate $300 to $400 million into the state’s general fund and the new bill only brings $125 million into the general fund. There is already a shortfall of $456 million for this year and as July 1 approaches the number will be much larger for next year.

Judge Taylor inquired whether alternative tax revenue increases have been discussed and Ms. Luallen reported a bill has been filed by Republican House members and is more of a comprehensive tax reform package but there is currently no sentiment for pursuing that option and it is more of a long-term solution. The state must review the entire tax structure and determine a way to make it more compatible with a service-based economy so tax revenues increase with a growing economy. Ms. Hays stated a retail model has been suggested where the University continues to raise tuition until students are no longer willing to accept the increases and once tuition reaches this point it levels off and asked how such a model might work for Murray State. Ms. Luallen indicated it is very difficult to obtain a clear understanding of what the breaking point is. Data suggests as a statewide average Kentucky has reached that point already and enrollments have started to decrease dramatically.

Ms. Hays asked for advice to assist her when the Board is faced with making the decision on whether to increase tuition and by what percentage. Ms. Luallen stated each institution must look at its own particular situation (including the budget), decisions that have already been made to cut costs and become more efficient, enrollment goals, where students are coming from and whether those students are coming from the area the University serves. She encouraged all to remember that in Kentucky a large segment of the population is being left behind and are not served by higher education because they have no access and no ability to compete in the education environment. How to reach out to kids who are high school seniors and are either going to drop out or enroll at a university is the challenge to be met. Students who have supportive parents or mentors to help them attain the necessary financial resources will attend college and the state cannot simply be proud of the fact there are a lot of these types of students. At-risk students need the state and the institutions to take an extra step to pull them in the door, otherwise it will be impossible to lift the state’s economy.

The Tuition Task Force adjourned for a break beginning at 7:25 p.m. and ending at 7:40 p.m.

Presentation of Enrollment Data

Ms. Alison Marshall, Interim Director for Enrollment Management, presented an update on current enrollment for Murray State University which included the following highlights:

- Decline in full-time and part-time undergraduate enrollment from Fall 2007 to Fall 2008 (131 students) with the largest decline occurring in the junior and senior category, despite an increase in new students.
- Total graduate enrollment increased by 48 students although there was a decrease in the number of full-time graduate students. Why these numbers decreased is being researched.
- Judge Taylor asked if there are statistics on students who transfer from Murray to another institution and Ms. Marshall indicated the information could be compiled. Student Affairs staff contacted a number of students to ascertain why they “stopped out” of college. Some needed to work to earn money in order to complete their college education, others indicated they did not want to take out additional loans and some did not return due to grades and a subsequent loss of
student financial aid. Many times students who transfer to other universities do so to participate in advanced or professional programs.

- Total enrollment for first-time freshmen increased 8.8 percent and total first-time freshmen enrollment increased 4.2 percent in the 18-county service region, despite the tuition increase. Total first-time transfer enrollment increased 4 percent.

- As of January 2, 2009, admitted new freshmen increased by 215 students and as of two days ago there are 685 more students who have applied this year over last year at this time. There were significant increases in admitted new freshmen in several of the counties in the 18-county service region, including Calloway, Graves and Marshall.

- Transfer student numbers will not be available until April or May because these students do not begin the application process until late spring or summer.

- A significant increase in applicants and the fact that more students have been admitted does not necessarily evolve into final numbers.

- Total applications for new freshmen this year are 1,617 as opposed to 1,402 last year and there will be approximately 2,500 to 3,000 applications before the process is completed.

- Of those students admitted, an average of 60 percent actually attend Murray State and the University had a good year from applied to admitted to attending and lost only 120 students. Students may decide not to attend based on a variety of factors, including loss of financial aid or not receiving the necessary scholarship package. Many students apply and register at multiple schools and make their final decision in late July or early August. A large number of students who apply to MSU are admitted.

- Increase in enrollment for the local counties is not driven by the economy but is a result of significantly increased presence and efforts in the local schools and staff make every effort to “seal the deal” once these students have been admitted.

Judge Taylor stated WKU has announced the University is enrolling freshman off-campus (in Owensboro) and asked what those numbers referred to. Ms. Marshall stated most likely it refers to web and ITV courses. Freshmen and sophomore classes can be offered at these off-site campuses as long as the community college is not offering them. Murray State recruits in other states and has experienced success in Illinois, Indiana, Missouri and Tennessee and while the University must serve local students and those in the 18-county service region, recruitment staff must also spend time in Louisville, Lexington and other parts of the state. Judge Taylor expressed appreciation for the efforts of the recruitment staff and asked for projected enrollment numbers. Ms. Marshall reported there has been an 8.8 percent increase in freshmen overall this last year and is comfortable saying there will be anywhere from 15 to 18 percent increase. New procedures and approaches have been implemented in the recruitment process this year, including the online scholarship award process (which offered scholarship incentives and encouraged a greater number of students to apply for admission earlier). A question was asked whether enrollment numbers at the extended campuses are reflected in the numbers presented and it was explained all transfer students are included in the enrollment information provided. Students may be attending on the Murray campus but could also be attending on the extended campuses or participating via other distance learning delivery methods.

Mr. Watkins inquired if the Task Force decides a tuition increase is in order what effect that might have on enrollment efforts that have already taken place. Ms. Marshall indicated among the students her office has talked to very few indicate tuition is a reason why they would not consider Murray State. The University is competitive and is a reasonably priced college – offering a quality education at a good price – and is easy to sell to prospective students. Current students express concerns about tuition increases but that is not expressed during recruitment visits and includes students with varying economic backgrounds. Mr. Watkins reported high school senior guidance counselors are also working harder to help students attend college.

Additional Data Handouts and Communications

Judge Taylor stated at the last meeting the Task Force discussed the difference between tuition for full-time versus part-time students. Full-time tuition includes 12 credit hours (plus any additional hours above the original 12). Mr. Denton was asked to review the current numbers to determine the difference in tuition generated if a per hour tuition amount is applied to any hours taken above the 12 hour full schedule (effectively what part-time and extended campus students pay). Mr. Denton reported Morehead State University has a model where they charge 100 percent for hours through 12 and for any hours over that they charge 20 percent. They charge for all hours but give an 80 percent discount for those hours above 12. Northern Kentucky has a tuition structure where they cap tuition at 16 hours and KCTCS charges for every credit hour. He provided a report for fall 2008 for Murray State and reported the following (assuming students take the same pattern of hours and there is the same pattern of discounts):
Spring semester revenue is about 93 percent of that generated in the fall so these numbers could be multiplied by 1.93 to arrive at a figure for both semesters.

With regard to undergraduate tuition, if the University charges for every hour taken another $5.4 million dollars would be generated.

With regard to graduate tuition, if the University charges for every hour taken another $458,000 would be generated and does not represent that much more in incremental revenues because of the nature of graduate courses.

Full-time for undergraduates is 12 hours and full-time for graduates is 9 hours. Together charging undergraduate and graduates per every credit hour would amount to approximately $5.8 million.

With regard to discounted tuition, an assumption is being made if these students receive the same percentage of discounts they are currently paying it would represent roughly a 40 percent discount and the $5.8 million would decrease to $3.5 million, representing net tuition.

The same information was provided with regard to mandatory fees and amounted to approximately 10 percent of tuition amounts.

Adding $3.5 million in discounted tuition and $337,000 in discounted fees, there is roughly $4 million before any reduction of hours. If that $4 million is multiplied by the 1.9 it will result in approximately $8 million. An overall conservative estimate of additional income generated for the University would be half this amount, not to exceed $4 million.

904 undergraduate students taking 13 hours are also included in the number of students taking 14 hours (duplicated headcount) to provide information for each hour above 12.

- **Student Survey Status**

Ms. Mantooth reported an Ad Hoc Committee was formed within the Student Senate to prepare a survey to be administered to students in order to determine what factors helped them in their decision to attend Murray State University. She met with Tim Todd, Dean of the College of Business and Public Affairs, who assisted with preparation of a survey outline, and additional meetings will be held until the final survey format is determined. There is a set of demographic questions that will help determine whether individuals have financial aid, have taken out private loans, pay in-state or out-of-state tuition, etc. so the information can be broken down into any format deemed necessary. There will ultimately be ten survey questions addressing tuition and one of the most important questions for the Ad Hoc Committee is at what point the students would be willing to give up services provided by Murray State in order to keep tuition low. The questions developed will help determine the type of student filling out the survey and what they think about tuition. Ms. Mantooth stated the goal is to have copies of the survey instrument for the January 28 Tuition Task Force meeting.

With regard to distributing the survey, Regent Jay Morgan has agreed to send an e-mail to faculty encouraging them to cooperate with the Student Senate on this project. The survey will be distributed in classes and not within different clubs and groups (which may lead to bias). The Senate is comprised of approximately 40 students and at least 1,000 surveys would need to be returned (10 percent). The senators will distribute the survey in each of their classes (on a Monday and Tuesday). There are freshmen to senior senators which will allow for polling of a wide variety of students. Ms. Mantooth will contact Dr. Van Horn to determine how best to distribute the survey on the extended campuses and anticipates this work will begin in about a week. Ms. Wells asked if only paper versions of the survey would be distributed and Ms. Mantooth reported that to be the case because Dr. Todd prefers to have paper copies for ease of entering information into the computer and also because there was no way to regulate whether a student completed the survey online more than once.

**Other Handouts**

Judge Taylor indicated a copy of a letter from Dr. John Yates, Professor Emeritus/Special Projects, had been provided to Task Force members where he outlines his viewpoint on affordability and tuition increases, specifically as they relate to Western Kentucky University, and how the situation affects Murray State. Judge Taylor also distributed copies of two articles, “Report: College financial aid, costs need state overhaul,” which appeared in the January 10, 2009, edition of The Courier-Journal and “College affordability can’t be ignored,” an editorial by David Broder of the Washington Post.
January 28, 2009, Meeting – Ron Crouch, Kentucky State Data Center

Judge Taylor reminded the Task Force that Ron Crouch from the Kentucky State Data Center would attend the January 28, 2009, meeting to present data on the counties Murray State serves as well as demographic information regarding graduating seniors and population trends for western Kentucky in general and the region in particular.

Tuition Task Force Timeline

Judge Taylor reported the CPE (according to statute) approves tuition rates for the regional universities. The CPE customarily receives the Board of Regents’ recommendation on tuition from the respective universities at the end of April or first week in May so those recommendations can be acted on during the May CPE meeting. Dr. Dunn has indicated the university presidents have now been informed by the CPE that discussions are taking place about the possibility of the Board of Regents providing tuition recommendations to the CPE in time for their consideration and approval in March. The CPE meets on Friday of this week and it should become clearer whether that is going to come to fruition. The Task Force will then need to make a decision regarding whether it will make a recommendation to the Board of Regents and most likely a special BOR meeting in early March would be required to accomplish this (considering the issue will not be addressed at the February 6 meeting and the next meeting is not until May). The BOR already anticipated holding a special meeting in May to approve tuition but now another special meeting in early March is also being discussed. Dr. Dunn has inquired whether a recommendation will be made to the Board and Judge Taylor indicated it depends on the Task Force. He anticipates after the presentation from Ron Crouch (along with review of any other pertinent information) the Task Force will discuss and determine the pertinent viewpoints and perspectives and decide whether they will make a recommendation to the Board of Regents.

Set January 2009 Tuition Task Force Meetings

The next Tuition Task Force meetings were set for Tuesday, February 10, 2009, beginning at 6 p.m. and Thursday, February 26, 2009, beginning at 5:45 p.m. Both meetings will be held in the Jesse Stuart Room in Pogue Library on the Murray State University campus.

Adjudgment

The Tuition Task Force meeting adjourned at 8:35 p.m.

Minutes approved at the February 10, 2009, Tuition Task Force meeting.

Jeff S. Taylor, Chair
Tuition Task Force

Jill Hunt Lovett, Secretary
MSU Board of Regents

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