Minutes of the Tuition Task Force Meeting  
Murray State University  
Thursday, November 20, 2008  
Jesse Stuart Room, Pogue Library  
6 p.m.

Roll Call

Judge Jeff Taylor, Chair of the Tuition Task Force, called the meeting to order at 6:10 p.m. and the roll was called with the following present: Keith Cartwright, Mike Freels (Director, Henderson Campus), Peg Hays, Doug Watkins, Becki Wells, Brett Welter, Steve White (Faculty Senate), Ashley Wild (out-of-state student representative), Tom Denton and Lori Mitchum. Absent: Dave Hornback and Kara Mantooth.

Others present included: Regent Jay Morgan; Randy J. Dunn, President; Jill Hunt Lovett, Coordinator for Board Relations, Executive Assistant to the President and Secretary to the Board of Regents; Gary Brockway, Provost and Vice President for Academic Affairs; and members of the news media.

Review and Discussion of Tuition Information

Dr. Brockway provided an overview of the per credit hour tuition model with the following highlights:

- 1930s advertisement for Murray State Teachers College indicating free tuition to all residents of Kentucky and providing the contact name of President Rainey T. Wells to receive a catalogue and full particulars of attending Murray State Teachers College

- Discussion of evolution of higher education centered on the following:
  - MSU Teachers College (circa 1930)
  - MSU (2008)
  - Limited Academic Programs vs. Many Academic Programs (several high cost)
  - Few Student Services vs. Many Student Services
  - Low Cost of Operations vs. Increased Cost of Operations
  - Full Public Support vs. Partial Public Support
  - Little Regulation and Accountability vs. Increased Regulation and Accountability
  - No Tuition vs. Low/Moderate Tuition

- Dr. Brockway reported that Murray State needs more prominent academic programs and cited the example of the Athletic Certification Program. These high cost programs are very difficult to duplicate and allow the University to stand apart from other institutions and maintain an edge as long as a core of high quality faculty can be maintained. Music is a high cost program due to the necessity of maintaining a full orchestra and the need for individualized instruction. Nursing is a high cost program because the salaries for nurses are increasing in response to demand and faculty must possess a doctorate in nursing which is quite expensive. The nursing program also involves a great deal of hands-on instruction. Accounting is a high cost program and while these classes can accommodate more students, faculty teaching the courses are some of the highest paid on campus. When these positions become available they are advertised nationally but generally only a few applicants apply because these qualified individuals can receive higher salaries elsewhere. Dr. Brockway also mentioned the Animal Health Technology and Occupational Safety and Health programs as being expensive but distinctive programs on campus.

- The number of student services available at the University has also increased significantly due to the addition of different centers that offer advising, counseling and health services. The University must spend money to provide support to address learning disabilities and remedial education to ensure that students are adequately prepared for college-level courses. Today students are entering college with greater needs than in the past, both academic and social.

- Judge Taylor asked what percentage of Murray State students require remedial education and Dr. Brockway estimated 40 percent of students must take MAT 100 (mathematics), 20 percent must take ENG 100 (English) and 20 percent must take REA 100 (reading). He further reported that in the Kentucky Community and Technical College System (KCTCS), 75 percent of students must be remediated. While these remedial courses do not count toward graduation, students do earn credit hours for them and the state has mandated that the University provide remedial courses.

- Dr. Brockway reported discussions are underway concerning raising the requisite cumulative ACT score from 18 to 21 and there will be an even greater need for remedial education for students entering Murray State in the near future. The University must share in the responsibility for these high school students being underprepared because 80 percent of the teachers in the region graduated from Murray State. Additional work is underway to inform students early in their high school careers regarding the ACT score needed to be admitted to college.
Dr. Dunn presented the following highlights:

- The University is being subjected to additional regulation with the federal government requesting more accountability regarding where federal dollars are spent.
- Dr. Brockway presented a job advertisement for an Operational Data Store Database Administrator and pointed out that this is a new position responsible for managing the entire software suite for Murray State and maintaining the services students expect from a University, such as the ability to register and pay their bills online.
- Dr. Brockway pointed out that Murray State’s tuition is low compared to similar universities, especially considering the quality education MSU students receive. The benefits of the per credit hour tuition model include:
  - No more “free” courses beyond 12 credit hours
  - Generates additional revenue
  - Addresses fairness and affordability concerns for part-time students
  - Reduces course shopping
  - Simplifies the fee structure

- Part-time undergraduate students are currently charged per credit hour and over the course of their degree programs will take approximately 120 hours at $239.50 per hour for a total cost of $28,740. Full-time resident undergraduate students are charged per semester up to 12 credit hours and over the course of their degree program will attend at least eight (8) semesters at $2,874 per semester for a total cost of $22,992. This represents a difference in the total cost of a college education of $5,748 between full and part-time students. Part-time students are paying more and are least able to afford the additional cost and do not have access to financial aid.

- Dr. Brockway pointed out that course shopping causes inefficiencies in the system with students constantly adding courses and then dropping them at a later date. This could cause some courses to appear full when they are not and prohibit other students from enrolling. The end result is that the courses are not at full capacity. Historically the utilization of the per credit hour tuition model significantly reduces the number of courses that are dropped.

- An additional benefit to the per credit tuition hour model is that it simplifies the fee structure. Recently, Morehead State University’s President implemented a modified model as have Southeast Missouri State, Western Illinois, Illinois State, University of Tennessee-Chattanooga, Arkansas State, Missouri State and the University of Nebraska-Kearney. Mr. Denton reported that the University reviewed the per credit hour tuition model a few years ago and it has also been discussed at the Council on Postsecondary Education (CPE) level. Indications at the universities where this tuition model has been implemented are that initial “up front” enrollment numbers dropped but final enrollment numbers remained about the same. This was especially an issue for Eastern Kentucky University because they base the hiring of adjuncts on the “up front” enrollment numbers. Judge Taylor asked that course enrollment statistics for this year for Murray State be provided at a future meeting.

Dr. Dunn thanked the members of the Tuition Task Force for their willingness to serve Murray State University in this capacity. He believes tuition pricing is too low at Murray State considering the quality experience provided to students. While tuition can remain low, it will come at a cost to quality and nontraditional and part-time students do not have access to adequate financial aid. Dr. Dunn presented the following highlights:

- Research indicates that tuition does not drive the higher education choice decision but instead the top drivers are 1) quality, 2) school size, 3) programs and majors available and 4) location. The criterion of “low tuition” was actually listed in one source as one of the top ten reasons NOT to attend a particular college. Research also indicates that the top reasons students leave school include 1) homesickness, 2) burnout/tired of studying, 3) academic unpreparedness and 4) personal/family issues. Finances do not enter the list until #5.
- Dr. Dunn believes higher tuition is associated with higher levels of student services that applicants are willing to pay for. Students are willing to accept that quality and enhanced services have a price attached to them. As an example, Western Kentucky University has increased tuition and mandatory fees by over 80 percent over the last six years and enrollment has increased 4.6 percent during that period. Northern Kentucky has increased tuition and mandatory fees by over 75 percent during the same time and enrollment has increased by over 6 percent. During the same timeframe, Murray State and Morehead have had two of the lowest percentage tuition increases (as well as the lowest-priced tuition overall) and enrollment has remained flat or even declined.
- Dr. Dunn reported that the average Murray State student pays only 61 percent of the full price when counting sources of institutionally-based aid only (excluding Pell Grants, loans, KEES money, MSU Foundation endowments, outside employment and outside aid) and the University is discounting 38.9 percent of gross tuition receipts. As a result, the average Murray State student is paying half the published cost of attendance.
- The Project on Student Debt (National Center for Education Statistics, 2007) reports that 62.4 percent of baccalaureate graduates from public institutions have average student loan debt of $17,250 (a 65 percent increase over the past decade, accounting for inflation). At Murray State,
the average loan debt is estimated to be $17,617 (although it must still be determined if this figure includes the PLUS parent loan).

- Dr. Dunn pointed out that Murray State is a good steward of tuition dollars – seemingly the best in Kentucky and had the highest two-year average productivity ratio of the nine public universities (which included KCTCS) and the second-highest efficiency ratio.

- There is an opportunity cost to foregone tuition revenue and that is the inability to add programs, services and amenities that MSU needs and future students want. There is the capacity at Murray State to accept more students but the difficulty is how to attract those students and offering them what they want and expect takes money. For 2009-10, Murray State’s appropriation will increase by only $500,000. However, for every $100 that tuition increases the University nets approximately $750,000, representing practically the sole source of funding for program growth, development or improvement. This is especially important to note because:
  - Scholarship awards are not keeping pace with other Kentucky institutions and competitors.
  - Honors and graduate programming and course offerings need to be dramatically increased to attract top-quality students in increasing numbers.
  - Under the Commonwealth of Kentucky MSU can offer a doctorate program but the cost of starting such a program is estimated to be $250,000 and the University cannot afford it. Western and Eastern are already enrolling students in their doctoral programs.
  - Research support and graduate student assistance at Murray State is among the weakest of any state institution in the country with graduate degrees; undergraduate research opportunities are now also at risk due to seed grant funding being discontinued.
  - The state has mandated an increase in college entrance requirements (ACT scores) and students who cannot meet the threshold will be required to take developmental education courses. It is estimated that at MSU an additional 293 students will require at least one developmental education class and these courses must be funded from general revenue.

- Dr. Dunn stated there continues to be ongoing political discussion in Kentucky to either freeze or cap tuition in order to suppress tuition increases in relation to state support. MSU must take action to increase its tuition “base” or it may be unable to meet the ongoing needs and fixed costs of the University. There is also a cumulative effect to having artificially low tuition in conjunction with the lowest tuition increases – the longer MSU stays at the bottom of the pack, the more the gap will increase between MSU and its sister Kentucky institutions. Tuition pricing is of even greater concern for low-income students and more than 20 percent of low-income, college-ready high school graduates do not enroll in college. In Kentucky, state support for need-based aid is sorely lacking (largely due to KEES money being an entitlement award and not driven by need) and it is left up to the institutions to fill this gap. Failure to capture tuition dollars from those with an ability to pay keeps low-income students out of school, because this is the basis by which MSU supports last-dollar, need-based programs (e.g., Racer Advantage Grant which was implemented two years ago). It is also important to remember that expansion comes from tuition and not state support. Dr. Dunn mentioned Bowen’s Law which states that universities by their nature will raise all the money they can and then spend all the money they raise and relates to the fact that the mission of any university is such that it will always have an educational need to be met within its population. It is impossible to be the best and the cheapest at the same time. The right balance must be found between these competing values and MSU cannot sustain the current imbalance much longer. Murray State can level its pricing down to the point where it is in a league with any number of sleepy and undistinguished regional state universities (where enrollments have not grown either) or it can moderately increase tuition pricing closer to the median level of the Commonwealth and improve upon the record of distinction that has the University on the cusp of being one of the country’s most notable public comprehensive universities. MSU has elasticity in pricing and Dr. Dunn will provide information to the Board of Regents regarding this topic.

- Dr. Dunn reported that university tuition rates are increasing faster than the rate of inflation due to a decrease in available scholarship dollars while at the same time the universities are expected to expand their range of services. The overall increase is driven more by the larger institutions covering the costs of art museums and hospitals and the tuition crisis is not being driven by mid-major level universities as much as it is by the flagship institutions. Fixed costs and health insurance costs are also increasing. Mr. Denton added that state appropriations have declined approximately 1 percent for each of the last 25 years and that decrease in funding must be made up through tuition increases. Since 1978 the universities have repeated the pattern every couple of years with increases and then no state funding which amounts to not much of an overall gain.

Mr. Freels believes that support should be geared toward the 18-county service region communities and there are many students who want to earn their college degree but cannot come to the main campus to do so. If the University is going to meet the double the numbers mandate
from the CPE, it must provide additional services in the 18-county service region. Mr. Watkins added that the initiative Western Kentucky University is currently undertaking in Owensboro, Kentucky, is a good example of this type of service. He believes Murray State’s marketing strategy must be stronger because the quality of education the University offers and student satisfaction are not being clearly conveyed.

Judge Taylor reported that according to the State Auditor and an analysis undertaken state-wide in 2007, from August 1998 to August 2006, in-state tuition has increased 128 percent which is five times the rate of inflation. Reductions in state appropriations are part of the problem but if tuition continues to increase at this rate, and MSU has been in this group, he questioned how the University will be able to maintain current programs and services and this is an issue that must be addressed. Only 20 percent of students in the 18-county service region have actually made the decision to attend college and inquired as to how the University knows pricing is not affecting their decision. Dr. Dunn stated that while he cannot address the issue across the Commonwealth he can provide evidence specific to Murray State. MSU is at the bottom of the pack in this market in Kentucky and if it decides to stay at the bottom there will be a price to pay. MSU is still the best bargain in the Commonwealth of Kentucky but there is also cost associated with what the University is able to provide that will move it into the next tier.

Judge Taylor expressed concern for students in the 18-county service region who are “c” students and whether they really have access to a college education. He does not want to lose touch with being able to serve these students and believes the University is more centrally located compared to other institutions in Kentucky. Dr. Dunn stated that the problem is that these students self select out of attending college and there are challenges in convincing them to attend. If a student wants to come to Murray State but cannot afford it the University will sit down with them and make a good faith effort to work out a package that will enable them to attend. Student loans are also an option but the days of the students working to pay their own tuition are over. An array of vehicles and financial aid packages can be put together for students to attend college and it should be stressed to these students that their lifetime earnings potential increases by $2 million with a college education. Students must also be convinced they can make a good score on the ACT exam and if they do have an opportunity to attend college is feasible and will be made available to them. The University must do a better job of informing parents about this opportunity even though staff members from the Scholarship and Student Financial Aid offices currently talk with individual students regarding such opportunities. As state support is pulled away from higher education the percentage increase in tuition may seem high but it actually is not. Judge Taylor added that at some point Dr. Dunn may be requested to again address the Task Force again and Dr. Dunn indicated he would be happy to do so.

Judge Taylor stated that enrollment for fall 2008 at MSU is 10,022 students and a copy of the PowerPoint presentation prepared for the Board of Regents for their quarterly meeting on November 14, 2008, has been included in the meeting materials for each of the Task Force members. The presentation provides detailed data regarding enrollment and he requested that the Task Force members review the information prior to the next meeting on December 3.

Judge Taylor asked for an update from the student members of the Task Force with regard to the process of determining how best to survey students to secure their thoughts about tuition pricing. Mr. Welter reported that Ms. Mantooth has met with Dr. Tim Todd, Dean of the College of Business and Public Affairs, to put together a questionnaire and has also been involved in discussions regarding the most effective means of delivering the survey to students. The options of distributing the survey online and throughout the residential colleges through the mandatory resident advisor meetings have been considered. There is concern about the appropriate distribution means to use for the off-campus student population. Ms. Wild reported that one goal is to ensure that students understand the value of raising tuition and what they will receive in return for increased tuition support. Mr. Welter added that even though throughout the years Student Government Association presidents have voted differently regarding the tuition increase issue, no matter how they voted they received flack from other students on campus. He suggested holding a student forum to explain the relationship between an increase in tuition and an increase in services that will result, stressing that all students are sharing the burden. Ms. Wild agreed this is the only way students will truly understand the real value of tuition increases and there seems to be a lack of information in this area.
Ms. Hays stated that she does not believe an increase in tuition is the only way to increase funding at the University and cautioned that the student survey should not solely be based on the benefits of tuition increases. Ms. Wild assured her this is why Ms. Mantooth is working with Dr. Todd to develop the survey in order to avoid tuition bias. Ms. Hays suggested distributing the surveys in the classroom which would include nontraditional students. Mr. Welter further indicated that increasing tuition will allow upgrades to be undertaken on campus which will in turn increase student enrollment. During campus tours the new Wellness Center is the “wow factor” – facilities and programs are what really sell the MSU campus. Ms. Hays stated that there are needs with regard to the Library, Science Campus and the School of Agriculture and again stated that she does not believe tuition increases are the only way to address these issues.

Judge Taylor stated that he agrees with Dr. Dunn that tuition is probably not the major factor for a student in determining whether they will attend college and there are really two different levels of students – those who have already decided to come to campus and those who feel college is prohibitive due to cost. Judge Taylor requested statistical information on the number of students who decide to attend college. If coming out of high school these students know they will be faced with a total bill of $75,000 to $100,000 then that is a daunting challenge to overcome. Mr. Freels added that there is a third level of student – nontraditional students – which is where the community colleges come into play. The typical student in Henderson is 28 years of age, female, divorced with three children and on public assistance. Individuals with these life circumstances must be able to earn their college degree closer to home. Mr. Welter added that he discovered during the Owensboro Dessert Recruitment Reception that Western’s presence in Owensboro is actually drawing students to the main campus in Bowling Green.

Judge Taylor apologized for not introducing Mr. Freels, Dr. White and Ms. Wild earlier and asked them to tell the Task Force about themselves. Mr. Freels indicated that he is a retired public higher education leader and currently serves as Director of both the Hopkinsville and Henderson campuses. Dr. White stated he is President of the Faculty Senate and has worked at Murray State for 28 years. He paid for college through financial aid assistance and received his Ph.D. from Ohio State with post-doctoral work at Cornell. He currently teaches wildlife biology and is concerned regarding student’s ability to pay tuition but he also recognizes the importance of a college education and believes Murray State is an absolute bargain. He asked the Task Force to remember that almost half of the cost of tuition comes from room and board charges and students who say they cannot afford to attend college will have those same expenses anyway. Ms. Wild stated that she is a junior from St. Louis County and is a history education major. She is very involved on campus and pays for college herself through waitressing and does not qualify for student financial aid. She learned about Murray State through her college career counselor and visited the campus and indicated she was sold on the University during her very first visit. She simply fell in love with the Murray State campus and agrees with Dr. Dunn that price was not a deciding factor in her college choice.

Judge Taylor indicated that he sees benefit in asking Ron Crouch to format data for Murray State’s 18 to 20-county service region to provide the Task Force with a perspective regarding graduation rates and other demographic information, including the declining number of high school graduates in the state, and how nontraditional students will help increase Murray State’s enrollment. MSU is essentially the only game in town at this end of the state and there is a triangle around the region and the University should be dominating the areas within that triangle.

Adjournment

The Tuition Task Force Meeting adjourned at 8:15 p.m.

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