Minutes of the Special Board of Regents Meeting
Annual Planning Retreat and Work Session
Murray State University
Saturday, February 26, 2011
Richard H. Lewis Lodge – Cherokee Park – Aurora, Kentucky

The Board of Regents (BOR) of Murray State University (MSU) met on Saturday, February 26, 2011, in Special Session for the Annual Planning Retreat and Work Session in the Richard H. Lewis Lodge located at Cherokee Park in Aurora, Kentucky. Chair Constantine Curris called the meeting to order at 8:45 a.m.

Roll Call

Chair Curris reported the following members were present: William Adams, Marilyn Buchanon, Constantine Curris, Sharon Green, Kirby O'Donoghue, Jack Rose, Phil Schooley, Jerry Sue Thornton, Stephen Williams and Harry Lee Waterfield II. Absent: Susan Guess.

Others present were Randy J. Dunn, President; Jill Hunt Lovett, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board of Regents and Joshua Jacobs, Chief of Staff.

Agenda

Special Meeting of the Board of Regents
Murray State University
Richard H. Lewis Lodge – Cherokee Park – Aurora, Kentucky

Annual Board of Regents
Planning Retreat and Work Session

1. Roll Call

2. Review and Discussion on Strengths, Constraints and a Vision for this Decade
   Dr. Curris
   A. The Planning Function at Murray State University-Present and Future Issues
      Dr. Dunn

3. Critical Operational Challenges by Vice Presidential Area Presidents/
   Vice
   Director
   Athletic
   Allen Ward

4. Regents’ Initiatives and Issues
   Dr. Curris

5. Board Operational Issues, Meeting Management and Other Expectations
   Dr. Dunn

6. Final Thoughts
   Dr. Curris

7. Adjournment

Board Operational Issues, Meeting Management and Other Expectations, discussed

Potential dates for the next Annual Planning Retreat and Work Session and the summer Quarterly Board of Regents Meeting were discussed. Regents were asked to tentatively hold Thursday, August 25, 2011 (Retreat) and Friday, August 26, 2011 (Quarterly Meeting) on their calendars. Agreement was reached for consideration to be given to holding the quarterly meeting at an extended campus site, with Hopkinsville and Madisonville being considered first.
The Board discussed its mission to provide higher education to the regional service area which includes Paducah, Kentucky. The BOR previously approved the purchase of property in Paducah located along Interstate-24 (I-24) with the intention of constructing a facility to house Murray State higher education programs. MSU programs are currently offered in the Crisp Center and in 2007 the Board formed the Paducah Task Force to review higher education offerings in Paducah and McCracken County. The Task Force included Regents, MSU faculty and staff and representatives from both communities. The group reached the unanimous conclusion that continued use of the Crisp Center was not in the best interest of Murray State, largely because additional facility renovation and expansion would be required in the very near future. The location of the Crisp Center provides limited access for potential students and MSU would benefit from constructing a facility located directly off of I-24 which would provide greater visibility. The Crisp Center was donated to the University of Kentucky (UK) by the President and Chief Executive Officer of Pepsi Cola Bottling Company and is utilized by MSU through a lease-purchase arrangement with UK. Recently the City of Paducah and the McCracken County Fiscal Court have indicated those entities may be in a position to assist the University with funding for construction of a new facility at the new location. If a determination is made and funding can be secured to construct a building along I-24, the Board reached consensus this work should be undertaken but not at the expense of priorities on the main campus.

Information was provided indicating all the regional campus sites are largely comprised of nontraditional students. The University established the regional extended education centers because its mission is to serve the region and this work must be undertaken in a cost effective manner without harming the flagship campus. A study conducted a few years ago to review successful economic development in the Paducah area identified additional educational opportunities as a primary need. MSU should take advantage of this opportunity to fulfill its responsibility to provide educational opportunities to the region. A Paducah delegation toured the Owensboro Center which is part of Western Kentucky University and discussed with officials how the facility was successfully financed. It is desirable to determine a means by which a building can be constructed which belongs to Murray State on land which also belongs to the University in Paducah. A suggestion was made that as the University continues to pursue the option of constructing a facility in Paducah it should also secure the support of the Governor.

Concern was expressed regarding building a second facility in Paducah – a community which already has one facility in better condition than the other regional campus sites, excluding Hopkinsville. The Madisonville community has embraced Murray State and has been extremely cooperative and accommodating to the University which is evidenced through their willingness to allow MSU to utilize facilities free of charge. This campus has also experienced the largest percentage of enrollment growth among the extended campus sites and there is capacity for additional growth. The other regional campuses must not be ignored if the University truly wants to provide service to the entire region. Dr. Dunn believes this Board has responded to what Madisonville has requested. A study was conducted to support the need for a facility in that location and Madisonville has sought support from MSU for a stand-alone postsecondary education center similar to the one in Hopkinsville. Throughout the Commonwealth these centers have been constructed but are owned by the Kentucky Community and Technical College System (KCTCS) and are typically jointly listed with a university’s six-year capital project request with the rule of thumb being for that university to list the project within its top five or six capital projects. KCTCS also lists the project in their priority setting process and on that basis it advances through the political process and decisions are made on how the project will be funded. During the review of the Six-Year Capital Plan in 2010 this Board ranked constructing a Madisonville postsecondary education center as its eighth priority. If the Board now desires to support the project in a stronger way, when the Six-Year Capital Plan is reviewed in fall 2011 it may want to consider moving the project up on the list so it is included possibly within the top five projects for the University. This will send a message to the General Assembly that the University values and supports the project. However, this is not an MSU project and verification was provided that Madisonville leadership desires to proceed along the course of this being a KCTCS project with Murray State having first rights in the facility (along with community college programming) through a Memorandum of Understanding. The Madisonville facility should be placed high enough on the University’s capital projects listing to show support but not so high that MSU loses out when KCTCS receives funding for the
new building. University officials must also be willing to carry the flag for the Madisonville project in Frankfort and has done so but all must remember this is being pursued as a KCTCS project at the request of Madisonville leadership. The KCTCS system had not included the Madisonville project within the top project listings when capital plans were last submitted. In 2010 their second priority project was another building for WKU for Owensboro Community and Technical College. Consensus was reached that in Paducah there must be a separate Murray State facility and consideration should not be given to constructing a KCTCS building. The Paducah Task Force also reviewed the communiversity option and, although supported by a few, deemed the option to be inappropriate for MSU. Confirmation was provided that KCTCS desires to own any facility constructed in Madisonville which means no ability exists for MSU to become a co-owner of the building which is not an option for the institution. Through the political process MSU can support the project in such a way so that it is understood the facility is a priority for the institution – not only by backing the project in Frankfort but also increasing its importance to within the top five on the University’s 2012-18 capital projects request list.

A Regent indicated it is unclear how the Paducah and Madisonville regional campuses are competitive with one another, considering what Paducah has put on the table that would allow Murray State to construct a new building. Both entities are not in the same circumstance and it is unclear how the two different communities, as well as the options which are available, are being considered competitive. If the University takes advantage of the offer which has been extended from Paducah it could eventually be able to consider additional initiatives in Madisonville. If MSU does not take advantage of what has been offered by Paducah officials it will become necessary to spend $7 million or more to renovate the Crisp Center, representing funding which would have allowed the University to undertake other initiatives on the main campus, in Madisonville or elsewhere. The University has purchased land in an ideal location and should take advantage of any funding being offered from Paducah which would allow for a new center to be constructed and it is unclear why the institution would ever walk away from such an opportunity.

Chair Curris reported consideration is being given to whether the University should continue to pursue negotiations with Paducah officials – in light of the overtures which have been expressed – in an attempt to determine whether this initiative is feasible. It would be necessary for Paducah leadership to take action prior to the MSU Board taking final action. If this work comes to fruition the University will receive a new building in the best location for far less money than what would be required to renovate the current facility. In this context it would be the Board’s fiduciary responsibility to pursue this option if it continues to be structured in the same manner being discussed. The only way to make this determination is to move the initiative to the next level of exploration. Clarification was provided that at the end of the bond indenture any agreement would stipulate the building belongs to the University. The capability for philanthropy should also be included in the agreement because the initiative serves as a prime candidate for development of a naming opportunity. Pursuit of current priorities on the flagship campus should continue, including the Engineering and Physics Building and a new Library, and as long as this work progresses construction of a building in Paducah should be pursued. The Board reached consensus that the University administration should continue discussions with Paducah officials to determine whether an agreement can be reached which meets the criteria of the Board and the University.

Chair Curris appointed Regents Sharon Green (Chair, Regional Services Committee), Bill Adams (Chair, Buildings and Grounds Committee) and Steve Williams (Chair, Finance Committee) to serve as a “kitchen cabinet” as the administration pursues this opportunity. The Paducah plan will be reviewed by Cabinet members to determine whether it meets the parameters outlined by the Board. The Cabinet will serve as the information spokes group for the Board without making a commitment on behalf of the full Board. Paducah representatives must know where the MSU Board stands in regard to the issue and the chairs of these three committees serving on a Cabinet will enable everyone to remain informed. If the initiative begins to deviate outside the approved parameters it will not be pursued. As this work moves forward it was agreed philanthropy opportunities will be pursued which would assist the University in meeting funding needs and decrease debt service. Confirmation was provided that county and city officials in Paducah, through the Judge-Executive and Mayor, have indicated philanthropic opportunities would belong to Murray State. Paducah leadership does not want to announce this initiative if it would not be approved by the MSU Board. Paducah leadership wants discussion to occur and has appointed the Greater Paducah Economic Development
Corporation Director to serve as point person with the University – depending on what this Board decides today – to negotiate a Memorandum of Understanding to advance to the respective units of government. There must also be an accurate estimate of the total cost of the project, especially considering many different funding sources will be utilized. Discussion must occur on the best way to arrive at a firm number so the MSU Board is not surprised later. Dr. Dunn reported this issue exists to some degree with all projects and the administration will work within the parameters of a 40,000 square foot facility at a cost of $10 million. Soft costs are not included but could represent the philanthropic aspect of the initiative.

Strengths, Constraints and a Vision for this Decade: The Planning Function at Murray State University – Present and Future Issues, discussed

Chair Curris indicated the Board was provided with a strategic directions summary and after discussion and minor editing agreement was reached that the following adequately reflects the sentiment of the MSU Board of Regents:

“We envision Murray State to be the university of choice for high school seniors, community college transfer students and nontraditional students in West Kentucky and the surrounding region. The basis for being the university of choice is a recognition that Murray State offers distinctive academic programming and superior educational and co-curricular experiences.”

“We envision Murray State being recognized for the application of its collective expertise in support of community and regional economic development, pre-K-12 educational improvement, and continuing education for the region’s workforce.”

“We envision Murray State being recognized as the outstanding university in the Commonwealth in fulfilling the public trust for operational efficiency and effectiveness, and for transparency and accountability in the use of public funds.”

The Board does not view the educational experience at Murray State, particularly at the undergraduate level, as a commodity. If education is viewed as a commodity – which has increasingly been the case across the country – that means one undergraduate education is the same as every other undergraduate education and individuals start differentiating on the basis of cost. The sentiment expressed by the BOR is Murray State must be special because students travel by other institutions to get to MSU because it is not located in the center of a population base. The University must make itself attractive to these students so they will continue to bypass other institutions. This involves the quality of the total educational experiences and includes interaction with faculty and staff, co-curricular activities and a distinctive campus life. If one desires to be the institution of choice it must be different (better) by integrating student life and academic experiences. A university must also make education available off campus with a focus on continuing education opportunities, K-12 improvement and economic development. MSU is located in a region which has struggled economically and west Kentucky demographic data indicates there is a need for economic revitalization which could be part of the University’s mission and emphasis must be placed on these three priority focus areas.

The University also desires to be a model for functioning well, efficiently, fulfilling public responsibilities and being the best in terms of accountability. These are responsibilities of the Board and once identified the MSU administration will make a determination regarding the appropriate strategic plan to be implemented to allow the institution to fulfill these responsibilities. The assumption has been made this will represent an operational document with action for adoption likely being proposed at the May meeting.

Dr. Dunn indicated information was provided regarding additional planning initiatives currently in place on campus. Triple I unit plans are used internally to pick up on goals and action steps so they are represented at the operational unit level and those requiring Board approval vary. The Board is not asked to approve each unit plan but they can be found on the President’s website and the Regents were encouraged to review the information.
Critical Operational Challenges by Vice Presidential Area, discussed

Appreciation was expressed to the following administrators who joined the Retreat at approximately 10 a.m. to present critical operational challenges in their respective areas:

- Bonnie Higginson, Provost and Vice President for Academic Affairs
- Allen Ward, Athletic Director
- Jim Carter, Vice President for Institutional Advancement
- Don Robertson, Vice President for Student Affairs
- Tom Denton, Vice President for Finance and Administrative Services

Provost and Vice President for Academic Affairs

Dr. Higginson reported the main challenge in academic affairs is the need for an examination of academic goals. Now more than ever a number of trends are taking place across the country and include offering associate degrees to high school students, with students earning a total of approximately 60 hours by the time they complete their senior year. These students are also better prepared for the University setting and can complete an additional two years of college to complete their degree. Online education is increasing and academic programs currently offered must be closely reviewed. It is important to provide online educational opportunities for students, particularly those working full-time and requiring more program flexibility. At the same time assurance must be provided that faculty have the support needed to teach well online. As new programs are considered, the needs of the region and potentially beyond must be reviewed. The Youth and Nonprofit Leadership Program is an example of a unique initiative other institutions do not have which could attract students from across the country. The high quality of existing Murray State educational programs must be maintained – including nursing, music and art – because the University is known for these programs and must continue to build and support them. Traditional programmatic pieces must be maintained but consideration must also be given to blended learning and online opportunities.

Another challenge includes an examination of promotion and tenure policies and procedures which have not been reviewed in many years. Over the last 10 to 15 years a level of disparity has developed across academic colleges and while some have worked diligently to provide faculty with clear guidelines regarding tenure and promotion others have not. An examination, particularly within some colleges and departments, must take place regarding how new (probationary) faculty are addressed and how tenure expectations are communicated. Some promotion standardization must be implemented to ensure individuals, when promoted to the rank of professor, have attained the level of reputation and status with regard to teaching, research and service that is expected at MSU. This involves a review of similar institutions and their expectations within particular academic areas and “raising the bar” in some areas.

Dr. Higginson indicated the University does not currently have a post-tenure review policy but ten years ago this issue was on the front burner but eventually diminished in importance. There is some degree of controversy attached to the topic but a policy would provide a mechanism by which the University could ensure – through the peer review process – an individual is no longer allowed to teach if they begin neglecting responsibilities and such a policy would provide a means for these individuals to be identified. This would also ensure a review system is in place so the entire faculty does not become tainted. A great deal of time is devoted to faculty development during the first six years of teaching but the same level of review does not continue beyond that period. When this issue was previously discussed plans included annual review, as is conducted for all faculty members, and when merit dollars become available this review becomes even more important. The proposal at that time indicated if a faculty member received a low performance review they would be required to improve within a designated amount of time and if unsuccessful would be subject to dismissal. Although it was a lenient policy a support mechanism was in place to help faculty members improve their teaching skills if they needed and/or wanted assistance.

Another issue which needs to be addressed is the increasing number of lecturers on the Murray State campus. Many of these individuals have taught at the University for a number of years and are wonderful teachers. An attempt is being made to review faculty pursing either the Ed. D. or Ph.D. who, at a certain point as they are nearing the end of the process, should be reclassified as instructors. Policy indicates the percentage of faculty in the lecturer category should not exceed
20 percent but the University is currently at 22 percent, an issue brought to the attention of the administration this year by the Faculty Senate.

The Dean of the College of Health Sciences and Human Services will step down, effective June 30, 2011. The vacancy has been advertised and the close date on the national search was yesterday. The College represents an interesting mix of disciplines and the Social Work, Criminal Justice and Gerontology Department and another unit which includes athletic training, nutrition and communication disorders are unique in terms of their composition. There is potential for growth not only with the Youth and Nonprofit Leadership Program but also with other health-related fields, including the potential to offer a Health Information Management Degree, which would necessitate the hiring of additional faculty but would also represent a three-way collaboration program involving technology, computer science and Telecommunications Systems Management. Consideration is being given to an associate degree in Allied Health but the University does not want to duplicate what is already available through the community and technical college system and must review those fields where the potential for growth exists. Implementation of the Doctor of Nursing Practice continues with the expectation the program will be fully implemented by 2012. A search is currently underway for the Dean of the School of Nursing.

Expectations associated with Southern Association of State Colleges and Universities (SACS) reaffirmation of accreditation have grown considerably, particularly in the area of assessment. SACS expects solid assessment results, not just in terms of student learning, but for every unit on campus. Jay Morgan, Associate Provost for Graduate Education and Research, is leading this effort but approximately 175 individuals across campus will be involved in the reaffirmation. SACS assessment is focused on student learning outcomes and the University currently uses the National Survey of Student Engagement (NSSE) and Collegiate Assessment of Academic Proficiency (CAP) for math and writing and this will be broadened to other areas. Making assessment work across all University units is an enormous task and Renae Duncan, Associate Provost for Undergraduate Education, and others are reviewing the issue. A budget of $150,000 has been provided for the accreditation process which includes faculty stipends; a secretary moving from a 9-month to a 12-month, full-time position; Compliance Writer Specialist; purchasing technician and web time; Assessment Specialist; travel; release stipends for the managing team work group and general expenditures, including mailings and meeting material preparation. Dr. Higginson indicated there is not currently an MSU office of assessment and following a review of operations at other schools over the last three years it was discovered nearly every institution has such an office, usually staffed by two to five full-time employees. These individuals are tasked with conducting ongoing program assessment, dealing with accreditation and assisting units with National Council for Accreditation of Teacher Education and other specific programmatic accreditations. Dr. Dunn asked whether such an office should be established on campus and has been told on two separate occasions this work should be undertaken by faculty across the various fields of study. A plan is in place for making assessment work and there is potential for a higher level of faculty buy-in when a colleague visibly supports assessment initiatives. The Office of Institutional Research works with the NSSE and has assisted with assessment work the CPE has asked the University to undertake but academic program assessment is coordinated through the Provost’s Office.

In response to an inquiry regarding whether a mechanism is in place to determine supply and demand in terms of degrees or fields of study for the University’s service region, Dr. Higginson indicated there is not a sophisticated system in place to accomplish this work but an attempt is made to keep pace with national trends and requirements advanced by the state. Approximately two years ago a report was prepared which provided information regarding the demand for teachers, positions in the medical field, etc. If a particular demand is identified discussion occurs with professionals in the field to determine whether a need truly exists. In order to propose a new degree program to the CPE the University must indicate demand and why the program would be necessary and successful. The same is not the case with the community colleges where there is an immediate need as a result of a plant closure or a new company moving into a community seeking to train workers. MSU is not in this business but must be sensitive to regional labor needs and be aware of what the market will support to ensure adequate faculty and resources are available to undertake and sustain the proposed program. On that basis an attempt has been made to be selective and each of the last three master’s degree programs – Dietetics, Chemical Manufacturing Management and Library Media Education – are indicative of that selectivity. In the current economic environment any further proposals would be driven by
regional labor needs and demand. MSU offers approximately 11 certificate programs and it was suggested as the institution continues to serve the needs of the service area a mechanism should be developed to determine future needs.

A Regent indicated first-generation college students continue to be recognized on the Murray State campus but within the University’s service region there is potential to recruit an even greater number of first-generation students. Some of these students would never believe they could attend college for any variety of reasons. As part of the University’s service to provide education to the region – and because the community colleges already undertake this work – the institution must work harder to attract these “marginal” students. Many do not believe they can afford college while others have parents who hold them back socially or culturally. MSU must go beyond the high school Guidance Counselor to identify students with potential but perhaps not the highest ACT scores because many such individuals have also succeeded in college. The University must be prepared to pursue and address the needs of this population. Dr. Higginson reported a few years ago discussion occurred on the possibility of hosting an “Eighth Grade Academy” which would address this need. There are numerous first-generation students and the University, instead of targeting these individuals (and parents) when they are in the eighth grade, waits until they are juniors in high school which is too late to begin these discussions. Additional ideas are circulating especially pertaining to the river counties. Agreement was reached that these students must view a college education as attainable. Transfer scholarships are provided making it feasible for a student to take two years at a local community college and then transition to the MSU campus for the remaining two years. The Educational Talent Search Program (federal grant program) focuses on middle school students who are not thinking about college and the University works closely with the Governor’s Minority Scholarship Program.

The Board and administration were asked to consider there are many academic programs that require students to pay for additional expenses out-of-pocket, especially for those in nursing (clinicals) and education (student teaching) which are often the most important part of a student’s overall educational experience. It is within the strategic direction of the institution to demonstrate once students are on campus the University continues to care about them by providing assistance to cover these costs. It would be unfortunate for students to be forced to change majors because they cannot afford their first choice. Confirmation was provided that an effort is made to place students participating in student teaching or clinicals close to where they want to be to minimize cost. Implementing a GAP Scholarship Fund (which could be created through the comprehensive campaign) should also be considered so students can apply for funding to cover necessary expenditures. The Racer Advantage program implemented during Dr. Dunn’s first year as President represents a similar initiative.

**Athletic Director**

**Facilities**

Mr. Ward indicated facilities are the key to everything Athletics does which is why upgrades and enhancements currently being made and construction of a new basketball practice facility are crucial to maintaining a successful program. Stewart Stadium continues to be challenged in terms of basic maintenance as well as addressing other issues associated with a 37-year-old facility. The showers and restrooms in the Stadium are in desperate need of attention and Press Box windows need to be replaced. These repairs are costly but facility upgrades and enhancements must continue and additional parking must be added at the CFSB Center to allow Athletics to grow revenue by increasing Racer Club membership and season ticket sales.

In response to a question regarding the importance of the basketball practice facility, Mr. Ward indicated overall the University has done a good job undertaking work necessary to maintain basketball at a high level but with the expectations for the MSU basketball program, the University’s commitment must match those expectations and the practice facility will help accomplish this objective. There are a number of instances when the basketball team is unable to practice in the CFSB Center due to other events. Coach Billy Kennedy has buckets in his office to collect water from leaks and this prevents him from being able to invite recruits to his office. Many improvements have been made to the CFSB Center in terms of banners and video boards to generate revenue but offices for the basketball coaching staff remain in Stewart Stadium and are in terrible condition. It has been Mr. Ward’s priority to move Coach Kennedy to the CFSB Center since his arrival on campus. If the University desires to keep basketball at its current level the practice facility is critical. CFSB Center staff work diligently to assist Athletics in
minimizing the amount of practice time the basketball team misses during the season but the issue mainly comes into play after the season is over when there is competition for the facility for other events. The basketball team is missing out on individual and team workouts and organized activities. Other teams continue to improve younger players during this period but MSU does not have a proper facility which would allow this to occur. The practice facility will not only alleviate this issue but will assist with other events because it has been designed as a multi-purpose facility.

Concern was expressed that the cost estimate for constructing the facility in comparison to funding provided by CFSB may not be adequate and the Board must take into consideration the dollars being expended and construction must be kept within the confines of funding the institution has been given. Dr. Dunn provided assurance institutional support will not be provided to construct any part of this facility and what is accomplished with the building will be through the CFSB gift and athletic fundraising. Mr. Ward reported the space in this facility will not have to be duplicated and it will be constructed on the Highway 121 side of the CFSB Center where it can be connected to the locker room, lounge and weight room. Not having to duplicate this space saves money but allows the facility to still be visible from a recruiting standpoint and includes office space for the basketball coaches.

Athletics continues to receive pressure from alumni with regard to Reagan Baseball Field which requires facility upgrades. Baseball represents one sport which is lacking any type of amenities and has not received a great deal of attention over the years. Those needs are being addressed but some are extremely expensive, including lighting and new grandstands.

- **Financial**
  Mr. Ward reported continued investment in summer school and 5th year aid is extremely important. The Academic Progress Rate for the National Collegiate Athletic Association (NCAA) is in good shape and graduation rates and grade point averages continue to outpace the overall student body. Several key ingredients have contributed to this success but none are more important than summer school and 5th year aid which allow the University to keep student athletes in class and ensure they are progressing academically and meeting NCAA satisfactory progress goals.

  Title IX compliance pertains to gender equity and must be monitored. The undergraduate male to female student body ratio for the University is almost 60 to 40 despite progress which has been made. As the trend continues to move toward the female population it affects everything the Athletic Program does and increasing the investment in female sports must continue to meet Title IX obligations. This marks the second year for the Softball Program and the most recent Title IX report indicated Athletics must work with the University to identify an on-campus location for the softball field.

  With regard to general operating expenditures, salaries must remain competitive in high-profile sports and competent staff maintained in key areas, including academic, compliance, sports medicine and recruiting. Travel costs continue to increase and adequate resources must be provided to support recruitment efforts.

- **Future**
  Discussion regarding potential changes to NCAA Division I membership requirements continues. The University is currently in good shape in terms of having a certain number of sports, investing in grants and aid at a certain level and participating in a minimum number of competitions. As leaders decide how revenue will be divided and changing Division I membership, the University must be prepared to react to ensure it remains a Division I school. Legislative mandates exist which require additional funding (academic working groups, playing sessions and recruiting calendars) and these mandates are easier for larger universities to address.

  A flowchart was provided illustrating NCAA and Title IX requirements associated with the University maintaining a basketball team that participates in championships, NCAA appearances and obtains national exposure. With regard to these requirements information showing where the University currently stands was provided and included all MSU sports. Information regarding initiatives Athletics should work toward for the future, including meeting Title IX requirements which involve participation rates compared to the general undergraduate student body (through roster management) was presented. The University must also ensure it is in the
same proportionality in terms of grants and aid – within 1 percent – according to Title IX requirements. It is not as simple as investing in basketball and currently the University offers 16 sports but will likely increase to 17 in the near future to meet NCAA regulations.

In response to a statement regarding the strategic directions summary including co-curricular experiences and how much General Fund contributions toward athletics have increased, Mr. Ward indicated his willingness to discuss with Regents where the athletic subsidy was when he arrived at the University and where it currently stands. The athletic subsidy is driven by the increase in tuition and fees and Title IX and there has not been any increase associated with the proposed new facility. Athletic-generated revenue continues to increase and Murray State is the best in its conference in this regard. Annual giving, season ticket sales and guarantees increased this year. The only thing which has increased from the University’s standpoint is due to tuition and fees and Title IX. Under Dr. Dunn’s leadership operating practice has been for any enhancements to be paid for by athletics and not the University. A statement was made that faculty are most bothered when they become aware Athletics raises an individual’s salary when there is concern about that person leaving the institution because the same prerogative is not available to faculty. Dr. Dunn indicated this is not the case and there is a means in place for the University to retain faculty it desires to keep. Mr. Ward added there is also a mechanism in place within Athletics to fund salary increases and the additional money does not come from the institutional budget. Confirmation was provided that the Athletic Program had no major or Tier I minor violations over the past year.

Vice President for Institutional Advancement

- Development
  Mr. Carter reported consideration must be given to hiring a Director of Development for WKMS-FM. Development duties are currently divided between a Membership Coordinator and a Corporate Development Officer. These individuals, along with the Station Manager, are included in Development Council meetings and utilize Development Office resources. This is especially important given the possibility of a reduction in public funding for WKMS. One Development Director is responsible for three academic units, including the colleges of Science, Engineering and Technology and Health Sciences and Human Services and the School of Nursing, and consideration must be given to reorganizing these responsibilities.

Lobbying efforts must continue to improve state and federal governmental relations.

The change in how young people communicate – as well as how the older generation communicates – has resulted in challenges with the Racer-thon (Phon-a-thon) in terms of moving away from land lines and shifting to cell phones, texting, email and social media. A major change in how data collection takes place is being made and a variety of programs to assist with these changes are being implemented.

The Office of Development has outgrown current office space in the General Services Building and staff should be provided with a more suitable work environment and a presentable site for donor visits and recognition ceremonies.

- University Communications
  University Communications continues to identify strategies for integrating new ways of conducting business and implementing necessary technology changes.

Budget constraints include the expense of producing high quality publications, a marketing budget of only $110,000 and keeping pace with advertising and marketing campaigns at other Kentucky universities. In the last two years Murray State’s image has been extended statewide and nationally as a result of the University’s broadcast unit accomplishments, particularly through the Kentucky Educational Television partnership.

- WKMS
  There is a potential loss of federal funding beginning in 2011-13 in community service grants which last year amounted to $150,000 for WKMS.

A need exists for studio equipment upgrades and salaries for personnel in news, programming and development currently are below national standards.
Vice President for Student Affairs

- **Auxiliary Services Competition**
  Dr. Robertson reported work continues to determine how to strengthen the auxiliary services units – Housing, Dining Services and the University Store. These three areas contribute significantly to the campus culture but the University is also aware of local competition. Student needs must be met but at the same time auxiliaries must be self-supporting because no state funding is provided for those operations. The “Live Murray” marketing campaign has been initiated in an attempt to convince students to eat, stay and shop on campus and highlights the benefits of money students spend on campus staying on campus. Students and parents must understand investment in campus services means those dollars are recycled into scholarships and student work positions.

With regard to the University Store there is concern over the rising cost of textbooks. Two textbook stores in Murray compete against the MSU bookstore and consideration must be given to textbook rentals, the availability of books online and e-books. In response to this competition the University Store has started renting textbooks, both through the campus bookstore and an outside company. Work continues to provide students with access to textbooks online and copies of many books are available through Waterfield Library. A focus has been placed on customer service and textbook prepackaging is being offered. The Accounting Office now allows students to put their textbooks on account and pay for them over time. The University Store maintains a significant percentage of the textbook market but that is decreasing due to the number of options available to students.

In terms of dining services focus is being placed on meeting student needs and providing as many choices and as much variety as possible while keeping costs reasonable. Consideration is being given to flexible plans, the location of services, student input, delivery services, extended hours and facility enhancement. If residential students are required to eat all meals in the same location – no matter how much variety is provided – that gets old quickly and how to provide students with more than one dining option is being reviewed.

With regard to housing, challenges include maintaining the residential student base and aging facilities, the increasing number of off-campus options and commuter students and scholarships. Research has shown students who live on campus tend to be involved and more successful in terms of graduation. Strategies to address residential college issues include renovating the high rise facilities, discussing the feasibility of offering incentives such as free cable and laundry, offering private rooms and maintaining competitive rates. Identifying the proper mix of options is important for the housing operation to be successful.

- **Meeting Student Needs**
  MSU is experiencing an increase in the number of students with challenging needs upon arrival on campus, including psychological/mental health needs (depression, suicide, eating disorders and sexual assault) and in 2009-10 over 1,500 students sought out these types of services. Needs for students with disabilities (learning, physical, special needs/accommodations/tutoring/proctoring) must also be addressed and in 2009-10 approximately 3,500 client interactions took place. In fall 2010 there were 545 individual students utilizing services offered through the Office of Student Disability Services which included 1,700 proctored exams and 400 finals. Many students are faced with adjustment or settling-in needs and an increasing number of students continue to enter the University with academic or remedial needs. It is anticipated returning veteran students will require additional accommodation as well. Solutions to address these challenges include enhanced academic advising, retention alerts, students utilizing services earlier, awareness and a focus on veteran students. The University must continue to market services in a way so faculty, staff and students know where to obtain assistance.

Due to decreases in funding for the federal work study program, the number of federal work positions on campus has decreased. This is offset through the University student work program which is not need-based but illustrates the importance of having a healthy auxiliary services unit because the majority of MSU students are employed by the University Store, Dining Services and Housing. The Career Services Office also assists students in finding off-campus jobs and the University has enjoyed a long-standing association with Briggs and Stratton. Local employers desiring to hire MSU students are asked to make the Career Services Office aware of these
opportunities. The University also hosts a part-time job fair during fall semesters to provide students with information on available employment.

Vice President for Finance and Administrative Services

Mr. Denton reported with regard to financial information provided each quarter and the comparison of unrestricted net assets (reserves) to other regional Kentucky universities, the BOR made a decision several years ago that the University should remain in the middle. Over the last few years the University has increased reserves and is now at the top with 35.7 percent in terms of net assets to general fund revenue. Total net assets (per audit) are approximately $47.1 million and lines within that section are the same with the exception of the addition of two for this particular report – departmental operations-contingency FY09 and FY10. This represents Dr. Dunn’s request for a portion of departmental carryforwards to be set aside in the event the University faces additional appropriation reductions.

During Dr. Dunn’s first semester on campus a discussion occurred regarding what constitutes an appropriate level of reserves because a standard had never been established. Options of how to fund Banner implementation were being considered which led to the discussion of reviewing reserves and the standard which should be used to draw down reserves. At the time agreement was reached MSU should remain in the middle in terms of the level of reserves when compared to the other comprehensive universities (utilizing a ratio or percentage means). Over the past four years, through good budget management and conservative administration, reserves have increased. The administration can continue to accumulate reserves or could start taking into account future needs which should be considered – property acquisition as an example – and the Board must determine whether to continue using the metric of remaining in the middle or continue accumulating reserves.

Mr. Denton indicated the administration is not as conservative in terms of tuition projection as it was two to three years ago and there is no longer a safety margin set aside to move actual budget closer to projected budget. This is not an exact science because there are a number of accounts to consider and the difference between actual to budget when the accounts are added together make up this amount. Tuition, waivers, salaries and how departments handle carryforwards, as well as other major institutional decisions, enter into the process. The Board was reminded the administration has heavily decentralized budgeting and allows the operational units to maintain carryover money from year to year to utilize as appropriate. They are also allowed to maintain faculty and staff lines in vacancy and funding in vacant lines is currently not collected centrally because it is believed decision making and control best reside at the departmental level. This is not the procedure followed at all institutions but provides the Deans and account managers with a great deal of freedom in terms of utilizing these funds. The possibility of the University sweeping in those positions going into the third year of vacancy (for next year) has upset the Deans but the administration has not been attentive to this issue and lines have remained vacant for far too long.

Mr. Denton reported auxiliaries comprise approximately $6 million of Murray State net assets but even with the $41 million remaining in E&G there are certain lines which are earmarked for future expenditures such as encumbrances of $600,000 (legal requirement), working capital of $3.8 million (accounting requirement to cover receivables and inventory) and self insurance of $914,000 (set aside in the event the University converts from self-pay insurance to a regular premium-paid policy). Renovation and maintenance ($2.1 million) represents current projects and $12.7 million signifies the amount departments are holding within operations. Reserves for revenue contingency in the amount of $2.4 million represents 5 percent (a state appropriations number) to address a dramatic decrease in state appropriations. Funding in the amount of $13.9 million represents the reserve for general contingency and is flexible.

In response to a statement that periods of multi-year budget tightening give rise to the potential to fall behind on upgrading depreciable assets, Mr. Denton reported investments have decreased. In the 1980s the Board approved utilizing general fund investments (earnings) to cover repairs and minor renovations. Over the past ten years that number has dwindled and the University is now seeing extremely small numbers which means several physical plant needs exist with no identified source of funding. As an example, the physical plant substation must be replaced ($550,000). Previously funding would have been provided through consolidated educational renewal and replacement monies funded by investment interest but that has decreased
substantially. The University has little flexibility in terms of investment or tuition and fee income because it can collect money and put it into a bank account but within 30 days must turn those funds over to the state to invest. In the past state returns were much higher than those for local investments. Chair Curris clarified the issue at hand is reserves have increased appreciably in comparison to other institutions and whether the Board wants to spend a portion of the reserve accumulation or revise the budgeting process so every year a smaller amount goes into reserves must be determined.

The Board adjourned for lunch beginning at 12:15 p.m. Chair Curris called the Special Meeting of the Board of Regents – Annual Planning Retreat and Work Session – back to order at 1:15 p.m. and reported Regents Green and Thornton departed following lunch.

Mr. Denton reported within auxiliaries the single most pressing issue is housing and how to fund the University’s current stock – particularly renovation costs – because the institution has moved from replacement of residence halls to renovation. Renovating the residence halls is costly and when bonds are issued – which will occur shortly to begin renovating Elizabeth Hall this summer – even at a price tag of $10 million average per residence hall, the University would be facing $800,000 in annual payments for debt service. Housing has a revenue base of roughly $10 million which means an 8 percent increase in housing fees would be required to fund residence hall renovation and in addition to that would be the annual operating increases. Two years ago this issue was discussed and at that time residence hall replacement was being pursued. The University had built funding into the auxiliary budget to help offset the cost of renovating Elizabeth but a higher than normal housing increase will be necessary in the upcoming year. When the next residence hall is renovated two years after that, housing costs will again increase significantly. As renovation occurs over a two-year period for each residential college, an attempt has been made to raise housing rates one year in advance so all students do not face a large rate increase at one time. This dilemma is certainly influenced by available off-campus housing options and the University cannot raise its rates much higher and remain competitive. Competitive housing in the area has become much more abundant over the past several years with several large complexes coming online. The University offers approximately $800,000 in housing scholarships (an amount established some time ago) to support a variety of programs and activities being funded from housing revenue. At a time when the University desires to maximize revenue to address renovation and construction work revenue has instead been suppressed for a number of reasons, including senior students with regional tuition discounts no longer being required to live on campus and more external market options. Revenue is challenged and all these factors are coming together in a manner which is driving housing pricing higher than the University wants it to be. To date the University has utilized a system-wide residential pricing structure (with the exception of the two new residential colleges) but at some point may need to consider variable pricing with a premium being paid for the newest residential colleges. A premium is currently charged for the two new residential colleges and this has not suppressed demand for those facilities. Four residence halls are ultimately scheduled for renovation.

The administration participated in a series of activities to address College Courts including conferring with a variety of companies offering third-party financing arrangements. A marketing firm conducted a survey of MSU students to determine the acceptable on-campus rent level and when those numbers were compared to the rates being charged at off-campus housing facilities, even as an expected bidder, the firm determined the numbers were not feasible. The University decided to move away from a massive bond issue in order to address needs in College Courts and a decision was made to undertake this work in stages. To date the HVAC units have been replaced but there is no lack of demand for College Courts and the apartments are filled to capacity. The demand for College Courts is particularly high among international, graduate and married students and some undergraduate and fifth-year students. Issues which are being taken care of first amount to energy savings for the University and funds are being set aside each semester to address additional College Courts needs as this work continues.

Board Operational Issues, Meeting Management and Other Expectations

Dr. Dunn reported this topic was included on the agenda to provide an opportunity for the Board to suggest ways it would prefer the management of Board operations or President and Board relations be handled. If there is a desire for more or less reporting, something different in terms of how the agenda is built, a change in materials the BOR receives or the way Board meetings
are managed, this provides an excellent opportunity to indicate to the administration what changes are necessary. There were no suggestions for changes to current operational issues.

Information was provided regarding E-Board Books. Constituency Regents and the Chief Information Officer participated in a presentation on moving to board books that would now be compiled electronically and utilizing either a laptop or iPad to access information for any given meeting as opposed to the current method of putting together physical Board and supplemental notebooks. This would likely negate the need for a supplemental notebook because the final Board book would be built with any changes or additional information being added as the information is prepared. Information regarding E-Board Books is simply being put on the radar for consideration. Many companies offering electronic board books offer one-on-one training and University staff would also be available to assist in this regard. Regent Williams reported his company utilizes a similar service and a great deal of the features offered are working well with the unintended benefit of being able to send out electronic messages that are secure and cannot be forwarded, copied or changed. This has opened up an entirely new way for the President to communicate with Board members confidentially and securely. The only feedback which has not been entirely positive has related to financial statements and in many cases individuals choose to print off a paper copy of those documents. Other than discussions and a demonstration, no additional work has taken place with regard to E-Board Books. The University would be required to send out a Request for Proposals to identify a vendor and did not want to do so unless there was sufficient interest to move in this direction. Agreement was reached that the administration would identify universities which have implemented such a system to determine the level of satisfaction with utilizing electronic board books, particularly with regard to financial statements and security features and whether unforeseen problems have occurred. In addition, vendors will be evaluated in terms of specific services and products offered – not solely on cost.

Dr. Dunn reported one topic which has been discussed frequently is risk assessment (risk management) and formalizing a program for Murray State University. Information was provided regarding the Risk Management Department at Stanford University because the document provided outlines the areas of risk for higher education. Risk management takes place at MSU through the various units but an approach coordinated out of one office has not been instituted. The question to be reviewed is what could be gained from establishing such an office. Last fall several University personnel participated in a webinar entitled “Governance-Enhancing Risk Management: Setting the Right Balance Between Innovation and Controls.” If the Board determines the administration should develop a risk management program this work could take place via a BOR committee to determine whether a report should be provided to the full Board. The CPE does not require the University to have a formal risk management program but it does represent a best business practices approach. University auditors have also suggested it would be desirable for this work to occur although during the audit process they ensure risk management is being addressed. Auditors have not indicated this work should be centralized in one office and are comfortable at this point with work currently taking place on campus. Considering the nature of University operation and its growing complexity, the Board may want to discuss implementing a formal risk assessment policy.

Dr. Dunn indicated the Audit and Compliance Committee must determine how it wants to receive reporting from the Internal Auditor (Amy Sasseen) and whether there is a desire to meet quarterly or twice per year. The nature of the report the Committee wants to receive from the Internal Auditor must also be determined so there is an awareness of the Board’s expectations. The Audit Plan is customarily formalized during the summer months and becomes the Internal Auditor’s scope of work for the year. Regent Waterfield indicated the Committee should meet with the Internal Auditor at least once per year to receive the Audit Plan. The main concern is for this individual to have access to the Audit and Compliance Committee to report any potential problems which may arise. It was also suggested there may be areas the Audit and Compliance Committee would specifically ask the Internal Auditor to check into. Assurance was provided that the current Internal Auditor has a firm understanding of the role of the office vis-à-vis the Board and there is no doubt if an issue arose she would not hesitate to contact the Committee Chair. It was agreed that from a fiduciary standpoint the Internal Auditor would meet annually with the Audit and Compliance Committee to present the Audit Plan and would meet separately with the Chair of the Committee approximately six months later to provide an update, with the understanding she has access to the Committee anytime outside of these two meetings if an issue arises that should be called to the attention of the Board.
Final Thoughts

Chair Curris asked Dr. Dunn to check with General Counsel John Rall regarding a request he made approximately six weeks ago to review what the MSU Board is required to review by statute or by previous Board policy – referring to those issues which come before the Board during a meeting. The goal is to ensure the Board is fulfilling its responsibilities.

Dr. Dunn provided assurance University administrators are comfortable with the Emergency Management Plan currently in place. Following the tragic events at Virginia Tech a campus planning team was formed to study security. Voice alerts are now functional as part of the siren system on campus, phone screen alerts are available which provides Public Safety with a way to distribute a message to the entire campus, a text alerting system has been added and a protocol is in place to instantaneously add alerts to the University website. Public Safety has been expanded to Public Safety and Emergency Management and there is an individual charged with keeping plans updated and conducting training exercises.

Dr. Dunn provided confirmation that diversity planning is moving forward and anticipates the University Diversity Plan will be presented to the Board at the quarterly meeting in May for initial review. The University must still prepare an affirmative action plan but Kentucky has moved away from the compliance quota system to a more proactive diversity planning system. The CPE has charged the universities with undertaking this work and the Diversity Commission has been working toward developing such a plan. The University Diversity Plan will contain specific recommendations but will not be built into the budget for next year. If work needs to take place around this initiative during 2011-12 that likely will be funded with contingency monies and if operational changes are necessary those could be included in the FY13 budget.

Chair Curris reported an MSU Professor has appealed a decision of the Director of Equal Opportunity (EO) and the issue is now before a three-member faculty committee to decide. Because the Professor also filed a complaint against the President, the EO Director and General Counsel on a related issue, it was recommended President Dunn recuse himself from receiving the report from the faculty committee because that would represent a conflict of interest due to the second grievance being filed. The faculty report will now be presented to Dr. Curris in his capacity as Chair of the Board of Regents.

Adjournment

The Special Session of the Murray State University Board of Regents – Annual Planning Retreat and Work Session – adjourned at 2:30 p.m.