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Board of Regents, Murray State University

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**Minutes of the Quarterly Board of Regents Meeting and Committee Meetings  
Murray State University  
December 9, 2016**

**Call to Order/Roll Call**

The Board of Regents (BOR) of Murray State University (MSU) met on Friday, December 9, 2016, in Quarterly and Committee Session in the *Jesse Stuart Room* in Pogue Library on the main campus of Murray State University. Chair Stephen Williams called the meeting to order at 8:30 a.m. and welcomed those present.

The roll was called and the following members were present: Walter Bumphus, Clinton Combs, Katherine Farmer, Sharon Green, Susan Guess, Daniel Kemp, Jerry Rhoads, Lisa Rudolph, Phil Schooley, Jenny Sewell and Stephen Williams. Absent: none.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Renae Duncan, Acting Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Adrienne King, Vice President for University Advancement; Bob Pervine, Associate Provost for Graduate Education and Research; Bob Jackson, President, Murray State Foundation; Allen Ward, Athletic Director; Fred Dietz, Associate Vice President for Enrollment Management; Renee Fister, Senior Presidential Advisor for Strategic Initiatives; John Rall, General Counsel; David Burdette, Interim Chief Facilities Officer; Michelle Saxon, Internal Auditor, the Collegiate Deans and members of the faculty, staff, students, news media and visitors.

**AGENDA**

**Roll Call**

**Secretary Hunt**

**Minutes of the Quarterly Meeting and Committee Meetings Of the Board of Regents September 9, 2016, and Minutes of the Special Meeting of the Board of Regents – Annual Advance – September 8, 2016\***      **Chair Williams**

**Public Participation**

**Chair Williams**

**Spotlight: Athletics – NCAA Compliance**

**Ath. Dir. Allen Ward/  
Fac. Ath. Rep. Dave Gesler**

**Report of the Chair**

**Chair Williams**

**Report of the President**

**President Davies**

**Report of the Constituency Regents**

**Regents Farmer/Schooley/  
Combs**

**Report of the Treasurer\*  
(Quarterly Financial and Investment Reports)**

**Vice President Dudley**

**Report of the Registrar\*  
(August and December 2016 Conferral of Degrees)**

**President Davies**

**Performance Funding Update (For Information Only)**

**President Davies**

**Strategic Planning Update (For Information Only)**

**Sr. Pres. Adv./Strat. Init.  
Renee Fister**

**Committee Reports/Recommendations**

- A. Ad Hoc Committee on Board Self-Assessment and Orientation      Regent Guess**  
**1) Board Self-Assessment Recommendations (For Information Only)**

- 2) **House Bill 15 and Murray State Orientation and Training Materials for New Board of Regents Members\***
  
- B. Honorary Doctorate Committee Recommendation\*      Regent Kemp**
  
- C. Academic Excellence and Scholarly Activities      Regent Bumphus**
  - 1) **Experiential Education Update (For Information Only)**
  - 2) **Compass Placement Test Discontinuance and Accuplacer Placement Test Implementation (For Information Only)**
  
- D. Audit and Compliance      Regent Sewell**
  - 1) **Audited Financial Statements – General\***
    - a. **Presentation of Results of the Annual Audit Report (includes Management and Representation Letters)**
    - b. **Auditor Communications**
    - c. **Independence/Peer Review Letter**
    - d. **House Bill 622 Compliance Report for the Year Ended June 30, 2016**
    - e. **Kentucky Lease Law Compliance Report for the Year Ended June 30, 2016**
    - f. **General Financial Statements for the Year Ended June 30, 2016**
  - 2) **Audited Financial Statement – Federal Funds (Single Audit Report)\***
    - a. **Federal Single Audit Report for the Year Ended June 30, 2016**
  - 3) **Annual Audit Report – Athletic\***
    - a. **National Collegiate Athletic Association Independent Accountant’s Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2016**
  - 4) **Audited Financial Statements – WKMS-FM\***
    - a. **Auditor Communications**
    - b. **Audited Financial Statement for the Year Ended June 30, 2016**
  
- E. Buildings and Grounds      Regent Green**
  - 1) **Major Projects Update (For Information Only)**
  
- F. Enrollment Management and Student Success      Regent Rudolph**
  - 1) **Fall 2016 Enrollment Report (For Information Only)**
  - 2) **Fall 2016 Student Retention Update (For Information Only)**
  
- G. Finance      Regent Kemp**
  - 1) **State Endowment Match Program Annual Report\***
  - 2) **Projects Approved by Board of Regents’ Chair\***
  - 3) **Personal Services Contract\***
  - 4) **Personal Services Contracts – Schedule of Expenditures (For Information Only)**
  
- H. Legislative and Economic Development      Regent Rhoads**
  - 1) **Legislative and Economic Development Update (For Information Only)**
  
- I. Marketing and Community Engagement      Regent Guess**
  - 1) **Naming Proposal: *Dr. Gary W. Boggess Science Resource Center*\***
  - 2) **University Advancement Update (For Information Only)**

**NOTE:      Full Board action will follow Committee action.**

- Personnel Changes\*      President Davies**
  - A. **Two-Year Faculty Transitional Retirement Contract**
  - B. **Head Women’s Volleyball Coach – Contract of Employment Amendment**
  - C. **Head Women’s Soccer Coach – Contract of Employment Amendment**
  - D. **Staff Leaves of Absence without Pay**

**Board of Regents – Roles, Duties and Responsibilities\*      President Davies**

**University Appeals Board Appointments\*      President Davies**

**Resolution of Appreciation\*      President Davies**

**A. Harry Lee Waterfield II**

**Supplemental Materials**

**President Davies**

- A. Quarterly Risk Management Report (For Information Only)**
- B. Quarterly Capital Construction Report (For Information Only)**
- C. *Good News Report* (For Information Only)**
- D. Sponsored Programs – Grants and Contracts Report (For Information Only)**

**Other Business**

**Adjournment**

(\*Requires Board of Regents Action)

**Minutes of the Quarterly Meeting and Committee Meetings of the Board of Regents  
September 9, 2016, and Minutes of the Special Meeting of the Board of Regents – Annual  
Advance – September 8, 2016, approved**

Mr. Kemp moved that the minutes of the Quarterly Meeting and Committee Meetings of the Board of Regents on September 9, 2016, and minutes of the Special Meeting of the Board of Regents – Annual Advance – on September 8, 2016, be approved as submitted. Mrs. Guess seconded and the motion carried unanimously.

**Public Participation**

Chair Williams announced that there were no individuals signed up for the Public Participation portion of the agenda.

Dr. Davies indicated that Dan Douglas with Junior Achievement of West Kentucky, Incorporated was in attendance to present an award to the Board. Mr. Douglas stated he is proud to present an award to the University's faculty, staff and students for their efforts in regard to Junior Achievement of West Kentucky – an organization that teaches students about business, financial literacy and work readiness skills to prepare them for life after high school and attendance at Murray State. In the University's service region, last year Junior Achievement served nearly 7,000 students better preparing them for life. The President's Volunteer Service Award is a prestigious national honor bestowed from the White House and the President of the United States of America (Corporation for National and Community Service in recognition and appreciation for the University's commitment to strengthen the nation and communities through volunteer service). The award was established in 2003 by President George Bush and continues under President Barack Obama. The President's Volunteer Service Award gives presidential recognition to individuals, families, groups and organizations for their sustained volunteer commitment. Junior Achievement is a qualifying organization with the White House and that is why Mr. Douglas has the distinct pleasure of presenting this award for excellence in volunteer service from the President of the United States. A total of 22 Murray State faculty, students and staff provided hundreds of hours last year in local schools in Murray, Calloway County, McCracken County and Henderson – all within the University's service area. It is Mr. Douglas' great honor to bestow upon Murray State University – for the third consecutive year – the President's Volunteer Service Award.

Chair Williams expressed appreciation to Mr. Douglas and to all faculty, staff and students involved with this great program.

## **Spotlight: Athletics – National Collegiate Athletic Association (NCAA) Compliance**

Dr. Davies reported that as part of follow-up to the Board Annual Advance related to compliance, the Regents requested an update be provided to outline how the University administration ensures that NCAA rules and regulations are being followed, as well as inform the Board about various guidelines it must also follow. The presentation will be given by Athletic Director Allen Ward and Faculty Athletic Representative Dr. Dave Gesler is present to answer any questions. Every university has a Faculty Athletic Representative and their job is to ensure the Athletic Department is following protocols. This individual also serves as an ombudsman for all student athletes in their academic pursuits.

Mr. Ward introduced Matt Kelly, Senior Associate Athletic Director, who is also an excellent academic counselor. Brock Downey is the 2015 Ohio Valley Conference (OVC) Pitcher of the Year for the Baseball Team but also serves as the Interim Compliance Coordinator. These two individuals play an instrumental role in this entire process. Information was presented on the NCAA violation structure that originally included secondary violations and major infractions. A few years ago the NCAA adopted a four-level violation structure. Level I and Level II violations include major infractions and Level III and Level IV include secondary infractions. Murray State does not in any way want to be involved in Level I or II infractions. If a good compliance program is in place and monitoring is taking place as it should, Level III and IV infractions will be uncovered. Over the past 18 months, the University has had eight to nine such violations and five were presented as examples. The first involves coaching staff not providing an off day during the week. Once this was discovered, an off day was provided the following week and coaching staff were provided with additional education. The second infraction involved coaching staff going to local businesses to request that the team schedule be displayed. They wore their team shirts and were asked to take a picture with the employees. It is the photograph that caused the issue because it appears as though the team is promoting that particular business. This material had to be removed from all social media sites and the violation was required to be reported. The third infraction involved a prospect coming to the office unannounced during a dead period. Although the University could not control this, all must know that discussions cannot be held with the prospect during this period, per NCAA guidelines. The fourth infraction involved a student athlete who posted a personal item for sale on social media because this is something that athletes are not permitted to do. The infraction was discovered through random social media checks and the student athlete was asked to take down the post. Had the item for sale actually been sold, the athlete would have had to donate any proceeds to charity and the University would have had to ask for eligibility for this individual to be reinstated. The fifth infraction represented an isolated incident involving one particular individual which was required to be reported. Although it took time to conduct the investigation, quick and decisive action on the part of the University prevented the NCAA from visiting campus and elevating this to a Level II violation. Mr. Ward could not have been more pleased in terms of how this particular situation was handled and the outcome. This also presented an opportunity to have an educational training session with other coaches about what occurred and what is expected of them in their role as a coach. Approximately ten minor violations are uncovered every year and as long as this number remains below twelve Mr. Ward is pleased because it means the University's monitoring procedures are working effectively.

Mr. Ward further indicated it is important for all involved to promote an atmosphere of compliance through rules education, interpretive support and monitoring procedures. Weekly Accountable Athletic-Related Activity reports are prepared so a student-athlete knows if they practiced 20 hours per week during the season that must be reported. Monthly telephone and recruiting logs are maintained and auditing of complimentary tickets occurs on a routine basis. Random checks of student-athlete social media sites are also conducted. The most important aspect of this work is promoting a culture and atmosphere of self-reporting all violations and all coaches follow this culture. People make mistakes and as long as those mistakes do not become a pattern they can be managed and education can be provided to those involved.

Mr. Kelley and Mr. Brock take the lead in terms of rules education and coaches are required to attend monthly rules education sessions each semester. Student-athletes are required to have three education opportunities per year which can vary in terms of topics discussed. Recent discussions have involved social media and what student-athletes can and cannot do in this regard. Administrative staff are also required to attend rules education sessions and newsletters, pamphlets and "Tips of the Week" are provided to all season ticket holders, as well as others,

and are placed throughout various businesses within the community. GoRacers.com also contains a link to the compliance website for athletics. Monthly OVC compliance calls and annual in-person meetings occur. Once every three to four years an individual from the OVC will conduct a review of compliance procedures. Murray State's next review will occur this year. Most importantly, people are informed to ask before they act and with today's technology there is no reason this cannot occur. An internal newsletter – Inside Track – is also provided every month.

NCAA compliance is not simply an athletics' issue – it is a University issue. Everyone present today plays a role in NCAA rules compliance. The Registrar's Office certifies the eligibility of all student athletes. That office also tracks and reports Academic Progress Report (APR) scores and graduation success rates. The Financial Aid Office is responsible for applying all athletic scholarships to ensure there are no over-awards for student-athletes. The Faculty Athletic Representative administers all coaching exams, signs off on eligibility certification and conducts the student exit interviews. It is important to note that this work is not conducted by the Athletic Department. The Transfer Center evaluates transcripts to ensure academic integrity and International Admissions assists with incoming international students. The Bursar's Office makes all payments for student-athletes to ensure all account activity is processed. Each year the Board of Regents – as a governing board – demonstrates its commitment to institutional control by signing the Ohio Valley Conference Certification which confirms that the President mandates to the Athletic Director the responsibility for ensuring compliance with NCAA rules and regulations. The Board approved this Certification at its last meeting.

In terms of what Board members can do related to recruiting of student athletes, all Regents must remember that they are a representative of the interests of Athletics through their role as Board members, donors, season ticket holders or University employees. Once a person is a representative of Athletic interests, they are always a representative of Athletic interests. Everyone in this room is a representative of Athletic interests which means they are subject to the rules and guidelines just outlined. If a prospective athlete or their parent or legal guardian approaches a Board member to ask how their son or daughter can be evaluated or recruited by Murray State, if there is no pre-existing relationship, the best thing to do is refer those individuals to the Athletic Compliance Office so they can be directed appropriately. If a Board member has a pre-existing relationship with a student-athlete, they can continue to have conversations with the prospective student but it is still best at some point for the Regent to separate themselves from the recruitment process and let this work be handled by the Athletic Compliance Office. All must remember that there are different age levels for prospects. In terms of Men's Basketball, if athletes are in 7<sup>th</sup> grade they are considered a prospect. In terms of Women's Basketball, if athletes are in 8<sup>th</sup> grade they are considered a prospect and for all other sports it is the 9<sup>th</sup> grade before they are considered a prospect. If a 7<sup>th</sup> grader or their parent approaches a Regent to discuss playing basketball at Murray State, they should be directed to the Athletic Compliance Office. Assurance was provided that this type of interaction occurs each and every day. It is important to note that a prospect does not become a full-time student-athlete until they enroll full-time and are attending classes at Murray State. This means student-athletes remain prospects up until the time that they actually begin taking classes. A list of permissible activities was also provided and includes maintaining pre-existing relationships to encourage all students to attend Murray State. Student-athletes can be employed but it must be at the going rate and they cannot be paid more based on their athletic reputation. Most importantly, approval must be received from the Athletic Compliance Office before this occurs. The Board was provided with the following number: (270) 809-6016 for the Athletic Compliance Office. The goal is to give every student an opportunity to attend Murray State even if they will not be a student-athlete.

Mr. Ward commended the Women's Volleyball Team for an outstanding trip to the University of California, Los Angeles (UCLA). Murray State took the first set and Scottie Ingram – Murray State's three-time Player of the Year – was the best player on the court for either team. The Volleyball Team represented Murray State University well, especially considering that players on the UCLA team were 6'7" and Murray State players were 5'11". The Volleyball Team was congratulated for a tremendous season.

On behalf of Athletics, Mr. Ward expressed appreciation to the Board for their support.

### **Report of the Chair, received**

Chair Williams reported that he had the opportunity to participate in a meeting which occurred in Frankfort, Kentucky, last week. Last year legislation was passed relative to developing a more consistent orientation program for trustees at all of the public universities in Kentucky. The Council on Postsecondary Education (CPE) was designated to develop standard orientation components – some to be offered at the state level and others to be done on the local level. The first orientation program represents an outgrowth of this entire process in terms of the meeting which occurred two weeks ago. Regents Rudolph and Farmer attended the CPE Orientation Session and will be provided with an opportunity to make any comments in terms of the orientation and the CPE program. The all-day CPE Orientation Session was followed by a reception at the Governor’s Mansion where Governor Matt Bevin made remarks and that event was well attended. The CPE Board Orientation Session represents work-in-progress and changes will be made to program content as this work progresses, as appropriate.

Regent Rudolph reported that the CPE Orientation Session was very good but a lot of the information provided was repetitive in terms of information she had already received during the orientation conducted by the University when she was first appointed to the Board. President Davies and staff had already provided an in-depth orientation – before her first “official” meeting – and a great deal of the information presented by the CPE was a repeat of that same information. The information provided by the CPE was good information but served as a reinforcement of information which had already been provided by the University. Ms. Farmer concurred with this perspective and indicated it was a good experience which also presented an opportunity to meet new Regents from the other universities.

Chair Williams reported that following the CPE Orientation Session he and President Davies had an opportunity to meet with Bill Payne, CPE Vice President for Finance and Administration, relative to performance funding work which has been undertaken by the Interim Task Force and the recommendations which are forthcoming as a result of this work. It was a positive meeting and Dr. Davies will expand on this interaction later. Aside from the content relative to the subject at hand, he was very impressed by the obvious deep respect and appreciation voiced by Mr. Payne for Dr. Davies’ leadership in the group of university Presidents and others involved in the performance funding process. It was obvious very quickly that Dr. Davies had great credibility throughout this process and they very much respect his input and leadership in trying to figure out how to be appropriately compliant with legislation which was passed. President Davies was congratulated for developing strong credibility with that group throughout this process.

### **Report of the President, received**

Dr. Davies reported that a more in-depth report was provided in the eBoard book but he wants to highlight a few items of importance for the institution. The first is that the Provost Search was conducted over the past semester and appreciation was expressed to Dean Steve Cobb, *Jones College of Science, Engineering and Technology (JCSET)*, for serving as Chair. Through this process a good pool of candidates was generated and two individuals visited campus. After a day-long interview with each of the candidates, and with a great deal of input from the University campus in addition to his own assessment of their skills and talents and fit within the institution, a determination was made to restart the search. This was not a failed search as the Search Committee did its task and worked very hard throughout the process. Moving forward, a search firm – Diversified Search – has been engaged to further this work. Euris Belle is the Search Consultant with Diversified Search and she, along with partner Barry Vines, were on campus last week and met with many constituents including faculty, Chairs, Deans, Faculty Senate, Staff Congress and students. They also walked around campus and randomly talked with individuals and visited several restaurants in Murray to secure a very strong feel about what it is like to live and work in Murray. A search firm has the expertise and ability to do the in-depth, one-on-one targeted marketing to develop a pool of the right candidates for Murray State University, with a full understanding of current circumstances. In talking with Ms. Belle, Dr. Davies made it clear that the University needs a pool of candidates that is deep in expertise, includes sitting Provosts looking to advance and represents a very diverse pool. The pool of candidates from the previous search was not overly diverse and efforts need to be directed toward this important aspect. It is believed Diversified Search will be able to unearth candidates that would not be identified through traditional advertising. The process will be conducted

throughout the next semester and January and February will involve candidate acquisition in terms of individuals interested in the position and then the vetting process will begin. In late February the pool will be narrowed to a group of semi-finalists for airport or Skype interviews. Final candidates will be brought to campus in April, with the successful candidate selection being made in May 2017. Dr. Davies is confident the University will be presented with solid candidates and the “right” Provost for Murray State will be selected at the conclusion of this process. In the meantime, Dr. Duncan will continue in her role as Acting Provost. She, along with Dr. Pervine, will divide the duties associated with the position so the University can continue to move forward more aggressively on many fronts over the next six months than it has over the past six months in terms of academic programs and budgeting. Drs. Duncan and Pervine will be working more closely with Dr. Davies as this process unfolds. Work to identify the next Provost and Vice President for Academic Affairs at Murray State University is moving forward at a rapid pace.

Chair Williams indicated that President Davies has been diligent about keeping him informed throughout this process. He has assured President Davies that the Board would support his decisions in this regard. If utilizing a search firm will result in betterment to the University then that is certainly what should be done. Appreciation was expressed to Acting Provost Renae Duncan and Associate Provost Pervine for their continued leadership in this process in the interim. All have been involved in searches and sometimes it takes time to ensure the right applicant pool is identified and candidates represent the caliber required for the position. He wishes the President the best as this work develops to result in a great product. Dr. Davies reported that another search is underway for the new Dean of the College of Humanities and Fine Arts. Over the past year Dr. Staci Stone has served as Interim Dean and is doing a phenomenal job. Dr. Stone is also chairing the search and the Search Committee has narrowed the candidate list to three. Two individuals have already been interviewed on campus and the third is visiting next week. A decision will be made shortly thereafter.

Dr. Davies has received a recommendation from Vice President Dudley regarding changing the name of Public Safety and Emergency Management to the Murray State University Police Department. In talking with Police Chief Jamie Herring and others, when reference is made to safety officers an image of “mall cops” arises. Murray State officers are sworn officers and have all the rights, responsibilities and authorities as any police officer in the Commonwealth. The name change also follows what the other five comprehensive universities in the state have done and Kentucky Revised Statutes (KRS). In 1973 when the Board of Regents authorized the Public Safety Department, KRS read safety department. In 2013, KRS rules and regulations changed and gave authority for the universities to establish police departments. This change is being made because Murray State officers are sworn officers and because this represents a new world and the University must ensure it keeps the safety and security of all faculty, staff, students and visitors at the forefront. Dr. Davies has asked the unit to start the process of changing its name in the most expedient and cost effective way possible. This change does not require Board action and follows the precedent set in the Delegation of Authority in terms of the President fulfilling his duty of informing the Board of such changes.

At the Board Advance discussion occurred regarding the establishment of a Mission Statement Review team. This team has now been empaneled and Chris Wooldridge, Executive Director of the Small Business Development Center, will serve as Chair. The team which will undertake the review process and make recommendations includes Drs. Duncan, King and Fister, along with Dean of the School of Nursing and Health Professions Marcia Hobbs; Dr. Bommanna Loganathan, Professor of Chemistry and Watershed Studies Institute representing the Faculty Senate; Re’Nita Avery-Meriwether, Director of Student Life, Curris Center, representing Staff Congress; Tori Wood, Student Government Association Vice President for Administration; Dr. Dina Byers, Associate Professor, School of Nursing and Health Professions and Dr. Cathy Callahan, Chair and Associate Professor of History, representing the Council of Chairs and Dr. Kelley Wezner, Director for Institutional Effectiveness in her capacity as liaison to the Southern Association of Colleges and Schools (SACS) accreditation process. The charge for the team is to develop several goals and ideas and a full update on this work will be provided at the February Board meeting. The team will work with the shared governance bodies throughout the remainder of the semester to be able to present a final recommendation at the June Board meeting. Dr. Davies expressed appreciation to all individuals involved in this process. Mr. Wooldridge expressed appreciation for this opportunity and for the faith the President and the

Board have placed in him and in this process. All are confident the team will be able to present a viable recommendation.

Dr. Davies reported that during the first week of the Spring Semester the Racer One Stop will be initiated and will transition into the Fall Semester for a two-week period. During the first period of the semester students must have flexibility in terms of changing their schedules and need to be able to work with various offices to address a number of issues, including billing, registration, financial aid and scholarships. Currently, students must travel across campus from office to office to accomplish whatever it is they need. An effort is being made to have a representative from each of these offices in one location within the Curris Center – the Stables – for a one-week period beginning in Spring 2017 where students can literally go to one stop to meet a multitude of needs. Also throughout this process, individuals working with these students can help them navigate through the various offices as necessary and in one location. This represents an idea which arose from a grassroots effort in terms of students and staff talking about how to bring everyone together in one location and appreciation was expressed to all involved in this initiative. Although this sounds like a simple idea, navigating the logistics of moving all necessary offices into one location has proved to be a significant undertaking.

Another major initiative in which the University is involved is the Federal Labor Standards Act (FLSA) labor law changes and Murray State has been navigating this issue over the past year. FLSA changes were initially scheduled to go into effect in July but the implementation date was subsequently delayed to December 1. Appreciation was expressed to the Human Resources and Payroll Office teams which have undertaken a great deal of the work necessary to effect necessary changes. As part of this process, 415 positions have been reviewed and resulted in 225 positions remaining exempt and 135 positions being reclassified from exempt to non-exempt (hourly) due to the duties test. Based on the salary test, 55 exempt positions were deemed to be non-exempt because they did not meet the threshold of \$47,476. As all may know, an injunction was filed three to four days before the December 1 deadline. At that point the University was faced with a decision in terms of whether to undo everything that had already been done or maintain the course upon which it had embarked. Through discussion, a review of reports and in consultation with national organizations – including the Society for Human Resource Management and the College and University Professional Association for Human Resources and many others – it was determined that the overarching recommendation was for the University to stay the course it had already put in place. If the stay continues and the salary threshold changes the University will adopt the new regulation and adjust at the appropriate time. It is currently unknown how long this process will take and whether a decision will be made before January 20, 2017. It is unknown whether the new Labor Secretary will uphold these changes or whether the new presidential administration will also make changes. There is a great deal of ebb and flow associated with this entire process.

Dr. Davies further pointed out that 135 positions were reclassified based on the duties test. Regardless of the salary test or the injunction put in place, these individuals are now properly classified as hourly and not exempt employees. Most of the 55 individuals who did not meet the salary test currently make in the low \$30,000 range. Even if the salary ceiling is lowered – which is a high probability – most of these individuals will still remain as non-exempt employees. This represents the path the University has chosen and Dr. Davies believes it is in the best interest of the institution and staff who have been affected as part of this process. All other public universities in the Commonwealth are also following the same course of action. This issue has received a great deal of press coverage and comments from interested parties. There were no questions from Board members regarding the University's strategy and implementation of FLSA standards. Dr. Davies indicated he assumes because there were no questions the Board is supportive of these efforts and he will continue to move the University forward in this regard.

Mr. Schooley asked whether an individual currently on a teaching contract who has now been moved to non-exempt (hourly) will be able to continue to teach. Dr. Davies indicated one exemption to the FLSA changes includes teaching if this represents a majority of the employee's job duties. If these individuals are teaching as 5 or 10 percent of their duties this does not constitute a majority of their duties and they can be moved to hourly. Confirmation was provided that an individual's teaching duties must constitute at least 51 percent of their total job duties. If 90 percent of the duties associated with a person's job description qualifies them as non-exempt but they are teaching 10 percent of the time, that individual can still maintain the 10

percent teaching duty but will be classified as non-exempt. These individuals would not be able to teach on an adjunct or overload basis because if they did so they would have to be paid overtime based on their hourly rate. If teaching is incorporated as part of their job description then it becomes part of their 37.5 or 40 hours worked per week.

Mr. Kemp asked how communication was provided to employees who were moved from exempt to non-exempt. Dr. Davies commended Ms. Gordon and the Human Resources team with regard to these employees. Human Resources and the Payroll Office both held one-on-one sessions with the affected individuals. The salary level for these employees remained the same but the challenge was that they would now be paid on a bi-weekly basis as opposed to a monthly basis. Bi-weekly employees are not necessarily paid twice per month because they have 26 pay periods throughout the year. There was a pay differential on a monthly basis because during two months they would receive three payments versus the two payments (bonus money). Human Resources worked with these employees and offered them an opportunity to have a tax-free advance payment for the months of November and December so their paycheck remained harmless, especially through the holiday season. A great deal of communication was offered and whether it was effective and efficient is in the eye of the beholder. This represents an interesting time for these employees because their employment category is being changed and, unfortunately, there is some value associated with being an exempt employee versus non-exempt. Efforts have diligently been made to convey that these changes do not represent a value determination but only a change in the way an individual is paid. Mr. Schooley indicated this has been the biggest concern in that many of these individuals feel as though they have been demoted by moving from exempt to hourly.

Over the past four to five years federal laws have been put into place that reinforce state boundaries with regard to the delivery of distance education. This means institutions cannot operate in other states without being licensed in those other states. In some states, if an institution is not licensed in that state it cannot even advertise or directly market to students in those particular states. The State Authorization Reciprocity Agreement (SARA) is designed to allow states that belong to SARA to operate, advertise and market distance education to students in other states which are also members of SARA. To date, roughly 40 out of 50 states are members of SARA and legislation was enacted during the last Legislative Session that authorized the CPE to determine whether Kentucky should enter into a SARA agreement. At its last meeting, the Council agreed the state should enter into SARA. Each institution in Kentucky can now enter into SARA which will allow it to compete and offer distance education in other states. Murray State filed paperwork on December 1 to become a member of SARA and word has been received that the documentation has been approved by the CPE and SARA. The University is moving forward in this direction and, by doing so, Murray State is able to compete in all states belonging to SARA but other universities will now also be able to compete in Kentucky. It is believed that eventually 48 out of 50 states will become part of SARA. The two states that will likely not join SARA are Massachusetts and California. Licensing fees in Massachusetts are extremely high and there is a plethora of institutions in that state that do not feel they should pursue SARA as an option and the situation is similar in California. Murray State does not intend to compete in all 50 states in terms of distance education but becoming a member of SARA does allow the University to work with other states within its immediate region such as Tennessee, Indiana, Missouri, etc.

Dr. Davies further reported the following:

- The College of Education and Human Services recently received a visit from the Kentucky Education Professional Standards Board (EPSB) which approved all 77 educator preparation programs offered by the college. The University awaits a final announcement from the EPSB shortly.
- The *Jones College of Science, Engineering and Technology* recently had two accreditation visits. The Accreditation Board for Engineering and Technology (ABET) is the premiere accreditor for programs in engineering, engineering technology, computing and applied science disciplines. In October, *JCSET* hosted accreditation teams from ABET for the reaffirmation of undergraduate degree programs in Occupational Safety and Health, Civil Engineering Technology and Construction Engineering Technology. The graduate program in Occupational Safety and Health was also slated for reaffirmation. The accreditation teams were complimentary of Murray State students, faculty, facilities and curricula. Formal decisions on accreditation will not be communicated to Murray State or to the public until next summer but the visits went extremely well and the teams left the University with very minor discussion points. All are confident that these programs will be successful in their application for reaffirmation. ABET accreditation is typically for a period of six years.

- Based on a recommendation from the Provost's Office, the Office for Institutional Effectiveness will report to the President's Office, effective January 1, 2017. Institutional Effectiveness represents the institution's research and data collection arm. The Provost's Office made this recommendation due to the University-wide approach necessary for this work to be undertaken effectively. Institutional Effectiveness will report directly to the President's Office but day-to-day management will be supervised by Dr. Fister. As part of this process, WKMS-FM, which currently reports to the President's Office, will also be managed by Dr. Fister on a day-to-day basis.
- The Kentucky Academy of Science had ten Murray State students as award winners for competitions in geography, geology, engineering and environmental science, computer and information sciences, chemistry and cellular and molecular biology. This provided a great opportunity for Murray State students.
- The Kentucky Council of Teachers of English and Language Arts named Dr. Jacqueline Hansen, Chair and Professor, Department of Early Childhood and Elementary Education, as College Teacher of the Year. Dr. Hansen is an outstanding faculty member and this recognition is much deserved.
- The date for the next Presidential Lecture is March 9, 2017, beginning at 8 p.m. in the CFSB Center. The title for the Lecture is, "We Have a Dream, Are We Living It?" and will involve a discussion about current social tensions and leadership which must occur within the United States at this particular time. Three amazing experts have been identified for the Presidential Lecture and all are Murray State graduates. They are exceptional leaders in higher education and include Regent Dr. Walter Bumphus, former Regent Dr. Jerry Sue Thornton and Dr. MarTeze Hammonds who is the inaugural Associate Dean for Diversity and Inclusion at Arkansas Technological University. Dr. Hammonds earned his bachelor's degree and two master's degrees from Murray State University and is a national leader in student affairs, specifically in the areas of race and diversity. The Presidential Lecture will represent a panel discussion featuring these three experts.

## **Reports of the Constituency Regents, received**

### **Faculty Regent**

Ms. Farmer reported the following:

- The efforts of everyone involved in Fall *Scholars Week* were recognized to focus on faculty dedication to not only excel in the areas of research, teaching and service but to combine those efforts in outreach with the community and alumni. Under the direction of the Office of Research and Creative Activity, and Coordinators David Pizzo and A.J. Boston, Murray State hosted Fall *Scholars Week* as a University-wide celebration of undergraduate and graduate scholarship, research and creative work. From November 14-18, 2016, 170 student participants, guided by 46 faculty advisors whose names were included in the eBoard book, presented 17 sessions at various locations on campus. Topics ranged from historical figures and media history to the economic viability of emerging technologies in agriculture. Two favorite sessions were "Evidence-based Best Practices in Clinical Healthcare" and the geoscience seminars. In the "Evidence-based Best Practices in Clinical Healthcare" session, nursing students examined current protocols at local hospitals, researched best practices and made recommendations to the hospital for changes to current practices based on their findings. The students really made an impact in the local medical community. In the geoscience seminars, students explored how the study of geosciences influences other areas such as Kentucky rural development, river mapping and fishing and the role of soil quality in agriculture. Additional information on the students and their associated projects can be found by clicking on the link provided in the eBoard book which directs the user to the University Libraries' Digital Commons which contains the abstracts and a listing of those who participated in the program. The Office of Research and Creative Activity and the Faculty Mentors will continue this valuable endeavor during the Spring Semester. *Posters-at-the-Capitol* will be held on March 2 and *Scholars Week* will be held in April.
- Dr. Dana Todd, Associate Professor, School of Nursing and Health Professions, and her Nursing 410 class – Community Health Nursing – conducted this year's Fall Student Health Fair. Senior nursing students were responsible for developing health education display boards on topics such as stress, anxiety, diabetes and sexually-transmitted diseases. They were also responsible for advertising the event, registering participants and evaluating the success of the Student Health Fair. Dr. Todd and the nursing students also provided Murray State students with blood pressure, glucose, cholesterol, body mass and many other basic screenings at no cost. The valuable screenings offered at this event have been known to discover a number of medical issues for students so they can be directed to the appropriate medical staff for treatment. Dr. Todd and her students also collaborated with the Calloway County Health Department for the screening equipment which was used for this event. The Health Department also provided students with an opportunity to receive flu shots with the appropriate insurance. This year's event served approximately 50 students with the Calloway County Health Department providing approximately 40 flu shots. This represents an excellent opportunity afforded Murray State nursing students by providing nursing intervention and health education within the community environment.

- The University's Education Abroad programs significantly impact Murray State faculty and students. Melanie McCallon, Director of Study Abroad, received the Fulbright Scholarship for a study abroad program in India. The Education Abroad Program was also awarded the United States State Department Capacity Building Grant for study abroad this year. The office has partnered with the *Jones College of Science, Engineering and Technology* to fund five Faculty Education Abroad Fellows – Dr. Jamie Rogers from the Institute of Engineering, Dr. Marcia Combs-Ford from the Institute of Engineering and the Telecommunications Systems Management Program, Dr. Michelle Casey in Geosciences, Dr. Kevin Revell in Chemistry and Dr. Claire Fuller in Biology. These individuals will examine the curriculum at some of the University's partner institutions overseas and match it with the curriculum across five academic areas to help students identify which courses they can take abroad and add to the student advising materials and programs. This will allow students to have an opportunity to study abroad and take courses within their program without getting behind in their regular classes. The Office of Development has also put forth \$30,000 from the Spring Education Abroad fundraising campaign to be used specifically for scholarships for STEM students to participate in this program. Involved faculty are very excited about the opportunities afforded by this program.
- Dr. Ford-Combs has developed relationships with the Belize Public Library system and this may bring about hands-on opportunities in developing internet infrastructure for the public libraries in Belize. To illustrate the impact Study Abroad has on students once they return to Murray State, the College of Education and Human Services has had a long-standing relationship with Belize for the student teaching experience. During the student teaching semester, students are allowed an opportunity to complete a portion of their student teaching hours teaching in schools in that country. This effort is led by Murray State *Professor Emeritus* Dr. Bonnie Higginson. One student from the April 2016 Belize trip – Kate Smith – is now a Librarian in Vienna Grade School in Vienna, Illinois. She returned from the trip saddened by the lack of books available in the schools and libraries in Belize. She wanted to start a book drive so she discussed the idea of having a book drive to send books back to Belize on the next trip with Dr. Higginson. Since the 2016-17 school year has begun, students have collected approximately 1,000 books to send to Belize. Holly Bloodworth, a Librarian at Murray Elementary School and a 30-year veteran of education teaching, went on the trip in April of this year and provided opportunities in literacy and reading for the Belize teachers. She has also joined in the book drive effort and her third grade reading students have gathered 1,400 books to be delivered by the group going to Belize in Spring 2017. They have also joined with the Murray Magazine Club, Calloway County Public Library, Murray Area Council of International Literacy Association and other Murray State organizations such as the Honors College, Alpha Epsilon Alpha and Phi Kappa Phi honor societies, Education Abroad, *Madisonville Regional Campus* and the *Paducah Regional Campus* and the total number of books to be sent to Belize has now grown to 4,000. Dr. Higginson plans to deliver these books when she returns to Belize in January 2017. This project helps illustrate how the opportunities afforded students through Education Abroad can change the lives of Murray State students and bring connections to the world to Murray State University's 18-county region and to the homes of students following graduation.

### Staff Regent

Mr. Schooley reported the following:

- Telecommunications Systems Management (TSM) Program faculty also travel to Belize each year to set up wireless programs to support the libraries and schools.
- Human Resources did a great job training employees so they would be prepared to complete the online insurance enrollment process this year utilizing a new program. In response to a question on the Staff Survey regarding recent insurance enrollment online changes and the availability of computers, work space and Human Resources assistance, 95 percent of 226 staff members who completed the survey indicated Human Resources did a good job with this process. When asked whether staff felt as though they had been adequately informed about how the FLSA change would affect them, 80 percent indicated they had been adequately informed.
- This past Sunday Dining Services held the annual "Almost Midnight" Breakfast in Winslow Dining Hall. This breakfast is held each semester before Finals Week and this Fall 1,140 were in attendance and faculty and staff helped serve during the event. Dining Services has also helped prepare and serve two other special meals for students during the past two weeks – Thanksgiving Dinner (2,059 in attendance) and the Holiday Dinner (1,728 in attendance).
- The most recent Staff Survey was sent to 823 staff members and 226 responses have been received (27.5 percent). The results of the Staff Survey will be presented to the Board in February or June.
- The Marie Jones/Staff Congress Foundation Textbook Scholarship Committee was recognized. This Committee presented over \$800 in scholarships this year which are used to assist Murray State staff and their dependents with obtaining textbooks needed to pursue their degree at the University.
- The Staff Congress Special Events Committee held two events this month – the Staff Holiday Gathering held yesterday with approximately 300 staff in attendance. The Children's Christmas Party was held on December 3 and approximately 180 parents and children were in attendance. During the

event the children were asked to sign a Christmas card and Staff Congress officers presented the card to Dr. Davies during the Board meeting.

### Student Regent

Mr. Combs reported the following:

- Earlier in the semester the Student Senate passed a Resolution confirming its commitment to diversity and inclusion on the Murray State campus. The group committed to the University Diversity Pledge which is an effort led by the students and S.G. Carthell, Senior Director for Diversity Initiatives. Also as part of this process, the position of Director of Diversity for Student Government was also established and work continues to fill that position in order to better define the associated roles and responsibilities.
- The Student Government Association (SGA) hosted several successful events over the past year, including hypnotist Tom Deluca who filled Lovett Auditorium again at the beginning of the semester. The SGA also hosted the two DEA agents who brought down the Pablo Escobar Cartel and are featured on the Netflix original Narcos series. A Build-A-Bear workshop was held where students could stuff their own horse, teddy bear or basset hound. This event was incredibly successful and the SGA will be bringing it back in February around Valentine's Day. A successful movie series has also been offered on campus.
- The Board of Student Body Presidents in Kentucky is working on planning a rally for higher education in Frankfort in February 2017 with a focus on college affordability and a reinvestment in higher education in the state. It is hoped several political figures will participate in the rally and student testimonials will be provided.
- The Student Government Association completed a comprehensive focused group study on all its various branches. The results obtained from the study were mostly positive but some areas of improvement were noted, especially with regard to marketing. All are very thankful for the assistance provided by the Murray State Public Relations Student Society of America (PRSSA) group during this process. Dr. Hobbs helped initiate this study for SGA and the PRSSA group was able to provide some very good advice and suggestions. All look forward to implementing those suggestions throughout the next semester.
- The SGA had a very successful Homecoming as well as celebrated its 80<sup>th</sup> birthday – 80 years of student government. Kelsey Bogard and Austin Spicer were congratulated on being named Homecoming Queen and King, respectively.
- Changes are currently underway in the Center for Student Involvement within the SGA Office. Evan Ditty, current Coordinator of Greek Life and Student Leadership Programming, is moving to Penn State as the Assistant Director for Fraternity and Sorority Life. All will miss him sorely but are very happy for him. Brooke Hubbard is currently completing her master's degree in Postsecondary Education and will be filling in as the Interim Coordinator of Greek Life and Student Leadership Programs. All are sad to see Mr. Ditty leave but times are still good for the Student Government Association.

### Report of the Treasurer, received

Ms. Dudley reported the following with regard to the Quarterly Financial and Investment Reports:

- The Board was reminded that all numbers contained within the Quarterly Reports are as of September 30 which represents only one quarter of data and it is very early in the year.
- The Tuition and Discount Analysis Schedule provided to the Board represents a report that has been prepared this year in more detail, especially since tuition is a major concern for the institution at this point. Fall gross tuition numbers were provided and were budgeted at \$56 million for the past semester. As of September 30, the University has generated approximately \$52.6 million which represents a shortage of \$3.5 million. Based on enrollment data which has been provided to the Board, this shortage was expected. Due to this shortage, it is anticipated the University will have an approximate \$4.5 million overall shortfall for the fiscal year. Spring Semester figures are not currently known. Based on quick calculations which were made on November numbers received shortly before the Board meeting began this morning, it is believed the \$4.5 million shortfall is an accurate estimate. The Board should be prepared for this shortfall due to the enrollment decline. The Board is also aware there is a \$2 million contingency in the budget and that remained in the budget for this year. This will provide significant relief for the shortfall but other items are being considered to minimize the impact to the various University departments. Work is currently underway to develop a plan to adjust the budget to address the shortfall.
- For 2015-16 actual Fall revenue was \$53.2 million. The University is actually slightly down from this time last year. In terms of the budget, enrollment growth was not included for this year but there was a tuition rate increase of 4.5 percent for the current class (slightly over 10 percent for the new incoming class). This is the reason why the budget is larger because the University projected on last

year's enrollment with a tuition rate increase and not an actual enrollment increase. This represents a conservative approach but, due to an overall enrollment decline, this is the associated impact.

- Information was added this quarter on net tuition to provide the Board with overview of the discount rate. This is an important number which must be tracked for budget purposes. For Fall, the University is trending at a 36.8 percent discount rate. This includes scholarships and tuition waivers that the University provides and does not include third-party scholarships or Foundation dollars which support student scholarships. Additional trend data will be provided in the future in terms of this number. The University has remained close to this level for a number of years and with the new class this Fall the discount rate is ahead of previous years (slightly over 40 percent). Due to the new Tuition Model the discount rate is also up for the new class because there are better quality students who qualify for more scholarship dollars.
- The Statement of Net Position illustrates that cash and cash equivalents are down by approximately \$3 million. This is not significant when the University carries \$148 million in cash but is due primarily to the bonds which were sold for Franklin Hall and completing that project. From last September to this September quite a bit of those funds were expended and that is reflected as a decrease in cash. The other large changes in capital assets are also due to those facilities and more capital expenditures coming on line for the three new buildings which is increasing capital assets and at year end will decrease depreciation expense. The University is gaining assets but will also be incurring larger depreciation expense at the end of the year.
- The Net Position Schedule has been provided and the graphic projected represents an effort to demonstrate the University's unrestricted net position of \$89 million which is unrestricted Education and General (E&G) net assets (net position or fund balance) before pension adjustments have been made. The Board has been informed about necessary pension adjustments for a couple of years and that represents a reduction of \$229 million in pension liability. The University cannot change the pension liability numbers so the graph provided focuses on the \$89 million available. An effort has been made to define the elements of working capital – accounts receivables and warehouse, dining services and bookstore inventories – which are assets that are reserved out of the University's fund balance and these cannot be used for something else. Encumbrances include departmental operations and reserves for Breathitt Veterinary Center – which is a mandated program – and the TSM Program of Excellence, Action Agenda and grants and contracts. These represent areas where funds have already been committed. Some represent carryover funds and that is primarily what departmental operations utilize – carryover funds. This represents a large number at \$20 million but the number is typically stable. These are funds departments have tried to save for expenditures they are unable to cover in one year. If a department has funds leftover one year they are able to carry those forward so they have money for larger equipment purchases, renovations or computer upgrades, as examples. These can be considered reserve funds because the departments have made commitments based on their availability.
- Reserves for self-insurance, revenue contingency reserves and the general contingency were presented. The general contingency reserves number is the University's savings account and is considered to be those funds which have been committed on campus and there are plans in place in terms of how to utilize those funds. The general contingency or "savings account" is not huge at \$49 million. The graph provided illustrated the magnitude of what comprises the University's net assets.

Dr. Bumphus indicated an enrollment decline was referenced which will result in a \$2 million shortage. He asked whether strategies are in place to deal with this deficit internally because the amount is sufficient to cause at least a little heartburn moving forward. Ms. Dudley indicated one strategy being considered is utilizing reserves as a source to cover the deficit. Dr. Davies indicated the overall goal of the administration is to end the year with a balanced budget. Resources are also being considered in terms of cost savings which will occur as enrollment decreases. Summer enrollment represents a key opportunity for the University and there are options to grow enrollment in this area. Confirmation was provided that enrollment is a key aspect of the budget but costs, as well as revenue, are being reviewed in detail. Next week Dr. Davies will meet with the Deans to have this discussion in even greater detail.

Mr. Kemp asked for a review of the process undertaken last Spring when the University was facing a similar situation. Ms. Dudley reported that last year the University went through a similar situation – although involving a smaller number – and the goal has always been to try to use current-year revenues to cover current-year expenditures and not utilize reserves. The University went through a scenario of identifying non-critical expenditures that could be deferred and many departments did hold off on making some of their planned expenditures. Vacant

positions were not frozen but each position was scrutinized heavily which produced a positive impact for the institution last year. Although additional discussions must occur, this may not necessarily be the route which will be taken this year. Dr. Bumphus indicated that the next few years do not look especially positive with regard to enrollment and when all this is taken into context over the next year or two the budget may not look a whole lot better. Sometimes the consequences are that the University has no option other than to look at personnel because that comprises such a large portion of the budget. Confirmation was provided that several personnel adjustments were made last year and some programs and positions were eliminated – further illustrating that tough decisions have already been made. Dr. Davies indicated that part of the discussion involves new opportunities for revenue creation – not just growing enrollment which is obviously part of the process – but also looking at what the University can do to build upon its current core competencies to identify new revenue sources that can be utilized moving forward. Continuing education is being considered as well as consulting services at the University level. The *Arthur J. Bauernfeind College of Business* met with Dr. Davies yesterday and discussed the opportunity to create an International Business Center in Paducah due to the Free Trade Zone and this could generate significant resources. Consideration is being given to the University's regional campuses in Paducah and Hopkinsville to determine whether there are other business opportunities in those communities. Cutting costs is not the sole means being utilized to address the budget shortfall and work to identify potential opportunities where the skills of University faculty and staff can be utilized are also being considered to build on current strengths. Resource allocation within departments and academic units will be a very important discussion point for the next several years. Confirmation was provided that a great deal of work is currently taking place that involves more than a fiscal year to fiscal year viewpoint. Dr. Bumphus applauded Dr. Davies for his viewpoint in this area because the landscape of higher education is changing dramatically and that is forcing universities to become much more entrepreneurial. Dr. Davies agrees that there are many challenges facing the University but there are also many opportunities.

Ms. Dudley further reported the following:

- The University received back the 2 percent rescission from last year (\$960,500) but since that was received in October it is not reflected in the statements provided. This amount will go into the \$49 million reserve for general contingency and will be shown on the financial statements. The rescission amount will go back into the reserves to replenish what was rescinded last year.
- An effort has been made to provide information to the Board in terms of how pension numbers are trending although only about three years' worth of data is available. In FY14 there was a pension adjustment but there was a larger impact on the University's net position for FY16. This information will continue to be provided to the Board each year. If the pension system eventually becomes better funded, the impact on the University will begin to decrease. If the situation continues to get worse, the detrimental impact on the University will continue to increase.
- Working capital and reserves for auxiliaries show pretty much the same trend and the reserve for general contingency for auxiliaries is \$19.7 million which does not represent a great deal of money when consideration is given to maintenance needs in the residence halls. If contingencies were needed this is where the administration would go for auxiliary funds. The administration would not go to the E&G fund (\$49 million) but would go to the \$19.7 million in auxiliary funds, if required, in the event of a shortfall.
- The Education and General Fund Schedule was presented and includes the 2 percent rescission to the state appropriation that the University has now received back. As of the first quarter this year, the University has received \$13.7 million. Appropriations are dispersed to the University each quarter and they are not equal because the state prorates those payments a bit differently. Although the payments are not of equal amounts, the \$960,000 is reflected in the number presented for the next quarter. Instead of going through the schedule, graphs have been presented to help the Board see revenue, appropriations and the University's budget for this year. This information is being presented to show trend data in terms of the University's actual revenue and expenditures compared to budget. In terms of tuition and fees, the University is very much at the same level but there is some give in numbers for this year. These graphs presented also help to illustrate that the University is very much the same as it has been for the last three years at this point in time. There is not a huge fluctuation in numbers and the University is stable but because of the tuition decline some situations will need to be addressed.

Mr. Kemp commended Ms. Dudley for the graphs provided because they make the data much easier to understand. The University's financial staff members are doing a fine job ensuring that the University remains on solid financial footing during these uncertain times.

On behalf of the Board of Regents, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, approve the Quarterly Financial and Investment Reports as presented. Mrs. Sewell seconded and the motion carried unanimously.

(See Attachment #1)

### **Report of the Registrar, ratified**

Dr. Davies reported that tomorrow the University will confer 1,195 degrees to students representing 22 states, 52 counties within the Commonwealth and 14 nations. Among these students there are 40 veterans, 18 graduating from the Honors College and 165 students graduating with honors including Magna Cum Laude, Summa Cum Laude and Cum Laude.

In response to a question regarding how this graduating class compares to last year's class, Registrar Tracy Roberts reported that graduate numbers for the University are on target from last year and are even up slightly. Currently, there are 45 more baccalaureate candidates than last year in December and overall numbers are 14 students higher.

On behalf of the Board of Regents, Mr. Combs moved that the Board of Regents, upon the recommendation of the University Registrar, ratify the awarding of degrees as presented. Mr. Rhoads seconded and the motion carried unanimously.

(See Attachment #2)

The Board adjourned for a break beginning at 10:05 a.m. and ending at 10:22 a.m.

### **Performance Funding Update, received**

Dr. Davies reported that information being provided represents approximately nine months of work produced by the Performance Funding Work Group. All were cautioned that even though what will be presented appears to be the direction in which the universities are heading, this work is taking place in conjunction with the legislators and the Governor and when the legislative process comes into play things could change. What is being presented today is what is known at this point in time but it most likely will change. Some of the fundamentals and basics, however, will likely remain intact.

Last year during the legislative process House Bill 303 (HB303) was passed. This set in motion for the upcoming fiscal year as the state universities enter into next year (FY18) that 5 percent of the state appropriation for each university will be determined through a performance-based funding approach. This 5 percent is on the state appropriation only – not on total revenue – and for Murray State this amounts to approximately \$2.2 million. When all of the public universities put this amount into the overall performance funding pool, the total is roughly \$42.9 million. It is also stated in HB303 that a Work Group would be commissioned and must recommend to the Joint Interim Committee on Education on or before December 1, 2016, what the performance outcome-based model will be and if this group does not make a recommendation by December 1, the State Legislature could take the 5 percent and do whatever it wanted to with that funding. The Work Group recommendation will be put forward in Bill format for the Legislative Session in 2017. The Work Group is comprised of a member of the House of Representatives, Arnold Simpson, Chair of the House Education Committee; Senator David Givens, Chair of the Senate Education Committee; Andrew McNeill from the Governor's Office; the University Presidents and Bob King, President of the Council on Postsecondary Education. John Chilton, the Governor's Budget Director, has been involved in the various meetings which have taken place and basically became a de facto member of the Work Group. Over the past six months the Work Group met five or six times and met the goal of submitting a recommendation to the Interim Joint Committee on Education by December 1.

In this process the stated goals for performance funding were: increase retention and progression of students towards a bachelor's degree, increase the number of bachelor's degrees earned by all types of students (underrepresented and low-income), increase the number of bachelor's degrees in occupations which will garner high salaries (defined as STEM+H – Science, Technology, Engineering and Mathematics, plus Health) and also to close the achievement gaps between low-income and underrepresented students. Those stated goals outlined by HB303 are part of the

CPE Strategic Agenda and the individual university Strategic Plans. Some of the guiding principles that the Work Group agreed to are that the model must be mission sensitive, outcome-based versus income-based, completion driven, sustainable (versus changing every year) and stable. Universities are not known to be “fleet of foot” and having wide swings in budgeting and other areas does not represent a good way to manage. Many of the universities have mandated programs which are funded through legislative actions – meaning they must be funded. All of these programs do not generate student credit hours and degrees – although they assist in those efforts – and to have these be part of a performance funding pool would not make a great deal of sense. Murray State University’s mandated program is the Breathitt Veterinary Center (BVC). The appropriation specific to the BVC is not part of the performance funding pool. As all know, the University invests more from other sources for the BVC that go beyond the state mandate in this area. This presents a challenge that the University will hopefully be able to overcome.

Work Group recommendations include that the four-year universities be included in one single pool. All of the community colleges will be in another single pool. This means that the University of Kentucky (UK) and the University of Louisville (UofL), Eastern Kentucky, Western Kentucky, Morehead, Murray State, Kentucky State and Northern Kentucky will all be part of the same pool and will be competing for the same funds. Per HB303, Kentucky State will be exempt from the performance funding process for the upcoming fiscal year. That institution is not putting 5 percent into the pool and cannot receive any money from the pool. A model has been completed that is scalable, meaning that for the first year it can be used as a 5 percent pool. If the pool increases over the next several years – which it will to 25 to 30 percent – it can also move up. There is also a real possibility that this model will eventually be used for 100 percent of the University’s budget. There is also a “small school” adjustment included. UK and UofL are in the same pool as Murray State and eventually Kentucky State will be included in the pool. There are size differentials between these institutions and adjustments are in place that reflect this factor. As part of its recommendations, the Work Group included a “hold harmless” clause for the year and also “stop loss” clause. The hold harmless clause means that no university in that particular year would go down in funding. A stop loss is the same concept but it is a percentage of loss – a 1 percent or 2 percent loss. This model is also based on what the CPE refers to as an equilibrium concept. All of the universities are at different places financially in terms of integrating into the model. What the proposed model attempts to do is get each institution to the same place as quickly as possible in terms of the dollars received on a per-student or per-graduate basis and there are some mechanisms in place to help bring this into play. What this enables the model to do is instead of the universities competing against one another in terms of specific numbers, they will be competing on the percentage changes from one year to the next.

A final recommendation included is for the model to be formally reviewed every three years by the Work Group so any necessary adjustments can be made through this process. With any model there are always unintended consequences and this is why a formal review is necessary.

The fundamentals of the model include that everything is based on a three-year rolling average. Funds are based on percent of change – market share – or how much a particular institution contributes to the total. The more a university gains and the higher it is over average increases compared to the other institutions, the more money will be provided to that particular institution. If a university is below the averages, less funds will be provided to that institution. One of the goals of this work was for it to be simple and on one hand that was achieved but, more often than not, it was not. There are three main components to the model presented – student success, student credit hours earned and operational funds. Student success will represent 35 percent of the funds provided, student credit hours generated is another 35 percent and operational funds comprise the final 30 percent.

Student success involves tangible outcomes and a determination can be made on whether they were achieved. Student success includes the number of bachelor’s degrees produced and this is normalized by the ratio of degrees per 100 full-time equivalent (FTE). This represents a volume measure – how many degrees are being produced – and an efficiency of degrees per 100. If an institution is producing more bachelor’s degrees per 100 than the average for others it will receive a higher degree count. Murray State’s bachelor’s degrees per 100 are at approximately .98 meaning it is close to the per-100 metric. Bachelor’s degrees comprise 9 percent of the total.

The number of bachelor's degrees in STEM+H fields will represent 5 percent of the total. The number of bachelor's degrees earned by low-income students is one metric and there is another metric for underrepresented students, with each representing 3 percent of the total. Student progression is the number of students who earn their 30<sup>th</sup>, 60<sup>th</sup> or 90<sup>th</sup> credit at a particular institution. For every student that earns their 30<sup>th</sup> credit, that is 3 percent of the total; for everyone who earns their 60<sup>th</sup> credit that is 5 percent of the total and for individuals earning their 90<sup>th</sup> credit that is 7 percent of the total. If the University admits a freshman student fresh out of high school who has no dual credit, as soon as that student earns their 30<sup>th</sup> credit that will represent one percentage point. As soon as the student earns their 60<sup>th</sup> credit that will be two percentage points. As the student earns their 90<sup>th</sup> credit that will be three percentage points. If a student comes to the University as a new freshman but has 27 dual credit hours and takes two classes their first semester they will hit the 30<sup>th</sup> credit mark and the University will receive one percentage point. If this student earns 35 credits during their freshman year, the University will not only get credit for this student reaching the 30<sup>th</sup> credit progression mark but also for them achieving the 60<sup>th</sup> credit mark. This same model would be utilized for a student coming to the University from a community college and is based on progression moving forward. Overall student success represents 35 percent of the metric. If these are broken down into the pool of student success, bachelor's degrees represent 26 percent of that pool, STEM+H represents 14 percent and low-income and underrepresented comprise 8.5 percent each and progression represents 43 percent. This helps to illustrate the importance of progression in this model. Mr. Kemp asked whether there are time constraints in terms of progression and also requested a definition of low-income students. Dr. Davies responded that there is no time constraint in terms of progression and it basically applies to the academic year – August to May. Low-income is defined as a Pell Grant-eligible student (federal program). Dr. Davies indicated that he pushed for the definition to include Pell-eligible students because oftentimes it is based on Pell Grant recipients. The big difference is that many students – especially transfers – may use a lot of their Pell eligibility while attending the community college and when they get to Murray State they are still low-income students but are no longer receiving Pell Grants. Even students coming directly to Murray State may not want to receive a Pell Grant for one reason or another. The Work Group was able to agree on the definition to include Pell-eligible status. Murray State is also the only university in the Commonwealth that requires every student to file the Free Application for Federal Student Aid (FAFSA) if they receive any type of financial aid. Confirmation was provided that as part of implementation in terms of the three-year rolling average the University is currently involved in performance funding if this is approved during the legislative process in a similar form or fashion as what has been presented and the University's results this year will set the baseline for the upcoming year. Also, for the last three years a rolling average has been established and that is already in play. It is important to note that the University is not going into performance funding but is already in it.

A request was made for a definition of underrepresented students. Dr. Davies indicated that underrepresented students are defined by IPEDS and include Black, American Indian or Alaskan Natives, Hispanics or Latinos, Native Hawaiian or other Pacific Islanders and two or more races. This definition does not include international students.

Confirmation was provided that it is beneficial for the University to recruit dual credit students for a number of reasons and the fact that they bring close to 30 credits with them when they enter the institution would be one of those. There is also a very strong correlation between dual credit students and higher retention and graduation rates.

Credit hour production also represents 35 percent of the distribution of performance funds and is based on earned credits. This means that the University receives credit for a student who receives a passing grade or a passing mark. If a student fails a class, withdraws or receives an incomplete, the institution does not receive credit for that individual. Credits will be weighted by four levels – 100, 200, 300, 400 and graduate courses – as well as by academic discipline. The weighting for a student enrolled in a 100-level English course will be different from that for a student enrolled in a 400-level Biology course or one enrolled in a master's or doctoral program. Students are weighted based on an algorithm which includes the average cost of programs in five states where a major study was undertaken. The Delta Cost Study is more frequently used but the Work Group chose to use another particular study for the weighting process. Credit production and credits earned will be entered into a model to calculate the percentages, etc. for a particular demographic. Credit hour production pertains to matriculated

students and dual credit or *Racer Academy* students do not count with this metric. *Racer Academy* students are essentially defined as dual credit students.

Campus Operations represent 30 percent of the distribution of performance funds. Campus operations basically represent maintenance and operation costs and there are three mechanisms, each representing 10 percent, for overall campus operations weighting of 30 percent. Maintenance and operations are based on a university's share of square feet of facilities for Category I and Category II which is a technical term in academe which basically means it is for classrooms and those offices specifically related to academic classroom exercises. It does not count for research laboratories that are not utilized for teaching and it does not include athletic facilities. Confirmation was provided that Woods Hall does count in the University's square footage because the space is currently used for academic purposes by the English as a Second Language Program and some space is used for studio space which is also a teaching process. It is only the space that is dedicated to the academic enterprise that counts and most of Woods Hall is dedicated for this purpose. The BVC and Heritage Hall would not count in this metric. Ms. Dudley confirmed that a utilization study for space within all buildings on campus was undertaken and these categories are based on the results of that work. If the Curris Center had one room dedicated or used most often for a classroom it would count but almost all space in that facility is not used for classroom educational activities. This information will be compared to similar data obtained from the other institutions.

Murray State has roughly 7 percent of the square footage of all the other universities which means this portion of the pool would be designated to the University and this is how all of the metrics work. With regard to bachelor's degrees, the University has roughly a 7.3 percent market share and would receive 7.3 percent of the portion of the pool dedicated to bachelor's degrees. In terms of STEM+H, Murray State has approximately 10 percent of the market share and would receive 10 percent of the portion of the pool dedicated to STEM+H degrees. UK has a plethora of research laboratories and those do not count in this pool. In this case it does lead to a comparative analysis of what the universities are using their space for on the academic front. UK has more space because that institution also has more students so they would receive more funding but the UK Hospital and land-grant facilities will not count in terms of square footage.

The next area pertains to instruction and student support functions. This is the portion of the budget allocated toward instruction and student support areas. The third part of this, academic support functions, represents 10 percent and would include advisors, counselors and Library services and is strictly a budgetary item.

In looking at degrees – bachelor's, STEM+H and low-income and underrepresented students – this amounts to 20 percent. When broken down by progression, this is 15 percent of the total pool and credits earned is 35 percent. This means that 50 percent of the pool is based on credit production. If degrees are counted as a function of credit production, 70 percent of this pool is based on credit production. When this is broken down in terms of the fundamental aspects of Murray State related to performance funding, it comes down to recruiting good students who are highly ready and highly capable to take on the academic rigors of the University. It is based on the University's ability to retain those students and have them move forward more clearly in a measured way of progression towards degree. If the University performs these basic functions as well as possible, the University will fare well under this model and will be able to compete moving forward.

Key points to highlight include that for the upcoming year Kentucky State is not included in the performance funding pool. The performance funding pool will increase in size based on legislative action. For the next fiscal year that amount is 5 percent and will likely increase to 20 percent the following year, then to 35 percent and eventually will be 100 percent. The hold harmless component is being recommended for the upcoming year (FY18). Performance funding for the next year currently represents 5 percent of the budget and it is not believed this would lead to drastic changes for any of the state universities. In fiscal year 2019, all of the universities, including Kentucky State, will be part of the performance funding model and the at-risk percentage will be much higher. All want to ensure that the model works so in FY19 everyone will be held harmless and no university will lose or gain funding. In the following year, fiscal year 2020, the percent of at-risk dollars from the performance funding pool will most likely increase but a stop-loss of 1 percent has also been recommended. This means that any university would not lose more than 1 percent of its budget. In the following year, 2021, the

stop-loss would increase to 2 percent. The model will then be reviewed and the stop-loss provision will most likely disappear at that point. This represents an effort to get universities to the position where they are all receiving relatively the same amount of funds per degree produced, etc.

As the performance funding model is implemented, it is important to understand that this is not based on new money – it is a zero-sum game. If Murray State gains \$1 million in this process that would mean another university lost \$1 million. With the 1 percent and 2 percent stop-losses, any university that gains a lot will actually have their gains tempered down. If another institution loses 3 percent, due to the stop-loss they would only lose \$1 million and the remaining \$2 million loss would have to come from the winning institution's area. As Dr. Bumphus knows, in 95 percent – if not 100 percent – of the funding models that have been implemented, this work has been undertaken along with an investment from the state. Kentucky is leading the pack on a new way to implement a performance funding model. There are several universities that are clear losers with a performance funding model but Murray State is actually over performing for the amount of funding it receives. The model being presented will create an objective way to create a budget request for the legislative process in the next biennium. Dr. Davies is not saying this will happen and he is not saying it is a good strategy. He is simply saying this presents a good mechanism for doing so. It is also important to remember that the funds are distributed based on the University's performance relative to the other institutions. If Murray State increases degree production by 4 percent and every other university increases degree production by 5 percent, the University will lose money. If Murray State increases degree production by 4 percent and everyone else stays the same or goes down the University will gain a lot of money. This will be based on the new market share distribution at the end of every year and whether the University increases or decreases is important. In addition, this is all based on a three-year rolling average which helps soften the blow for some but also tempers the gains for others.

Dr. Bumphus asked whether there are any particular initiatives the President would now like to begin that will help the University in this regard or if there is anything the institution needs to stop doing. Dual credit initiatives outlined earlier will certainly help as well as higher ACT scores for incoming students. Dr. Davies reported that he has undertaken a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis based on where the University is currently in terms of its strengths, weaknesses and opportunities. The University's degree production for the last three years is at an all-time high so the University is entering this arena from an area of strength. The institution also has a very strong STEM+H relationship. The definition of STEM+H is based on a national standard. The past three years have been very good and the pipeline is strong. There is also a very strong progression rate at Murray State and the institution has been able to move students through the process in a fairly manageable way although there are opportunities for improvement. The University also has good retention and a focus has deliberately been placed on graduation and retention rates as part of the Strategic Plan. Many initiatives have been put in play already to keep students moving forward. The new admission standards which were implemented this year will significantly help moving forward. Another initiative that is being instituted is there were 1,502 new freshmen this year under the admission standards. Mr. Dietz has been charged with getting the University to a point over the next couple of years to where there is a freshmen class – not changing standards and perhaps even increasing them – to 1,700 new freshmen. This is an important number for the University to reach. A challenge is attracting underrepresented and low-income students. More initiatives must be put in place to recruit highly capable and talented individuals in these two groups. In terms of low-income students, the University will have an advantage in that the model includes Pell-eligibility as a metric. Additional means must be put into play to ensure these students are able to progress. The University needs to be more aggressive with student work opportunities and providing finishing scholarships and there are methods which can be put into place to accomplish this work.

Another challenge facing the University is that there were large freshmen classes four to five years ago and this was accomplished by lowering ACT and GPA standards. This year there are roughly 18 percent fewer juniors than from the year before. There are approximately 14 percent fewer sophomores as well as a slight decrease in the senior class (1.8 percent). For the next two years the University's pipeline is not as robust as all would like. Thus, the effort which must be undertaken to reach the 1,700 new freshmen in a very quick manner. Another part of this work involves transfer students. The University must be much more aggressive in terms of its transfer

model and having a junior class the same size as the freshmen class in total. Currently, the freshmen class numbers 1,502 students and the junior class has 1,407 students. A well-balanced university would have the freshmen and junior classes at about the same size. In order to accomplish this the University must increase the number of transfer students at the junior level by approximately 250 students. This represents another initiative the administration will be working to put in place.

Dr. Davies reported that opportunities include the low-income and underrepresented student populations through initiatives with the Lincoln Foundation, for example, and working with others to do a much better job in the recruitment of these students. A much better job must also be done with regard to the recruitment efforts for minority students, faculty and staff. A focus will be placed on initiatives which will help accomplish this work. There is also an opportunity with regard to the University's admissions standards and a continued effort to focus in on highly-capable students who are ready for the rigors of college. Dual credit is one indicator for such students but it is also a double-edge sword. This represents a highly-recognizable student population that is ready for college which is positive but there is a two-fold challenge with this group. One – it is an expensive program for the University to offer. Second is ensuring that students who are enrolled in dual credit courses are focused in on going into the university sector. Mr. Dietz has indicated that the average freshman entering Murray State with dual credit has 16 credit hours. One student had over 70 credit hours. The challenge with this student is that many of those credits may not fit within their degree or college experience at-large – meaning those dual credits will not transfer to the University. The University must make sure it is working with the high schools and other providers to ensure that dual credit courses are targeted toward the student's area of study. Additional opportunities include a rebounding freshmen class, increased transfer students and focusing on a clear pathway to graduation. There have been cases where a student is in their senior year and realizes they still need 65 credits to graduate because they have not been properly advised or for other reasons. The University needs to make sure this type of work is undertaken in the most efficient manner possible. Advising at the University is very strong but it may be necessary to limit the number of options provided to students to help keep them on a focused pathway.

Threats facing the University include a decline in the high school population in the immediate area and declining enrollment in the community colleges in the service region but this is known and the University is implementing initiatives to offset these challenges. SARA will also present a challenge for Murray State because this also presents a double-edge sword. It offers the University an opportunity to expand its geographic horizon through distance education but it will also invite a significant number of other universities into the area. Mr. Rhoads asked whether Dr. Davies feels what has been outlined dovetails with the University's Strategic Plan particularly in terms of increasing enrollment in the University's service area. Dr. Davies confirmed that the University will be able to compete extremely well in terms of performance funding because the Strategic Plan is based on the recruitment of highly-capable students as well as increasing the number of freshmen and transfer students and increasing retention and graduation rates. All of these efforts represent 70 percent of the performance funding model.

The University's Strategic Plan also clearly calls for an increase in STEM+H programs and Deans Cobb and Hobbs, along with Dean of the *Hutson School of Agriculture* Tony Brannon, have put specific strategies in place to facilitate these efforts. An even stronger focus will be placed on retention and graduation rates and this represents a significant portion of this work. Part of the initiatives contained within the Strategic Plan are focused on underrepresented students and developing a new strategy for recruiting this population, as well as underrepresented faculty. Initiatives are also being put forth to increase the University's graduation rate from 49 percent to 58 percent. The necessary work is about recruiting, retaining and graduating students. With bachelor's degrees normalized by the 100, the University's three-year average is at 6.6 percent and under the new metric is at 7 percent which is above the average, meaning the University would receive funding based on bachelor's degrees. Four years ago the rolling average for STEM+H degrees was 9.6 percent and the University has increased that average to 9.7 percent while most of the other universities did not increase their percentages. The University is also above the average in this area and would receive additional funding based on the current metric. In terms of low-income students receiving degrees, the University was able to increase its market share because most of the other universities went down in terms of this metric and Murray State is above the average. The University also gains in terms of square footage. The earned credit and progression numbers are not available at this point but the

University's FTE is up almost one percentage point where most of the other universities have declined. Under the current year, the only metric where Murray State does not outperform the average would be for underrepresented students earning a degree because it is down in this area by approximately 1.5 percent.

Mr. Kemp indicated that one opportunity which stands out to him based on his knowledge of Hopkinsville Community College – which has the highest percentage of African American students of any community college in the state – is that recruitment efforts need to be focused on this population. These efforts need to be concentrated within all the community colleges because there are a large number of Pell-eligible students within these populations. Dr. Davies confirmed that discussions held yesterday with Regents Bumphus and Rudolph were particularly helpful in developing strategies specifically aligned with this goal but also leveraging the *Hopkinsville Regional Campus*. When the model is considered there are challenges but there are also opportunities. Dr. Davies is concerned about the number of sophomores, juniors and seniors enrolled at the institution at this time but because of the three-year rolling average he believes the University will have an opportunity to correct this through aggressive recruiting and admission efforts. The University must do a much better job with regard to transfer students and that is a known targeted area for improvement but these are not areas which are insurmountable toward the University's overall efforts. Dr. Davies reported that the University works with Royall & Company for the recruitment of freshmen and has been very successful in using this company for the marketing and promotion of Murray State in terms of garnering applications and admissions. The University just engaged with Royall & Company to undertake a specific effort with community colleges within a 150-mile radius and will also consider some consulting services with regard to transfer students for the University to do things differently than it has in the past. Dr. Bumphus indicated that the University already has some great relationships in place and needs to capitalize on those efforts. All stand ready to work with Murray State University.

Mrs. Guess asked whether the University could play a more important role in the elementary and secondary schools to make sure they are producing college-ready students. Dr. Davies indicated work is underway through the Kentucky Department of Education to define what college-ready really means. Currently, college-ready is defined by the K-12 system and their definition and what the University sees as college-ready are very different. The new Commissioner of the Department of Education has agreed to work more closely with universities on establishing what college-ready means and this process is already underway. One positive from the dual credit initiative is that more students will have knowledge of and be aware of dual credit and the opportunities available to them. Getting this word out more frequently will represent an advantage. Dual credit for a lot of students – especially in the area of mathematics – provides an opportunity to have additional math instruction provided at the high school level but the challenge is that the teachers at the K-12 level are not certified to teach math at the college level and an effort must be made to ensure these instructors are fully trained. In response to a question regarding the number of students who are taking courses that are not college bearing, Dr. Davies indicated the number has been lowered this year based on the increased admission standards. The current number is around 25 to 30 percent if they are taking at least one course. The number taking two or three non-college credit bearing courses has decreased significantly. For students who were not admitted to Murray State, the University works very closely with the community college in their area so they can be placed within the community college there and then ultimately transfer after they prove that they are ready for the academic rigors of college. One of the downsides of dual credit scholarship is that it leads to the expectation that every high school student will take at least two or more dual credit classes while they are still in high school. This could be setting up an expectation that they are college-ready when they really are not. Dual credit sets some things in motion for students which must be tempered somewhat. It is believed the universities will have a larger voice in working with these elementary and secondary students.

Mrs. Guess asked how performance funding will change the University's behavior when it feels the pressure to move students through the pipeline in terms of the number of credits they are taking and how it can change behavior which could be adverse to the student. Dr. Davies indicated the University must continue to remind itself that this is a long game based on a three-year rolling average. There is an ethical discussion which must occur in this regard. The important aspect for Murray State is the vision of being the best student-centered university in America and the institution must remain focused on that and doing what is best for students, regardless of how performance funding progresses. This will absolutely change actions for the

better in some cases but it also provides an impetus for the administration to think about the curriculum and having requirements that exceed those necessary for graduation. This will guide efforts in terms of curriculum and program design while not giving a lack of focus to rigor – which is essential – and the needs of the region. It is incumbent upon the Board of Regents and University leaders to continue to hold standards high.

Dr. Davies indicated the report of the Work Group has been delivered to the House, the Senate and the Governor's leadership and a Bill will be drafted. Mr. Kemp asked whether there is a sense of what the performance funding portion of this model will be for non-STEM disciplines and Dr. Davies reported that in the United States education – higher education in particular – is based on two fundamental premises: competition and student choice. These two mechanisms will alleviate some of the concerns just mentioned. Students will choose where they will go in terms of which university and also what they will study. Trying to convince someone with a passion for English to become a Molecular Biologist will be a difficult sell. STEM+H will be emphasized on some levels but there must also be a commitment to the liberal arts. In terms of credit hours earned and progression, when those are mapped against the degrees being produced by Dean Cobb and what he is requiring students to take, there are mechanisms in place to make sure there continues to be a very strong liberal arts program. This represents a pendulum and STEM+H is on the high right now but 30 years ago it was the opposite and this will continue to change back and forth. This is evidenced in the fact that STEM is becoming STEAM to include the arts. The fundamental purpose of a university, specifically at the undergraduate level, is to impart technical skills for individuals to hone their talents but, more importantly, to help students become lifelong learners and understand there is more than just the technical side to consider – meaning an education also includes the mind, soul and body. Dr. Bumphus added with regard to college readiness that the American Association of School Administrators has recently released a report about redefining what it means to be college-ready and the administration should become familiar with this report if it is not already.

Dr. Davies reaffirmed that this is a legislative process and what was presented by the Work Group represents a consensus document and is reflective of a series of compromises and discussions. The university Presidents have agreed that in totality all will support the recommendation submitted by the Work Group but if the Legislature begins to change the make-up of the recommendation that will lead to additional discussion points.

Mr. Rhoads asked what the process is for interpretation, application and allocation of these funds and who makes that determination. Dr. Davies reported the interpretation will rely on definitions provided by entities such as IPEDS and current statewide definitions and these parameters are included in the recommendation provided. Confirmation was provided that a mathematical algorithm will be utilized and this will be controlled by the CPE but it will not be a subjective determination. The legislative process of determining which funds each university receives will be handled by the CPE but the actual funding will be appropriated by the Legislature. Currently each university represents a separate line item in the state budget and as legislation proceeds it will need to be adjusted to address performance funding. In terms of whether there will be a review undertaken of decisions made by the CPE, Dr. Davies indicated this work will be based on a built-in three-year rolling average but there is always the ability to go back and review how any particular calculation was made. Confirmation was provided that the CPE is currently undergoing an audit in terms of some of the state's allocations but this could also be contemplated as part of the Bill.

This update was presented for informational purposes only and required no action.

### **Strategic Planning Update, received**

Dr. Fister reported that at this time of year all have much to be joyful and thankful about. Faculty and staff have created successes that have supported the mission and vision of the University the President and the Board of Regents have set forth. Faculty, staff, students and initiative Chairs involved with the Strategic Plan have made a difference and continue to make a difference. All work as a team and this represents a team of champions. A quote by Billie Jean King, "Champions keep playing until they get it right," was provided and it was indicated that Murray State University does just this.

Dashboard information for the targeted Strategic Plan was provided in the eBoard book and coincides with performance funding. These represent University initiatives that include goals facilitators have worked toward achieving and developing. Those goals will be brought forward to the Board through the dashboard in 2017 with an up or down arrow to indicate progress which is being made moving forward. The final update for the dashboard will be presented to the Board in December 2017 because some of the University's metrics are not yet finalized through the CPE.

Strategic planning funding represents another component of this work. During the Spring Semester \$156,000 was provided to different groups to make this work possible. One highlight includes the *Pathways to Success Program* which was provided with \$95,000. There are currently 142 students in this program and among this group, 88 are from the state of Kentucky. The group associated with this initiative is moving forward and has set goals. Another part of this funding group were 353 students impacted this Fall with 102 student success – or first-year – courses. Of those students from last Fall to this Fall, there was a 1 percent uptick in the retention rate. While this does not seem like a lot, when there are 1,502 students, saving 15 students and helping them along is significant. Retention initiatives include funding for a graduate student to look at those seniors the University was losing and there were four different categories of seniors that were considered. Staff called these students to make personal contact and perhaps encourage them to return to campus and to see if their financial issue (sometimes as low as \$300) could be addressed. The Transfer Center also received part of the \$156,000 in funding and there was a College Fish subscription which represents the connection to help those students entering the University as juniors. The Transfer Center has increased the number of visits by 60 percent from last Fall as a result of receiving additional funding. Last year the Whitney Scholars Program received funding and of the 23 students who visited campus in June, 17 students have already been admitted to Murray State with three receiving a full Marvin D. Mills Scholarship, three receiving the Diversity Scholarship and one receiving the Carr Scholarship. The Office of Research and Creative Activity has also implemented initiatives that Regent Farmer recognized with the uptick of 180 students for the Fall scholarship program.

During the Fall Semester, 51 different proposals for strategic planning funding were received and faculty and staff were commended for their efforts. The Committee awarded \$124,236 for 18 different pilot projects. The goal of this work is recruitment, retention and graduation but part of this effort includes experiential learning. Students have greater success if they have an internship, study abroad or research experience and this has been noted historically. Additional information in this regard will be provided to the Board in the future.

Strategic Plan updates for all 63 strategic planning initiatives were provided in the eBoard book. This takes time and effort and two will be highlighted. One is Student Success 1.7 – Increasing the number of residential freshmen. The initial goal was 1,172 and this Fall there were 1,346 and 87 of those are honors students living in Franklin Residential College in a living/learning community. This progress recognizes the commitment shared by all toward residential and transfer students. With regard to research, scholarship and creative activity, information was provided in the eBoard book outlining a significant increase in awarding of large grants. One purpose of the Strategic Plan was to increase the number of grant submissions and those have been increased from 133 to 138 (4 percent increase) and a goal of 30 percent will be pursued over the course of the next several years.

Of the 63 Strategic Plan initiatives, over one-fourth could be marked off as being completed. One initiative is to increase STEM+H degrees and this cannot be marked off as being completed because the need for growth in this area will continue, especially as it relates to performance funding. There has been a 25 percent increase in degrees over FY15 (1,038 degrees). The goal next year is to not have that many because there are not as many students in the pipeline. The ACT average is 23.9 which is an increase from 22.6. For FY16, \$5.8 million in private funds were raised. Although the goal was \$6 million, this still represents a 47 percent increase over the previous year.

The University Calendar and the Economic Impact Study have been completed. Brochures will be provided shortly for the Economic Impact Study which represents a large component of what the University will be able to sell in regard to its economic impact and entrepreneurial component. There was also a 2.1 percent (73.9 percent) increase in the University's retention rate. Student retention from the freshman to sophomore year is critical and work also continues

with regard to retention from the sophomore to junior year and junior to senior year. The goal of having at least \$1 million dedicated toward deferred maintenance needs has been achieved and all know the importance of this initiative as it pertains to infrastructure needs. As another major achievement, the job description for Residential College Heads now includes advising and mentoring because it is critical for these individuals to provide the Murray State “touch” for their students. Implementation and evaluation will occur throughout the next fiscal year.

Transfer and articulation agreements provide an opportunity for students to segue from the community college to the University and the goal remains to make this transition easier. This work has been completed and there are 133 agreements – while the goal was 130 agreements. All in Academic Affairs and the Transfer Center have worked to create initiatives which are complementary to the Strategic Plan. All involved in Strategic Plan initiatives have taken the opportunity to make a difference. She commends the Board for allowing this work to move forward. This definitely represents a team effort and a team of champions makes it work.

Chair Williams complimented the efforts of all with regard to the Strategic Plan. It is impressive that the University has a comprehensive Strategic Plan that contains extraordinary stretch goals but also metrics associated with each goal so that they can be measured because this is unusual. Also, progress toward stated goals is being reported transparently to internal and external constituencies and this is also to be commended. Dr. Bumphus agreed and indicated he is impressed with what he has seen so far from the University. Dr. Fister does an amazing job and is to be commended for her work. Dr. Fister indicated all of the information presented today will also be available on the website and all were encouraged to share any ideas they may have in terms of how best to represent the various goals of the Strategic Plan as this work continues. Some goals have not yet been met and in some areas an effort was made to maintain previous goals.

This report was presented for informational purposes only and required no Board action.

### **Committee Reports/Recommendations**

#### **Honorary Doctorate Committee**

**Dan Kemp – Chair**

Susan Guess

Holly Rudolph (Faculty Representative)

Robert Davies (President)

Mr. Kemp reported that one of the functions of the Board is to confer Honorary Doctorate Degrees upon individuals who have made extraordinary contributions to Murray State University, to the community and to the nation as a whole. Toward that end, set criteria have been established by the Board to determine how the Honorary Doctorate Committee selects individuals to receive an Honorary Doctorate. The Committee met last month to consider a recommendation to confer an Honorary Doctorate Degree upon Mr. John Williams from Paducah, Kentucky. The nomination letter from Dean Steve Cobb and a shortened version of Mr. Williams’ vita was provided in the eBoard book. Mr. Williams is imminently qualified to receive this honor from Murray State.

Mrs. Guess indicated it is her honor to introduce Mr. John Williams this morning. Heroes are talked about in culture and Mr. Williams has been one of hers because of his commitment to education – not just for the Paducah community but for all Kentuckians. Everyone who knows Mr. Williams knows how incredibly smart he is and if one serves on a Board with him they better be prepared because he will be. Mr. Williams built a global company out of his garage several years ago and with that success he and his wife Vivian (also a Murray State graduate) have been very generous with their influence and their resources to Murray State and to others. What stands out the most is Mr. Williams’ commitment to the *Paducah Regional Campus*. He sat on the front row when this initiative was voted on a couple of years ago but many may not know that he was the leader in the Paducah community for the Murray State campus. He led the effort to expand Murray State’s presence in Paducah. It was Mr. Williams who put a group together to look at property and he also took a group to look at other universities with similar models and tried to identify ways to fund the project because all were aware there were no state dollars available to be utilized for this purpose. Mr. Williams approached former Mayor Bill

Paxton and County Judge-Executive Van Newberry, as well as others, to secure the funding necessary to make the *Paducah Regional Campus* a reality. Although there has been somewhat of a tension between the Paducah and Murray communities over the years, Mr. Williams led the effort to secure the *Paducah Regional Campus* and today, due to his efforts, there are many areas of cooperation and support which can be celebrated. Mrs. Guess stated that she attributes the fact that this cooperation has been possible to John Williams. It is her deep honor to serve on the Board during a time when Mr. Williams can be honored.

### **Honorary Doctorate Degree, approved**

On behalf of the Honorary Doctorate Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the Honorary Doctorate Degree Committee, approve the awarding of a Murray State University Honorary Doctorate of Business and Technology to Mr. John Williams during the May 2017 Commencement ceremony. Mr. Schooley seconded.

Mr. Schooley indicated Mr. Williams has been a tremendous supporter of the Murray State Telecommunications Systems Management Program. Chair Williams indicated that he can think of no one in Kentucky who deserves this honor more than John Williams.

The motion carried.

### **Full Board Action –Honorary Doctorate Committee**

- **Honorary Doctorate Degree, approved**

Mr. Williams moved, that the Board of Regents, upon the recommendation of the Honorary Doctorate Degree Committee, approve the awarding of a Murray State University Honorary Doctorate of Business and Technology to Mr. John Williams during the May 2017 Commencement ceremony. Mrs. Guess seconded and the motion carried unanimously.

John Williams stated that receiving an Honorary Doctorate Degree was never part of his goals nor was it on his bucket list. When Dr. Davies called to let him know about the honor, his first thought was, “Why me?” As he reflected over the last 50 years, he came to the Murray State campus and debated against the Debate Team coach Wilson Gantt who is Jim Gantt’s father. He also participated in regional choral activities. The next chapter began in 1965 after he returned to western Kentucky to start his company. Very shortly thereafter he became involved in the Boy Scouts. The strongest leader of the Boy Scouts in western Kentucky was Dr. Ralph Woods, a former President of this University, and his influence was powerful. In 1972-73, Dr. Deno Curris was selected as President of Murray State. Mr. Williams and Dr. Curris have been close personal friends since their freshman year in college. Shortly thereafter, Mr. Williams asked Dr. Curris to serve on the Boy Scout Board to carry on the heritage of Dr. Woods and he agreed to do so. It was from there that the National Boy Scout Museum was moved to the Murray State campus and it remained here for approximately 20 years – simply because of that connection. In those days, in terms of computers on campus, the strength was in the Physics Department and the College of Business did not know what a computer looked like. He and Dr. Curris literally sat down in his living room and structured the curriculum for what became the Computer Information Systems degree on the Murray State campus. For many years there was extremely strong enrollment in this program although it has declined somewhat within the last few years. These Murray State Presidents were active on the Boy Scout Board for approximately 20 years and Mr. Williams was able to develop great relationships with a majority of those individuals.

In 1997 when Governor Paul Patton passed the Kentucky Education Reform Act (KERA), Mr. Williams was involved in this work in Frankfort due to his association with state-wide education activities for many years. He is one of the authors of KERA and was on the State School Board that implemented the initiative. When the higher education portion of this work was undertaken, it resulted in the need for a Program of Excellence for the comprehensive universities. The greatest need on the horizon at that time was understanding the networking of computers. Therein, the Telecommunications Systems Management Program came about and staff at his company – CSI, Inc. – provided valuable input in terms of the curriculum needed for this program. He is proud to say, as President of CSI, that the company is still the strongest supporter in terms of hiring more four-year Murray graduates than any other company. This has been and continues to be a great program. In 1997, the world did not know anything about cyber

security and the TSM program laid the foundation for work such as this as it came to the forefront through the succeeding years. Michael Ramage, TSM Center Director and former Director Jim Gantt carry that work on today. Regent Guess earlier outlined the history of how the *Paducah Regional Campus* came to be but what many might not know is there was real momentum at that time in Paducah to create a multi-university facility. He called Dr. Curris and asked for research on models across the country where many universities rent space in the same building to offer different curriculum. Dr. Curris had actually been involved in a multi-university during his time at Clemson University in South Carolina. Frankly, the reports were not all that positive and gave emphasis behind what President Randy Dunn was trying to do at that time and that is to strengthen the Murray State programs being offered at the Crisp Center. He is thankful that the *Paducah Regional Campus* is performing as it is and there is positive substantial growth in enrollment in Paducah but, at the same time, there is also growth on the flagship campus – meaning these two campuses complement one another. While his bucket list did not include an Honorary Doctorate Degree, Mr. Williams expressed appreciation to all for the honor.

Dr. Bumphus introduced his wife – Dr. Aileen Thompson Bumphus – who has joined him on campus this week. She serves as an Associate Vice President at the University of Texas at Austin and participated in a meeting with Murray State staff yesterday. All welcomed Dr. Aileen Bumphus with a round of applause.

### **Adjournment**

The Board recessed for lunch beginning at 11:50 a.m.

### **Reconvene**

Chair Williams reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 12:52 p.m. and reported all Board members were present.

### **Ad Hoc Committee on Board Self-Assessment and Orientation**

**Susan Guess – Chair**

Daniel Kemp

Phil Schooley

Stephen Williams

Mrs. Guess called the Ad Hoc Committee on Board Self-Assessment and Orientation to order at 12:52 p.m. and reported all Committee members were present.

### **Board Self-Assessment Recommendations, received and House Bill 15 and Murray State Orientation and Training Materials for New Board of Regents Members, approved**

A copy of the Board Self-Assessment Recommendations were distributed by Secretary Hunt. Over the past year a review of current best practices in board self-assessment has been undertaken. As a result, an implementation plan has been adopted and the Murray State University Board of Regents participated in an extensive self-evaluation process utilizing a Self-Assessment Survey instrument developed by Murray State faculty and students, utilizing Association of Governing Boards (AGB) best practices.

Additionally, the state legislature passed House Bill 15 (HB15) that requires each public university and the Kentucky Community and Technical College System to ensure that new board members are presented with an orientation and education program that encompasses aspects related to the Council on Postsecondary Education and particular characteristics of the respective universities. Additionally, continuing education opportunities for all council and board members must be provided.

At the September 2016 Board Advance, an Ad Hoc Committee on Board Self-Assessment and Orientation was formed. Regent Susan Guess agreed to Chair the Ad Hoc Committee and Regents Williams, Kemp and Schooley agreed to serve as members. The Ad Hoc Committee was tasked with reviewing recommendations resulting from the Board Self-Assessment Survey, discussing the establishment of an annual in-house training session for all Board members and

analyzing the requirements of House Bill 15. The recommendations for improvement noted in the Board Self-Assessment and potential changes to the survey would be discussed.

Information for the Council on Postsecondary Education to be used for training requires Board approval prior to implementation. Sample agendas were provided in the eBoard book for the New Board Member Orientation and one for the Annual Advance. Confirmation was provided that a great deal of educational training routinely takes place at the Annual Advance. A listing of resource materials was also provided.

The Board Self-Assessment update was presented for informational purposes only and most of the recommendations outlined were actually already being done. One recommendation was to establish a formal mentoring program for new Board members so they are partnered with a veteran Board member and this can certainly be considered. There were no recommendations that were considered significant in terms of needing to be addressed immediately.

Board members must be equipped with the education, training and support necessary to be effective and it is for this reason the House Bill 15 and Murray State Orientation and Training Materials for New Board Members recommendations are being presented today for approval.

Dr. Davies reported that Regents Farmer and Rudolph participated in the CPE training session for new Board members at the end of November and asked for their assessment of that process, as well as an assessment of the New Board Member Orientation provided by the University upon their appointment to the Murray State University Board of Regents. He confirmed that a great deal of ongoing training is offered annually at the Board Advance and asked whether there are topics or suggestions for additional training needs to be included as part of that meeting or as a component of the Quarterly Board meetings. Mrs. Guess indicated that the report provided earlier by Mr. Ward represented an opportunity for additional training on an issue of importance for the Board. Confirmation was provided that the Board desires to have at least one topic of an instructional nature addressed at each Quarterly Meeting but that the New Board Orientation and Annual Advance training sessions should also continue to occur.

Mrs. Rudolph confirmed that she attended the CPE training session and there was nothing noted in that session that had not already been addressed during the New Board Member Orientation session which had already been provided by the University. Ms. Farmer indicated that the CPE training was somewhat redundant in terms of the training that had just been provided to the new Board members by the University. The CPE was still developing their training at the time it was offered which is likely why the training session occurred so late in the year. She did not believe it was necessary for the CPE to provide information on the roles, duties and responsibilities of the Board because a review of those responsibilities should be taking place independently at each institution and is certainly already taking place at Murray State. Mr. Kemp indicated it is very worthwhile for the Board members to attend the CPE Conference on Trusteeship that is offered every other year as this venue also provides training opportunities for Board members. Board members were encouraged to share their ideas for training which might be necessary in regard to a particular area or issue.

#### **House Bill 15 and Murray State Orientation and Training Materials for New Board of Regents Members, approved**

On behalf of the Ad Hoc Committee on Board Self-Assessment and Orientation, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Murray State Orientation and Training materials for new Board of Regents members that will be submitted to the Council on Postsecondary Education for evaluation in Spring 2017. Mr. Schooley seconded and the motion carried.

#### **Adjournment**

The Ad Hoc Committee on Board Self-Assessment and Orientation adjourned at 1 p.m.

#### **Full Board Action – Ad Hoc Committee on Board Self-Assessment and Orientation**

- **House Bill 15 and Murray State Orientation and Training Materials for New Board of Regents Members, approved**

On behalf of the Ad Hoc Committee on Board Self-Assessment and Orientation, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, approve the Murray State Orientation and Training materials for new Board of Regents members that will be submitted to the Council on Postsecondary Education for evaluation in Spring 2017. Mrs. Rudolph seconded and the motion carried unanimously.

(See Attachments #3-#5)

### **Academic Excellence and Scholarly Activities Committee**

#### **Walter Bumphus – Chair**

Katherine Farmer

Susan Guess

Lisa Rudolph

Phil Schooley

Dr. Bumphus called the Academic Excellence and Scholarly Activities Committee to order at 1 p.m. and reported all Committee members were present.

#### **Experiential Education Update, received**

Dr. Duncan reported that a full proposal for the Office of Experiential Education is almost complete. Work continues to gather data and once that has been completed the full proposal will be presented to the Board at the February Quarterly Meeting.

Dr. Davies reported that experiential education represents a very important component of Murray State University and the strategic initiatives. One of the University's foundational goals is for every student to participate in an experiential learning activity before they graduate, particularly at the undergraduate level. This opportunity is being pursued for various reasons. One is that research shows high-impact practices enable students to have a much higher retention and graduation rate and they often graduate on a faster basis. Experiential learning also plays a role with academic ease. Experiential activities allow students to take what they are learning in the classroom and apply it in the real world. It also allows for the students participating in experiential learning to reflect on their experiences and bring the information back to the classroom to share with fellow students. Experiential education can be accomplished in multiple ways including through student leadership, research and creative activities with faculty, study away or study abroad programs and internships and externships, etc. Many Murray State programs already have experiential learning opportunities built into the curriculum and the programs in Occupational Safety and Health and Accounting were cited as examples that require experiential learning as one of the core requirements (or at least encouragement) for graduation.

The University's desire is to make experiential learning opportunities available across all disciplines and, in doing so, remove barriers that are in place for some of these activities to occur. Lawyers have been involved in this process in terms of placements and liabilities. SARA was mentioned earlier and membership in this entity helps facilitate aspects such as sending students to work in out-of-state companies to secure their experiential learning opportunity. The idea is to have a Center – both in terms of the physical sense and reporting – so that organizations providing opportunities and the Center work closely together in supporting students in their efforts and creating synergies. Another part of experiential learning is the reporting of such opportunities. As part of the CPE strategic planning process, the universities will be required to maintain a report on how many students participate in internships. Currently, this question cannot be answered for the entire University because the data is not collected in one central location. Establishing a Center will enable this work to come together in a much more cohesive fashion while allowing for a reporting structure to also be in place. This work will also impact student support services and advancement opportunities which would include engaging alumni in internships and designating scholarships to be utilized for these purposes. The Murray Fund for Excellence last year provided funding to be used for study abroad courses and opportunities. This represents an expansive and very important project that will be a defining niche for Murray State. This effort represents something that mid-size public universities like Murray State do not typically do. Such efforts are normally undertaken by small liberal arts colleges with 500 students and at a much higher rate of tuition. This will provide students with a

unique opportunity to participate in experiential learning activities and help them see the opportunities which will be afforded to them after graduation. This is a critical component of the University's work and Dr. Davies is very excited about the initiative.

Dr. Duncan added that the structure has been developed for an Office of Experiential Education – which is being referred to as the EDGE office – and the various offices to be housed within this unit have been identified. Ms. Dudley has done amazing work to produce a budget, a timeline for this work has been developed and a physical location for the office has been identified. Everything needed for the EDGE office has been identified – except determining concrete goals for the office. In order to develop these goals, there must be strong data and the individuals working on this initiative wanted to wait until the data was available once this semester had concluded. Currently there are a large number of experiential education opportunities happening at Murray State but because these activities are scattered throughout campus it has been difficult to compile a comprehensive listing of all activities which are occurring. An effort is being made to gather solid data so goals can be set for the EDGE office. Work toward establishing the EDGE office is approximately 95 percent complete and all are waiting for the last bit of data to be gathered before moving forward. A presentation will be given to the Board at the Quarterly Meeting in February which will provide details about the office and outline the goals that entity will hopefully achieve.

Dr. Davies indicated that Chair Williams two years ago stated he liked the University's Strategic Plan because the goals were not "squishy." "Squishy" goals will not be delivered to the Board in terms of what is envisioned for the EDGE office.

This update was provided for informational purposes only and required no action.

#### **COMPASS Placement Test Discontinuance and ACCUPLACER Placement Test Implementation Update, received**

Dr. Duncan reported that currently the COMPASS Placement Test is used for admission of non-traditional students. This test has been discontinued and the proposal is being made to replace it with the ACCUPLACER Placement Test which is much more valuable due to a number of available features that will be beneficial for the students and their placement. The ACCUPLACER Placement Test is being adopted by several other schools in the state and the region. The University will begin using the ACCUPLACER Placement Test in April 2017. Confirmation was provided that information regarding the ACCUPLACER Placement Test would be provided to advisors. Work is currently underway with the Murray State Testing Center, Admissions, the Community College and other areas that need to be aware of this change. All necessary information will also eventually be posted on the website. Dr. Duncan reported that one of the benefits of using ACCUPLACER is that, in addition to telling the University where a student should be placed, it also includes a diagnostic aspect. If a student does not meet the cut-off score, ACCUPLACER will tell them where their weaknesses are and provides tutorials in that specific area. A motivated student will be able to immediately look at the scores that are presented to see exactly where their weaknesses are and go through the tutorial and then potentially take the test again to test out of developmental courses and go directly into a credit earning class. This is one of the reasons all were excited about choosing ACCUPLACER rather than other tests that are available.

ACCUPLACER also provides a more accurate reflection of the student's current abilities. ACCUPLACER will be targeted for use with non-traditional students who would not have easy access to the ACT or where the ACT would not represent the best reflection of their abilities. There are also traditionally-aged incoming college students who might have tested at a level on the ACT that caught them and/or their counselors by surprise. Rather than retaking the entire ACT or SAT these students can take the ACCUPLACER which is a briefer test to, hopefully, better reflect their actual abilities in a particular area. Ed Thome, Chair of the Department of Mathematics and Statistics, has done quite a bit of analyses looking at the ACCUPLACER; KYOTE, a Kentucky test and some other available tests such as the COMPASS. What Dr. Thome discovered is that ACCUPLACER and KYOTE are actually excellent indicators of current mathematical ability. Students who are placed through these tests are actually ready for the courses that they go into whereas the COMPASS did not present a good reflection of student ability. Quite a bit of research has been undertaken with faculty and staff – and statewide – in this regard to identify a test that would be the most accurate and beneficial for students.

Dr. Bumphus disclosed that he sits on the ACT Corporate Board and would add no comments on those just shared. Dr. Duncan reported that the ACT entity decided to discontinue COMPASS because many were not finding it to be valuable. Over the past few years there has been a substantial drop in the number of schools using COMPASS. Murray State had its own concerns because there were issues where students were being able to use calculators (with a storage feature). This allowed these students to program in formulas and they were also able to use the calculator while taking the COMPASS test. The decision was made to discontinue COMPASS because it simply was not doing what it used to do although it was a valuable tool for many years prior.

This update was provided for informational purposes only and required no action.

### **Adjournment**

The Academic Excellence and Scholarly Activities Committee adjourned at 1:15 p.m.

### **Audit and Compliance Committee**

#### **Jenny Sewell – Chair**

Susan Guess

Stephen Williams

Mrs. Sewell called the Audit and Compliance Committee to order at 1:15 p.m. and reported all Committee members were present.

### **Audited Financial Statements – General, discussed**

Ms. Dudley indicated that Pat Miller with RubinBrown is present today and Jeff Winter, Partner, is joining the Board meeting via telephone. She also thanked the individuals responsible for preparing the reports which are being presented today: Director Ellen Dale and Assistant Director of Reporting Jason Royalty in Accounting and Financial Services. These individuals spend an enormous amount of time preparing the information provided in the eBoard book. This work also involves staff in the Bursar's Office, Financial Aid, Athletics and the Internal Auditor.

Mr. Miller thanked the Board for the opportunity to be present today on behalf of RubinBrown. The *ViewPoints* document was provided in the eBoard book, as well as copies of the financial statement reports and the Single Year Audit. Mr. Winter and Mr. Miller reported the following:

- RubinBrown appreciates the opportunity to be of service to the University and the Board. RubinBrown has a duty (as independent auditors) to provide assurances on reports and financial information the firm has audited. RubinBrown also feels as though they are a valuable partner with the institution and can add value by making helpful recommendations. The firm is hopeful that this does not represent the last year they will be presenting to the Board. RubinBrown is well aware the University is going out for bid for audit services within the next month or so and it is hoped the firm will be strongly considered for renewal. All are also aware that there is a thought process that change is good and he cannot argue with that logic. He did point out that RubinBrown is a very large firm with approximately 600 employees with a substantial college and university department. There are five or six partners who work in this particular area and RubinBrown does rotate audit partners to provide a fresh set of eyes to review the University's engagement moving forward. The University should not feel it needs to change auditors simply because RubinBrown has been around for a while and is getting stale. It is quite common – and even a requirement – of publicly-traded companies to not rotate firms every five years but to rotate partners of that firm. A study has been done which shows this represents the best of both worlds because the University will get a fresh set of eyes with the new leader of the engagement team but University management does not have to retrain those involved in the audit. Retraining new auditors takes time and money away from the University.
- Appreciation was expressed to Ms. Dudley, Mr. Royalty, Mrs. Dale and Heather Macha, Grants and Contracts Manager from Accounting and Financial Services and Janet Balok, Director of Financial Aid for their assistance and cooperation throughout the audit process. There were no limitations placed on the auditor's ability to do their work and everyone was very attentive and responsive to the needs of RubinBrown.
- Auditing standards followed by RubinBrown require the firm to express an opinion about whether the financial statements prepared by management, with auditor assistance, are fairly presented in all material respects, in conformity with U.S. generally-accepted accounting principles and that the University complied in all material respects with the applicable compliance requirements of its major

federal programs. The auditors are required to provide reasonable – not absolute – assurance that reports are free from any material misstatements presented in accordance with the accounting principles that are generally accepted in the United States. RubinBrown also audits federal grants and has the responsibility of reporting to the Board and expressing an opinion as to whether the University complied in all material respects with the applicable federal compliance requirements for major federal programs.

- A listing of services provided for the University was provided in the eBoard book and based on the work of the auditors, an unmodified opinion is being issued on the University's financial statements for 2016. RubinBrown has also issued a report on compliance and internal controls over financial reporting based on the University's financial statement audit and those items are discussed in the *ViewPoints* document. There were no management recommendations or weaknesses in internal control that will be reported by the auditors this year. He is also pleased to report that RubinBrown is issuing a clean, unmodified opinion on the University's compliance in terms of federal financial assistance and also internal controls over the same financial assistance.
- RubinBrown also issued a clean opinion on the Murray State Foundation which was earlier reported to the Board of Trustees of that entity. Although the Foundation is not under the governance of this Board, it is reported as a discretely presented component unit in the University's financial statement.
- RubinBrown also audited WKMS-FM Radio Station financial statements for which a separate financial statement is required, although they are part of the University. A clean, unmodified opinion has been issued on these financial statements.
- RubinBrown issued reports on compliance with Kentucky House Bill 622 and Kentucky Lease Law statutes. Both reports represented a clean audit and there were no issues or related findings. Murray State is a school under the National Collegiate Athletic Association (NCAA) program and the auditors are required to perform an Agreed-Upon Procedures Report and while this is not an audit, it is a dictated listing of many procedures the auditors are required to perform – inquiries and other testing – prescribed by the NCAA. This work has been performed and the report has been issued. This does not represent an opinion but there were no findings reported.
- The Subsequent Event Report and Quality Control Letter is issued by RubinBrown to the state auditor in connection with the University being a component unit of the state. Because the institution's financial statements are included within the financial statements of Kentucky, the state must be provided with some level of assurance as to the quality of the work provided by RubinBrown, as well as work that is undertaken between the date the University's report was issued – early October – and the date that the state issues its report – mid-to-late December. In this regard, RubinBrown is required to undertake subsequent event work for that period between the two dates mentioned and issue a report related to any findings.
- There were no difficulties encountered in dealing with management related to the performance of the audit. To RubinBrown's knowledge there were no audit adjustments noted during the year with regard to the auditor's procedures. This is a testament to the quality of the work undertaken by all at the University involved in the audit process.
- There was one immaterial item discovered that the auditors are required to disclose to the Board relative to some differences which took place with regard to counting and physical inventory procedures for the University's inventory. There was a slight difference in this area and while University management, as well as RubinBrown, determined that the finding was insignificant and did not need to be reflected in the financial statements, it is required to be reported to the Board.
- With regard to the audited financial statements – which contain Management Discussion and Analysis (MD&A) – the auditors have an obligation to read this information but they do not audit it. The type of information disclosed in this category is not subject to audit procedures but the auditors are required to review it to determine whether there are any differences in the audited financial statement and what has been disclosed in the Management Discussion and Analysis. Board members were encouraged to read the MD&A because it presents a very good synopsis of the year under audit, the results of operations and the financial position of the University.
- As part of the audit each year, RubinBrown performs a general assessment of how the institution's information technology systems are set up. An Information Technology Specialist performs inquiries with management to assess the strength of controls that are in place because cyber security is of utmost importance. The University's system was found to have numerous strengths that certainly meet the recommended security minimums. The system also has the ability to continually monitor work stations and systems on campus. There is also an appropriate incident response system in place. One area of focus was recommended in terms of user account monitoring and management has already responded. It appears as though this comment has already been addressed and has been remedied quickly. This assessment does not affect the audit results and provides some comfort to the University that its information technology systems are in good shape and are well protected.
- Previously the single audit performed under the regulations set forth in OMB Circular A-133, beginning December 26, 2014, all grants and funding issued after that date would be subject to a single audit performed under uniformed guidelines. Since this was issued first in FY15, this means all new grants for FY16 would fall under these guidelines for the first time. This did not significantly

change how things were audited but the single audit threshold was raised. Overall there were not significant changes under which the auditors were required to operate.

- Two major programs for federal grants were audited during the year. The first was for the student financial aid cluster. Because of the size of the University's student financial aid – approximately \$65 million out of a total \$69 million obtained during the year – it is considered to be a major federal program that will be tested every year. The other major program reviewed was foster care – \$539,000 in federal grants – and the last time this program had been reviewed was 2013. An unmodified opinion was issued on compliance for both programs and the University is in compliance with major requirements under uniform guidance. There were no reportable findings under the foster care grant. There was one current year reportable finding for the student financial aid cluster.
- Whenever a student withdraws from a class or changes their attendance status (full-time to three-quarter or half-time), the University is required to perform a Return of Title IV Funding. Based on the amount of funds the student has been disbursed already and the amount of progress made in a particular class, a calculation will be done to determine whether any funds must be returned to the Department of Education. Before the auditors even arrived on campus the Student Financial Aid Office was already performing an internal review of their Return of Title IV Funding procedures. The office noted that there were some instances where the refund calculation was being performed incorrectly and the incorrect amount of funding was being returned to the Department of Education. When the auditors arrived to select the single population to be tested, the Student Financial Aid Office made them aware of this and the fact that there would be issues to be reported. The auditors proceeded to undertake testing by selecting 40 students and there were five who had incorrect returns calculated. For each of these five students, the aid had been corrected before the auditors even arrived on campus and this was revealed upfront to those undertaking the audit. The error was corrected but because it occurred during the year the auditors are required to report it. Recommendations were made to management to change the control procedures somewhat to make sure there is additional monitoring in this area to ensure calculations are being performed correctly. Management did input new procedures to ensure the correct amount of institutional charges were being charged to each student and also to make sure the correct date of withdrawal for each of the students is now being monitored. The procedures that management has implemented are sufficient and will identify any such instances in the future.
- Recommendations made during the Board meeting last year with regard to the single audit were presented. Both recommendations have been implemented and resolved. The first involved the estimate for construction-in-progress at year end. Management was able to have discussions with the contractors to better determine the outstanding liability for construction projects as of June 30, 2016, and the recommendation is considered implemented. The second was a recommendation to make sure all lease renewal documents were signed instead of being verbally renewed. Management has ensured that lease agreements entered into during FY16 have signed and executed lease agreements and the recommendation is considered implemented.
- RubinBrown also performed a ratio analysis for the University to take a look at how things are progressing over the years in comparison to a recommended threshold. The Primary Reserve Ratio compares the University's expendable net position (before Pension adjustment) compared to total expenses. The recommended threshold is 0.40 and for 2016 Murray State was at 0.83 which is positive. The Viability Ratio compares the University expendable net position (before Pension adjustment) compared to plant related debt. The recommended threshold is 1.25 and for 2016 Murray State was at 1.78. The Return on Net Position Ratio represents the change in net position as a percentage of total net position. The recommended threshold is 3-4 percent and for 2016 the University was at 13.27 percent. The major reason for this substantial increase is that the University had a change in net position during the year of approximately \$33 million in the positive. Last year this figure was \$14 million in the positive and because of that the return on net position ratio increased significantly. The Net Operating Revenues Ratio compares excess of unrestricted operating revenues over unrestricted operating expenses as a percentage of total unrestricted operating revenue. The recommended threshold is 2-4 percent and for 2016 the University was at -1.31 percent. There was an approximate \$8 million operating loss for the University. The University does tend to operate at a loss from an operations standpoint during the year. This is made up through other non-operating revenues, appropriations, etc. The largest component of the \$8 million operating loss was from an increase in operating expenses of about \$5 million which is due primarily to increased salaries to teachers and support staff. A graph of the information previously discussed was also provided.
- The University's major revenue sources during the year include gross student tuition and fees (before scholarship allowances) and this remained approximately equivalent between 2015 and 2016. A second revenue source is state appropriations which increased by approximately \$28.8 million between 2015 and 2016 due to a \$30 million increase in state capital appropriations (Breathitt Veterinary Center and Engineering and Physics Building) received (less a 2 percent reduction in the

general state appropriation in 2016) and this is also the reason for the net position increase on the ratio analysis. A third revenue source is government grants and contracts (includes state and federal aid) which decreased approximately \$1.6 million between 2015 and 2016 primarily due to the student mix. The decrease was driven by a \$355 million decrease in Perkins loans and by a \$957 million decrease in Pell grants received by students. The fourth major revenue source is auxiliary enterprises (before scholarship allowances) and these decreased by approximately \$1.3 million between 2015 and 2016, primarily due to decreases in food and housing services in 2016.

- An overview of the analysis of operating expenses was presented for the years ended June 30, 2014, through 2016. Scholarships remained relatively the same from year to year (\$13 million). The utilities number is a bit different because in 2015 the figure included approximately \$3 million of auxiliary utilities that could have been grouped elsewhere. The biggest difference between years in terms of operating expenses has been compensation and benefits (salary increases plus increased health insurance costs).
- A comparison between Murray State operating expenses (2016) and the average for Kentucky public universities (2015) was provided. The information provided excluded the University of Kentucky and the University of Louisville due to their significant difference in size. The analysis does include Northern Kentucky, Morehead State, Eastern Kentucky and Western Kentucky universities. Approximately one-half of the comparison areas are comparable but there are a couple that are not – notably instruction and auxiliary services which are higher for Murray State than the average for the other Kentucky universities. With regard to public service and academic support, the Murray State average was slightly lower. This comparison was provided for informational purposes only. Ms. Dudley provided confirmation that the difference in auxiliary services is due to the fact that Murray State is self-operating in this area and the other schools do not operate in-house auxiliary units for housing, dining or the bookstore.
- A new procedure utilized this year as part of the audit, working with management, was to obtain lists of all of the University's operating disbursements during the year, as well as a list of vendors and employees. A numbers procedure was utilized to check the vendor database against the employee database to ensure there were no unusual relationships. A review of the University's check register was also undertaken to identify any gaps that would seem unusual. There were no unusual relationships discovered or anything "funny" going on behind the scenes. Procedures were also performed under Benford's Law which dictates that over any data set that is large enough – such as the University's operating disbursements – there is actually a set trend that the data should follow in terms of how it is broken down. For any large data set, approximately 30 percent of the items in that population should begin with the number one and approximately 19 percent should begin with number two, decreasing down through nine. This helps auditors determine whether anything unusual is occurring with regard to cash disbursements. The auditors reviewed 50,000 operating disbursements for the University (\$89 million) and the Benford proportion was as expected – and were almost perfectly aligned percentage wise as outlined above. The software did reveal a few things to be investigated further and those deviations were noted on the graph provided but generally are the result of financial aid payments of a certain amount provided to students. Nothing unusual was noted by the auditors during the process and management was very forthcoming.
- Mr. Winter reported that the data analytics presented were new for this year and were provided as an extra value-added service in terms of identifying fraud or unusual payment that might be due to error or misappropriation.

### **Audited Financial Statements, accepted**

#### **Audited Financial Statements – General**

On behalf of the Audit and Compliance Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2015-16:

- Presentation of Results of the Annual Audit Report (includes Management and Representation Letters)
- Auditor Communications
- Independence/Peer Review Letter
- House Bill 622 Compliance Report for the Year Ended June 30, 2016
- Kentucky Lease Law Compliance Report for the Year Ended June 30, 2016
- General Financial Statements for the Year Ended June 30, 2016

#### **Audited Financial Statements – Federal Funds (Single Audit Report)**

- Federal Single Audit Report for the Year Ended June 30, 2016

Annual Audit Report – Athletic

- National Collegiate Athletic Association Independent Accountant’s Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2016

Audited Financial Statements – WKMS-FM

- Auditor Communications
- Audited Financial Statement for the Year Ended June 30, 2016

Mr. Schooley seconded and the motion carried.

**Adjournment**

The Audit and Compliance Committee adjourned at 1:48 p.m.

**Full Board Action – Audit and Compliance Committee**

- **Audited Financial Statements, accepted**

Audited Financial Statements – General

On behalf of the Audit and Compliance Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2015-16:

- Presentation of Results of the Annual Audit Report (includes Management and Representation Letters)
- Auditor Communications
- Independence/Peer Review Letter
- House Bill 622 Compliance Report for the Year Ended June 30, 2016
- Kentucky Lease Law Compliance Report for the Year Ended June 30, 2016
- General Financial Statements for the Year Ended June 30, 2016

Audited Financial Statements – Federal Funds (Single Audit Report)

- Federal Single Audit Report for the Year Ended June 30, 2016

Annual Audit Report – Athletic

- National Collegiate Athletic Association Independent Accountant’s Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2016

Audited Financial Statements – WKMS-FM

- Auditor Communications
- Audited Financial Statement for the Year Ended June 30, 2016

Mr. Schooley seconded and the motion carried unanimously.

(See Attachments #6 – #15)

- **Request for Proposals (RFP), discussed**

Ms. Dudley reported that the RFP mentioned by Mr. Winter is out for bid for audit services. The year just completed represents the University’s eighth year with RubinBrown. The firm had an initial four-year contract that was extended for a three-year cycle three years ago. The RFP is expected to go out next week before the holiday break. A committee has been established and is comprised of Accounting staff, the Internal Auditor and an Accounting faculty member. The committee will review any proposals received and make recommendations which will be presented to the Board at the February 2017 meeting. The Board will be required to act on a recommendation in February so the auditors selected can begin work on next year’s engagement. There were no suggestions offered for additional services that would be needed from the successful audit firm chosen. Confirmation was provided that management has been comfortable with the services provided by RubinBrown but there are several other firms interested in

submitting a proposal to serve the University in this capacity. Consideration is being given to entering into a contract for a longer period of time. The University has historically set a one-year contract with annual renewals but several of the regional schools – including UK and UofL – are moving to a longer fixed contract. A one-year contract with five or six renewals with the requirement of changing the manager of the audit during that contract period is being considered. It is cost efficient to stay with the same audit firm and whether or not to change auditing firms will represent a decision the Board will be required to make on behalf of the University.

This report was presented for informational purposes only and required no Board action.

### **Buildings and Grounds Committee**

#### **Ms. Green – Chair**

Clinton Combs

Daniel Kemp

Jerry Rhoads

Phil Schooley

Ms. Green called the Buildings and Grounds Committee to order at 1:49 p.m. and reported all Committee members were present.

#### **Major Projects Update, received**

Mr. Youngblood, Assistant Director of Facilities Design and Construction, reported that the Hollis C. Franklin Residence Hall opened to students in August, although work continues with the contractor on several issues. Meetings have recently been held with the contractors to clarify outstanding issues and change orders that have been outstanding throughout the construction process. Work also continues in terms of warranty items to get some things corrected and resolved but this does not represent anything major at this time. The contractors still like a bit on finishing the exterior but this represents more of a material supplier issue.

Progress on the Breathitt Veterinary Center is going well and, while the building was considered to be substantially complete in September, the commissioning process is taking longer than anticipated. The BioSafety Level III area in the building is very complicated and it has taken a great deal of time to figure it out to ensure proper installation before any occupants are moved into the facility. At this time, the University anticipates taking full possession of the building in January 2017 and starting to move occupants into the facility in February. Furniture has been ordered for this facility and will start to be delivered next week. In terms of the old BVC facility, Mr. Burdette confirmed that the University has applied to the state for a transfer of this property.

Significant delays are being experienced with regard to the Engineering and Physics Building due to weather and materials/labor and electrical issues. The building is progressing and the interior is starting to come together and is beginning to look like a finished building. The new substantial completion date for this facility is March 3, 2017, and all hope to be ready for the April Grand Opening.

Mr. Burdette reported that as of May 1 the University administration began working with A&K Construction and Hastings & Chivetta design firm to reach an agreement to begin the renovation work necessary in the Chemistry Building. All are cautiously optimistic an agreement will be signed next week and work can begin in the Spring 2017 semester. Appreciation was expressed to President Davies, Mr. Rall, Ms. Dudley and Mr. Youngblood for their support over the past several months because this has presented a huge challenge. This same process will now begin to address work needed in the Biology Building in the Spring. Issues in the Biology Building are similar to – but not the same as – those in the Chemistry Building and there are also additional companies involved with the initial construction of this facility. The anticipated completion date for work on the Chemistry Building is August 1, 2017. A completion date cannot be determined for the Biology Building until a full analysis of the facility is completed. Whether existing contractors will be utilized for the repair work cannot be decided until an analysis has been completed.

In August Mr. Burdette reported to the Board that there were some electrical grid system issues and those continue, along with other, more serious issues. Digital relay switches were purchased

and work began to install those into the system over Fall Break. When restoration of power to the campus was initiated, there was a catastrophic failure of a major switch and a great deal of work was necessary just to restore power to campus. Wednesday and Friday of the Thanksgiving Holiday were then utilized to continue maintenance and repair work and this went very well and resulted in the remainder of the relay switches being installed. Early Saturday morning as power was being restored to campus, another catastrophic failure occurred affecting another major switch. It was approximately 3 a.m. before workers were able to restore power to the campus. In so doing, the Engineering and Physics Building was affected and had only temporary power. On December 17 full power was restored in that building but in a different way and a variety of issues remain with regard to this facility. Electrical engineers and high voltage experts are working with the University to determine the root cause of these issues. The experts have indicated that there are a unique set of problems with the electrical system for this building. All were assured that University representatives – as well as external consultants – are working diligently to figure out exactly what is causing the electrical failures within the system. With each failure more is learned in terms of what is occurring but the process is difficult because one cannot see electricity. Assurance was provided that the right people are working on this challenge. The electrical grid system was the University's top capital priority in the Biennial Budget and the second priority was the steam distribution system which reared its ugly head last week when a steam line blew close to Waterfield Library. Under a Declaration of Emergency, an engineering firm and others are involved in addressing the issues. It was indicated that the issue at Waterfield Library would likely be resolved by the end of January/early February. An attempt is currently being made to secure a general contractor who will work with the University throughout the holiday break. An engineer is already under contract and an effort is being made to locate two major boilers to be shipped to Murray in a timely manner. A steam line from the Central Plant will be tied off which will also help with some issues in the Old Fine Arts Building and elsewhere. Two new boilers will be installed in Waterfield Library, representing the second building where this work has recently been necessary.

Mrs. Guess indicated that historically the University has utilized the low bid process and there has been some concern expressed by the Board about having the same contractor complete over \$100 million in projects for Murray State. Confirmation was provided that this process has been changed and now value engineering will be the preferred process which will be utilized in terms of judgments made for future contracts. The bidders will respond not only in terms of price but also how the work will be undertaken. References will also be checked more closely and a review of similar work for a particular firm will be conducted to provide for a valid comparison. Ms. Dudley indicated that price has not been the only factor used in determining the successful bidder for such projects and value engineering has been utilized in the past. Due to state budget cuts – particularly with starting the Biology Complex – the University was forced to start using price as the highest weight.

Mr. Rhoads reported that the Madisonville Postsecondary Education building represents a \$20 million, 65,000 square foot three-story facility and the general contractor is A&K Construction from Paducah, Kentucky. Work is progressing well and steel is now coming out of the ground. A considerable amount of earth moving and infrastructure work needed to occur before actual construction could even start. A projected completion date is November 2017 and all are hopeful to be able to occupy the building for use in Spring 2018.

The University has contracted with an engineering firm to conduct an analysis of the mold situation in Springer Hall in terms of the physical structure of the building. The current plan is to restore Springer Hall to the condition it was prior to the development of the mold issue this past summer. The 50 to 60-year-old facility should be ready for occupancy in Fall 2017. Confirmation was provided that there are additional issues in Springer Hall that need to be addressed. There are three similar buildings of the same age – Springer, old Franklin and old Richmond – that have deteriorated over time. There are separations between the walls and cracks in the walls and ceiling work that will need to be addressed because these all contribute to the development of mold. Consideration will be given in terms of how to make the building usable considering its current condition. Springer Hall mechanically is the better of the three facilities and would be the logical choice of buildings to bring back online. The other two buildings have not experienced mold issues.

Confirmation was provided that the second floor at the *Hopkinsville Regional Campus* is now completed but the furniture has not yet been ordered. Mr. Kemp indicated he thought the furniture

for the second floor of the Hopkinsville building was ordered last Fall. Mr. Youngblood reported that Director Slone Cansler has been waiting on him to provide a budget figure for this purpose so those funds can then be turned over to that facility and furniture can be ordered. This work has been undertaken with Brian Van Horn, Associate Provost for Regional Academic Outreach. The furniture quotes provided by Dr. Cansler were over the amount available in the budget and work is currently underway to identify alternate furniture that would be appropriate for this facility. Mr. Kemp further asked when the University will be able to use the space in question and Mr. Youngblood indicated that could occur as soon as the furniture situation has been resolved. Confirmation was provided that construction was completed in late August/early September. Mr. Kemp indicated this work needs to be brought to a conclusion as soon as possible.

This report was provided for informational purposes only and required no Board action.

### **Adjournment**

The Buildings and Grounds Committee adjourned at 2:02 p.m.

### **Enrollment Management and Student Success Committee**

#### **Mrs. Rudolph – Chair**

Walter Bumphus

Clinton Combs

Katherine Farmer

Sharon Green

Mrs. Rudolph called the Enrollment Management and Student Success Committee to order at 2:02 p.m. and reported all Committee members were present.

Mrs. Rudolph reported that she participated in a meeting yesterday centered on minority recruitment and student success. The session was led by Mr. Dietz with fellow Regent Walter Bumphus and his wife – Aileene – also participating. She publicly thanked the Drs. Bumphus for the information provided during the meeting and for the valuable expertise and years of experience which were shared.

### **Fall 2016 Enrollment Report, received**

Mr. Dietz reported the following:

- Overall there is a 4.5 percent decrease in total enrollment for Fall 2016 (10,495 students) which represents a decline by approximately 500 students since Fall 2015. A graph was provided illustrating the gradual decline in enrollment. The University peaked in terms of enrollment in Fall 2014 with 11,207 students but in the last two years there has been an overall decline.
- There has been an increase in freshmen numbers and that is positive given the new admission requirements, new scholarship model and the new tuition structure which were adopted. All were pleased that there are 1,502 new freshmen this Fall and hope this is the trajectory moving forward. Dr. Davies has charged Enrollment Management staff with an aggressive Fall 2017 enrollment number for freshmen and transfer students and all are moving forward in this regard. A portion of the meeting yesterday was dedicated toward determining how to tackle some obstacles with regard to minority enrollment by considering best practices and how the University can perform better in this area.
- Total freshmen number 1,502 and this includes both full-time and part-time students enrolled at Murray State. The first-time freshmen full-time equivalent is based on credit hours taken for new freshmen and divided by 15 which is the CPE guideline. The credit hours that freshmen are taking represent 1,510 freshmen FTE. This means students are taking a heavier course load compared to the previous Fall semester. First-time freshmen FTE is for full-time students only and has increased over last year as well.
- For credit hours generated, undergraduate and graduate student numbers are down in terms of hours completed/taken compared to last year. First-time freshmen numbers are up slightly in this category. Although the numbers are down slightly in terms of first-time transfer student headcount, numbers are pretty close to where they were last year related to credit hours completed and this is encouraging.
- The University's freshmen academic profile has changed. First-time freshmen high school rank within the top 25 percent increased from 45.8 percent to 48.1 percent and the first-time freshmen ACT average went from 22.6 to 23.9. To experience this big of a jump in ACT average is significant. Also, freshmen valedictorians comprise 4.9 percent of the Fall 2016 freshmen class which is an increase of 32 percent from the Fall 2015 freshmen class. Freshmen participating in the Honors College increased by 15 percent and first-time freshmen enrolling with college credits number 1,502 and 821 students

entered the University with some sort of college credit, for an average of 16 credit hours earned. Typically these students are more prepared and are retained at a higher rate as indicated earlier by Regent Rudolph. There are currently over 400 students enrolled in the Honors College and of this number 175 are freshmen.

- In terms of first-time freshmen enrolled by state, there was an increase of 2.3 percent from 2015. There was an uptick in students in Kentucky and a substantial increase in students from Illinois which can be attributed to an aggressive recruiting strategy in southern Illinois, as well as employing additional marketing efforts. There was also an increase in the number of students from Tennessee which is positive considering students are offered free community college tuition in that state. Dr. Bumphus added an increase in this population is especially impressive because Tennessee universities are down in terms of enrollment. Confirmation was provided that the University was very aggressive this year in Tennessee in terms of recruiting.
- First-time freshmen enrollment in the 18-county service region is down by 55 students but this population is monitored very closely. In receiving application and freshmen numbers in terms of why this occurred, it appears as though the decrease can be attributed to the University's new admission requirements. Last year when the total application pool is considered, approximately 89 students were denied admission to Murray State. This year, approximately 500 students were denied admission based on their credentials. Of the 89 students denied admission last year, 25 percent were from the 18-county service region. This year, when considering the same percentage, 25 percent were from the 18-county service region (approximately 120 students) and did not meet admission requirements. The application count was down slightly in the 18-county service region despite the fact that is where the University recruits most heavily. University staff continue to work closely with counselors in this region and it is hoped the numbers will change more positively moving forward.
- High school or dual credit students represent a portion of the overall enrollment figure. For FY16 there are 802 students enrolled in Murray State courses and this actually represents a decrease from last year (918 students). There is a new scholarship program for dual credit high school students and that scholarship implementation by the state required the University to limit applications for dual credit students earlier in the year. Murray State did not have the luxury of extending the deadline and enrolling dual credit students farther into the semester. This caused a drop in enrollment and it is hoped this will change moving forward. It was also realized that the playing field is now very level in terms of the cost associated with students pursuing dual credits. Murray State was most likely the lowest cost provider in the state for dual credit courses prior to recent changes which have been made (SARA) and resulted in all universities now charging \$52 per credit hour for a dual credit class.

Dr. Bumphus asked who teaches dual credit courses for Murray State. Dr. Duncan reported that with regard to the dual credit program, agriculture classes are handled within the *Hutson School of Agriculture* and the non-agriculture classes fall under her supervision. The University offers a good number of classes taught by Murray State faculty or instructors but there are also a small number of classes taught by high school teachers who have completed the University's credentialing process. There are also some classes which are taught by Murray State faculty but facilitated by high school teachers. In those situations, this represents a web-type class with teachers in the classroom helping the students learn material but with the courses being controlled 100 percent by a faculty member on campus (faculty-facilitator model). Confirmation was provided that the faculty member of record creates the class and assignments and grades those assignments. They also present the lectures and material for the course and when a student cannot figure out how to do something the teacher in the classroom, and the faculty member of record if necessary, will become involved to help with the hands-on work. These more closely resemble distance learning classes but the teacher of record is a faculty member on the Murray State campus and is 100 percent responsible for the course. The high school teacher serves as a facilitator or a tutor for the high school student.

*Thoroughbred Academy* classes are taught by Murray State faculty, instructors or adjuncts and these are the ones Dr. Duncan works with most closely. In terms of the Four Rivers Foundation, the University works diligently to ensure these students are taking classes that are truly representative of the "real" college experience. Murray State must be careful to ensure that students who graduate from these courses have what they need to succeed at the University once they graduate from high school. Dr. Bumphus indicated that rigor in this regard is important because all accreditation agencies have been put on warning that this particular initiative is being scrutinized very closely. Dr. Duncan confirmed the University received a letter from the Southern Association of Colleges and Schools that was sent to all universities in the southeast about dual credit programs. SACS warned all of the universities that they would be scrutinized closely. Luckily for Murray State, the institution does not have anything to worry about because it is doing a great job in this arena already – although more attention needs to be paid to appropriate documentation procedures. Mr. Dietz confirmed that students participating in dual credit courses must also meet regular University admission requirements in an effort to ensure they are prepared.

Mr. Dietz further reported:

- First-time transfer enrollment total numbers are down slightly but credit hours taken numbers are comparable to last year. Confirmation was provided that the increase in Fall 2014 was a result of the closing of Mid-Continent. When this local university closed, Murray State absorbed a large number of these transfer students.
- A breakdown of first-time transfer enrollment by state was provided and total enrollment is down by 25 students. Confirmation was provided that there is some concern about Kentucky numbers. As a general rule, the University's transfer enrollment follows the trend of the community colleges and there are some challenges in this arena. Good ideas were shared yesterday by Drs. Walter and Aileen Bumphus in terms of transfer opportunities and it is believed the University can capitalize in this area moving forward. An investment will be made toward direct marketing and promotion of the University and doing things differently in terms of how transfer students are recruited. Mr. Kemp asked how many students are in the University's Community College on campus and Dr. Van Horn indicated there are a couple of factors associated with this entity on the Murray State campus. There are approximately 850 students in the Community College at any given time. These individuals are taking at least one course and some students may be taking as many as three courses. Confirmation was provided that these students are counted in the transfer student numbers. Mr. Dietz added that the Community College program at Murray State is not what would be considered a traditional model. There are courses within the University's Community College division and those students are counted in total enrollment.
- Information on transfer enrollment by state was provided, as well as first-time enrollment in the 18-county service region and numbers were down slightly (11 students).
- African American enrollment is down by a total of 75 students but Dr. Bumphus and Aileen have provided solid strategies to address this decline and improve the recruitment, retention and graduation rate for this population of students. This represents an area of concern for the University but is one that also presents an opportunity to develop a unique partnership with Dr. Aileen Bumphus and the University of Texas. Discussions have occurred and some plans have been made to visit Dr. Bumphus in the Fall to observe the operation already in place at that institution to identify strategies which might also help Murray State in this area moving forward. This represents an important initiative that will also come into play with regard to performance funding. A good team is already in place and all are passionate about their work. Dr. Bumphus complimented Murray State's recruiters and indicated that an impressive operation is already in place at the University.
- International enrollment is down 116 students (15 percent decrease). International enrollment always has been and always will be very important to the University because it adds a different perspective for students and more culture to the institution. The top sending countries, in order, are Saudi Arabia, China, Belize, South Korea and India.
- Graduate enrollment is also down from last year (7 percent decrease) and this represents a trend over the past several years. First-time graduate enrollment is down slightly as well but this also includes 56 students pursuing doctoral degrees. Numbers are up in terms of students seeking doctoral degrees.
- Overall for this Fall, Murray State experienced an increase in new freshmen. This increase occurred even with new admission criteria as well as new models for scholarship and tuition. Despite a drop in headcount for transfer students, the FTE was essentially the same as in 2015. Murray State also experienced decreases in enrollment at the international and graduate levels due to several issues. One specific area takes into account that there were fewer international exchange students coming to Murray State, which coincided with the governments of Brazil and Saudi Arabia ending sponsorship of students studying in the United States. This resulted in fewer international students at Murray State. Additionally, international numbers decreased due to capping enrollment in some graduate programs. More new international students could not be accommodated in certain graduate programs due to the capping issue. Secondly, overall, graduate enrollment has declined 17 percent in the past five years. This decline can be partially attributed to competition from low-cost providers that are significantly undercutting costs. The College of Education and Human Services has especially been impacted in this area.
- Despite the decline from 2011-15, graduate degrees awarded increased from 642 to 712. The graduate area is currently undertaking strategies to offset the declines and is pursuing 3+2 and 4+1 programs, in addition to evaluating tuition costs for various programs. Dr. Bumphus indicated it is being projected that Saudi Arabia will be down another 20 percent in the United States next year and a plan must be in place for the University to offset decreases in this population. Mr. Dietz confirmed that international students add a great mix to the student body and there are students in the 18-county service region who were born in the region but have never experienced an international culture.
- Murray State also had larger graduating classes in 2015-16 which has resulted in fewer students returning. There were also smaller freshmen classes in 2013, 2014 and 2015, also resulting in fewer students continuing/returning.

This report was presented for informational purposes only and required no Board action.

Mrs. Sewell stated that historically teachers are required to have 30 hours beyond the bachelor's degree in order to be able to teach the local schools. These teachers would typically come to the Murray State campus to take those courses but a lot of these individuals are now seeking those classes online which is, in turn, affecting enrollment. A suggestion was made that the University should also consider offering the courses teachers need online. Ms. Farmer indicated that teachers who are taking these online courses seem to be more concerned about price than quality. The University simply cannot compete in terms of price, especially as it pertains to what one particular university is able to offer. It should be noted that the quality of the courses being offered by the other University would not be of the same quality as those courses being offered by Murray State. It is unfortunate that teachers and principals do not seem to be overly concerned about this aspect.

### **Fall 2016 Student Retention Update (For Information Only), received**

Dr. Robertson reported the following:

- The University is performing well in terms of retention work that is underway. The Fall 2016 retention rate for first-time, full-time, degree seeking freshmen was 73.9 percent, compared to 71.2 percent for Fall 2015 (2.7 percent increase) and 72 percent for Fall 2014. Strategies and plans which are in place are producing good results at this point.
- The top five issues first-time freshmen are facing include being homesick (52 percent), test anxiety (37 percent), struggling in at least two courses (27 percent), low social aspects (23 percent) and not being confident about finances (20 percent). Many strategies and interactions with these students are aimed at addressing these concerns.
- Peggy Whaley, Assistant Director of Retention, was introduced to the Board. She joined the retention operation just a few weeks ago and has a significant background in academic advising and student success programs. Ms. Whaley completes the leadership team along with Mr. Carthell and Mike Young, Associate Vice President for Student Affairs and Coordinator, Governor's Minority Scholarship Preparation Program. She is already having a great impact working with students. A focus is being placed on retention team strategies such as increasing awareness and utilization of MAP-Works through newsletters, video and in-person trainings and enrichment of the retention website with relevant content. The MAP-Works program allows faculty and staff to alert the retention team about students who are having issues or concerns so the team can follow up with these individuals. It also allows for the development of a profile of students so those who are at-risk can be identified. The earlier these students can be identified so the retention team can work with them to address concerns the more successful they will eventually be. Work is underway to further enhance the MAP-Works program through training with faculty and staff and enhancing and enriching the website.
- The Sophomore Retention Strategy is being developed to analyze the retention of sophomores and a strategy to increase retention of this population will be ready for implementation in FY17. Data collection will occur in Fall 2016 and Spring 2017 through focus groups with sophomores and retention team members. A survey of sophomore parents will be undertaken as well as research conducted on best practices through literature and website review, attendance at relevant conferences, site visits or Skype visits with institutions.
- Possible activities to consider in sophomore retention include the "re-recruiting" of sophomore students through targeted mailings (emails) from the President, Provost, Student Government Association, advisors and the Deans giving support and encouragement; Sophomore Salute and sending a newsletter to sophomores with success tips and strategies, starting and adding to the resume, preparing for the junior year, declaring a major, internships, study abroad, etc.

Ms. Farmer asked whether dual credit freshmen who enter the University with enough credit hours to become sophomores in the Spring Semester are still being treated as freshmen in terms of retention. Dr. Robertson reported that this is one of the reasons the Sophomore Retention Strategy is being developed. Dr. Davies reported that there is one student who is entering the University with 75 dual credit hours as a first-time freshmen. This student would be counted in the cohort of first-time freshmen. When this individual is retained to the next year they would be part of the retention numbers just mentioned and IPEDS data collection would include this student in the first-time freshmen numbers. The opportunity and challenge is those students with 75 credit hours are an anomaly because most enter the institution with 16 to 30 credit hours or less. These students need to be treated as sophomores academically but as freshmen emotionally. Interesting and challenging opportunities are presented with such students. If a student enters the institution with 75 credit hours and all count toward their degree they would technically be a junior but emotionally they are a freshman and this presents some interesting dynamics. Dr. Robertson indicated it might be more accurate to say that the focus is on the first-year student instead of first-time freshmen. Dr. Duncan added that even if dual credit students enter the University with 60 credit hours they are required to take the Transitions class so they are connected to the institution as a brand new incoming freshman. They receive all of the training and experience and connections that they will need through this class. Even if these students are sophomores or

juniors on paper, they are being provided with the support necessary through the Transitions course. In regard to a question whether transfer students have to take the Transitions course, it was indicated this depends on their major and while the course is not required for transfer students in general there are programs that do require it. Another group which will be considered are “other freshmen” and this includes students who do not have sufficient hours to be sophomores but are also not considered to be first-time freshmen.

This report was presented for informational purposes only and required no Board action.

### **Adjournment**

The Enrollment Management and Student Success Committee adjourned at 2:37 p.m.

### **Finance Committee**

#### **Daniel Kemp – Chair**

Walter Bumphus

Clinton Combs

Katherine Farmer

Jerry Rhoads

Mr. Kemp called the Finance Committee to order at 2:37 p.m. and reported all Committee members were present.

### **State Endowment Match Program Annual Report, approved**

Ms. Dudley reported that the State Endowment Match Program Report represents a standard annual report the Board is required to approve. The University has received \$10 million from the State Endowment Match Program over the years although it has been several years since Murray State has actually received any funding. The University also receives one-for-one matching dollars on these funds and the annual report outlines the usage of the earnings on endowments and how these funds were spent. The reporting format is prescribed by the Council on Postsecondary Education and the report requires Board approval. Confirmation was provided that the State Endowment Match Program has not been funded for approximately six years.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the State Endowment Match Program Annual Report, as submitted, for the period ended June 30, 2016, as required by the Kentucky Council on Postsecondary Education. Ms. Farmer seconded and the motion carried.

### **Projects Approved by the Board of Regents’ Chair, designated**

Ms. Dudley reported that the Board is provided with a Schedule of Projects Approved by the Board of Regents’ Chair each quarter. The first page of the Schedule represents those projects which are over \$10,000 but under \$200,000. These projects have been started and are being brought to the Board for approval so funding can be allocated. The projects have been funded but by Board action that funding can be designated for the specific projects which will be reflected on the University’s financial statements. The Board will actually be approving \$1 million in projects and individual project costs have been delineated to show up as Board-designed funds on the University’s balance sheet. Ms. Dudley confirmed that these projects do not have to go to the state for approval because \$1 million is the new state threshold for those items requiring approval at that level. When unrestricted net assets were being reviewed more closely, some of those appeared to be undesignated and requiring Board approval of these projects now represents being able to record them as designated net assets on the balance sheet. This provides one extra layer of protection of those net assets. Mrs. Sewell indicated that there was a policy in place that any project over \$10,000 required Board approval and this proved to be cumbersome. Ms. Dudley confirmed that this is why the report is being brought to the Board after-the-fact. The Board is only designating the funding – not approving it – so these can now be considered protected assets. The second page of the schedule relates to those projects costing over \$200,000. Per the Board Delegation of Authority, for projects over \$200,000, the President must take those projects to the Board Chair for approval. The projects on this schedule have received Chair approval but are being presented to the Board for the same reason – to designate those funds. These projects do not

require state approval because it is required only for projects over \$1 million. Those projects over \$1 million are approved by the state once they are defined in the University's Capital Plan.

Ms. Dudley further reported that two projects costing \$200,000 or more, but less than \$1 million, have been included on the second schedule and represent technology upgrade and infrastructure projects that are being funded from two different sources. The Schedule of projects over \$200,000 also includes \$750,000 to repair Springer Hall (mold and other necessary repairs) to bring that facility back to life. Many issues in Springer Hall are mechanical in nature but a decision must also be made with regard to old Richmond and old Franklin. Although each of the three facilities has issues, Springer Hall has been deemed to be in the best condition. Confirmation was provided that the long-range plan would be to raze all three facilities and rebuild as necessary according to housing occupancy needs. Students living in Springer have now been moved to old Franklin Hall for the time being (or other residential colleges) and will remain there for this year. It is hoped that necessary repairs can be completed in time for Springer Hall to reopen in Fall 2017. Confirmation was provided that there is some concern about investing \$750,000 in a facility which will eventually be razed. Ms. Dudley indicated that students living in Springer had to be moved to old Franklin because the other residential colleges are co-ed. There are more female students than male students and there were more male rooms available in the existing residential colleges than female rooms so a decision was made to move into old Franklin to deal with the situation of having to move students out of Springer Hall – an all-female dorm. At this stage the administration feels the University needs those beds in Springer because the facilities are needed to meet debt service as well as the needs of students.

Occupancy in the residence halls is down but Dr. Robertson has initiated a marketing plan in an attempt to address that decrease and if beds are not available in those facilities the University will not be able to increase revenue to offset debt service. Dr. Davies reported that another challenge which complicates this decision is the fact that Regents and White residential colleges will also need renovations fairly soon. Once those facilities are taken offline, there will be a large number of students who will need to be housed in another residence hall. In the long-term old Richmond, old Franklin and Springer will likely not be utilized in their current form. The bottom line is that even though all are concerned about investing \$750,000 in Springer Hall, the University cannot do without this facility to current and upcoming needs. Dr. Davies reported that discussions have centered on investing sufficient funds in Springer Hall so students are safe, secure and healthy and have a suitable living space – while not making an overinvestment in the facility. This does represent a fine line that Ms. Dudley and the auxiliary team are working to address, knowing that there are upcoming needs in Regents and White residence halls and the Springer Hall “swing space” will be needed. The housing cost to students must also be considered as this work is undertaken.

Confirmation was provided that the Board is being asked to designate \$300,000 for the boilers needed at Waterfield Library to address the situation which occurred in that facility. The Chair has already approved the project but the Board needs to designate funding for this purpose and the project needs to be added to the Schedule presented. Confirmation was provided that the Springer Hall project will be funded from auxiliary funds (designated housing funds) and the money is not coming from the Education and General Fund.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined in the listings provided, with an amendment to include the Waterfield Library Boiler Project (\$300,000). Ms. Farmer seconded and the motion carried.

### **Personal Services Contract, approved**

Ms. Dudley reported that the Audit Contract discussed earlier is being brought before the Board for approval. Awarding of the project bid will be presented to the Board for final approval at the Quarterly meeting in February but the project will be going out for bid publicly before then and the Board is being asked to approve the Request for Proposals which will be issued next week for auditing service to the University for the next four to seven years.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the contract as listed in the document

provided per requirements of the Delegation of Authority (Item 11). Ms. Farmer seconded and the motion carried.

### **Personal Services Contracts – Schedule of Expenditures (For Information Only), received**

Ms. Dudley reported that the Personal Services Contracts – Schedule of Expenditures represents current Personal Services Contracts that are being reported to the Board as an information item. The Schedule shows the cost of each contract and also how much has been expended during each quarter. A listing of Personal Services Contracts executed since the last Board of Regents Meeting was provided in the eBoard book. This report was presented for informational purposes only and required no Board action.

### **Adjournment**

The Finance Committee adjourned at 2:54 p.m.

### **Full Board Action – Finance Committee**

- **State Endowment Match Program Annual Report, approved**

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached State Endowment Match Program Report for the period ended June 30, 2016, as required by the Kentucky Council on Postsecondary Education. Mrs. Guess seconded and the motion carried unanimously.

(See Attachment #16)

- **Projects Approved by Board of Regents' Chair, designated**

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined in the attached listings, with an amendment to include the Waterfield Library Boiler Project (\$300,000). Mrs. Sewell seconded and the roll was called with the following voting: Dr. Bumphus, yes; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried unanimously.

(See Attachments #17 and #18)

- **Personal Services Contract, approved**

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the contract as listed in the attached document per requirements of the Delegation of Authority (Item 11). Mrs. Guess seconded and the roll was called with the following voting: Dr. Bumphus, yes; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried unanimously.

(See Attachment #19)

### **Legislative and Economic Development Committee**

#### **Jerry Rhoads – Chair**

Daniel Kemp

Lisa Rudolph

Jenny Sewell

Stephen Williams

Mr. Rhoads called the Legislative and Economic Development Committee to order at 2:57 p.m. and reported all Committee members were present.

## **Legislative and Economic Development Update, received**

Mr. Rhoads reported that there have been a few minor developments on the legislative front since the last Board meeting. There is a new composition of the General Assembly representing an entirely new leadership team, new Committee structure and new Committee Chairs. Taking into consideration subcommittees and task forces, there are 41 new Chairs. The University will be developing relationships with a new cast of legislators and this work is already underway. Jordan Smith, Director for Governmental Relations, will discuss a new economic development initiative for the four river counties – West Kentucky Alliance for a Vibrant Economy (WAVE).

Mr. Smith reported that the new House Education Chair is Representative John Carney from Campbellsville (replaces Derrick Graham) and the new Postsecondary Education Subcommittee Chair is James Tipton from Taylorsville (replaces Arnold Simpson). Mike Wilson will likely remain as the Education Committee Chair in the Senate.

Murray State has played an integral part in the WAVE initiative from the beginning. This initiative was brought about due to the widening of the Panama Canal and the exciting opportunities being anticipated for the Four Rivers Region. The first annual WAVE conference was held on October 24, 2016, and several key Murray State officials were involved. Representing Murray State on the WAVE Steering Committee is Dr. Bob Jackson, Dean of the *Bauernfeind College of Business* Tim Todd, Dean Tony Brannon and Loretta Daniel, Director of the Kentucky Innovation Network. President Davies was also asked by the WAVE Committee to participate in a panel discussion on education and workforce development which was moderated by Dean Todd. Dean Brannon also moderated a panel on agricultural opportunities within the Four Rivers Region. Mr. Wooldridge was involved with the initiative and continues to be a key player in this work. Regent Lisa Rudolph and her husband Robbie were honored throughout the day for their work with the Four Rivers Foundation. Moving forward, Murray State will continue to serve as a resource for this work in terms of technology, agricultural-related and workforce development initiatives, further illustrating that the University wants to be a major partner in this project. Dr. Davies indicated this represents a very strong opportunity for Murray State to not only be involved in the economic impact of the Four Rivers Region but also to provide educational opportunities, programs and experiential learning for its students. Mr. Rhoads believes the project will give the University a much higher profile in this area which will hopefully result in increased enrollment of students from these counties. Mr. Smith reported that all were pleased to see many Superintendents, Principals and K-12 teachers in attendance, as well as Governor Matt Bevin and a number of state legislators.

Mr. Rhoads added that Dean Todd is not present today due to the unfortunate passing of his father-in-law and condolences were expressed on behalf of the Board.

Mr. Smith reported that in response to the leadership shift which has occurred in Frankfort, President Davies and the Murray State legislative team have already started reaching out to all newly-elected and re-elected legislators to provide them with up-to-date information on the University and also congratulate them on their successful election to office. Meeting each legislator one-on-one will be a challenge considering the short session but all are excited about the opportunity. Efforts will be focused on meeting legislators from the University's 18-county service region to ensure they know that their support for Murray State is crucial and important to each and every member of this Board, as well as to faculty, staff and students.

In terms of the new Committee Chairs, all are excited to see that with the new majority in the House so many of those individuals are Murray State alumni and live in the region. Representative Steven Rudy is a Murray State alum and lives in Fulton, Kentucky. He will now Chair the House Appropriations and Revenue Committee. Representative Richard Heath is also a Murray State alum and will Chair the House Agriculture Committee. Representative Kenny Imes of Murray will Chair the House Elections, Constitutional Amendments and Inter-Governmental Affairs Committee. Dr. Davies and the University's legislative leadership team will be meeting with Representatives Carney and Tipton soon. In terms of the Senate, no leadership changes are anticipated and Senator Stan Humphries will likely continue to serve as the Vice Chair of the Senate Appropriations and Revenue Committee.

The Legislative Session will begin on January 3, 2017, and will adjourn after four full legislative days until February 7. Veto days will begin March 15 and the official last day of the Session is

scheduled for March 30. The University's priorities for this Legislative Session will be focusing on performance funding, continuing discussions about the economic impact of Murray State within not only the 18-county service region but across the entire state of Kentucky and demonstrating the quality education the University provides for students. Mr. Rhoads reported that this represents a non-budget session but it will still be important to monitor legislation with a focus on performance funding to stay on top of every development each step of the way. The University must guard against a lot of tinkering with or replacement of parts of the performance funding model to do everything possible to maintain the integrity of the current plan. Confirmation was provided that the Legislature is in session for 30 working days during the Short Session.

Mr. Smith reported that a large number of education bills will be filed and those will be monitored closely and regular update reports will be provided to the Board in terms of the potential impact of those bills on Murray State. Mr. Rhoads indicated that the Board should not be alarmed about suspicious bills which may arise because there is a high attrition rate during the Short Session and many of these bills are repeat bills that have been filed before. All should also keep in mind that there is a brand new legislative makeup and this represents a new ballgame and the University must acquaint itself with the new leadership team.

In response to a question regarding whether the Governor or any member of his leadership team has publicly expressed an opinion about the recommendation from the Work Group regarding performance funding, Dr. Davies reported that Western Kentucky's President Gary Ransdell and CPE President Bob King met with Governor Bevin and at that time he did not express concerns about any one particular item contained within the recommendation. Later on it was conveyed that the Governor was supportive of the plan but all should not read anything into that at this point and time. Confirmation was provided that a key element of performance funding is that the college Presidents have remained united and have reached consensus on the plan being advanced.

Mr. Williams suggested that as the Legislative Session begins in January all should pay particular attention to the ongoing University of Louisville difficulties related to issues of governance and the alleged absence of checks and balances which have created some of the difficult circumstances that university is currently facing. It is his understanding that the state audit of the Foundation at UofL is nearing conclusion and the issue of the governance controversy is matriculating. Recent speculation could result in some legislation that could affect all regional universities. Whether this will come into play during the Short Session will depend on whether these audits are concluded. One audit is reaching conclusion but auditors for the forensic audit have just been hired and that work will not be completed soon. All of this activity could result in regulation or legislation to address this that would "cast the net wide" to all state universities. Mr. Rhoads confirmed this represents an issue larger than just the University of Louisville because that institution has been placed on probation by the Southern Association of Colleges and Schools and, should the Legislature pass legislation that violated the criteria of SACS and injected politics in this process, the Governor would have the authority to dissolve Boards at will. This could have a statewide impact on all public institutions. Mr. Williams added that the relationship of the Foundation to the University and checks and balances which are in place will also be critical. All are confident that there are no issues between the Murray State Foundation and the University.

Mr. Smith reported that the University has also reached out to Congressman James Comer and Senator Rand Paul and meetings with these individuals will likely occur in the coming days. Confirmation was provided that Congressman Comer's new Chief of Staff – Caroline Cash – is a Murray State graduate as is staff member Luke King.

This report was submitted for informational purposes only and required no action.

### **Adjournment**

The Legislative and Economic Development Committee adjourned at 3:08 p.m.

## Marketing and Community Engagement Committee

### Susan Guess – Chair

Sharon Green

Phil Schooley

Jenny Sewell

Stephen Williams

Mrs. Guess called the Marketing and Community Engagement Committee to order at 3:08 pm. and reported all Committee members were present.

### **Naming Proposal: Dr. Gary W. Boggess Science Resource Center, approved**

Dr. King reported that Dr. Gary Boggess joined the Murray State faculty in 1966 in the Department of Chemistry and went on to become the Dean of the College of Science, a position he served in for 19 years. During his tenure Dr. Boggess was able to facilitate over \$3 million in grant funding for the University. Dr. Boggess also created the Science Resource Center in Blackburn Science Building which included a library, computers and graphics and audio visual aids to be utilized by both instructors and students. His fellow alum and very dear friend – Dr. Jesse D. Jones – has offered a \$62,000 gift for the naming of the Resource Center in the new Engineering and Physics Building in Dr. Boggess' honor.

On behalf of the Marketing and Community Engagement Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve the naming of the *Dr. Gary W. Boggess Science Resource Center*, which is located on the second level of the new Engineering and Physics Building at Murray State University. Mrs. Sewell seconded and the motion carried.

### **University Advancement Update, received**

Dr. King introduced Carrie McGinnis, the new Director of Alumni Relations who joined the University Advancement team on October 17. Mrs. McGinnis has a Broadcast Journalism degree from Northern Illinois University and is currently working on her master's degree in Organizational Communication at Murray State. Her husband, Tim, is a 1980 Murray State graduate and former Superintendent of Trigg County Schools. They have four children, two of which are also Murray State graduates and two who will likely be future Murray State students. The second new member of the University Advancement team who was present is Lucy Love, Director of Development for the College of Humanities and Fine Arts and the Honors College. Ms. Love replaces Tina Bernot who was promoted to the position of Executive Director of the Office of Development earlier this summer. Ms. Love is a graduate of the Murray State University College of Humanities and Fine Arts with a Bachelor of Arts degree in Liberal Arts. She comes to the University from Cameron University where she worked in the Office of Development and Alumni Relations. She began her tenure at Murray State on December 1. The Board welcomed both Mrs. McGinnis and Ms. Love.

Dr. King further reported the following:

- The University celebrated a fantastic Homecoming with thousands in attendance. This event represents a labor of love for the Office of Alumni Relations. One event which occurred during Homecoming Weekend was the Golden Anniversary Class Reunion celebrating the 50<sup>th</sup> anniversary of graduation from Murray State. This year the Class of 1966 was honored and there were 93 event attendees. The participants were honored during an annual banquet, toured campus and were given VIP treatment during the Homecoming Parade and Tent City. This year's Golden Reunion planning committee came up with the idea to develop some sort of a class gift. Katie Payne, Associate Director of Alumni Relations, and Kim Newbern, Associate Director of the Annual Fund, developed the idea of collecting funding for the Alumni Association Century Club Legacy Scholarship. They were able to raise well over their initial goal of \$2,500 with the total raised of \$4,564 being presented to the Murray State Foundation in honor of the Alumni Association. Another class reunion was the All Choral Reunion which had 352 attendees representing seven decades of Racers (back to the Class of 1957) attending the family-friendly event. Appreciation was expressed to Dr. Bradley Almquist, Professor and Director of Choral in the Department of Music, for the opportunity to partner on this event. This event was not intended to be a fundraiser but profits will be provided to the Department of Music (\$2,000 raised over the cost of the event).
- During the month of October the University sponsored a special campaign – the \$90-for-90 Campaign. This was conducted in honor of the 90<sup>th</sup> anniversary of the Alumni Association and raised \$8,640

through 86 participants. The different decades were challenged to see which could raise the most money for the Alumni Legacy Scholarship. The 1970s decade knocked it out of the park in terms of participation as well as dollars raised. Of the total \$8,640 raised, \$5,760 will go directly toward scholarships. The \$90-for-90 Campaign included Alumni Association membership and a \$50 donation to the scholarship. As a result of this Campaign, the Murray State University Alumni Association reached their FY17 membership goal of 1,000 members. As of late last week the number of members was 1,014 and staff are already working toward next year's membership goal. Congratulations was expressed to Mrs. McGinnis, Ms. Payne and the Board of Governors. They are a small but mighty team and are making great progress.

- Branding, Marketing and Communication (BMC) work has not slowed down and a first quarter report was provided in the eBoard book. The BMC team will be providing this information to internal constituencies on a quarterly basis to document some of the major projects that have been accomplished within the past year. One such accomplishment is in the area of earned media. When the Marketing Plan was first rolled out last summer, one of the five objectives was earned media (or public relations) and how the University gets its name out there in a way that does not cost the institution money in terms of purchasing advertising. Dr. King and Shawn Touney, Director of Communication, have spent a great deal of time working to develop relationships with key media. Great success has been experienced in this area because Murray State faculty and staff have stepped up in terms of serving as experts for stories in particular areas. The institution has also stepped up its game in terms of local media pitches. Press releases are not dead but there is also a lot of power associated with making a personal phone call. It is important to know the types of stories reporters are likely to carry so the University can call and give those reporters a lead to a great story. At the end of the day this work is about college and unit support. BMC can only tell stories it is familiar with and these must come from the colleges and units. The College of Education and Human Services in particular has stepped up in this regard and has an individual dedicated to BMC communications – Paige Rogers, Administrative Assistant II – who works to constantly provide stories, even writing a lot of those stories herself. This work will be tracked on a quarterly basis utilizing a system called Meltwater to track all media hits. For the first quarter – July through September – there were over 1,400 stories on Murray State University on a global level. BMC staff will be looking to see whether there are trends on an annual basis and if there are things which can be done to ensure the office is more proactive when it needs to be because the colleges and units may be going through a busy time and are unable to provide as many stories as in other months.
- This time last year all were talking about launching the Online Events Calendar which was one of the Strategic Plan initiatives. Charley Allen, Web Manager, was the first to be able to check off completely one of the Strategic Plan initiatives. The Online Events Calendar represents a campus goal for quite some time that has now been fully implemented. Ms. Allen was able to accomplish this initiative at no cost to the University and launched the project one year ago. Prior to the implementation of the Online Events Calendar, there were two different event calendars in existence and in FY15 those two calendars combined had just over 75,000 hits. In the last year alone, the Online Events Calendar had 130,000 hits (year-to-date) and over 2,800 events have been submitted to the Calendar. This also represents a great way to track community outreach and other activities occurring on campus and engaging individuals in this work. A major shift has also been noted in that the Online Events Calendar has a mobile function where previous calendars did not. In FY15 mobile usage was 32 percent and in the current fiscal year usage is at 40 percent which means more individuals are accessing the Online Events Calendar on their mobile devices.
- The Southern Illinois Campaign represented a pilot recruitment project last Spring which included both traditional and social media advertising. Ambassadors were selected and included current Murray State students from the Southern Illinois area as well as incoming prospective students to serve as brand ambassadors or Racer Reps. Through social media these students talked about the University and their experience in terms of what it was like to go through the application process for Murray State. This campaign ran for 30 days and a customized website was established to track associated traffic. The website generated approximately 1,600 pageviews. A series of testimonials were also offered and were reviewed 369 times. Social media ads (ads paid for on social media) reached 24,869 individuals which represents targeted demographics of 17 to 19-year old students in southern Illinois within a six-county area. As a result, there was a 26 percent increase in applications from those counties and a 14 percent increase in enrolled freshmen. In addition, 13 of the 14 Racer Reps (prospective students) enrolled at Murray State in Fall 2016. This campaign will continue on a larger scale this year and work is currently taking place with 11 Racer Reps throughout Kentucky and one from Ohio who volunteered to participate. Confirmation was provided that there is a Social Media Manager – Dana Howard – who is responsible for keeping the University's social media up-to-date. Ms. Howard and her social media team which is comprised of students – experiential learning at its best – undertake this work. These students will take a lead role in certain social media campaigns and will be responsible for generating the content for such sites. Mr. Kemp suggested that alumni should be encouraged to befriend Murray State on Facebook.
- The #RacersCare Kindness Campaign is currently running on social media and represents this year's holiday campaign. A special webpage has been created where stories about the various acts of kindness on campus and beyond are being collected. This campaign was rolled out the week before Thanksgiving and the campus constituents were challenged to tell BMC what kindness means to them.

A lot of stories have generated on their own representing a true grassroots effort. Student organizations have shared activities they have done for their neighbors and others have created a free library behind Alexander Hall. The Murray State website: [murraystate.edu/racerscare/](http://murraystate.edu/racerscare/) has a tag board that collects all of these projects for the various social media platforms to see the kindness acts that are occurring throughout campus.

- There are 35 Racerthon student callers with four being seniors, 50 percent being involved in Greek organizations and 90 percent being involved in multiple campus activities. These students work really hard and three new calling stations were added this summer to increase the number of calls made to build up the caller prospect list in preparation for the upcoming Capital Campaign. The receiving and pledge reminders have been moved to an electronic format in an effort to be more efficient in terms of a cost and time-savings perspective. Students have added day, time and target calling which has been very successful. Ms. Newbern runs this program and does a great job. If students call, all were encouraged to be kind as they have a very difficult job in maintaining an accurate database which generates a large number of great prospects.
- FY16 ended with a total of \$5.8 million dollars raised. While this was not quite the \$6 million goal, it did represent a 47 percent increase over the previous year. The FY17 goal is just over \$6 million, representing a 5 percent increase over FY16 as outlined in the Strategic Plan. At the end of November, funds raised totaled \$4.6 million (73 percent of the annual goal). This is, in part, due to one very large gift. The \$4.6 million represents 6,330 gifts made by 3,311 donors.
- The Eagle Rest Plantation represents a gift recognized in August 2016 and is one of the largest gifts ever made to benefit the University and the *Hutson School of Agriculture*. The gift was given to the Murray State Foundation by Judge Jimmy Don Robinson. The 540-acre farm in Ballard County is valued at \$2.6 million and is already serving as a research and experiential learning opportunity for Murray State students. Appreciation was expressed to Dean Brannon, Abby Hensley, Development Officer for the *Hutson School of Agriculture* and Dr. Jackson – all who worked tirelessly to secure this gift for the benefit of Murray State students which will continue to benefit generations to come.
- The Town & Gown Partnership Program provides support for a variety of programming designed to enrich the Murray community and was moved into the Office of Development to best align with building partnerships. This program is run by Carol Brunn, Special Projects Coordinator in the Office of Development. Under Mrs. Brunn's leadership there are now 35 Town & Gown partners – with the goal of 40 members for this year. This program is designed to bring the Murray community and the University campus leadership together. Town & Gown provides a variety of programming designed to enrich cultural and academic offerings within the Murray community. Town & Gown partnered with the *Hutson School of Agriculture* to offer the *Hutson Harvest Gala* and showcase all that unit has to offer. Support was also provided for the *Wells Music Lecture* and the *Holiday Community Concert* (Town & Gown Community Band and the Concert Chorale). The *Holiday Community Concert* is not only a great outreach opportunity but also represents a huge recruitment opportunity. In the last Community Band performance, 31 high school students from throughout the 18-county service region participated in the event. These students came to campus over a series of weekends to work with faculty and students and participate in the program.

This report was presented for informational purposes only and required no Board action.

### **Adjournment**

The Marketing and Community Engagement Committee adjourned at 3:30 p.m.

### **Full Board Action – Marketing and Community Engagement Committee**

- **Naming Proposal: *Dr. Gary W. Boggess Science Resource Center*, approved**

On behalf of the Marketing and Community Engagement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve the naming of the *Dr. Gary W. Boggess Science Resource Center*, which is located on the second level of the new Engineering and Physics Building at Murray State University. Ms. Farmer seconded and the motion carried unanimously.

### **Personnel Changes, approved**

- **Two-Year Faculty Transitional Retirement Contract**

Dean Cobb reported that Dr. Bert Siebold has invested more than three decades of his life to Murray State University as part of the Institute of Engineering. He is a nationally-recognized scholar and teaching professional. Dr. Siebold's area of specialty is in engineering graphics and design and he has travelled the country to participate in speaking engagements and training

sessions and brings a great deal of expertise to Murray State students. Dr. Siebold has recently communicated his desire to progress toward retirement and the college is pleased to support him in that request because even though he will be paid a portion of his stipend all know they will still receive 100 percent effort from Dr. Siebold.

Dr. Davies added that the purpose of a Faculty Transitional Retirement Contract is to provide an opportunity for faculty to ease out of their career as individuals are brought in to replace them which creates a smooth transition for faculty lines. The contract for Dr. Siebold represents a two-year contract which must be approved by the Board. The University has also approved a one-year transitional contract for faculty member Dr. Roger Weis as part of the Nonprofit Leadership Studies Program but one-year contracts do not require Board approval.

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached two-year Faculty Transitional Retirement Contract with an effective date of July 1, 2017, for Professor Bert Siebold in the Institute of Engineering. Mr. Kemp seconded and the roll was called with the following voting: Dr. Bumphus, yes; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried unanimously.

(See Attachment #20)

- **Head Women's Volleyball Coach – Contract of Employment Amendment**

Dr. Davies reported that Coach David Schwepker's Women's Volleyball Team qualified for the National Collegiate Athletic Association Tournament this year and this represents the third consecutive year the team has been Ohio Valley Conference Champions. Mr. Schwepker is an amazing Coach and the Women's Volleyball Team is one of the University's highest performing academic teams. Mr. Ward added that Coach Schwepker is very deserving and has developed a solid program with a good recruiting class coming in due to his record over the past two years. Dr. Davies added that as part of their contract coaches do not receive cost-of-living adjustments or across-the-board raises. All of their raises are based on performance and are internally funded – no additional funds will be provided to the Department of Athletics to cover these salary increases.

Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached amendment to Coach David Schwepker's employment contract, effective January 1, 2017. Mrs. Guess seconded and the roll was called with the following voting: Dr. Bumphus, yes; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried unanimously.

(See Attachment #21)

- **Head Women's Soccer Coach – Contract of Employment Amendment**

Dr. Davies reported that Coach Jeremy Groves has led the Women's Soccer Team to the Ohio Valley Conference Championship for the third consecutive year and the team has been undefeated for the last two years during the OVC regular season. This year the team missed going to the NCAA Tournament during overtime with only four seconds remaining in the game. Coach Groves is an outstanding individual who recruits outstanding student-athletes who are top performers on the pitch and in the classroom.

Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached amendment to Coach Jeremy Grove's employment contract, effective January 1, 2017. Mrs. Rudolph seconded and the roll was called with the following voting: Dr. Bumphus, yes; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes and Mr. Williams, yes. The motion carried unanimously.

(See Attachment #22)

- **Staff Leaves of Absence Without Pay**

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Staff Leaves of Absence Without Pay that have been processed as of November 9, 2016, as listed below:

<u>Name</u>	<u>Department</u>	<u>Effective Date</u>
Joel Adams	Facilities Management	8/24/2016
Michael Akers	Facilities Management	7/6/2016-8/5/2016
Dwain Caldwell	Dining and Racer Hospitality Services	8/25/2016-9/10/2016
Teresa Champion	Facilities Management	7/8/2016-8/30/2016*
Mary Coleman	University Parking	9/1/2016-10/28/2016*
Kimberly Crouch	Career Services	8/1/2016-9/23/2016*
Lindsey Futrell	University Libraries	7/1/2016-8/12/2016*
Willie Hiller	Dining and Racer Hospitality Services	10/3/2016-10/4/2016
Cortney Holland	University Counseling Center	7/26/2016 and 8/2/2016
Linda Hopkins	Economics and Finance	10/27/2016-12/31/2016
James Johnson	Facilities Management	7/18/2016-7/23/2016
Mark Kendall	Facilities Management	7/12/2016-7/13/2016
Richard Mehlbauer	Public Safety	10/13/2016-12/31/2016*
John Posey	Facilities Management	8/25/2016
Lisa Potter	Dining and Racer Hospitality Services	8/1/2016-9/11/2016
Gregory Rice	Public Safety	8/8/2016
David Vowell	Office of IDEA	8/11/2016 8/16/2016 8/25/2016-8/26/2016

\*Intermittent Leave

Mrs. Guess seconded and the motion carried unanimously.

**Roles, Duties and Responsibilities Revision, approved**

Dr. Davies reported that at the December 2015 Quarterly Meeting the Board adopted the Board of Regents Roles, Duties and Responsibilities document. During the Annual Board of Regents Advance in September 2016, discussion occurred with regard to Board members avoiding potential perceived conflicts of interest or undue influence. As a result, the Board reached consensus that a statement should be added to the Board of Regents Roles, Duties and Responsibilities document as part of the additional roles and responsibilities of the Board. The revision being presented today reflects new language regarding potential conflicts of interest or undue influence.

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the revised Board of Regents Roles, Duties and Responsibilities document as presented. Dr. Bumphus seconded and the motion carried unanimously.

(See Attachment #23)

**University Appeals Board Appointments, approved**

Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the appointment of the following students to the University Appeals Board for the terms indicated:

Students: One-Year term (2016-17): Kevin Ray Broast, Mary Leslie Hundley and Haley Wyatt

Mrs. Rudolph seconded and the motion carried unanimously.

**Resolution of Appreciation, approved**

Mr. Kemp moved that the Board of Regents approve the following Resolution which was read aloud by Dr. Davies:

**MURRAY STATE UNIVERSITY  
BOARD OF REGENTS  
RESOLUTION OF APPRECIATION**

**HARRY LEE WATERFIELD II**

**WHEREAS**, Harry Lee Waterfield II was appointed by the Governor of Kentucky Steven L. Beshear to the Board of Regents of Murray State University and served with distinction from July 1, 2010, through June 30, 2016; and

**WHEREAS**, he has exemplified outstanding leadership on the Board of Regents as Chair from June 2014 through June 2016. He also served as Chair of the Audit and Compliance Committee from July 1, 2010, to June 30, 2014, and as a committee member from July 1, 2014, to June 30, 2016. He served as member of the Buildings and Grounds Committee from 2010-15; member of the Enrollment Management and Student Success Committee from 2010-13 and 2014-15; member of the former Institutional Advancement Committee in 2013-14 and member of the Legislative and Economic Development and Marketing and Community Engagement committees for 2015-16. He has also served as Chair of the Presidential Compensation Ad Hoc Review Committee and as the Board of Regents' ex-officio member of the Murray State University Foundation Board of Trustees.

**WHEREAS**, Harry Lee Waterfield II has been involved in many initiatives for the improvement and advancement of the University in its efforts to serve the educational needs of the citizens of the Commonwealth; and

**WHEREAS**, his leadership has been strong, inclusive and encouraging, leading to a cohesive and cooperative forward looking Board; and

**WHEREAS**, Harry Lee Waterfield II's service has often required the sacrifices of valuable time and the contribution of many hours of difficult work; and

**WHEREAS**, his work was rendered selflessly, without reference to personal inconvenience, without a personal agenda and always for the public good; and

**NOW, THEREFORE, ON THIS 9<sup>TH</sup> DAY OF DECEMBER, TWO THOUSAND AND SIXTEEN, BE IT RESOLVED** that we mark this milestone reverently with words Harry Lee Waterfield II will hear again at the last milestone, "Well done, good and faithful servant."

**AND BE IT FURTHER RESOLVED** by the Murray State University Board of Regents that this recognition of the contribution and dedication of Harry Lee Waterfield II be preserved in the Minutes of the Board after having been read aloud and passed unanimously by the Board on this, the 9<sup>th</sup> day of December 2016.

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Stephen A. Williams  
Chair, Board of Regents

Chair Williams indicated that Harry Lee Waterfield has been an extraordinary contributor to Murray State University in numerous ways. Mrs. Sewell seconded and the motion carried unanimously.

**Supplemental Materials**

Board members were provided with supplemental quarterly reports in the eBoard book, including Risk Management Changes, Campus Major Projects Update – Quarterly Status Report, *Good News Report* and Sponsored Programs – Grants and Contracts Update. The Litigation Status Report was provided in a separate, confidential eBoard book. These reports were provided for informational purposes only and required no action.

**Other Business/Adjournment**

There being no further business to come before the Board, Mr. Schooley moved that the Quarterly Meeting and Committee Meetings of the Board of Regents adjourn. Mr. Kemp seconded and the motion carried unanimously. Adjournment was at 3:40 p.m.

  
Chair

  
Secretary

(The remainder of this page is intentionally left blank to allow for inclusion of attachments.)