

**Minutes of the Special Board of Regents Meeting
Murray State University
May 1, 2018**

Call to Order/Roll Call

The Board of Regents of Murray State University met on Tuesday, May 1, 2018, in Special 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 10:05 a.m. and welcomed those present.

The roll was called and the following Board members were present: Katherine Farmer, Sharon Green, Susan Guess, Daniel Kemp, Jerry Rhoads, Lisa Rudolph, Phil Schooley, Don Tharpe, Stephen Williams and Tori Wood. Absent: Walter Bumphus.

Vice Presidents to discuss the various issues before the University and formulate ideas on how to meet institutional challenges and identify solutions that would keep the institution moving forward.

A Town Hall Meeting was held at the beginning of April where specific challenges facing the institution were outlined to the University Community. During this meeting Dr. Davies brought forward an idea that has been percolating throughout higher education for the past decade – the concept that public universities are becoming privatized as evidenced by the fact that state investments in public higher education are changing. Murray State is a public university and this will always be the case legally, philosophically and ethically. The University is here to serve its communities and provide access and services. The privatized element relates to the fact that the University's largest investor – or

Murray State is preparing students with skills not only for their first job but with the ability to compete, communicate and connect in a

savings to the institution. It is common to utilize a third party to provide postal services but that review has just started and there are no changes in the budget related to that entity at this time. It is likely some type of retail operation would be provided on campus to help offset the cost for providing postal services. If all proposed outsourcing options are undertaken, this would involve 145 positions being transferred off the University payroll. Confirmation was provided that even with outsourcing

provided that both enrollment increases represent stretch goals but probability is based on key indicators.

Scenario A includes the amount of savings resulting from delaying the rate increase to 84.1 percent for KERS employees for one year and adding it back to the budget as a contingency expense. In Scenario B

approximately \$500,000 net revenue. The Board was reminded that it strategically approved a scholarship model a couple of years ago where awards are bas

revenue from a 1 percent tuition increase of \$500,000, the increase should be reflected in tuition and not through implementation of course fees because they are unexpected. Regents Green and Guess expressed agreement. Dr. Davies confirmed that the Deans and many students were involved in the process which led to the recommendation that certain course fees be implemented. The revenue derived from course fees will go directly back into those courses to support cost increases such as those for technology and equipment needs. Confirmation was provided that efforts will focus on ensuring students are aware of course fees but measures such as this are representative of the fact that the University is entering a new age.

A list of recurring expenditure changes related to Compensation and Fringe Benefits was provided. The University's current KERS contribution rate is 49.47 percent and will remain at this level for the upcoming fiscal year. Maintaining a budget of \$3.67 million has been proposed which represents what would be required to move to the anticipated increase to 84.06 percent in the following year. The Board could also decide to remove this increase but if it remains it would be placed into a contingency pool which will grow as enrollment materializes. Confirmation was provided that the \$3.67 million relates to the University KERS contribution rate increasing to 84.06 percent for the current workforce. The initial amount was \$4.7 million but that has decreased due to eliminations which have been made. The figures provided do not take outsourcing into account which could reduce the number of positions by 145. Ms. Dudley cautioned that a credit has been built into the budget for Custodial and Grounds Services as a cost avoidance measure of approximately \$500,000. Confirmation was provided that due to the delay in implementing the KERS contribution rate increase – and the associated one year loss of revenue – the 84.06 percent rate increase could be even higher next y

Unit reorganizations, reductions and reallocations were provided by executive area and include a reduction-in-force of 11 positions and the elimination of 39 vacant positions. These unit reductions total almost \$6.9 million for reorganizations, reductions and reallocations for a total of \$10.1 million which ties back to Scenario A. If Scenario B is chosen, with enrollment growth and the KERS holdback being removed, a source to fund a shortfall of \$281,958 must be identified.

In terms of how much funding WKMS receives from the University, the figure of \$429,000 was indicated. WKMS also receives a significant amount of donor dollars and there has been a reduction of \$119,000 in University funding provided to the station to now be covered from Foundation funds or donor dollars.

In response to a question regarding the decrease in enrollment and why funding in the areas of enrollment and advancement is being cut, Ms. Dudley indicated she and President Davies have discussed removing the decrease in funding related to enrollment. Dr. King confirmed that for Branding, Marketing and Communication funds are being reallocated through the elimination of one vacant position and the reallocation of two positions to support other campus units. This represents a reduction in personnel time dedicated to general marketing efforts but the change was deemed to be the best way to contribute what was needed. The decrease in Development dollars represents a reduction in operating expenses and part of this involves more marketing to be done in an electronic format and there will be a reduction in the number of mailings. Although the unit was already transitioning toward such measures, beginning July 1 gift receipting will be done electronically and there will be no paper receipting unless requested by a donor. The last year has been spent implementing a computer system that will streamline the entire electronic giving process to be more efficient and effective. This will also increase efficiencies in terms of staff time associated with this process. Confirmation was provided that the gift recognition process would remain the same.

Dr. Robertson reported the reduction in funds for the Curris Center represents monies that had been set aside for repairs in that facility and funding for Student Life travel. Also included is the reduction in some Graduate Assistant and student worker positions and staff transitioning from 12 months to 11 or 10 months. The reduction included for Postal Services is for reducing the contract period for a staff member.

Mr. Rhoads reported that the Murray State University Foundation Board had a lengthy discussion at its most recent meeting related to enrollment concerns and Foundation initiatives which could be undertaken to help the University increase enrollment through recruiting efforts – including a financial commitment of \$25,000. One of the members committed an additional \$5,000 during the meeting to be utilized for enrollment efforts illustrating the awareness of the Foundation Board to the challenges the University is facing in regard to enrollment and their commitment toward those efforts. Dr. Davies confirmed that the fund established by the Foundation will be utilized for the University to become more active in local area high schools and move faculty, staff and students into those areas.

Dr. Davies indicated that the recommendations being advanced today were made by the leaders within the various areas with very clear goals and expectations and an understanding of how the University needs to advance. Every cost reduction being put forward is well thought out and has been discussed thoroughly but that does not change the fact that these decisions are painful. The University is at the point where decisions which will cause the least harm to the institution while continuing to move it forward are being made and these do not represent across-the-board cuts. Reallocations and reductions are being undertaken in some areas while investments are being made in others. In some cases the Deans worked with their respective Student Ambassador groups and they have proposed and implemented additional per credit hour fees to meet the needs of that particular entity. For every area where investment is desired, cuts or reallocations in another area must be made. The Vice Presidents, Deans and other members of the faculty and staff have been engaged in these discussions and have made very difficult decisions. In areas where reductions have been made, if enrollment increases materialize those positions or cuts may be able to be reinstated but that is not known at this time.

Dr. Davies indicated that at some of the other public regional comprehensive universities there has been a substantial reduction in workforce. All regional public institutions are dealing with enrollment pressures. Some universities implemented a substantial mid-year reduction and will initiate another sizeable cut at year-end. Murray State's goal is to have a balanced budget

without utilizing reserves while other universities are using a significant amount of planned reserves in order to achieve this end. Other universities have placed faculty on notice that their position may be eliminated. The University has also attempted to balance the budget based on tuition revenue where other universities have utilized a headcount model which has not served them well. This has represented a dynamic budget year for Kentucky and 44 other states that are dealing with significant state appropriation reductions.

Chair Williams indicated that the University cannot “kick the can down the road” because there is no indication an uptick in state appropriations will be forthcoming to the universities. This does not represent an issue of holding out for better days relative to receiving additional state appropriation dollars. The trend over the last ten plus years has been a decline in state appropriations for public universities. The use of reserves to balance a budget increases the problem for the next year and does not resolve the overall issue. The University is better off dealing with issues as they arise as opposed to holding off hoping for a miraculous increase in state appropriations because this is not projected to occur. Dr. Davies agreed and indicated this

is in line with the other regional universities. A Regent also indicated that course fees have existed for some time but when they apply to every single class that causes concern.

Dean Tony Brannon, *Hutson School of Agriculture*, reported that this represents a tough budget situation and course fees were considered only during the fourth round of academic cuts. He fully understands the concerns expressed with regard to cutting the budget for advertising, marketing and promotion but academic cuts hurt deeply. In the fourth round of budget cuts it

In response to a question regarding the amount of savings which results from the elimination of

Professor Ray Conklin Announcement, received

Chair Williams reported that he has just learned that Professor Ray Conklin, a well-known and respected faculty member in the Department of Music since 1973, passed away this morning. Mr. Conklin was scheduled to retire at the end of this semester. Thoughts and prayers go out to Mr. Conklin and his family and colleagues as they process this loss.

Adjournment

The Board adjourned for lunch at 12:30 p.m.

Reconvene

Chair Williams reconvened the Special Meeting of the Board of Regents at 1:28 p.m.

Buildings and Grounds Committee

Sharon Green – Chair

Daniel Kemp

Jerry Rhoads

Phil Schooley

Tori Wood

Ms. Green called the Buildings and Grounds Committee meeting to order at 1:28 p.m. and reported all members were present.

JH Richmond Hall Design, approved

Dr. Davies reported that on March 9, 2018, the Murray State University Board of Regents approved the following:

The restoration of JH Richmond Hall to its condition immediately prior to its damage, for an amount o

Confirmation was provided that Option C would require a great deal more construction, be more costly (\$400,000 additional) and take longer to complete.

Lockett & Farley has been proceeding with Option B/C and that work is well underway. If the Board decides to pursue Option C work undertaken to this point would not have to be redone and the project could continue to move forward with significantly more construction required. The firm is very close to completing the schematic design for Option B/C.

The reason a hybrid option is being pursued is to try to leave a contingency for the project to address building aspects such as the roof, sustainability initiatives and energy enhancement projects. Option B/C which is being proposed provides more flexibility with funding required for the project to pursue these additional enhancements if feasible. A great deal remains unknown and as testing of systems occurs adjustments will need to be made – either for insurance to pay for replacement or repairs or the University to pay to upgrade older units.

The project is currently on schedule and the site demolition package will be released shortly and work will begin within the next three to four weeks.

On behalf of the Buildings and Grounds Committee, Mr. Kemp moved that the Board of

the Legislative Session, effective immediately, amended previous law and allows videoconferencing as long as the majority of Board members are in the same room and audience members can clearly see the individual participating via teleconference. It is obviously more desirable for Board members to attend meetings in person but if circumstances warrant partic



John Hunt



William Stephens