

**BOARD OF REGENTS MEETING  
MOREHEAD STATE UNIVERSITY**

DeMoss Suite, Center for Health, Education and Research  
Friday, December 9, 2016

**Agenda**

- I. ORIENTATION SESSION (required for new members) 8:00 AM**
- II. CALL TO ORDER 9:30 AM**
- III. ROLL CALL**
- IV. PRESIDENT'S RECOMMENDATIONS AND REPORTS**

**A. Consent Agenda**

- 1. Approve Minutes of September 30, 2016 .....1-5
- 2. Approve 2016 Fall Graduates ..... 6
- 3. Ratify Personnel Actions..... 7-11
- 4. Accept 2015-16 Audit Report and Amend Operating Budget..... 12-16

**B. Recommendations**

- 1. Approve Master in Science in Nursing, Family Nurse Practitioner ..... 17
- 2. Accept First Quarter Financial Report and Amend Operating Budget18-27
- 3. Approve Revision to Personnel Policy PG-5 Affirmative Action/  
Equal Opportunity for Employment..... 28-34

**C. Reports**

- 1. Final 2016 Fall Enrollment Report ..... 35
- 2. Report on Health Insurance and Benefits for Plan Year 2017 ..... 36-40
- 3. Report on Housing Master Plan ..... 41-42

**D. Update on Presidential Search**

**E. President's Report**

**V. OTHER BUSINESS**

**A. BOR Meetings for Calendar Year 2017**

Work Session	February 16
Quarterly Meeting	March 9
Work Session	May 11
Quarterly Meeting	June 8
Work Session	August 24
Quarterly Meeting	September 28
Work Session	November 9
Quarterly Meeting	December 7

**VI. ADJOURNMENT**

**VII. TOUR OF PRESIDENT'S HOME**

Agenda materials are available online at [www.moreheadstate.edu/bor](http://www.moreheadstate.edu/bor)

**BOARD OF REGENTS MEETING  
MOREHEAD STATE UNIVERSITY  
September 30, 2016**

The Board of Regents of Morehead State University met at 8:00 a.m. on Friday, September 30, 2016, in the DeMoss Suite of the Center for Health, Education and Research in Morehead, Kentucky.

**CALL TO ORDER**

Chair Goodpaster called the meeting to order.

**ROLL CALL**

The following Board members were present: Adam Abbott, Royal Berglee, Paul Goodpaster, Shannon Harr, Eric Howard, Debbie Long, Wayne Martin, Patrick Price, Kathy Walker and Terri Walters. Craig Preece was unable to attend.

**MEDIA**

Jason Blanton, Director of Media Relations, introduced Dan Conti of Morehead State Public Radio.

**ORIENTATION**

Chair Goodpaster introduced an orientation session for Board members. Recently enacted legislation, House Bill 15, requires the Council on Postsecondary Education (CPE) and universities to provide education and orientation for new Board members. President Andrews noted that MSU's orientation will complement what CPE will offer on November 30, 2016. New Board members are expected to attend this session in Frankfort, and all members are invited to attend as well. One hour of orientation was provided in this meeting, covering the topics of board member responsibilities, communication, meeting schedules, and best practices for enhancing the partnership between the Board and President. Further orientation sessions will be held at subsequent meetings.

**BREAK**

Chair Goodpaster called for a short break.

**SPOTLIGHT  
PRESENTATION**

Chief Financial Officer Beth Patrick and Vice President for Student Success Dr. Jason Bentley discussed issues of enrollment, retention and fiscal considerations. Ms. Patrick described the various state and national surveys where the university's enrollment and financial data appears (CPE, IPEDS, etc.), and pointed out that each survey has unique data definitions. This leads to what appear to be inconsistencies across the different data sources, and can produce inaccurate analyses when utilizing data from several data sources. MSU's official data, as represented in the institution's data publications, is what is reported to CPE.

Dr. Bentley briefed the Board on preliminary fall enrollment figures. The preliminary headcount is 10,439 (made up of 9,447 undergraduate students and 992 graduate students), a 4% decline from fall 2015. Early college students number 2,450. The main reasons for the declines are the recalibration of financial aid to improve net tuition, and the increased admissions index required for unconditional admission. The average ACT

is 22.86. The University has exceeded its ASPIRE target for four-year graduation rate, but is still behind its target for six-year graduation rate. The University also has not yet met its ASPIRE retention target of 80%. The most recent first-to-second year retention was 71%, which was an improvement over the previous year. Dr. Bentley also discussed current and future activities to improve recruiting, enrollment, retention and student success.

Ms. Patrick concluded by discussing the budget impact of the shortfall in enrollment, which is currently estimated at approximately \$438,000.

**BREAK**

Chair Goodpaster called for a short break.

**PERSONNEL  
POLICIES PAc-22  
AND PAc-26**

Chair Goodpaster provided an update on the revision of personnel policies PAc-22, Faculty Discipline and Removal for Cause, and PAc-26, Termination of Faculty for Financial Exigency and Discontinuance of Program.

After discussion and debate for approximately two years, the policies came before the Board in March 2016, when the chair removed it from the agenda and a Board workgroup engaged in additional discussion and revision. At the June meeting, the policies were again before the Board. The Chair decided that there was more work to be done and initiated a reconciliation process with the immediate past chair of Faculty Senate. The intention was to bring the policies to the Board in this meeting. However, the Chair has pledged to continue discussions with a faculty reconciliation committee, and asked the administration to continue reconciliation discussions. He thanked everyone for their participation in the process to date and anticipates further productive work toward a policy that meets the University and its constituents' needs.

**CONSENT AGENDA**

Chair Goodpaster asked if the Board would like to discuss any item on the Consent Agenda as follows:

1. Minutes of June 10, 2016 and August 26, 2016 (V-A-1)
2. Personnel Actions (V-A-2)
3. Tenure and Rank, Academic Administrator (V-A-3)

Dr. Berglee requested that the minutes be removed from the Consent Agenda. He took issue with comments made by the Chair in the June meeting. He said that he disagrees that the faculty have not been well represented by the Faculty Senate. He also disagrees with comments regarding how the Board will choose to deal with further budget reductions if they become necessary. He stated that a vote would need to be taken by the Board at that time.

**MOTION:** Ms. Walker moved that the Board approve the minutes. Mr. Martin seconded the motion.

**PRESIDENT'S  
RECOMMENDATIONS*****Personnel Policy  
PSNE-5 Overtime Pay  
for Nonexempt Staff***

VOTE: The motion carried with Dr. Berglee voting nay.

MOTION: Mr. Price moved that the remaining items in the Consent Agenda be approved. Mr. Abbott seconded the motion.

VOTE: The motion carried with Dr. Berglee abstaining.

The President recommended:

RECOMMENDATION: That the Board approve the revised personnel policy PSNE-5 related to overtime pay for employees classified as staff nonexempt.

Ms. Patrick said that recent changes to the Federal Fair Labor Standards Act (FLSA) that take effect December 1, 2016 have prompted the University to make revisions to this personnel policy relating to overtime pay for nonexempt staff. The revision deals with the calculation of hours to determine overtime status. Only actual hours worked above 40 hours in a workweek will be paid at the overtime rate. Flexible work schedules may be used during the workweek to avoid incurring overtime. Emergency call out hours will be paid at a minimum of two working hours (at the overtime rate) regardless of the total hours worked during the workweek. The University is implementing the FLSA changes on October 1, 2016. A transition pay was offered to each impacted employee since they will miss one paycheck. No one that is moving from exempt to nonexempt will have their pay reduced as a result of this change.

*(Additional background information attached to these minutes and marked V-B-1)*

MOTION: Mr. Howard moved that the Board approve the President's recommendation. Ms. Long seconded the motion.

VOTE: The motion carried unanimously.

***Resolution Authorizing  
Trust Agreement for  
Issuance of Bonds***

The President recommended:

RECOMMENDATION: That the Board of Regents adopt the following resolutions relating to the sale of the University's General Receipts obligations:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$6,600,000 GENERAL RECEIPTS OBLIGATIONS (CONSTRUCT FOOD SERVICE/RETAIL & PARKING) OF MOREHEAD STATE UNIVERSITY, PURSUANT TO THE TRUST AGREEMENT DATED AS JULY 1, 2007.

FURTHERMORE, IN ACCORDANCE WITH THE PROVISION OF HOUSE BILL 7 OF THE 2014 REGULAR SESSION OF THE KENTUCKY GENERAL ASSEMBLY, THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY HEREBY CERTIFIES THAT THE ISSUANCE OF THESE GENERAL RECEIPTS OBLIGATIONS WILL NOT RESULT IN INCREASES IN TUITION RATES.

*(Additional background information attached to these minutes and marked V-B-2)*

Ms. Patrick stated that the Board authorized the administration to seek financing for the completion of the parking garage/dining commons facility at the June 2016 meeting. After analysis of the various financing options, the recommendation is to finance the project through the issuance of general receipts bonds. With approval, the University intends to issue the bonds in November 2016. The Board is also asked to certify that these bonds will not result in increasing tuition.

MOTION: Mr. Martin moved that the Board approve the President's recommendation. Mr. Price seconded the motion.

VOTE: The motion carried unanimously.

***Police Standard Operating  
Procedures Manual  
Revision***

The President recommended:

RECOMMENDATION: That the Board of Regents approve a revision to the Morehead State University Policy Department Standard Operating Procedures Manual.

*(Additional background information attached to these minutes and marked V-B-3)*

Dr. Bentley stated that the revision to the manual was the inclusion of Chapter 61, providing the protocol to equip first responders with Naloxone (or Narcan) to treat drug-related overdoses. Naloxone would be administered nasally by trained personnel in strict accordance with training guidelines and protocol.

MOTION: Ms. Walker moved that the Board approve the President's recommendation. Ms. Long seconded the motion.

VOTE: The motion carried unanimously.

**REPORTS**

***Preliminary Fall 2016  
Enrollment***


Since this report was covered in the previous spotlight presentation, there was no further discussion at this time. *(Preliminary Enrollment Report for Fall 2016 attached to these minutes and marked V-C-1)*

***Real Property Leases***

Ms. Patrick provided the annual report on real property leases effective July 1, 2016. She noted that two leases listed were under automatic renewal but have since been

	<p>cancelled—one for the Small Business Development Center in Morehead, which will move to the Innovation Launchpad, and one for the Enrollment Services Center, which will be converted to a lease for parking after the MSU Foundation razes the building. <i>(Report attached to these minutes and marked V-C-2)</i></p>
<b>Personal Service Contracts</b>	<p>Ms. Patrick reported on personal service contracts, which represent all such contracts issued with amounts greater than \$10,000 between May 16, 2016 and September 1, 2016. <i>(Report attached to these minutes and marked V-C-3)</i> She noted that many of the contract amounts are a cap that cannot be exceeded and will be utilized based on need only. She also noted that there are multiple contracts for sign language interpretation. The University is required to provide this service to students, and multiple contracts are needed to ensure that interpreters will be available when needed.</p>
<b>PRESIDENTIAL SEARCH</b>	<p>Mr. Martin provided an update to the Board on the presidential search. The search is open to take applications and nominations until mid-November. He also noted that Dr. Andrews has had no involvement in the search.</p>
<b>PRESIDENT'S REPORT</b>	<p>Dr. Andrews provided an update on the Kentucky Supreme Court ruling the previous week regarding the mid-year budget cuts made by the Governor to higher education. In the 5-2 decision, the Supreme Court concluded that the Governor's reduction of the allotments of the Universities exceeded his statutory authority. MSU expects to have \$886,800 in state appropriations restored as a result. Auditors have advised state universities to book the allotment as a receivable for 2015-16 fiscal year financial reporting. Dr. Andrews stated that the University is still working through budget challenges and also has unanticipated expenses, such as the replacement of the cooling system in Lappin Hall.</p>
<b>ANNOUNCEMENTS</b>	<p>Chair Goodpaster announced the next Board work session is November 11, proceeded by a meeting of the Audit Committee, and the next quarterly meeting is December 9. He also reminded Board members of the orientation session conducted by CPE on November 30. He invited everyone to stay for the ribbon cutting ceremony at Andrews Hall at 1:30 p.m.</p>
<b>ADJOURNMENT</b>	<p>There being no further business to conduct, Dr. Harr moved that the meeting adjourn at 11:30 a.m. Mr. Howard seconded the motion. The motion carried.</p>

Respectfully submitted,



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Sharon S. Reynolds, Secretary  
Board of Regents

**Recommendation:**

That the awarding of degrees to candidates who successfully complete all degree requirements as approved by the faculty of the University at the 2016 Fall Commencement on December 10, 2016, be ratified.

**Background:**

At the December 10, 2016, Fall Commencement, 583 students that have applied for graduation will be awarded degrees from Morehead State University. This includes 51 associate degrees, 423 bachelor degrees, 103 master degrees, and 6 education specialist degrees.



## **RATIFY PERSONNEL ACTIONS**

**BOR (IV-A-3)  
December 9, 2016**

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### **Recommendation:**

That the Board ratify the Personnel Actions for the period September 3, 2016, through November 9, 2016.

### **Background:**

The Personnel Action Request Report includes actions related to:

- 1) full-time and continuing part-time faculty, librarians and Executive, Administrative and Managerial employees, excluding supplemental actions not listed under Item 3, below;
- 2) full-time and continuing part-time non-classified Executive, Administrative and Managerial and Professional Staff positions (including supplemental actions);
- 3) supplemental actions for faculty acquiring managerial duties, excluding normal grant activities;
- 4) discipline;
- 5) leave of absences;
- 6) sabbaticals; and
- 7) retirements.

**MOREHEAD STATE UNIVERSITY  
ROSTER POSITIONS SUMMARY  
11/09/16**

	<b>July 1 Authorized Positions</b>	<b>Current Authorized Positions</b>	<b>+/- Position Adjustments</b>	<b>Current Position Strength</b>	<b>% Current Strength</b>
Office of the President	4.50	4.50	0.00	3.50	77.78
Division of University Advancement	37.75	37.75	0.00	34.75	92.05
Division of Administration and Fiscal Services	102.75	102.75	0.00	95.75	93.19
Facilities Management	147.00	147.00	0.00	143.00	97.28
Division of Student Success	171.32	185.32	14.00	178.32	96.22
Division of Academic Affairs	44.33	53.16	8.83	51.16	96.24
Caudill College of Arts, Humanities & Social Sciences	143.54	144.54	1.00	129.71	89.74
College of Business and Technology	63.50	55.50	-8.00	52.50	94.59
College of Education	72.37	70.37	-2.00	62.37	88.63
College of Science	157.91	147.08	-10.83	134.08	91.16
Academic Programs	29.83	29.83	0.00	25.83	86.59
Camden-Carroll Library	33.00	33.00	0.00	29.00	87.88
	<u>1,007.80</u>	<u>1,010.80</u>	<u>3.00</u>	<u>939.97</u>	<u>92.99</u>

Note: Positions are expressed in terms of full-time equivalency.

## DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

- Full-Time Standing:** A Full-Time Standing Appointment designates an appointment that is full-time and for which no ending date is specified. Such appointments are terminable in accordance with the appropriate University policy. Full-time Standing Appointments must be backed with budgeted funds. Full-Time Standing Appointments may be used for all four payroll classification categories namely 1) Academic; 2) Administrative; 3) Staff Exempt; and 4) Staff Nonexempt (see PG-2). Full-Time Standing Appointments may be specified for nine, ten, eleven, or twelve months per fiscal year. This type of appointment is provided all regular University benefits.
- Full-Time Fixed:** A Full-Time Fixed Appointment designates an appointment that is full-time for a fixed period of time and for which an ending date is specified. Such appointments may be specified for nine, ten, eleven, or twelve months. The appointments do not have to be backed by permanent funds. Full-Time Fixed Appointments may be used for all four payroll classification categories namely 1) Academic; 2) Administrative; 3) Staff Exempt; and 4) Staff Nonexempt (see PG-2). This includes instructors and any other individuals in a classification covered by the tenure regulations. Such appointments are discontinued automatically at the specified ending date. Appointments may be terminated before the ending date for cause or business necessity. Full-Time Fixed Appointments may be renewed. Persons appointed to Full-Time Fixed Appointments are not converted to Full-Time Standing Appointments without an appropriate search or search waiver. This type of appointment is provided all regular University benefits.
- Supplemental:** A Supplemental Appointment designates an appointment which is supplementary to a Full-Time Standing or Full-Time Fixed Appointment and has the effect of providing an additional contractual provision beyond the term of the Full-Time Standing or Full-Time Fixed Appointments. For example, a Supplemental Appointment may be used if an individual whose regular appointment is for nine months but whose appointment is extended for one to three additional months. Supplemental Appointments will also be used to designate those appointments which are supplementary to Full-Time Standing or Full-Time Fixed Appointments to compensate for approved additional services normally outside the scope of regular duties. For example, A Supplemental Appointment can be used when an eligible employee is employed to teach a course for additional compensation. Regular University benefits, except sick leave and vacation accrual, continue with a Supplemental Appointment.

**ACCEPT 2015-16 AUDIT REPORT  
AND AMEND OPERATING BUDGET**

**BOR (IV-A-4)  
December 9, 2016**

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**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2016 as presented by Dean Dorton Allen Ford, PLLC, accept the reports related to the fourth quarter financial information and capital outlay, and amend the operating budget for the 2015-16 fiscal year.

**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. On March 18, 2016, the Board of Regents approved the recommendation of the Audit Committee to appoint Dean Dorton Allen Ford, PLLC to conduct the 2015-16 fiscal year audit. On June 10, 2016, the Board approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 11, 2016. Representatives from Dean Dorton Allen Ford, PLLC presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unmodified opinion on the financial statements.

The information contained in the audited financial statements is reflective of all transactions for the fiscal year and serves as the University's fourth quarter financial report to the Board. Also presented as a part of the fourth quarter financial report are amendments to the operating budget and a capital outlay status report.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2016 to June 30, 2016**

Description	Opening Budget As of 4/1/2016	Adjustments	Amended Budget As of 6/30/2016
<b>Revenues and Other Additions</b>			
Tuition and Fees	\$ 74,973,529	34,623	\$ 75,008,152
Government Appropriations	43,339,500	56,621	43,396,121
Indirect Cost Reimbursement	923,047	-	923,047
Sales and Services of Ed. Activities	1,881,136	323,826	2,204,962
Other Sources	3,628,609	144,833	3,773,442
Budgeted Fund Balance - E&G	13,830,121	7,926	13,838,047
Auxiliary Enterprises	20,676,145	21,708	20,697,853
Budgeted Fund Balance - AUX	183,742	-	183,742
<b>Total Revenues and Other Additions</b>	<b><u>\$ 159,435,829</u></b>	<b><u>\$ 589,537</u></b>	<b><u>\$ 160,025,366</u></b>
<b>Expenditure Authorizations by Division</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 1,312,634	\$ (1,499)	\$ 1,311,135
University Advancement	4,811,706	64,036	4,875,742
Administration & Fiscal Services	44,927,336	(721,266)	44,206,070
Student Life	14,452,243	122,060	14,574,303
Academic Affairs	60,496,223	(1,429,355)	59,066,868
Debt Service & Mandatory Transfers	3,594,642	-	3,594,642
Other	9,782,701	2,053,213	11,835,914
<b>Total Educational &amp; General</b>	<b><u>\$ 139,377,485</u></b>	<b><u>\$ 87,189</u></b>	<b><u>\$ 139,464,674</u></b>
<b>Auxiliary Enterprises</b>			
Administration & Fiscal Services	\$ 14,213,761	\$ 541,631	\$ 14,755,392
Student Life	916,314	(58,969)	857,345
Debt Service	4,928,269	-	4,928,269
Other	-	19,686	19,686
<b>Total Auxiliary Enterprises</b>	<b><u>\$ 20,058,344</u></b>	<b><u>\$ 502,348</u></b>	<b><u>\$ 20,560,692</u></b>
<b>Total Expenditure Authorizations</b>	<b><u>\$ 159,435,829</u></b>	<b><u>\$ 589,537</u></b>	<b><u>\$ 160,025,366</u></b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2016 to June 30, 2016**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Sales and Services of Educational Activities**

Unbudgeted revenue allocated during the fourth quarter totaled \$323,826

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$82,135
- OVC-MBB Enrichment Fund allocations totaled \$31,026
- Athletic revenue allocations totaled \$171,892
  - \$125,375 Guarantees
  - \$35,599 Gate Receipts
  - \$6,413 Athletic Camp Revenue
  - \$3,592 Parking
  - \$913 Program Sales
- Career/Placement Revenue allocations to Career Services were \$6,687
- Other miscellaneous revenue allocations totaled \$32,086
  - \$54,863 Academic Affairs
  - \$2,121 Student Life
  - \$1,014 Administration & Fiscal Services – E&G
  - (\$25,912) University Advancement

**Other Sources**

Unbudgeted revenue allocated during the fourth quarter totaled \$144,833

- Unbudgeted support from the MSU Foundation totaled \$167,750
  - \$105,119 Academic Affairs (*Includes \$66,500 for MSU Teach program*)
  - \$35,457 Student Life – E&G
  - \$26,974 University Advancement
  - \$200 Administration & Fiscal Services – E&G
- Endowment income allocations primarily to Academic Affairs totaled \$11,031
- Foundation Support returned for various positions in Alumni Relations & Development (\$76,836)
- Other miscellaneous revenue allocations totaled \$42,888
  - \$28,233 Administration & Fiscal Services – E&G
  - \$7,955 Academic Affairs
  - \$6,176 Student Life – E&G
  - \$524 University Advancement

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period April 1, 2016 to June 30, 2016**

<b>From:</b>	<b>To:</b>		
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>

None.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2016 to June 30, 2016**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I. Equipment Purchases \$200,000 or Greater</b>			
None			
<b>II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater</b>			
East Parking Structure and Dining Commons - Phase I <i>(reduced total project scope from \$17,600,000 and separated into two phases. Estimated project scope for Phase II is \$6,600,000)</i>	\$ 15,416,100		Under Construction
McClure Pool Renovation/Volleyball Facility	\$ 1,400,000	January, 2016	Completed
Residence Hall - Derrickson Agricultural Complex	\$ 2,735,000		Under Construction
Residence Hall - On Campus	\$ 28,000,000		Under Construction
Unified Security and Access Control	\$ 1,400,000		In Progress
IT Infrastructure/Fiber Upgrade	\$ 8,600,000		In Progress



**Recommendation:**

That the Board of Regents approve the Master in Science in Nursing-Family Nurse Practitioner proposal by the MSU Department of Nursing.

**Background:**

The new 49-credit hour Master in Nursing with a Family Nurse Practitioner concentration (MSN-FNP) was developed to meet the growing health care needs of our region and state. Market research conducted by Eduventures, a research and advisory company for higher education, indicated a high demand for the MSN-FNP and a steady upward trend for employment across the Commonwealth and especially the Eastern Kentucky region. In addition, intelligence research by Eduventures showed that offering the program online would yield the highest enrollment. Our own survey research among alumni and current students showed that there was a strong interest for the MSN-FNP. Based on the positive forecast and strong interest among students, the Provost recommended that preparations be made to move forward with the MSN-FNP degree program.

The MSN-FNP has received approval from the Kentucky Board of Nursing (KBN) and all stakeholders of the MSU curricular approval process, including the Provost and President. The MSN-FNP has also passed the Kentucky Council on Postsecondary Education (CPE) 45-day waiting period.

With over 20 clinical sites available for student clinic rotations with agency administrators offering their staff FNPs to serve as preceptors, the Department of Nursing is prepared to initiate the MSN-FNP beginning fall semester, 2017.

**ACCEPT FIRST QUARTER  
FINANCIAL REPORT AND  
AMEND OPERATING BUDGET**

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**BOR (IV-B-2)  
December 9, 2016**

**Recommendation:**

That the Board accept the financial statements and amend the operating budget for the first quarter of the fiscal year that will end June 30, 2017, and amend the operating budget.

**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2016, the first quarter of the fiscal year ending June 30, 2017. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Morehead State University  
Management's Discussion and Analysis  
First Quarter Financial Statements  
September 30, 2016**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2016. The statements and this discussion and analysis have been prepared by Accounting and Financial Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Position include information about the assets, liabilities, deferred inflows/outflows, and net position of the entire University. The Statements of Revenues, Expenditures and Changes in Net Position provide information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University. These financial statements have not been prepared in full accordance with *Government Accounting Standards Board Statement 35* (GASB 35). Interim statements are prepared using a fund approach to facilitate budget comparisons and management decisions. Year-end statements are prepared in the GASB 35 format.

**Financial Highlights**

Morehead State University's financial picture remains stable through the first quarter of the 2016-2017 fiscal year. During the period July 1, 2016 through September 30, 2016, the University operated with a surplus of revenues over expenditures and transfers in the amount of \$18,058,679. This level of operating surplus is expected at this time, since most of the billings for the Fall 2016 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2016 are reflected. As the fiscal year proceeds, the variance between revenues and expenditures will continue to decrease and should reflect a more appropriate operating surplus or deficit.

**Significant trends and variances for the three months are summarized as follows:**

- ▶ Total revenues decreased \$1.6 million from last year to \$61.7 million. This decrease is primarily due to decreases in tuition and fees revenue and state appropriations revenue. Tuition and fees revenue decreased due to a decline in undergraduate and graduate enrollment and due to changes in the non-resident tuition rate and scholarship program. State appropriations budgeted revenue was decreased by \$1.4 million. The revenue budget also includes a 5.33% increase in tuition and fee rates for undergraduate students and a 4.0% increase in residence hall rates.
- ▶ The percent of actual total revenue to budget was 40.43% at September 30, 2016 and 39.80% at September 30, 2015. This percentage would be expected at this time, since most of the billings for the Fall 2016 semester are reflected in revenue.
- ▶ Total expenses were approximately \$43.6 million at September 30, 2016 and \$46.8 million at September 30, 2015. The \$3.2 million decrease in actual expenses is primarily related to budgeted reductions from all divisions and budgeted reductions in non-resident scholarships due to changes in the non-resident tuition rate and scholarship program. Budgets for several units were reallocated from Academic Affairs and Administration and Fiscal Services to the new Division of Student Success, which is included in Student Life. Scholarships and tuition waiver budgets were also moved from Administration and Fiscal Services to Other Educational and General expenses.
- ▶ Net change in net position increased \$1.6 million to \$18.1 million as compared to \$16.5 million at September 30, 2015. This is the result of the net effect of the decrease in revenues and expenditures.

Prepared by: Accounting & Financial Services Staff

Morehead State University  
Unrestricted Current Funds  
Statements of Revenues, Expenditures & Changes in Net Position  
For the Three Months Ended September 30, 2016 and 2015

	2016-2017			2015-2016		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>Revenues</b>						
<b>Educational and General</b>						
Tuition and Fees	\$70,207,920	\$36,125,891	51.46%	\$74,722,836	\$37,309,488	49.93%
Govt Appropriations	41,969,200	12,605,875	30.04%	43,339,500	13,016,676	30.03%
Indirect Cost Reimbursement	900,000	131,721	14.64%	900,000	183,709	20.41%
Sales & Services Ed Activities	1,766,932	641,924	36.33%	1,698,335	752,469	44.31%
Other Sources	2,975,105	1,890,990	63.56%	2,759,927	1,626,243	58.92%
Budgeted Fund Balance-E&G	10,562,069	-	0.00%	14,345,962	-	0.00%
<b>Total Educational and General</b>	<b>\$128,381,226</b>	<b>\$51,396,401</b>	<b>40.03%</b>	<b>\$137,766,560</b>	<b>\$52,888,585</b>	<b>38.39%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$14,777,200	\$7,680,532	51.98%	\$13,389,000	\$7,271,468	54.31%
University Store	5,344,246	2,192,775	41.03%	5,350,220	2,544,598	47.56%
Food Services	851,500	120,326	14.13%	771,000	280,157	36.34%
Other	1,092,200	262,551	24.04%	1,069,300	292,307	27.34%
Budgeted Fund Balance - Auxiliary	2,044,209	-	0.00%	657,041	-	0.00%
<b>Total Auxiliary Enterprises</b>	<b>\$24,109,355</b>	<b>\$10,256,184</b>	<b>42.54%</b>	<b>\$21,236,561</b>	<b>\$10,388,530</b>	<b>48.92%</b>
<b>Total Revenues</b>	<b>\$152,490,581</b>	<b>\$61,652,585</b>	<b>40.43%</b>	<b>\$159,003,121</b>	<b>\$63,277,115</b>	<b>39.80%</b>

Morehead State University  
Unrestricted Current Funds  
Statements of Revenues, Expenditures & Changes in Net Position  
For the Three Months Ended September 30, 2016 and 2015

	2016-2017			2015-2016		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>Expenditures and Transfers by Division</b>						
<b>Educational &amp; General</b>						
President & Administration	\$907,592	\$168,896	18.61%	\$1,163,902	\$229,443	19.71%
University Advancement	4,560,160	1,246,751	27.34%	4,732,656	1,460,999	30.87%
Administration & Fiscal Services	22,082,021	7,843,395	35.52%	44,094,158	18,308,265	41.52%
Student Life	19,339,103	5,755,319	29.76%	14,425,266	4,505,294	31.23%
Academic Affairs	55,293,666	11,412,473	20.64%	61,036,983	13,047,391	21.38%
Other	30,578,950	11,900,280	38.92%	13,793,516	3,603,299	26.12%
<b>Total Educational &amp; General</b>	<b>\$132,761,492</b>	<b>\$38,327,114</b>	<b>28.87%</b>	<b>\$139,246,481</b>	<b>\$41,154,691</b>	<b>29.56%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$13,283,851	\$2,790,071	21.00%	\$13,230,675	\$2,585,623	19.54%
University Store	4,765,127	2,039,631	42.80%	4,635,393	2,606,934	56.24%
Food Services	315,180	60,579	19.22%	512,328	121,069	23.63%
Other	1,364,931	376,511	27.58%	1,378,244	335,553	24.35%
<b>Total Auxiliary Enterprises</b>	<b>\$19,729,089</b>	<b>\$5,266,792</b>	<b>26.70%</b>	<b>\$19,756,640</b>	<b>\$5,649,179</b>	<b>28.59%</b>
<b>Total Expenditures and Transfers by Division</b>	<b>\$152,490,581</b>	<b>\$43,593,906</b>	<b>28.59%</b>	<b>\$159,003,121</b>	<b>\$46,803,870</b>	<b>29.44%</b>
<b>Net Change in Net Position</b>		<b>\$18,058,679</b>			<b>\$16,473,245</b>	

Morehead State University  
Statements of Net Position  
September 30, 2016 and 2015

Assets and Deferred Outflows	2016	2015
Current assets:		
Cash and cash equivalents	\$ 36,950,327	\$ 67,706,554
Accounts, grants and loans receivable, net	16,655,633	20,773,186
Prepaid interest	16,082	-
Inventories	1,445,796	1,633,940
Other current assets	187,210	1,252,460
Total current assets	<u>55,255,048</u>	<u>91,366,140</u>
Noncurrent assets:		
Accounts, grants and loans receivable, net	3,819,446	3,830,959
Prepaid interest	176,912	-
Investments	14,060,616	15,549,952
Capital assets, net	238,005,809	201,645,113
Total noncurrent assets	<u>256,062,783</u>	<u>221,026,024</u>
Total assets	<u>311,317,831</u>	<u>312,392,164</u>
Deferred outflows of resources:		
Pensions	23,948,232	8,370,393
Total deferred outflows of resources	<u>23,948,232</u>	<u>8,370,393</u>
Total assets and deferred outflows of resources	<u>\$ 335,266,063</u>	<u>\$ 320,762,557</u>
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,067,941	\$ 5,646,666
Unearned revenue	2,506,934	1,832,724
Bonds and capital lease obligations, current portion	5,853,329	4,668,602
Total current liabilities	<u>14,428,204</u>	<u>12,147,992</u>
Long-term liabilities:		
Bonds and capital lease obligations, noncurrent portion	92,220,130	94,652,521
Advances from federal government for student loans	3,423,702	3,397,769
Unearned revenue	290,235	290,235
Net pension liability	219,469,445	194,699,258
Total long-term liabilities	<u>315,403,512</u>	<u>293,039,783</u>
Total liabilities	<u>329,831,716</u>	<u>305,187,775</u>
Deferred inflows of resources:		
Deferred bond reoffering premium	2,418,551	2,526,389
Pensions	7,465,708	10,704,804
Total deferred inflows of resources	<u>9,884,259</u>	<u>13,231,193</u>
Net position:		
Net investment in capital assets	137,706,793	99,797,599
Restricted:		
Expendable	13,368,771	47,037,289
Nonexpendable	11,375,022	12,859,369
Unrestricted	(166,900,498)	(157,350,668)
Total net position	<u>(4,449,912)</u>	<u>2,343,589</u>
Total liabilities, deferred inflows and net position	<u>\$ 335,266,063</u>	<u>\$ 320,762,557</u>

See Attached Notes To Statements of Net Position

**Morehead State University**  
**Notes to the Statements of Net Position**  
**September 30, 2016 and 2015**

1. The Statements of Net Position include the unrestricted current funds, restricted current funds, endowment funds, loan funds, and plant funds of the University. Agency funds held for others are not included.
2. Cash and cash equivalents decreased \$30.8 million primarily due to the expenditure of the 2015 Series A bond proceeds to construct the new student residential facilities and due to the expenditure of funds for the parking garage/dining commons.
3. Accounts, grants, and loans receivable are shown net of allowance for uncollectible student accounts of \$1,556,100 at September 30, 2016 and \$1,547,361 at September 30, 2015. Also, included in this category is \$6.1 million in receivables from federal and state grant agencies at September 30, 2016 and \$9.8 million at September 30, 2015.
4. Other current assets include financial commitments from the MSU Foundation for campus construction and renovation projects.
5. Noncurrent accounts, grants and loans receivable represent balances owed to the University from borrowers who have participated in the Federal Perkins Loan Program.
6. Capital assets, net increased approximately \$36 million from the previous year. This was due to increases in construction in progress related to the new student residential facilities, IT infrastructure, parking garage/dining commons, and student services facility expansion/renovation. Accumulated depreciation on buildings and equipment was \$178,168,738 at September 30, 2016 and \$169,776,937 at September 30, 2015.
7. Deferred outflows of resources include the amount of pension contributions paid to KTRS and KERS from July 1, 2015 through June 30, 2016. These amounts were paid subsequent to the June 30, 2015 measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Deferred outflows also include amounts related to changes in assumptions used in the calculations by the actuaries.
8. Accounts payable and accrued liabilities include amounts due to vendors and amounts due for withheld and matching portions of payroll taxes and estimated claims payable, but not paid until after the Statements of Net Position date.
9. Unearned revenue from federal and state grants represent amounts received but not expended at the Statements of Net Position date.
10. Bonds and capital lease obligations include the current and long-term portions of amounts borrowed to finance the purchase of plant assets. Capital leases increased \$4 million due to the IT Infrastructure project and the purchase of the Rowan County Board of Education property. The University also made principal payments on outstanding debt in the amount of \$5.1 million.
11. Net pension liability is due to the implementation of GASB 68 which required Morehead State University to record its proportionate share of the Commonwealth of Kentucky's net pension liability.
12. Deferred inflows of resources include the bond reoffering premium from the issuance of the 2014 Series A and B General Receipts Bonds. The premium will be amortized over the life of the refunded bond issuances. Also, included in this category is the projected difference between projected and actual investment earnings on pension plan investments and changes in assumptions.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period July 1, 2016 to September 30, 2016**

<b>Description</b>	<b>Opening Budget As of 7/1/2016</b>	<b>Adjustments</b>	<b>Amended Budget As of 9/30/2016</b>
<b>Revenues and Other Additions</b>			
Tuition and Fees	\$ 70,097,829	\$ 110,091	\$ 70,207,920
Government Appropriations	41,969,200	-	41,969,200
Indirect Cost Reimbursement	900,000	-	900,000
Sales and Services of Ed. Activities	1,700,458	66,474	1,766,932
Other Sources	2,097,353	877,752	2,975,105
Budgeted Fund Balance - E&G	10,568,564	(6,495)	10,562,069
Auxiliary Enterprises	22,051,700	13,446	22,065,146
Budgeted Fund Balance - AUX	1,554,896	489,313	2,044,209
<b>Total Revenues and Other Additions</b>	<b>\$ 150,940,000</b>	<b>\$ 1,550,581</b>	<b>\$ 152,490,581</b>
<b>Expenditure Authorizations by Division</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 847,426	\$ 60,166	\$ 907,592
University Advancement	4,424,179	135,981	4,560,160
Administration & Fiscal Services	20,949,754	1,132,267	22,082,021
Student Success	18,102,356	1,236,747	19,339,103
Academic Affairs	54,683,555	610,111	55,293,666
Debt Service & Mandatory Transfers	3,531,165	-	3,531,165
Other	29,298,031	(2,250,246)	27,047,785
<b>Total Educational &amp; General</b>	<b>\$ 131,836,466</b>	<b>\$ 925,026</b>	<b>\$ 132,761,492</b>
<b>Auxiliary Enterprises</b>			
Administration & Fiscal Services	\$ 12,036,809	\$ 1,963,072	\$ 13,999,881
Student Success	725,238	62,483	787,721
Debt Service	4,928,191	-	4,928,191
Other	1,413,296	(1,400,000)	13,296
<b>Total Auxiliary Enterprises</b>	<b>\$ 19,103,534</b>	<b>\$ 625,555</b>	<b>\$ 19,729,089</b>
<b>Total Expenditure Authorizations</b>	<b>\$ 150,940,000</b>	<b>\$ 1,550,581</b>	<b>\$ 152,490,581</b>



**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period July 1, 2016 to September 30, 2016**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

Tuition and Fees revenue allocated during the first quarter totaled \$110,091

- Summer tuition revenue allocated to Success Academy for associated expenses totaled \$98,691
  - \$60,750 Operating
  - \$37,941 Personnel
- Unbudgeted course fee revenue allocated to various academic departments totaled \$11,400

**Other Sources**

Unbudgeted revenue allocated during the first quarter totaled \$877,752

- Unbudgeted support from the MSU Foundation totaled \$521,907
  - \$425,951 Academic Affairs
  - \$51,462 University Advancement
  - \$44,494 Administration & Fiscal Services
- Revenue from Governor's Scholars Program (GSP) totaling \$184,565 allocated to Regional Engagement for expenses of hosting the program in summer 2016
- Endowment income allocations to Academic Affairs totaled \$87,888
- Allocation of Dental Clinic Revenue and Provider Generated Revenue totaling \$53,245 to provide partial funding for a Medical Office Associate/Dental Biller in Counseling & Health Services
- Other miscellaneous revenue totaled \$30,147
  - \$25,452 Academic Affairs
  - \$3,683 Student Success
  - \$1,012 Administration & Fiscal Services

**Fund Balance Auxiliary**

Budgeted allocations for auxiliary purposes during the first quarter totaled \$489,313

- \$452,889 Andrews Hall (*to be reimbursed by agency bond funds*)
- \$28,093 ADUC Chiller (*to be reimbursed by ADUC project account managed in Frankfort*)
- \$8,331 ADUC Renovation (*to be reimbursed by ADUC project account managed in Frankfort*)

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period July 1, 2016 to September 30, 2016**

<b>From:</b>	<b>To:</b>		
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Fund Balance - Auxiliary	Administration & Fiscal Services Auxiliary Facility Remodeling	\$ 452,889	Allocation of Fund Balance for Auxiliary Enterprise (Housing) purposes to purchase access control and video security equipment and signage for Andrews Hall. This advance of funds will be reimbursed from agency bond funds managed in the Frankfort project account.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of July 1, 2016 to September 30, 2016**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I. Equipment Purchases \$200,000 or Greater</b>			
None			
<b>II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater</b>			
East Parking Structure and Dining Commons - Phase I <i>(reduced total project scope from \$17,600,000 and separated into two phases. Estimated project scope for Phase II is \$6,600,000)</i>	\$ 15,416,100		Under Construction
Residence Hall - Derrickson Agricultural Complex	\$ 2,735,000		Under Construction
Residence Hall - On Campus	\$ 28,000,000		Under Construction
Unified Security and Access Control	\$ 1,400,000		In Progress
IT Infrastructure/Fiber Upgrade	\$ 8,600,000		In Progress
Water Treatment Plant Sediment Basin	\$ 1,500,000		In Bid Process

**APPROVE REVISION TO PERSONNEL POLICY  
PG-5 AFFIRMATIVE ACTION/EQUAL  
OPPORTUNITY FOR EMPLOYMENT**

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**BOR (IV-B-3)  
December 9, 2016**

**Recommendation:**

That the Board approve the revised personnel policy PG-5 related to Affirmative Action/Equal Opportunity for Employment.

**Background:**

The Office of Human Resources maintains a manual of personnel policies approved by the Board that outline the rules and regulations associated with the employment of academic, administrative, staff exempt and staff non-exempt employees. These policies are revised as necessary to fulfill changes in employment needs, compliance with regulations and to codify all processes, rights and responsibilities related to employment at Morehead State University.

The proposed changes to PG-5 are recommended to align the policy with current protected class definitions, University committee structures and related policy references.

**Revisions:**

The primary changes to PG-5 Affirmative Action/Equal Opportunity for Employment include:

- Expand the definition that identifies individuals and groups that are considered protected class covered under the policy.
- Reassigned duties previously assigned to the Affirmative Action Committee to the President's Diversity Council.

Prepared by: Beth Patrick

# Policy: PG-5

## Subject: Affirmative Action/Equal Opportunity for Employment

Approval Date: 07/01/85

Revision Date: 03/07/94; 06/15/2006; 12/09/2016

### POLICY:

It is the policy of Morehead State University is to provide affirmative action in all University programs, activities, facilities, and employment practices. Equal opportunity in all University programs, activities, facilities, and employment practices will be provided for all persons without regard for race, color, religion, sex, sexual orientation, age, national origin, **disabled veterans, gender identity, gender expression, recently separated veterans, other protected veterans, armed forces service medal veterans or disability.**

Morehead State University ~~is committed to the premise that it is a societal as well and institutional obligation to epitomize~~ **respects** human dignity and the principles that all persons are entitled to equal treatment under the law. Morehead State also recognizes that equal opportunity is a fundamental goal in a democratic society, and we share responsibility for achieving equality ~~which will ultimately provide~~ for the advancement of society.

~~Because of these tenets, it's~~ **It** is the policy of Morehead State University ~~that, affirmative action will be taken~~ to recruit, identify, encourage and employ within reasonable time periods, representatives of underutilized groups, specifically but not limited to minorities, women, and persons with disabilities. The University has been encouraged by the Department of Education, Office of Civil Rights to specifically take positive and constructive efforts to identify, encourage and employ African-American individuals. Therefore, positive efforts must be aggressively undertaken to fulfill our goals. Morehead State University's desire is to overcome any effects of past discrimination, whether overt or from unconscious, systematic exclusion of protected class persons in any of our positions or programs.

~~It is the University's intention to~~ **Morehead State University will endeavor to** achieve a representation of minorities, women, and disabled persons in each major job classification, ~~which reflects~~ **reflective of** current availability. Our Affirmative Action Plan is ~~aimed to~~ **focuses on** reducing ~~any under-representation utilization~~ of members of protected classes.

In addition, Morehead State University is dedicated to the principle that all benefits and opportunities afforded by the institution shall be accorded students, based upon individual merit, accomplishment, and need, and that the promotion of nondiscrimination in every phase of the University's operation is required.

Morehead State University expects its suppliers and contractors to ensure maximum opportunity for the participation of disabled persons, minorities, and women. Each contractor is expected to follow an affirmative action program that is in accordance with federal and state regulations.

Finally, the University is committed to taking affirmative steps to remove barriers and discriminatory practices and to ensure that we not only comply with the letter of the law but the intent of both affirmative action and equal opportunity.

## **ADMINISTRATION OF THE POLICY:**

The Board of Regents authorizes the President to administer this policy by developing and implementing plans and procedures, ~~which will supporting~~ affirmative action and equal opportunity.

## **LEADERSHIP/GUIDANCE:**

The Affirmative Action Officer, in conjunction with the **President's Leadership Council**, ~~Affirmative Action Committee~~, shall provide leadership and guidance to units in the conduct of their programs affecting all faculty, staff and applicants for employment. The Affirmative Action Officer shall review and evaluate unit program operations periodically, obtain such reports as deemed necessary, and report as appropriate, on overall progress. The Affirmative Action Officer will consult from time to time with such individuals, groups, or organizations as may be of assistance in improving and realizing the University's program and objectives.

## **~~AFFIRMATIVE ACTION COMMITTEE~~: PRESIDENT'S DIVERSITY COUNCIL**

The Morehead State University Affirmative Action **President's Diversity Council** is appointed by the President from **representatives across campus**. ~~Senate, the Staff Congress, and the Student Government Association~~. The President designates the chair. The Committee shall consist of:

- **Chief Diversity Officer,**
- **Faculty members,**
- **Staff members,**
- **Two students.**
- ~~The Affirmative Action Officer,~~
- ~~The Minority Student Affairs Director,~~
- ~~Two faculty members,~~
- ~~Four staff members (at least two of whom shall be from executive/managerial or professional nonfaculty categories) and~~
- ~~Two students.~~

Representatives from the faculty, staff, and students shall be at least 50 percent female. At least two members shall come from other protected classes.

A chair will be appointed by the President from the membership or as an additional member. The chair shall vote only in the case of a tie.

The **President's Diversity Council** ~~Affirmative Action Committee~~ shall be composed of individuals from culturally diverse backgrounds. A major effort will be made to establish a fair representation ~~of underrepresented individuals minority & particularly African American individuals~~ on the ~~Council Committee~~. The ~~Council Committee~~ shall meet at least once quarterly and may conduct special meetings with minorities, women, disabled, foreign nationals, and others when appropriate. The ~~Council Committee~~ is charged with:

A. Reports Reviewing and fact-finding when necessary:

1. ~~Reports~~ **Reporting** on recruitment, appointments, promotion, transfer, demotions, tenure, transfer, and termination;
2. ~~Proposed~~ **Proposing** changes in University policies and procedures recommended by deans, directors, department chairs, unit heads, women, minorities, Vietnam Era veterans, employee organizations, and others;
3. ~~Proposed~~ **Proposing** changes in the Affirmative Action Plan;
4. ~~Compliance~~ **Reviewing** and reporting on compliance with audits conducted by federal and state agencies; and
5. ~~The~~ **Reviewing and reporting on the** summaries of annual reports generated on recruitment, appointment, promotion, tenure, transfer, and termination.

B. Advising the **Chief Diversity Officer** ~~Affirmative Action Officer~~ on sensitive subjects and procedures.

C. Making recommendations to the **Chief Diversity Officer** ~~Affirmative Action Officer~~ for programs to effectuate purpose(s) of affirmative action and equal employment opportunity.

D. Acting as a review board on affirmative action, and equal employment opportunity policy violations submitted for disposition; where recommendations will be made to the President, or a complaint of discrimination has been lodged and has not been informally resolved.

E. Assisting **Human Resources** ~~the Affirmative Action Officer~~ in developing approaches and efforts in the recruitment and hiring of minorities, women, and disabled candidates.

~~Names and addresses of the Committee members are available in the Office of Human Resources and the Office of the President.~~

## RESOLUTION OF COMPLAINTS:

The University shall provide for the prompt, fair, and impartial consideration of all grievances of alleged discrimination in violation of this policy. **Claims of sexual misconduct should be addressed through PG-6.** Each employing unit shall provide access to counseling for employees and/or students who feel aggrieved and shall encourage the resolution of such issues on an informal basis.

Grievances frequently are founded in simple misconceptions or misunderstandings. It is believed to be in the best interest of the University and the grievant for differences to be resolved informally-- if informal hierarchical resolution is not possible then the following applies:

### FORMAL PROCEDURE:

The grievant is to contact the University Affirmative Action Officer for a meeting as soon as practicable. The Affirmative Action Officer is to be sensitive to the fact that the meeting may need to take place after normal working hours so as to prevent disclosure to a supervisor or others. The Affirmative Action Officer will listen attentively to the grievant in order to fully understand the grievance, after which, the Affirmative Action Officer will offer his or her services in informal resolution. Normally, this informal procedure will not exceed five working days unless the parties mutually agree to an extension of this time period.

First Step (**Not to exceed 60 days from initiation of a formal review unless the parties mutually agree to an extension of this time period.**)

The grievant shall direct his/her grievance regarding the alleged discriminatory act(s) by preparing a written explanation of his/her grievance and the relief sought to the Affirmative Action Officer (AAO). The Affirmative Action Officer may schedule a meeting with the grievant for the purpose of gathering information. The AAO will conduct a thorough investigation **within seven (7) working days of receipt** of the written grievance. **The AAO may also engage the Chief Diversity Officer (CDO) for the purpose of gathering information and also assisting with the grievance.**

~~Within fourteen (14) working days~~ Following receipt of the written grievance, a meeting will be held by the AAO **or CDO** with the grievant and others who may be of assistance in resolving the grievance in the best interests of all concerned.

~~Within three (3) working days~~ Following this grievance meeting, the AAO **or CDO** will prepare written findings which will be delivered to the grievant or sent by certified mail, return receipt, to the grievant's address of record. Copies of the ~~AAO's~~ findings will also be provided to individuals on a need to know basis. The AAO shall make such recommendations in writing as is believed warranted by the results of his/her investigation and meetings regarding each written issue. If the grievant prevails the defendant may appeal to the appropriate Vice President. If no appeal is forwarded by the defendant within 5 working days after receipt of the Affirmative Action findings, the issue is resolved, as specified.



Second Step (Not to exceed 60 days from initiation of a formal review unless the parties mutually agree to an extension of this time period.)

The aggrieved party may appeal the First Step answer by serving a written statement of appeal to the AAO **or CDO** within ten (10) working days after delivery of the AAO's findings and written recommendations to the grievant. ~~Within seven (7) working days after~~ Following receipt of the written appeal, an Affirmative Action Grievance Review Board will be selected by the AAO. The board shall be composed of an African-American **or other protected class member**, a female member, and a male member. The grievant may select one person from the standing ~~Affirmative Action Committee~~ **President's Diversity Council**; the Affirmative Action Officer may select one person from the ~~standing Affirmative Action Committee~~ **President's Diversity Council**, and the grievant and the AAO **or CDO** together will select the third individual. In cases where a student is involved, a student member will serve on the Review Board. The ~~Affirmative Action Committee~~ **President's Diversity Council** chair will designate the Review Board Chair.

The responsibilities of the ~~Affirmative Action~~ **Grievance Review Board** will include, but not be limited to:

1. A review of all documents received or prepared as the grievance was processed through the First Step.
2. The ~~Grievance Review Board Affirmative Action Council Review Board~~ Chair will schedule a hearing ~~to be held, not later than fifteen working days after the appointment of the entire Board,~~ designating the time, place, and date for the hearing.
3. The **Grievance Review Board Chair** will notify both the AAO and the parties of the time, place, and date of the hearing, including the right of representation. Nothing contained herein shall be construed to require the representative to be an attorney. If the defendant/grievant desires to be represented at the hearing, he/she will give notice of that intention and by whom in writing to the **Grievance Review Board** and the AAO not less than six (6) working days prior to the hearing date.
4. All hearings will be conducted by the **Grievance Review Board**. The proceedings will be tape-recorded, and if requested by a majority of the Grievance Review Board, a typed transcript will be prepared.

The Affirmative Action Officer **or CDO** will set forth the basis for his/her findings and recommendation(s) on the grievance. The parties, or their representative, shall have the opportunity to respond to the findings and recommendations of the Affirmative Action Officer **or CDO**.

- The **Grievance Review Board** has the option of going into closed session to weigh the record and evidence and to formulate its findings and recommendations to the President of the University.

5. The ~~Affirmative Action~~ Grievance Review Board shall make its findings and recommendations to the President within five (5) working days following the hearing.

The President ~~will render a decision within ten (10) working days~~ after ~~receiving~~ reviewing the Grievance Review Board's findings and recommendations. Written notification of the President's decision will be hand delivered to the parties or delivered by certified mail, return receipt, to the address of record.

The President's decision will be the final step of the grievance procedure. Under legally prescribed instances (tenured faculty member being terminated) an appeal may be ~~forwarded to the Board of Regents-~~ initialed through processes defined under Pac-26.

## 5-Year Enrollment Trends

Term	Headcount		Student Credit Hours		FTE		First-Time Freshmen			
	N	% Change	N	% Change	N	% Change	N	% Change	Average ACT	% Change
Fall 2012	11,172		110,859		7,537		1,649		22.1	
Fall 2013	11,358	1.7%	114,224	3.0%	7,741	2.7%	1,685	2.2%	22.3	0.8%
Fall 2014	11,053	-2.7%	113,494	-0.6%	7,678	-0.8%	1,513	-10.2%	22.2	-0.4%
Fall 2015	10,875	-1.6%	112,282	-1.1%	7,592	-1.1%	1,461	-3.4%	22.4	0.9%
Fall 2016	10,748	-1.2%	109,894	-2.1%	7,423	-2.2%	1,273	-12.9%	22.8	2.0%

## 5-Year Enrollment Trends of High School Students

Term	Headcount		Student Credit Hours		FTE	
	N	% Change	N	% Change	N	% Change
Fall 2012	2,324		8,859		591	
Fall 2013	2,523	8.6%	9,419	6.3%	628	6.3%
Fall 2014	2,508	-0.6%	9,768	3.7%	651	3.7%
Fall 2015	2,499	-0.4%	9,386	-3.9%	626	-3.9%
Fall 2016	2,757	10.3%	10,956	16.7%	730	16.7%

Note: This table does not include students enrolled in the Craft Academy.

## Enrollment by Level

Undergraduate	9,754
Graduate	994
<b>Grand Total</b>	<b>10,748</b>

## Enrollment by Race/Ethnicity

<b>Non URM</b>	<b>9,934</b>
Nonresident Alien	205
Asian	75
White	9,553
Unknown	101
<b>Under-Represented Minority</b>	<b>814</b>
American Indian	18
Black	380
Hispanic	196
Native Hawaiian, Pacific Islander	13
Two or More Races	207
<b>Grand Total</b>	<b>10,748</b>

## Origin of First-Time Freshmen

<b>In State</b>	<b>83.74%</b>
In Service Region	46.35%
Out of Service Region	37.39%
<b>Out of State</b>	<b>14.30%</b>
<b>Foreign</b>	<b>1.96%</b>
<b>Grand Total</b>	<b>100.00%</b>

## Top 5 Majors of First-Time Freshmen Bachelor Seekers

Biomedical Sciences Area Bachelor of Science	98
Pre-Nursing	91
Biology Area Bachelor of Science	48
Undeclared Provisional Bachelors Degree	43
Veterinary Science Area Bachelor of Science	43

## Quick Facts about Enrollment Numbers for Fall 2016

69.7% retention of Fall 2015 first-time freshmen to Fall 2016.

66.1% retention of Fall 2015 first-time freshmen who were under-represented minorities to Fall 2016.

61.5% retention of Fall 2015 Black first-time freshmen to Fall 2016.

118 students enrolled in the Craft Academy for Fall 2016.

## **REPORT ON HEALTH INSURANCE AND BENEFITS FOR PLAN YEAR 2017**

**BOR (IV-C-2)  
December 9, 2016**

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Morehead State University remains committed to providing affordable, high-quality health benefits to employees and their families and to also provide resources and tools to help and encourage employees to be actively involved in obtaining optimal health. This philosophy benefits both the employee and the University by improving our employees' overall health and wellbeing through early identification and prevention of disease, thereby reducing the need for medical intervention and health claims. This philosophy will remain constant as we move forward and adjust our health insurance plans to meet employees' needs.

MSU is expanding its health insurance offerings from two to three plans which include:

- A PPO plan
  - Higher monthly premium cost
  - Requires co-pays at the time of service
  - Modest deductible and 20% coinsurance after deductible is met
  - Lowest maximum out-of-pocket amount
  - Lowest MSU contribution amount to an HRA account
- Enhanced HRA Value Plan
  - Lower premiums than PPO
  - No co-pays at the time of service
  - Slightly lower deductible than PPO with 15% coinsurance after deductible is met
  - Slightly higher maximum out-of-pocket amount
  - Slightly higher MSU contribution amount to an HRA account than with PPO plan
- Life Long Savings Plan
  - Lowest premium cost
  - No co-pays at time of service
  - Higher deductible amount with 10% coinsurance after deductible is met
  - Higher maximum out-of-pocket expense
  - Highest MSU contribution amount to a HSA account (new option in 2017)

There are other significant changes in the plan design for 2017. In last year's report to the Board of Regents, we stated we would work strategically toward developing a sustainable health and wellness program for 2017 and beyond that focuses on changing behaviors that drive healthcare costs up. We will continue to use those programs that prove worthy and to evaluate the following:

- How we engage employees so that they better use wellness incentives and reduce their out-of-pocket costs;
- High deductible plans with Health Savings Accounts (HSA's);

- Fully insured vs. Self-insured;
- Utilize the KYRx Coalition to help us reduce prescription drug costs.

## Changes for 2017 Plan Year

### Engage employees so that they better use wellness incentives and reduce their out-of-pocket costs

MSU will continue to offer a comprehensive wellness program in 2017 designed to engage employees in taking advantage of the rewards of wellness, which will be in the form of contributions to the employees' Health Reimbursement Arrangement or Health Savings Account. The 2017 wellness program's focus will move from just "knowing your numbers" to obtaining and maintaining optimal biometric numbers in the areas of cholesterol, blood pressure, glucose and weight. In addition to earning rewards for biometric outcomes, employees and their spouses can participate in wellness activities, track healthy habits and sign a pledge to receive rewards throughout the 2017 plan year. Below is a chart showing the maximum MSU contributions and wellness incentives employees may earn.

### Maximum MSU Annual Account Contributions

	Life Long Savings Plan			Enhanced HRA Value Plan			PPO Plan		
Coverage Level	MSU HSA	Wellness Incentive	Total	MSU HRA	Wellness Incentive	Total	MSU HRA	Wellness Incentive	Total
Single	\$400	\$650	\$1,050	\$200	\$650	\$850	\$100	\$650	\$750
2-Person	\$800	\$1,300	\$2,100	\$400	\$1,300	\$1,700	\$200	\$1,300	\$1,500
Family	\$1,200	\$1,300	\$2,500	\$600	\$1,300	\$1,900	\$300	\$1,300	\$1,600

### High Deductible Plan with a Health Savings Account (HSA)

MSU is offering a new feature to a current plan and branding it as the Life Long Savings Plan. This is a high deductible plan complemented with a Health Savings Account (HSA). MSU will contribute to this account in the following amounts: \$400 for a Single plan, \$800 for a 2-Person plan and \$1,200 for a Family plan. Employees may earn wellness incentives and contribute to this account as well. This account, unlike the Health Reimbursement Arrangement (HRA), is owned by the employee and not MSU. There are three ways in which contributions are made to this account: 1) MSU contribution, 2) earned wellness incentives, and 3) the employee's own personal contributions. The Internal Revenue Service establishes annual maximum contribution limits, which are \$3,400 for single coverage and \$6,750 for family coverage. An additional benefit of the HSA is that the total account balance can carry over from year to year and there is no maximum limit to this account, unlike the HRA. This account is portable, meaning employees own the account and may take it with them upon separation of employment from MSU.

### Fully insured vs. Self-insured

As a result of the Request for Proposal process this past summer, proposals submitted from Anthem, Humana, Express Scripts and Know Your Rx Coalition were reviewed in consultation with experts from Sibson Consulting. These proposals included quotes for:

1. A fully-insured plan;
2. A self-insured plan with Rx included;
3. A self-insured plan with a separate Rx plan.

After reviewing the proposals in consultation with experts from Sibson Consulting and negotiating final offers, the optimal choice financially for MSU was a self-insured health plan with a separate Rx plan. With this design, Anthem will be the administrator for the health insurance plan and Express Scripts will administer the prescription drug plan. Know Your Rx Coalition (KY Rx Coalition), which is part of the prescription drug contract, will serve in an advocacy role for both MSU and the employees.

Know Your Rx Coalition includes membership from public universities across the state as well as several private higher education institutions and municipalities for the purpose of facilitating the most cost-effective provisions of prescription medications. Know Your Rx Coalition is estimated to have over 100,000 members from 25 different organizations, which increases MSU's discount buying power for prescription drugs.

Professional Clinical Pharmacists with the KY Rx Coalition provide services that are not limited to the following:

- Encourage most cost effective therapies for employees;
- Serve as a patient advocate and educator;
- Serve as a personalized pharmacist;
- Aid employees with prior authorization assistance;
- May contact employee's MD for lower costs alternatives;
- Serve as a liaison for employees/physicians for issues with Rx benefit including prior authorization, step therapy, and other programs.

### **What did not change for Plan Year 2017**

While there were significant changes to the medical and pharmacy plan designs, employees will see no changes to the following:

- Health insurance will continue to be administered by Anthem.
- A \$50 per month surcharge will be added to health insurance premiums for tobacco users.
- No changes to dental insurance plans or rates.
- No changes to life insurance plans or rates.

We set forth aggressive goals at the end of 2015 with the vision to expand health care benefit options to help employees maximize healthy life choices. Human Resources is committed to help educate and engage employees throughout the year with programs that enhance healthy choices and optional activities. We begin this commitment before the new plan year starts with an Open Enrollment focused on educating employees and outlining the multiple aspects of our health benefit program so that they may make the best possible decisions for their own health care and remain active to earn rewards that build contributions to their HSA or HRA. This year we activated a positive enrollment, meaning employees must affirm a choice of one of the three plans via Benefits Enrollment Online (BEO) which is accessed in MSU's secure online portal. We believe this process will help employees become more engaged in their own health care decisions.

MSU's Human Resources Department remain constant in our commitment to become a healthy campus community. The benefits of a healthy campus community not only impacts lower premium costs to both MSU and employees, but the direct benefit is greater productivity. Just as important, we will see employees whose life improve in all facets of their lives.

## 2017 Health Insurance Rates

Coverage	2017 Total Cost	2017 MSU Contribution	2017 Employee Contribution Non-Tobacco	2016 Employee Contribution	2017 Increase	2017 Employee Contribution Tobacco
<b>Life Long Savings Plan</b>						
Single	\$ 552	\$ 502	\$ 50	\$ 45	\$ 5	\$ 100
Single 2-Person	\$ 844	\$ 644	\$ 200	\$ 190	\$ 10	\$ 250
Family	\$ 1,137	\$ 852	\$ 285	\$ 275	\$ 10	\$ 335
2-Person-MSU Spouses	\$ 844	\$ 844	-	-	-	\$ 50
Family-MSU Spouses	\$ 1,137	\$ 1,004	\$ 133	\$ 91	\$ 42	\$ 183
<b>Enhanced HRA Value Plan</b>						
Single	\$ 578	\$ 498	\$ 80		N/A	\$ 130
Single 2-Person	\$ 877	\$ 647	\$ 230		N/A	\$ 280
Family	\$ 1,175	\$ 855	\$ 320		N/A	\$ 370
2-Person-MSU Spouses	\$878	\$ 878	-		N/A	\$ 50
Family-MSU Spouses	\$1,175	\$ 996	\$ 179		N/A	\$ 229
<b>PPO Plan</b>						
Single	\$ 614	\$ 494	\$ 120	\$ 120	-	\$ 170
Single 2-Person	\$ 926	\$ 646	\$ 280	\$ 280	-	\$ 330
Family	\$ 1,237	\$ 837	\$ 400	\$ 400	-	\$ 450
2-Person-MSU Spouses	\$ 926	\$ 926	-	-	-	\$ 50
Family-MSU Spouses	\$ 1,237	\$ 988	\$ 249	\$ 239	\$ 10	\$ 299



## **REPORT ON 2006 CAMPUS HOUSING MASTER PLAN**

**BOR (IV-C-3)  
December 9, 2016**

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### **Background:**

In April 2006, the University completed a Comprehensive Housing Master Plan with the assistance of Brailsford & Dunlavey (B&D), Facility Planners and Program Managers. The plan outlined a 10-year phased approach for enhancing and expanding the University's student housing facilities. The key strategic objectives that served as the primary guidelines for the planning team included:

- Reinforcement of MSU's reputation as a top-quality regional institution;
- Provision of marketable housing options for all students, regardless of the enrollment status, with a heavy emphasis on freshmen and sophomores who are required to live on campus;
- Solution of the deferred maintenance programs that many of the residential buildings faced at the time; and
- Improvement of the financial performance of the housing system to eliminate the current operating deficit and create a debt capacity needed to fund future projects.

At the conclusion of the planning process, B&D formulated a recommended development strategy that included the following:

- Renovations of Nunn Hall, Alumni Tower, Mignon Tower, East Mignon Hall, West Mignon Hall, Mignon Hall, and Cartmell Hall;
- Construction of a new 400-bed apartment complex;
- Taking Cooper Hall and Butler Hall off line;
- Gradual increase of the rental rates to build up debt capacity needed to finance the proposed projects;
- Creation of a housing-system Reserve & Replacement Account to fund the on-going non-capital facility projects; and
- Construction of a new dining hall and a new student recreation center.

At the conclusion of the master planning process for student housing at MSU, B&D developed a phasing strategy that addressed the existing housing program with respect to both renovations and new construction. The capacity target for housing, determined through the market research in the context of institutional objectives at a maximum of 3,185 beds.

### **Status Update:**

The recommendations and strategies outlined in the 2006 plan have continued to drive improvements in MSU's housing facilities. The following chart summarizes the work completed to date.

Description	Status	Impact on Housing Capacity	Debt Incurred
Demolished 596 beds located Wilson Hall, Regents Hall and Waterfield Hall that were not being used for student housing due to their insufficient condition. The cost to renovate these facilities exceeded the feasible financial threshold.	Completed	0	\$0
Renovated 1,768 beds located in Nunn Hall, Alumni Hall, Mignon Hall, East Mignon Hall, West Mignon Hall and Mignon Tower	Completed	0	\$35,790,000
Renovated Grote-Thompson Hall	Completed	0	\$0
Constructed Andrews Hall, Lundergan Hall and Padula Hall	Completed	556	\$30,700,000
Demolished 20 beds in two duplexes at DAC	Completed	-20	\$0
Demolish 392 beds in Cooper Hall and Butler Hall	Planned	-392	\$0
Renovate 508 beds in Cartmell Hall	Under Review	0	TBD
Total		144	\$66,490,000

Debt service for the \$66.5 million is being paid from housing revenue created from increases in housing rates that have been implemented throughout the project. Annual rate increases have been set at 4% annually with an additional increase in the rate for halls being renovated during the year the hall was placed back into use. The steady increase of housing rates has significantly impacted the cost students pay for housing but MSU rates remain competitive with peer institutions and are reflective of the improvements that have been completed in the housing facilities.

The final project recommended in the plan was to renovate Cartmell Hall. However, due to the changes in enrollment, demand for housing and demographics of the region as well as updated estimates in renovation versus construction costs, an updated analysis regarding the future plan for Cartmell Hall is being completed.