

Board of Regents Meeting
Morehead State University
Riggle Room, Adron Doran University Center
9 a.m., Thursday, December 4, 2014

Agenda

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. PRESIDENT’S RECOMMENDATIONS AND REPORTS**
 - A. Consent Agenda**
 - 1. Approve Minutes of September 25, 2014..... 1-9
 - 2. Approve 2014 Fall Graduates.....10
 - 3. Approve Administrator Tenure11
 - 4. Ratify Personnel Actions 12-16
 - 5. Accept 2013-14 Audit Report and Amend Operating Budget..... 17-22
 - B. Recommendations**
 - 1. Accept First Quarter Financial Report and Amend Operating Budget ... 23-33
 - 2. Approve Tuition Rate Increase for Fiscal Year 2015-2016 34-35
 - C. Reports**
 - 1. Final 2014 Fall Enrollment Report.....36
 - 2. Report on Health Insurance and Benefits for Plan Year 2015 37-41
 - 3. Report on Personal Service Contracts 42-43
 - D. President’s Report**
- IV. OTHER BUSINESS**
 - A. BOR Meetings for Calendar Year 2015**

Work Session	February 26
Quarterly Meeting	March 19
Work Session	May 7
Quarterly Meeting	June 4
Work Session	August 27
Quarterly Meeting	September 24
Work Session	November 5
Quarterly Meeting	December 3
- V. ADJOURNMENT**
- VI. CAMPUS TOUR**

**BOARD OF REGENTS MEETING
MOREHEAD STATE UNIVERSITY
September 25, 2014**

The Board of Regents of Morehead State University met at 10:00 a.m. on Thursday, September 25, 2014, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky. An orientation session as required by state law was held at 9 a.m. Chair Paul C. Goodpaster presided.

CALL TO ORDER

Chair Goodpaster called the meeting to order. Chair Goodpaster introduced Craig Preece, a new Board member in attendance.

ROLL CALL

The following Board members were present: Royal Berglee, Julie Butcher, Bradley Fyffe, Paul Goodpaster, Debbie Long, John Merchant, Craig Preece, Patrick Price, Todd Thacker, and Kathy Walker. Kevin Pugh was unable to attend the meeting.

MEDIA

Jason Blanton, Director of Media Relations, introduced Patrick Davis, student reporter for Morehead State Public Radio.

OATH OF OFFICE

Sharon Reynolds, Board secretary, administered the oath of office to Craig Preece. Mr. Preece was appointed by Governor Steven L. Beshear to serve the remainder of Mr. Martin's unexpired term, ending June 30, 2016.

**RESOLUTIONS OF
COMMENDATION**

Chair Goodpaster read the following resolution of commendation for Wayne Martin, who resigned from the Board of Regents in July 2014:

Wayne Martin

RESOLUTION HONORING WAYNE MARTIN

WHEREAS, Mr. Wayne Martin has served with distinction as a member of the Board of Regents of Morehead State University from 1989 to 1992, and again from 2012 to 2014; and

WHEREAS, Mr. Martin's tenure included service as vice chair of the Board of Regents; and

WHEREAS, Mr. Martin also served as chair of the presidential search committee in 1992; and

WHEREAS, Mr. Martin also served as head coach of the Morehead State University men's basketball team from 1978 to 1987, leading the Eagles to two NCAA tournaments; and

WHEREAS, Mr. Martin's distinguished service on the Board of Regents consistently demonstrated his high ethical standards and strong personal commitment to

institutional integrity; and

WHEREAS, Mr. Martin’s terms as a board member reflected his professional collegiality and dedication to academic excellence, his abiding concern for the welfare of the entire University community, and his pride as an alumnus of the institution;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Mr. Wayne Martin be and hereby is commended for his years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for his efforts.

Done this 25th day of September 2014.

Paul C. Goodpaster, Chair

ATTEST:

Sharon S. Reynolds, Secretary

Wayne D. Andrews, President

Mr. Martin thanked the members of the Board of Regents.

Dr. Gerald DeMoss

Chair Goodpaster read the following resolution of commendation for Dr. Gerald DeMoss:

RESOLUTION HONORING DR. GERALD DEMOSS

WHEREAS, Dr. Gerald DeMoss served with distinction as a member of the faculty of Morehead State University from 1968 to 2014; and

WHEREAS, Dr. DeMoss’ service included serving as Chair of the Department of Biological and Environmental Sciences;

WHEREAS, Dr. DeMoss served as Dean of the College of Science and Technology from 1995 to 2011, where he was a fervent leader in establishing the Space Science Program, one of five baccalaureate space science degrees in the U.S.; and

WHEREAS, Dr. DeMoss returned from retirement to serve as Interim Provost from 2013 to 2014; and

WHEREAS, Dr. DeMoss has initiated science, math and health grants and contracts

providing \$6.5 million to the institution and service region; and

WHEREAS, Dr. DeMoss’ distinguished service as a faculty member and administrator consistently demonstrated his high ethical standards and strong personal commitment to institutional integrity; and

WHEREAS, Dr. DeMoss’ terms as faculty, dean and interim provost reflected his professional collegiality and dedication to academic excellence, his abiding concern for the welfare of the entire University community, and his pride as a two-time alumnus of the institution;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Dr. Gerald DeMoss be and hereby is commended for his years of honorable and outstanding service to the University and that the University expresses its profound and sincere gratitude for his efforts.

Done this 25th day of September 2014.

Paul C. Goodpaster, Chair

ATTEST:

Sharon S. Reynolds, Secretary

Wayne D. Andrews, President

Dr. DeMoss thanked the members of the Board of Regents.

Chair Goodpaster read the following resolution of commendation for Carol Johnson, retired Assistant to the President and Secretary to the Board of Regents:

RESOLUTION HONORING CAROL JOHNSON

WHEREAS, Mrs. Carol Johnson served honorably and with distinction as the Assistant to the President of Morehead State University from 1970 to 2014; and

WHEREAS, Mrs. Johnson assisted seven Presidents during her tenure;

WHEREAS, Mrs. Johnson also served as Secretary of the Board of Regents from 1971 to 2014;

WHEREAS, Mrs. Johnson’s distinguished service consistently demonstrated her high ethical standards and strong personal commitment to institutional integrity; and

Carol Johnson

WHEREAS, Mrs. Johnson’s tenure as Assistant to the President and Secretary to the Board reflected her professional collegiality and dedication to excellence, her abiding concern for the welfare of the entire University community, and her pride as an alumnus of the institution;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Mrs. Carol Johnson be and hereby is commended for her years of honorable and outstanding service to the University and to the Board of Regents, and that the University expresses its profound and sincere gratitude for her efforts.

Done this 25th day of September 2014.

Paul C. Goodpaster, Chair

ATTEST:

Sharon S. Reynolds, Secretary

Wayne D. Andrews, President

Mrs. Johnson thanked the members of the Board of Regents.

Chair Goodpaster also read the following memorial resolution honoring Myron Doan, former dean of students and cheerleading coach:

**MEMORIAL
RESOLUTION
HONORING
MYRON DOAN**

MEMORIAL RESOLUTION HONORING MYRON DOAN

WHEREAS, Myron Doan, a native of Falmouth, Ky., entered Morehead State University in the Fall of 1967 to study music and was a two time graduate of the University; and

WHEREAS, Myron began his career in 1971 at WMKY where he served as Music and Promotions Director, and Program Director and Assistant Manager; and

WHEREAS, Myron served his fraternity, Tau Kappa Epsilon as chapter advisor for many years, mentoring young men during their university experience; and

WHEREAS, Myron joined the student life staff in 1985 as Assistant to the Vice President and was named Dean of Students in 1993 serving in that capacity until his retirement in November of 2004; and

WHEREAS, Myron was introduced to college cheerleading when he agreed to accompany the cheer squad on road trips and immersed himself in trainings, workshops, and learning rules and procedures; and

WHEREAS, the Morehead State University cheer program exploded onto the competitive scene in 1988 winning its first national title under Coach Doan; and

WHEREAS, during Myron’s coaching career, one of the most celebrated in the world of cheerleading, the coed squad captured thirteen national championships and the all-girl squad, added in 1994, held six national championships; and

WHEREAS, Myron was named Cheerleader Magazine’s Coach of the Year in 2002 bringing national recognition to his Alma Mater, was inducted into the MSU Alumni Hall of Fame in 2004, and the University’s cheer practice room was named in his honor in 2006; and

WHEREAS, Myron, although active in many facets of University life, was most often associated with the Morehead State University Championship Cheer Program throughout his lifetime that ended on June 22, 2014, at the age of 64 years;

THEREFORE BE IT RESOLVED, that the distinguished life of Myron Doan be and hereby is remembered with deepest respect and gratitude by the Board of Regents of Morehead State University with sincerest condolences extended to his family.

Done this 25th day of September 2014.

Paul C. Goodpaster, Chair

ATTEST:

Sharon S. Reynolds, Secretary

Wayne D. Andrews, President

Jeannie Scruggs accepted the resolution on behalf of the Doan family.

MOTION: Ms. Walker moved that the Board approve the four resolutions. Ms. Butcher seconded the motion.

VOTE: The motion carried unanimously.

**SPOTLIGHT
PRESENTATION**

Dr. Allen Risk, professor of Biology, presented on his research of the plant life in the live oak canopy of Cumberland Island National Seashore conducted while on sabbatical during the spring 2013 semester.

CONSENT AGENDA

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

1. Minutes of June 5, 2014, and August 21, 2014 (VII-A-1)
2. Personnel Actions (VII-A-2)

Mr. Merchant moved that the items on the Consent Agenda be approved. Mr. Price seconded the motion. The motion carried unanimously.

PRESIDENT'S RECOMMENDATIONS

The President recommended:

Bachelor of Science in Neuroscience

RECOMMENDATION: That the Board approve the proposal by the Department of Psychology for the Bachelor of Science in Neuroscience degree (BS-NEUR).

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

Dr. Steven Ralston, provost and vice president for Academic Affairs, said that neuroscience is an interdisciplinary field that is concerned with the structure, development, function, chemistry, pharmacology and pathology of the nervous system. Dr. Ralston said the program would be consistent with institution goals to create programs that are high quality and in the STEM + H fields. The program will leverage existing resources. There is currently no other public university or college in Kentucky offers an undergraduate Neuroscience degree. Dr. Ralston also said that granting agencies were highly interested in this field.

MOTION: Ms. Walker moved that the Board approve the Bachelor of Science in Neuroscience degree. Mr. Thacker seconded the motion.

VOTE: The motion carried unanimously.

The President recommended:

Approve Purchase of Real Property

RECOMMENDATION: That the Board approve the acquisition of a 1.18 acre property located on East Main Street in Morehead, Kentucky.

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

Beth Patrick, Chief Financial Officer and Vice President for Administration said that the University has the opportunity to acquire property contiguous to the main entrance to campus and the future site of the Alumni/Welcome Center. The property is accessible from Main Street and includes 1.18 acres and two frame residential homes. The owner of the property is Mr. Charles Caudill, an alumnus of Morehead State University and a member of the Athletic Hall of Fame. Two appraisals were conducted on the property, averaging \$510,000. The owners have agreed to a purchase price of \$400,000 over 7

*Financing for Upgrade
and Expansion of
Information Technology
Infrastructure Network
and Campus Security
Systems*

years at 5 percent interest. The University would take possession immediately. Discussion followed.

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

VOTE: The motion carried unanimously.

The President recommended:

RECOMMENDATION: That the Board authorize the University President and/or the Chief Financial Officer/Vice President for Administration to execute a loan agreement either through the Commonwealth of Kentucky Master Lease Program or a separate third party lender in an amount not to exceed \$10,000,000 to finance the upgrade and expansion of the University's information technology infrastructure network and campus security systems.

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

Ms. Patrick said the upgrade of infrastructure was a foundational initiative in the University Technology Plan. A study estimated the upgrade to be between \$7M and \$9M, with the upper estimate representing state-of-the-art equipment in all applications. The University has selected Pomeroy, a firm headquartered in Hebron, KY, for the implementation of the network upgrade. The project is expected to take eighteen months. In addition to the upgrade to the University's technology infrastructure network, campus security systems including access entry systems in residence halls, campus emergency alert systems, video surveillance and other student safety equipment is planned as part of the project.

The University is seeking short-term (ten year repayment period or less) financing. The selection of whether to use the Kentucky Master Lease Program or a third party lender would be contingent on the bids received. The debt would be partially paid from the retirement of debt from the enterprise resource planning system (Datatel) that occurs this year.

Mr. Merchant asked if bond counsel would be handling the master lease. Ms. Patrick affirmed that they would.

MOTION: Mr. Thacker moved that the Board approve the President's recommendation. Mr. Preece seconded the motion.

VOTE: The motion carried with one abstention (Mr. Merchant).

REPORTS***Preliminary Fall 2014
Enrollment***

Jeffrey Liles, Assistant Vice President for Enrollment Services, presented the preliminary enrollment report for Fall 2014. He noted that the report was prepared by the staff of the Office of Institutional Research and Analysis.

(Preliminary Enrollment Report for Fall 2014 attached to these minutes and marked VII-C-1)

Headcount enrollment is 10,951, a slight decrease from fall 2013. First time freshmen numbered 1,524, missing the goal of 1,685. There are 2,420 students enrolled in the Early College (high school dual-credit) Program.

Mr. Liles noted that while the numbers are down, the average ACT for incoming freshmen remained at 22.2, and that retention has increased. There was discussion concerning MSU and national trends, particularly in graduate enrollment.

Dr. Andrews said he found this enrollment report disturbing given the efforts being made by the University and that University staff is currently looking into the enrollment data and the financial impact.

Mr. Price asked what the average debt is at graduation. Dr. Andrews responded that it is approximately \$22,000, less than the cost of a new vehicle. Ninety percent of students receive some sort of financial aid, and 60% come from the service region, where there are tremendous economic issues.

Mr. Goodpaster asked if the University changed its recruiting areas or patterns this year. Mr. Liles said that the University expanded recruitment into new geographic areas.

Real Property Leases

Ms. Patrick reported on real property leases in effect July 1, 2014.

(Report attached to these minutes and marked VII-C-2)

***Personal Service
Contracts***

Ms. Patrick also reported on personal service contracts, which represent all such contracts issued with amounts greater than \$10,000 between May 31, 2014 and August 31, 2014.

(Report attached to these minutes and marked VII-C-3)

Ms. Patrick noted that several of the contracts (such as the legal and sign language interpretation contracts) are authorizations to spend up to the indicated amount only if needed.

**PRESIDENT'S
REPORT**

Dr. Andrews reported on the following:

- **Campus Master Plan**

1. The University is moving forward with final design for 600 new residential beds. Approximately 550 will be on campus, and 50 will be built on the University farm. The project totals \$30.7M and will be funded with agency bonds. Anticipated opening of the new hall on campus is Fall 2016.
2. The design work for the new parking garage and dining facility is being finalized. The structure will be built where Waterfield Hall stood. Construction is expected to start in early 2015 and the building will open at the end of 2015. The University will not incur any debt for this project.
3. The University recently awarded the contract for the renovation of the Adron Doran University Center. The project will be \$49M in state funds and will involve building a new dining facility and renovating the older portions of the building not previously renovated. The project will begin in May 2015 and take approximately 18 months to complete.

- **Shaping Our Appalachian Region (SOAR) Futures Forum Committee** – Dr. Andrews is a member of this committee, which is a part of the SOAR initiative initiated by Representative Hal Rogers and Governor Beshear. He participated in the SOAR Executive Board meeting earlier this week, and heard many ideas on improving the region.

ANNOUNCEMENTS

Chair Goodpaster announced the upcoming meetings and events:

*Upcoming Meetings and
Events*

- Dinner, Wednesday, November 5, 2014, Dudley's on Short, Lexington
- Retreat/Work Session, Thursday, November 6, 8 a.m., Griffin Gate Marriott
- Quarterly Meeting, Thursday, December 4, 9 a.m.
- Fall Commencement, Saturday, December 13, 10:30 a.m.

ADJOURNMENT

There being no further business to conduct, Mr. Merchant moved that the meeting adjourn at 11:53 a.m. Ms. Walker seconded the motion. The motion carried.

Respectfully submitted,

Sharon S. Reynolds, Secretary
Board of Regents

Recommendation:

That the awarding of degrees to all candidates who successfully complete all degree requirements as approved by the faculty of the University at the 2014 Fall Commencement on December 13, 2014, be approved.

Background:

622 students have applied for graduation at the December 13, 2014, Fall Commencement. This includes 57 associate degrees, 403 bachelor degrees, 156 master degrees and 6 educational specialist degrees.

ADMINISTRATOR TENURE

**BOR (III-A-3)
December 4, 2014**

Recommendation:

That the Board of Regents approve the granting of tenure and the rank of Professor to Dr. Steven Ralston, Provost and Vice President for Academic Affairs.

Background:

Morehead State University's personnel policy, PAc-27, provides a procedure to award tenure to an administrator with exceptional credentials, experience, and previously acquired tenure as a condition of employment. The promotion committee for the Department of Communication, Media & Leadership Studies unanimously approved the appointment of Dr. Steven Ralston, Provost and Vice President for Academic Affairs, at the rank of Professor. The Department Chair, Dean of the Caudill College of Arts, Humanities & Social Sciences, and the President support this recommendation.

RATIFY PERSONNEL ACTIONS

**BOR (III-A-4)
December 4, 2014**

Recommendation:

That the Board ratify the Personnel Actions for the period September 3, 2014, through November 11, 2014.

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
 11/11/14

	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
Office of the President	5.25	5.25	0.00	5.25	100.00
Division of University Advancement	48.00	44.00	-4.00	40.00	90.91
Division of Administration and Fiscal Services	116.58	112.75	-3.83	102.75	91.13
Facilities Management	155.00	157.00	2.00	153.00	97.45
Division of Student Life	121.86	120.66	-1.20	114.66	95.03
Division of Academic Affairs	41.00	39.50	-1.50	35.50	89.87
Caudill College of Arts, Humanities & Social Sciences	159.50	154.75	-4.75	139.75	90.31
College of Business and Public Affairs	58.50	58.50	0.00	55.50	94.87
College of Education	88.02	82.86	-5.16	72.03	86.93
College of Science and Technology	179.66	179.66	0.00	170.66	94.99
Academic Programs and University Outreach	86.92	32.00	-54.92	30.00	93.75
Student Success	0.00	56.00	56.00	51.00	91.07
Camden-Carroll Library	37.00	33.00	-4.00	29.00	87.88
	<u>1097.29</u>	<u>1075.93</u>	<u>-21.36</u>	<u>999.10</u>	<u>92.86</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 2013-14 AUDIT REPORT
AND AMEND OPERATING BUDGET**

**BOR (III-A-5)
December 4, 2014**

Recommendation:

That the Board accept the audit report for the fiscal year ended June 30, 2014 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 2013-14 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. At the June 5, 2014 meeting, the Board of Regents approved the recommendation of the Audit Committee for the appointment of Dean Dorton Allen Ford, PLLC to conduct the 2013-14 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on December 4, 2014. Representatives from Dean Dorton Allen Ford presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified 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, 2014 to June 30, 2014

Description	Amended Budget As of 4/1/2014	Adjustments	Amended Budget As of 6/30/2014
Revenues and Other Additions			
Tuition and Fees	\$ 72,065,530	\$ 1,464	\$ 72,066,994
Government Appropriations	41,560,200	53,634	41,613,834
Indirect Cost Reimbursement	585,000	-	585,000
Sales and Services of Ed. Activities	1,869,262	193,590	2,062,852
Other Sources	2,713,514	122,658	2,836,172
Budgeted Fund Balance - E&G	9,778,231	516,755	10,294,986
Auxiliary Enterprises	18,440,525	101,290	18,541,815
Budgeted Fund Balance - AUX	903,205	721,571	1,624,776
Total Revenues and Other Additions	<u>\$ 147,915,467</u>	<u>\$ 1,710,962</u>	<u>\$ 149,626,429</u>
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 1,003,151	\$ 68,473	\$ 1,071,624
University Advancement	5,053,337	(64,507)	4,988,830
Administration & Fiscal Services	21,221,357	968,097	22,189,454
Student Life	13,237,645	427,957	13,665,602
Academic Affairs	80,603,297	428,803	81,032,100
Debt Service & Mandatory Transfers	4,157,613	-	4,157,613
Other	4,723,195	(851,746)	3,871,449
Total Educational & General	<u>\$ 129,999,595</u>	<u>\$ 977,077</u>	<u>\$ 130,976,672</u>
Auxiliary Enterprises			
Administration & Fiscal Services	\$ 13,888,833	\$ 746,554	\$ 14,635,387
Student Life	991,743	(1,965)	989,778
Academic Affairs	13,296	-	13,296
Debt Service	2,959,510	-	2,959,510
Other	62,490	(10,704)	51,786
Total Auxiliary Enterprises	<u>\$ 17,915,872</u>	<u>\$ 733,885</u>	<u>\$ 18,649,757</u>
Total Expenditure Authorizations	<u>\$ 147,915,467</u>	<u>\$ 1,710,962</u>	<u>\$ 149,626,429</u>

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period April 1, 2014 to June 30, 2014
Notes of Significant Adjustments to Revenue and Other Additions

Sales and Services of Educational Activities

Unbudgeted revenue allocated during the fourth quarter totaled \$193,590

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$58,328
- Athletic Guarantee income totaled \$75,585
- Other athletic revenue adjustments totaled (\$2,277)
- Other miscellaneous revenue allocated primarily to Academic Affairs was \$61,954

Other Sources

Unbudgeted revenue allocated during the fourth quarter totaled \$122,658

- Unbudgeted support from the MSU Foundation totaled \$9,019
- Endowment Income allocations totaled \$19,096
- Other miscellaneous revenue allocated primarily to Academic Affairs was \$94,543

Fund Balance – E&G

Budget allocations from fund balance for educational and general purposes totaled \$516,755

- \$227,957 Athletics allocation to cover year end scholarship deficits
- \$ 82,930 University Band uniforms
- \$ 69,663 Water valve repair (*advance to be repaid from 2015-16 Capital Renewal & Maintenance Fund*)
- \$ 61,828 ESL Program Director position
- \$ 46,500 Life insurance annual premium for President Andrews
- \$ 45,000 Additional allocation for HR recruiting expenses
- \$ 30,000 Additional allocation for Legal services
- \$ 6,816 Annual insurance contribution for Interim Provost
- \$ 3,876 Additional allocation for Respiratory Care instructors at MCTC-Rowan Campus for MSU students
(*Total fund balance allocation is \$50,176 in FY 2014*)
- \$ 2,685 Red Flag reporting – service provided by Dean Dorton Allen Ford, PLLC
- \$ (60,500) Reduce allocation to Research & Sponsored Programs for F&A rate consultant from \$85,000 to \$24,500

Auxiliary Enterprises

Unbudgeted revenue allocated during the fourth quarter totaled \$101,290

- \$ 69,699 Bookstore sales revenue allocated to Bookstore purchases for additional merchandise
- \$ 30,000 Document Center revenue allocated to Document Center for outsource expenses
- \$ 1,591 Miscellaneous other revenues allocated to various auxiliary units

Fund Balance – Auxiliary

Budget allocations from fund balance for auxiliary purposes totaled \$721,571

- \$571,571 Mignon Hall renovation - furniture and technology equipment purchase
(To be reimbursed from bond funds held in Frankfort account)
- \$150,000 East Parking Structure and Dining Commons – Phase A

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period April 1, 2014 to June 30, 2014

<u>From:</u> <u>Revenue and Other Additions</u>	<u>To:</u> <u>Division/ Budget Unit</u>	<u>Amount</u>	<u>Description</u>
Fund Balance - E&G	Student Life Athletic Scholarships	\$ 227,957	Allocation of fund balance was made to cover deficit budget balances in various athletic scholarship accounts. The overall budget deficit was due to a combination of factors. There was a change in student athlete enrollment mix with increased out-of-state scholarships. Also, the cost of books was higher than projected. The book scholarship expense varies with the course enrollments of student athletes.
Fund Balance - Auxiliary	Administration & Fiscal Services Auxiliary Facility Remodeling	\$ 571,571	An advance of fund balance was made to purchase furniture and technology equipment as part of the Mignon Hall renovation project. These 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 April 1, 2014 to June 30, 2014

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I. Equipment Purchases \$200,000 or Greater			
None			
II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater			
West Mignon Hall Renovation	\$ 5,624,600	August, 2013	Completed
Intramural/Soccer Practice Field	\$ 898,000	November, 2013	Completed
Land Acquisition - Mabry Property (Brass Eagle) <i>(payments begin January 2014 and end December 2020)</i>	\$ 875,000	December, 2013	Property Conveyed
Mignon Hall Renovation	\$ 9,268,000		In Progress
East Parking Structure and Dining Commons	\$ 17,660,000		In Planning
McClure Pool Renovation/Volleyball Facility	\$ 3,800,000		In Planning
Residence Hall - Derrickson Agricultural Complex	\$ 2,735,000		In Planning
Residence Hall - On Campus	\$ 28,000,000		In Planning
West Campus Electrical Switchgear Replacement	\$ 970,000		In Planning

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

**BOR (III-B-1)
December 4, 2014**

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, 2015, 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, 2014, the first quarter of the fiscal year ending June 30, 2015. 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, 2014

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, 2014. 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, 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 2014-2015 fiscal year. During the period July 1, 2014 through September 30, 2014, the University operated with a surplus of revenues over expenditures and transfers in the amount of \$18,729,030. This level of operating surplus is expected at this time, since most of the billings for the Fall 2014 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2014 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 increased \$1.3 million over last year to \$62.8 million. The majority of this increase was due to a 4.9% increase in student tuition and fee rates and a 5.1% increase in residence hall rates.
- ▶ The percent of actual total revenue to budget was 40.46% at September 30, 2014 and 42.22% at September 30, 2013. This percentage would be expected at this time, since most of the billings for the Fall 2014 semester are reflected in revenue.
- ▶ Total expenses were approximately \$44.0 million at September 30, 2014 and \$40.6 million at September 30, 2013. The \$3.4 million increase in actual expenses is related to budgeted increases in fixed costs such as utilities, scholarship commitments, health insurance premiums, and employee retirement benefits. The increase is also due to timing differences of when debt service payments were required to be made for each fiscal year. Expenses related to the implementation of the employee compensation model also impacted the increase in actual expenses.
- ▶ Net change in net position decreased \$2.1 million to \$18.7 million as compared to \$20.8 million at September 30, 2013. This is primarily related to the increase in total expenses.

Morehead State University
Unrestricted Current Funds
Statements of Revenues, Expenditures & Changes in Net Position
For the Three Months Ended September 30, 2014 and 2013

	2014-2015			2013-2014		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
Revenues						
Educational and General						
Tuition and Fees	\$74,796,350	\$37,179,259	49.71%	\$71,919,260	\$36,486,575	50.73%
Govt Appropriations	41,545,925	12,326,555	29.67%	41,560,200	12,480,746	30.03%
Indirect Cost Reimbursement	585,000	182,698	31.23%	585,000	172,800	29.54%
Sales & Services Ed Activities	1,858,479	937,961	50.47%	1,633,272	702,170	42.99%
Other Sources	2,878,685	1,814,470	63.04%	2,338,662	1,550,803	66.31%
Budgeted Fund Balance-E&G	13,477,453	-	0.00%	8,331,828	-	0.00%
Total Educational and General	\$135,141,892	\$52,440,943	38.81%	\$126,368,222	\$51,393,094	40.67%
Auxiliary Enterprises						
Housing	\$12,553,400	\$6,777,484	53.99%	\$11,391,300	\$6,630,278	58.20%
University Store	4,858,624	2,588,322	53.28%	4,856,602	2,564,445	52.80%
Food Services	966,343	648,273	67.09%	1,116,918	577,061	51.67%
Other	1,069,300	297,475	27.82%	1,005,499	278,729	27.72%
Budgeted Fund Balance-Auxiliary	517,264	-	0.00%	787,315	-	0.00%
Total Auxiliary Enterprises	\$19,964,931	\$10,311,554	51.65%	\$19,157,634	\$10,050,513	52.46%
Total Revenues	\$155,106,823	\$62,752,497	40.46%	\$145,525,856	\$61,443,607	42.22%

Morehead State University
 Unrestricted Current Funds
 Statements of Revenues, Expenditures & Changes in Net Position
 For the Three Months Ended September 30, 2014 and 2013

	2014-2015			2013-2014		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
Expenditures and Transfers by Division						
Educational & General						
President & Administration	\$1,123,472	\$234,303	20.86%	\$977,557	\$224,254	22.94%
University Advancement	5,034,926	1,698,684	33.74%	4,996,453	1,572,416	31.47%
Administration & Fiscal Services	21,478,123	7,043,661	32.80%	20,267,850	6,307,621	31.12%
Student Life	14,005,939	4,562,788	32.58%	12,856,643	4,139,330	32.20%
Academic Affairs	82,622,255	23,463,318	28.40%	79,604,463	22,945,572	28.82%
Other	12,901,335	2,997,818	23.24%	9,313,864	962,744	10.34%
Total Educational & General	\$137,166,050	\$40,000,572	29.17%	\$128,016,830	\$36,151,937	28.24%
Auxiliary Enterprises						
Housing	\$11,620,950	\$1,596,077	13.74%	\$11,117,572	\$1,255,208	11.29%
University Store	4,431,327	1,924,087	43.42%	4,354,081	2,671,343	61.35%
Food Services	484,446	102,920	21.25%	537,822	108,496	20.17%
Other	1,404,050	399,811	28.48%	1,499,551	404,291	26.96%
Total Auxiliary Enterprises	\$17,940,773	\$4,022,895	22.43%	\$17,509,026	\$4,439,338	25.35%
Total Expenditures and Transfers by Division	\$155,106,823	\$44,023,467	28.39%	\$145,525,856	\$40,591,275	27.89%
Net Change in Net Position		\$18,729,030			\$20,852,332	

Morehead State University
Statements of Net Position
September 30, 2014 and 2013

ASSETS	2014	2013
Current assets:		
Cash and cash equivalents	\$34,268,967	\$50,206,427
Accounts, grants and loans receivable, net	21,222,903	20,822,512
Prepaid interest	-	102,192
Inventories	1,671,791	1,624,453
Total current assets	\$57,163,661	\$72,755,584
Noncurrent assets:		
Accounts, grants and loans receivable, net	\$3,962,314	\$3,709,342
Investments	14,963,165	13,679,540
Capital assets, net	199,949,833	201,271,336
Total noncurrent assets	\$218,875,312	\$218,660,218
Total Assets	\$276,038,973	\$291,415,802
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	\$5,575,108	\$8,398,495
Unearned revenue	1,795,980	1,884,833
Bonds, notes and capital lease obligations, current portion	4,850,549	4,826,040
Total current liabilities	\$12,221,637	\$15,109,368
Long-term liabilities:		
Bonds, notes and capital lease obligations, noncurrent portion	61,344,231	69,612,674
Advances from federal government for student loans	3,507,148	3,416,142
Unearned revenue	290,235	290,235
Total long-term liabilities	\$65,141,614	\$73,319,051
Total Liabilities	\$77,363,251	\$88,428,419
Deferred Inflows of Resources:		
Deferred bond reoffering premium	\$2,526,389	-
Total deferred inflows of resources	\$2,526,389	-
Net Position:		
Net investment in capital assets	\$131,228,662	\$126,934,812
Restricted:		
Expendable	6,946,433	14,131,636
Nonexpendable	12,899,215	12,818,674
Unrestricted	45,075,023	49,102,261
Total net position	\$196,149,333	\$202,987,383
Total liabilities, deferred inflows and net position	\$276,038,973	\$291,415,802

See Attached Notes To Statements of Net Position

Morehead State University
Notes to the Statements of Net Position
September 30, 2014 and 2013

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. Accounts, grants, and loans receivable are shown net of allowance for uncollectible student accounts of \$1,821,783 at September 30, 2014 and \$2,108,684 at September 30, 2013. Also, included in this category is \$10 million in receivables from federal and state grant agencies at September 30, 2014 and \$9 million at September 30, 2013.
3. Noncurrent accounts, grants and loans receivable represent balances owed to the University from borrowers who have participated in the Federal Perkins Loan Program. The balance is presented net of allowance for uncollectible accounts in the amount of \$86,884 at September 30, 2014 and \$81,005 at September 30, 2013.
4. Prepaid interest represents interest paid to advance refund the University's Housing and Dining System Revenue Bonds.
5. Capital assets, net decreased approximately \$1.3 million from the previous year. This decrease is primarily related to increases in accumulated depreciation and to a change in estimate regarding the remaining useful life of some previously recorded assets. This was based on a change to our capitalization policy, which increased the capitalization threshold for building improvements to be more consistent with other regional universities. This decrease was offset by the completion of the West Mignon Residence Hall renovation, guaranteed energy savings project, soccer practice field and the acquisition of the Brass Eagle property. Accumulated depreciation on buildings and equipment was \$159,416,228 at September 30, 2014 and \$153,402,202 at September 30, 2013.
6. 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.
7. Unearned revenue from federal and state grants represent amounts received but not expended at the Statements of Net Position date.
8. Bonds and notes payable include the current and long-term portions of amounts borrowed to finance the purchase of plant assets. The University issued 2014 Series A and 2014 Series B General Receipts Bonds in the amount of \$27.5 million on July 24, 2014. These bonds were issued to refund the University's outstanding Consolidated Educational Building Revenue Bonds and the University's outstanding Taxable Build America Bonds to achieve debt service savings. The University also made principal payments on outstanding debt in the amount of \$6.9 million and also reduced debt by an additional \$2.1 million through the issuance of the 2014 Series A and 2014 Series B General Receipts Refunding Bonds.
9. The capital portion of the net position balance is the equity the University has in land, buildings, equipment, and library holdings.
10. Restricted net position includes the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2014 to September 30, 2014

Description	Opening Budget As of 7/1/14	Adjustments	Amended Budget As of 9/30/14
Revenues and Other Additions			
Tuition and Fees	\$ 74,758,464	\$ 37,886	\$ 74,796,350
Government Appropriations	41,545,925	-	41,545,925
Indirect Cost Reimbursement	585,000	-	585,000
Sales and Services of Ed. Activities	1,597,313	261,166	1,858,479
Other Sources	2,268,268	610,417	2,878,685
Budgeted Fund Balance - E&G	12,984,930	492,524	13,477,454
Auxiliary Enterprises	19,231,700	215,967	19,447,667
Budgeted Fund Balance - AUX	224,400	292,863	517,263
Total Revenues and Other Additions	\$ 153,196,000	\$ 1,910,823	\$ 155,106,823
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 971,846	\$ 151,626	\$ 1,123,472
University Advancement	4,732,032	302,894	5,034,926
Administration & Fiscal Services	19,041,737	2,436,386	21,478,123
Student Life	13,653,238	352,701	14,005,939
Academic Affairs	81,159,115	1,463,140	82,622,255
Debt Service & Mandatory Transfers	4,043,554	-	4,043,554
Other	12,628,862	(3,771,081)	8,857,781
Total Educational & General	\$ 136,230,384	\$ 935,666	\$ 137,166,050
Auxiliary Enterprises			
Administration & Fiscal Services	\$ 12,267,012	\$ 1,140,157	\$ 13,407,169
Student Life	869,978	-	869,978
Academic Affairs	13,296	-	13,296
Debt Service	3,650,330	-	3,650,330
Other	165,000	(165,000)	-
Total Auxiliary Enterprises	\$ 16,965,616	\$ 975,157	\$ 17,940,773
Total Expenditure Authorizations	\$ 153,196,000	\$ 1,910,823	\$ 155,106,823

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2014 to September 30, 2014
Notes of Significant Adjustments to Revenue and Other Additions

Sales and Services of Educational Activities

Unbudgeted revenue allocated during the first quarter totaled \$261,166

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$188,198
- Basketball Guarantee income budget increased by \$39,500
- Other athletic revenue totaled \$21,300
- Other miscellaneous revenue allocated to Academic Affairs was \$12,168

Other Sources

Unbudgeted revenue allocated during the first quarter totaled \$610,417

- Unbudgeted support from the MSU Foundation totaled \$442,901
 - \$321,705 Academic Affairs (*includes \$206,676 allocated for Craft Academy*)
 - \$119,122 University Advancement
 - \$ 2,074 Administration & Fiscal Services
- Other miscellaneous revenue allocated primarily to Academic Affairs was \$167,516

Fund Balance – E&G

Budget allocations from fund balance for educational and general purposes totaled \$492,524

- \$148,810 Ektron contract for managed cloud hosting & application services related to University website
- \$131,156 Fire & Tornado insurance premium increase
- \$ 83,500 Additional allocation for ADA sign language interpreters and captioning providers
(Total fund balance allocation is \$183,500 in FY 2015)
- \$ 51,972 Cerner contract for web-based software and services for wellness training
- \$ 27,155 Student athlete insurance premium increase
- \$ 14,507 Additional allocation for two fixed-term faculty positions
(Total fund balance allocation is \$125,856 in FY 2015)
- \$ 12,244 Men's Golf Coach position changed from part-time to full-time status
- \$ 10,000 Moving expense allocation for Provost
- \$ 6,150 Quality Enhancement Plan Director (\$5,000 supplemental pay plus fringe benefits)
- \$ 4,522 Director of Athletics vehicle allowance 1/1/14-6/30/14
- \$ 1,925 Employee hearing screenings
- \$ 1,718 Additional allocation to purchase guard uniforms for University Band
(Total fund balance allocation is \$84,648 in FY 2014 & FY 2015)

Auxiliary Enterprises

Unbudgeted revenue allocated during the first quarter totaled \$215,967

- Auxiliary revenue generated by ARAMARK excess pre-tax profits allocations was \$205,843
 - \$203,343 Partial funding for Phase II of Zoysia project at Eagle Trace Golf Course
 - \$ 2,500 Barcode scanning software for Post Office
- Bookstore commission revenue allocated to support Bookstore promotional activities totaled \$10,124

Fund Balance – Auxiliary

Budget allocations from fund balance for auxiliary purposes totaled \$292,863

- \$273,487 Additional allocation for housing construction carry forward from FY 2014
- \$ 14,291 Asst. VP Auxiliary Services supplement to provide services for special projects in FY 2015
- \$ 5,085 Mignon Hall renovation – mattress purchase
(To be reimbursed from bond funds held in Frankfort account)

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period July 1, 2014 to September 30, 2014

From: Revenue and Other Additions	To: Division/ Budget Unit	Amount	Description
Auxiliary Enterprises	Administration & Fiscal Services Auxiliary Facility Remodeling	\$ 203,343	As part of our food service contract with Aramark, we receive residual revenue from excess pre-tax profits generated by Aramark. During the first quarter, \$203,343 of the residual revenue received in FY 2015 was allocated to partially fund Phase II of the Zoysia project at Eagle Trace Golf Course. This allocation was combined with \$136,611 residual revenue carried forward from FY 2014 to fully fund Phase II of this project.
Fund Balance - Auxiliary	Administration & Fiscal Services Auxiliary Facility Remodeling	\$ 273,487	Additional allocation of fund balance was made to carry forward FY 2014 capital construction housing and other auxiliary project funds for expenditure in FY 2015.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of July 1, 2014 to September 30, 2014

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I. Equipment Purchases \$200,000 or Greater			
None			
II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater			
Mignon Hall Renovation	\$ 9,268,000	August, 2014	Completed
East Parking Structure and Dining Commons	\$ 17,660,000		In Planning
McClure Pool Renovation/Volleyball Facility <i>(Decreased project scope from \$3,800,000 to \$1,400,000)</i>	\$ 1,400,000		In Planning
Residence Hall - Derrickson Agricultural Complex	\$ 2,735,000		In Planning
Residence Hall - On Campus	\$ 28,000,000		In Planning
West Campus Electrical Switchgear Replacement	\$ 970,000		In Planning

**APPROVE TUITION AND MANDATORY FEE
RATE INCREASE FOR 2015-2016**

**BOR (III-B-2)
December 4, 2014**

Recommendation:

That the Board approve development of a 2015/2016 Tuition and Mandatory Fee Schedule based on a 3 percent increase in the rate for resident undergraduates and also complies with all other tuition parameters identified in the Council on Postsecondary Education's Tuition Policy for 2014-2016.

Background:

On April 29, 2014, the Council on Postsecondary Education (CPE) approved tuition rate parameters for the 2014-2016 biennium. The decision to transition to a two-year tuition setting cycle was adopted by the CPE to facilitate strategic planning and budgeting processes and make college costs more predictable for students and families.

The approved CPE tuition parameters set a limit for resident, undergraduate tuition and mandatory fees that equates to a maximum base rate increase of no more than 8 percent across both years of the biennium. At the June 5, 2014 meeting, the Board approved a 5 percent increase effective in 2014/2015, leaving a maximum rate increase of a 3 percent available for 2015/2016. The base rate excludes Special Use Fees. On June 10, 2011, CPE approved a Special Use Fee for MSU to assess a \$5 per credit hour (equivalent of \$66 for 15 credit hours under current rate structure) student-endorsed fee dedicated to pay construction costs of the new Student Recreation Center.

The CPE tuition parameters also include a floor for nonresident, undergraduate tuition and mandatory fees at no less than two times an institution's resident, undergraduate rate. Graduate and online tuition and mandatory fees are to be set at market competitive rates as determined by each institution's respective Board.

Tuition rate increases are essential to cover the annual increases in fixed and unavoidable costs, strategic investments that support the University's goals and objectives defined in the *ASPIRE 2014-2018 Strategic Plan* and to offset reductions in state operating support.

Analysis:

Based on the maximum 3 percent increase provided for in the approved CPE tuition parameters, changes in the tuition and mandatory fee rate for a full-time resident, undergraduate tuition would be as follows:

	Fall 2014	Fall 2015	Increase
TUITION and FEES			
Resident Undergraduate Base Tuition (12-18 hours)	\$3,867	\$3,983	\$116
Special Use Fee (Student Recreation Fee)	\$66	\$66	\$0
Total Tuition & Fees (Resident Undergraduate 12-18 hours)	\$3,933	\$3,933	\$116

Additional analysis is being conducted on tuition and mandatory fee rates for resident undergraduates, graduates and students enrolled in online programs. It is recommended that the Board approve the development of the full tuition and mandatory fee schedule for 2015/2016 based on a 3 percent increase for resident undergraduates and in accordance with all other parameters included in the CPE approved tuition policy. A detailed tuition and mandatory fee schedule will be provided to the Board for consideration along with the recommended 2015/2016 Operating Budget prior to June 30, 2015.



Fall 2014 Final Enrollment Report

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 2010	8,842		97,492		6,641		1,180		21.6	
Fall 2011	10,971	24.1%	106,315	9.0%	7,241	9.0%	1,372	16.3%	21.8	1.1%
Fall 2012	11,172	1.8%	110,859	4.3%	7,537	4.1%	1,649	20.2%	22.1	1.4%
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%	1,516	-10.0%	22.2	-0.5%

5-Year Enrollment Trends of High School Students

Term	Headcount		Student Credit Hours		FTE	
	N	% Change	N	% Change	N	% Change
Fall 2010	555		1,917		128	
Fall 2011	2,343	322.2%	8,079	321.4%	539	321.4%
Fall 2012	2,324	-0.8%	8,859	9.7%	591	9.7%
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%

Enrollment by Level

Undergraduate	9,952
Graduate	1,101
Grand Total	11,053

Enrollment by Race/Ethnicity

Non URM	10,450
Nonresident Alien	141
Asian	41
White	9,971
Two or More Races	142
Unknown	155
Under-Represented Minority	603
American Indian	20
Black	409
Hispanic	162
Native Hawaiian, Pacific Islander	12
Grand Total	11,053

Official FTFR Retention Numbers for Fall 2014:

- 68.9% retention of Fall 2013 first-time freshmen to Fall 2014.
- 70.4% retention of Fall 2013 first-time freshmen who were under-represented minorities to Fall 2014.
- 68.7% retention of Fall 2013 Black first-time freshmen to Fall 2014.

REPORT ON HEALTH INSURANCE AND BENEFITS FOR PLAN YEAR 2015

**BOR (III-C-2)
December 4, 2014**

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 employee's overall health and well-being through early identification and prevention of disease thereby reducing the need for medical intervention and health claims. MSU will remain fully insured for 2015 in partnership with our health insurance provider Anthem Blue Cross Blue Shield of Kentucky. Anthem provides high quality health care coverage, a superior provider network, aggressive discounts and robust tools to assist employees in improving their health.

The four primary objectives of the 2015 health plan are:

- Implement a program for outcome based incentives through a collaborative partnership with the Office of Human Resources (OHR), MSU Health Clinic, and the MSU Recreation & Wellness Center.
- Establish a Health & Wellness steering committee to focus on chronic disease & prevention, behavioral health, utilization management, and providing assistance to our employees in taking an active role in staying well with our own programs for wellness.
- Continue to maintain high-quality, market-competitive and affordable health care coverage so that we can maintain our ability to recruit and retain superior faculty and staff who carry out the mission of this University.
- Revise existing health plans and structure to better support our consumer driven philosophy, encourage healthy practices, and meet both the minimum value and affordability standards of the Affordable Care Act.

The 2015 outcome based wellness incentives continue to include the covered employee/spouse. Both the employee and a covered spouse can participate in two passive wellness incentives and a "well point" program (Live Well, Work Well @ MSU) that can further reduce employee premiums up to \$400 for single and \$600 annually for a two person/family plan. The strategy engages our employees and their spouses to take a more active role in their health, encourages early detection and diagnosis of potentially serious health conditions such as hypertension and diabetes, empowers employees to choose a healthy lifestyle, provides ongoing education and resources to improve/maintain health and provides incentives for participation. This collaborative partnership with the MSU Counseling and Health Services Clinic expands the employee biometric screening access and incorporates employee health coaching, allowing us to establish reasonable health improvement goals for our employees and provide the tools for employees to use to help accomplish the outcomes desired. This program began in late 2014 and will incorporate health premium incentives for 2016. The employee health objectives will provide incentives for demonstrable improvements in health such as weight reduction, cholesterol reduction, and blood pressure reduction. The 2015 outcome-based program direction will focus on:

- Developing targeted solutions for populations not participating.
- Providing interventions that include evidence-based programs, activities, and information designed to improve individual lifestyle habits and health status of our employees and their covered spouses.
- Creating sustainable organizational well-being.
- Further enhancing a culture of wellness at the University.

Our strategy for 2015 enhances previous wellness program features and builds on three significant features added in 2014:

- (1) In April 2014, we hired a health coach in the University clinic. This individual elevates the biometric screening to a new level and will provide the foundation for our wellness program behavioral based incentives in 2015 and beyond. In addition, it substantially improves the access to the biometric screening for our employees and their covered spouses.
- (2) In July 2014, we implemented our new employee “Live Well, Work Well” wellness portal using a product from the Cerner Corporation. Cerner Corporation is a global supplier of health care information technology (HCIT) solutions and services. We believe that good health is no accident. By understanding potential health risks, we can tailor wellness programs to match the needs of our population. The new Cerner wellness portal:
 - a. Automates the administration and management of wellness initiatives, making it easy for our university to tailor wellness programming and engagement strategies to meet our needs.
 - b. Delivers actionable, meaningful engagement and outreach programs designed to help prevent or control chronic conditions, promote healthy habits and close care gaps.
 - c. Provides a Personal Health Assessment that plays a critical role in assessing our population’s overall health and generates intelligence used to drive program initiatives and measure year-over-year progress.
 - d. Brings tools and programs that tie into the employee health coaching program as well as the wellness activities associated with our campus recreation center.
- (3) In September 2014, we initiated an Employee Wellness Steering Committee to develop and implement more comprehensive employee wellness programs for 2015 and beyond. It is based on collaboration between parties with a vested interest in improving employee, family, student, and community health.
 - a. The committee is primarily focused on three areas but will also rely on input and participation of other interested areas.
 - i. The prime areas of collaboration and their missions are:

1. The Office of Human Resources will be responsible for overall wellness strategy, health plan design, wellness portal coordination, program data management, and wellness incentives.
 2. MSU clinic health coaching will be responsible for biometric screening, setting appropriate employee/spouse health goals, employee/spouse health coaching, and providing advice and tools to assist employee/spouses in reaching goals.
 3. The MSU Recreation Center will be responsible for wellness activity planning, communicating, and running health and wellness events as well as incorporating recreation facility and exercise expertise to employees and their spouses.
- ii. Other steering committee members and their missions are:
1. Employee Benefits Committee, Darlene Allen – responsible for general program input and employee perspective.
 2. Health, Wellness & Human Performance (HWHP), Dr. Monica Magner – responsible for program input and student involvement.
 3. Anthem Blue Cross Blue Shield, Celene Marshall – responsible for insurer input and Anthem support program utilization.
 4. Health insurance agent, Dan Markwell – responsible for program input and community involvement in wellness.

Beginning in 2015, we anticipate enlisting the help of our students in carrying out many of the aspects of the wellness programs. This experience will help with program implementation and give our students a valuable school-to-work experience. Long range objectives will include our student population in participating in the wellness programs so they can develop healthier lifestyles because positive habits acquired as a student carry forward into later life. Following that, consideration should be given to include the community since many of employees come from the community and are our former students.

The University's emphasis on wellness while combining this philosophy with Anthem's similar approach has resulted in a history of health premium increases well below the national average, including two years with no increase in our premiums. While we have been pleased with the results of our wellness initiatives, our claims history for the past two years has not lived up to our expectations and has resulted in an 8.43% increase in health premiums for 2015. Claims analysis has not revealed any one factor responsible for this but we believe it relates to a low level of employee involvement in our wellness program. Currently 25% of our employees and covered spouses actively participate in the program. Our focus for 2015 and beyond is designed to improve our claims history by increasing active participation in the wellness program primarily through the biometric screening/health coaching with behavioral modification along with wellness participation incentives to reduce health premium costs for our employees. We will also broaden wellness program direction, programming, and participation through the utilization of the wellness program steering committee.

The following chart displays our health insurance premium increases for the past eight years compared to the national trend. We began our wellness program in 2007:

Year	MSU Annual Increases	National Trend	Wellness Incentive
2008	8.17%	9.40%	Passive
2009	6.23%	9.20%	Passive & Active
2010	7.00%	9.00%	Passive, Active & Education
2011	4.36%	9.00%	Passive, Active, Education & Spouse
2012	0.00%	8.50%	Passive, Active, Education & Spouse
2013	0.00%	5.00%	Passive, Active, Education & Spouse
2014	7.78%	7.00%	Passive, Active, Education & Spouse
2015	8.43%	5.50%	Biometric screening, and outcome-based incentives

The monthly employer/employee cost breakdown for each 2015 health insurance plan is reflected in the following table and does not reflect wellness incentives or HRA contribution. MSU contributes 75% of the premium average cost:

Health Insurance Monthly Rates Comparison 2014 vs. 2015										
Health Plan	Coverage Level	Total Premium		Variance	University Contribution		Variance	Employee Cost		Variance
		2014	2015		2014	2015		2014	2015	
Blue Access 500 (2014) Eliminated (2015)	Single	\$ 619	N/A		\$ 427	N/A		\$ 192	N/A	
	2-person	\$ 929			\$ 548			\$ 381		
	Family	\$ 1,238			\$ 644			\$ 594		
Blue Access 1,500 (2014) Anthem Gold (2015)	Single	\$ 489	\$ 530	\$ 41	\$ 416	\$ 445	\$ 29	\$ 73	\$ 85	\$ 11
	2-Person	\$ 733	\$ 795	\$ 62	\$ 520	\$ 568	\$ 48	\$ 213	\$ 227	\$ 14
	Family	\$ 977	\$ 1,059	\$ 82	\$ 655	\$ 715	\$ 60	\$ 322	\$ 344	\$ 22
Blue Access 2,500 (2014) Anthem Blue (2015)	Single	\$ 413	\$ 448	\$ 35	\$ 386	\$ 412	\$ 26	\$ 27	\$ 36	\$ 9
	2-person	\$ 620	\$ 672	\$ 52	\$ 471	\$ 513	\$ 42	\$ 149	\$ 159	\$ 10
	Family	\$ 826	\$ 896	\$ 70	\$ 595	\$ 645	\$ 50	\$ 231	\$ 251	\$ 20

*Both spouses employed by MSU receive two single employer contributions toward their health plan.

Other core employee benefits will moderately improve or remain the same for 2015 with no increase in cost. We will remain self-insured with our dental plans using Delta Dental as third party administrator (TPA) with no premium increase to our employees or the University.

Employee life insurance bid in 2008 resulted in a 26% decrease in rates in 2009. Rates have remained the same since that time and will remain unchanged again for 2015.

University Health reimbursement account (HRA) contributions will change for 2015 with the introduction of a three tier contribution structure. 2015 single HRA contribution will change from \$650 to \$500; two person contributions will change from \$1,150 to \$900; and family HRA contribution will increase from \$1,150 to \$1,200.

In addition, our third party administrator (TPA) for the HRA and flexible spending accounts (FSA) will change from TRISTAR to FLEX MADE EASY. This will result in a 33.6%

savings in administrative costs, a moderate increase in employee benefits, improved reporting function, and a five year rate hold on program costs.

Summary:

- Our health care focus for 2015 and beyond is designed to increase active participation in the wellness program through biometric screening, health coaching with behavioral modification, broader involvement from campus and community.
- MSU remains fully insured through Anthem for healthcare with an increase in premiums of 8.43% for 2015.
- Health plan design will change to strengthen emphasis on improving employee health.
- Dental plans remain the same and premiums will not increase for 2015.
- Employee life insurance rates were reduced by 26% in 2009, have remained unchanged since that time and will remain unchanged for 2015.
- Improvements and cost savings have been realized in HRA plan design and third party administration.

REPORT ON PERSONAL SERVICE CONTRACTS

**BOR (III-C-3)
December 4, 2014**

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between September 1, 2014 and November 15, 2014.

PERSONAL SERVICE CONTRACTS
September 1, 2014 through November 15, 2014

Individual/Firm	Contract Description	Contract Beginning Date	Contract Ending Date	Contract Amount	Method of Selection
Interspace Limited	Interior design and space planning consultant	11/3/14	6/30/15	\$66,000.00	Request for Proposal
Kentucky Center for Mathematics	Math curriculum collaboration consultant for Adult Education Academy	11/15/14	6/30/15	\$10,000.00	Request for Proposal