

Midwestern State University Board of Regents Meetings



August 3 and 4, 2017

Midwestern State University

Board of Regents Meetings

Schedule

Thursday, August 3, 2017

- 10:00 a.m. Board of Regents Meeting
Hardin Administration Building
J. S. Bridwell Board Room
Committee of the Whole – Budget Review
- 11:30 a.m. Tour of New Mass Communication Wing of
Fain Fine Arts Center and Burns Chapel
- 12:15 p.m. Lunch
- 1:30 p.m. Board of Regents Meeting Resumes
Hardin Administration Building
J. S. Bridwell Board Room
Committee of the Whole
Executive Committee
Academic and Student Affairs Committee
Finance Committee
Audit, Compliance, and Management Review

This meeting will be continuous in that the Board reserves the right to take any agenda item out of the order or sequence that is listed. The times listed are estimates.

Friday, August 4, 2017

- 9:00 a.m. Board of Regents Meeting

Meeting Location: Midwestern State University Campus
3410 Taft Boulevard
Hardin Administration Building
J. S. Bridwell Board Room
Wichita Falls, Texas 76308

**MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS**

Samuel M. Sanchez, Chairman
R. Caven Crosnoe, Vice Chairman
Nancy Marks, Secretary
Warren Ayres
Tiffany D. Burks
F. Lynwood Givens, Ph.D.
Jeff Gregg
Shawn G. Hessing
Shelley Sweatt, Ed.D.
Shayla Owens, Student Regent

Midwestern State University Administration
August 2017

Dr. Suzanne Shipley, President

Ms. Debbie Barrow, Director, Board and Government Relations

Dr. Francine Carraro, Director, Museum

Ms. Leigh Kidwell, Director, Internal Audits

Mr. Barry Macha, General Counsel

Mr. Mark McClendon, Director, Institutional Research and Assessment

Dr. James Johnston, Provost and Vice President for Academic Affairs

Dr. Margaret Brown Marsden, Dean, College of Science and Mathematics

Dr. Martin Camacho, Dean, Lamar D. Fain College of Fine Arts

Dr. Matthew Capps, Dean, Gordon T. and Ellen West College of Education

Ms. Darla English, Registrar

Dr. Jeffrey Killion, Interim Dean, Robert D. and Carol Gunn College of Health Sciences and Human Services

Dr. Clara Latham, University Librarian

Dr. Jeff Stambaugh, Interim Dean, Dillard College of Business Administration (effective 9/1)

Dr. Samuel E. Watson, III, Dean, Prothro-Yeager College of Humanities and Social Sciences

Ms. Juliana Lehman-Felts, Assistant Director, Redwine Honors Program

Dr. Kathryn Zuckweiler, Dean, Dr. Billie Doris McAda Graduate School

Dr. Kristen Garrison, Associate Vice President for Undergraduate Education and Assessment

Dr. Lisa Estrada-Hamby, Director, Student Support Services

Dr. Michael Mills, Director, International Education

Dr. Pamela Morgan, Director, Continuing, Professional, and Distance Education

Dr. Magaly Rincón-Zachary, Director, Office of Undergraduate Research

Vacant, Director, Tutoring and Academic Support Programs (TASP)

Dr. Marilyn Fowlé, Vice President for Administration and Finance

Ms. Dawn Fisher, Director, Human Resources

Mr. Jim Hall, Chief Information Security Officer

Ms. Valarie Maxwell, Director, Budget and Management

Mr. Kyle Owen, Associate Vice President for Facilities Services

Ms. Kathy Rice, Director, Payroll

Dr. David Sanchez, Chief Information Officer

Mr. Stephen Shelley, Director, Purchasing and Contract Management

Mr. Chris Stovall, Controller

Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management

Ms. Gayonne Beavers, Director, Admissions

Mr. Randy Canivel, Director, Flower Mound Campus

Mr. Patrick Coggins, Chief, University Police

Dr. Randy Glean, Director, International Services

Dr. Syreeta Greene, Director, Equity, Inclusion, and Multicultural Affairs

Ms. Debra Higginbotham, Director, Disability Support Services

Mr. Jon Lane, Postal Services Supervisor
Ms. Kathy Pennartz-Browning, Director, Student Financial Aid
Mr. Dirk Welch, Director, Career Management and Testing Services
Dr. Keith Williamson, Medical Director, Vinson Health Center
Mr. Matthew Park, Associate Vice President for Student Affairs and Dean of Students
Ms. Cammie Dean, Director, Student Development and Orientation
Ms. Angie Reay, Director of Recreational Sports/Wellness Center
Dr. Pam Midgett, Director, Counseling Center
Mr. Dail Neely, Director, Student Conduct and Clark Student Center
Ms. Kristi Schulte, Director, Residence Life and Housing

Mr. Anthony Vidmar, Vice President for University Advancement and Public Affairs
Ms. Julie Gaynor, Director, Marketing and Public Information
Ms. Rhonda McClung, Assistant Vice President for Gift Planning and Development
Ms. Leslee Ponder, Director, Alumni Relations
Mr. Steve Shipp, Director, University Development

Mr. Kyle Williams, Interim Director of Athletics
Mr. Damian Clarke, Head Women's Soccer Coach
Mr. Nelson Haggerty, Head Men's Basketball Coach
Ms. Noel Johnson, Head Women's Basketball Coach
Mr. Scott Linn, Head Tennis Coach
Mr. Bill Maskill, Head Football Coach
Mr. Kurt Portmann, Executive Associate Director of Athletics
Mr. Jeff Ray, Head Golf Coach and Coordinator, Champs Life Skills Program
Mr. Trey Reed, Assistant Director of Athletics for Sports Information
Ms. Natalie Rawson, Head Volleyball Coach
Mr. Mark Ryal, Interim Head Softball Coach
Ms. Amanda Snodgrass, Assistant Director of Athletics for Business and Finance and Senior Woman Administrator
Mr. Koby Styles, Head Women's Cross Country and Track Coach

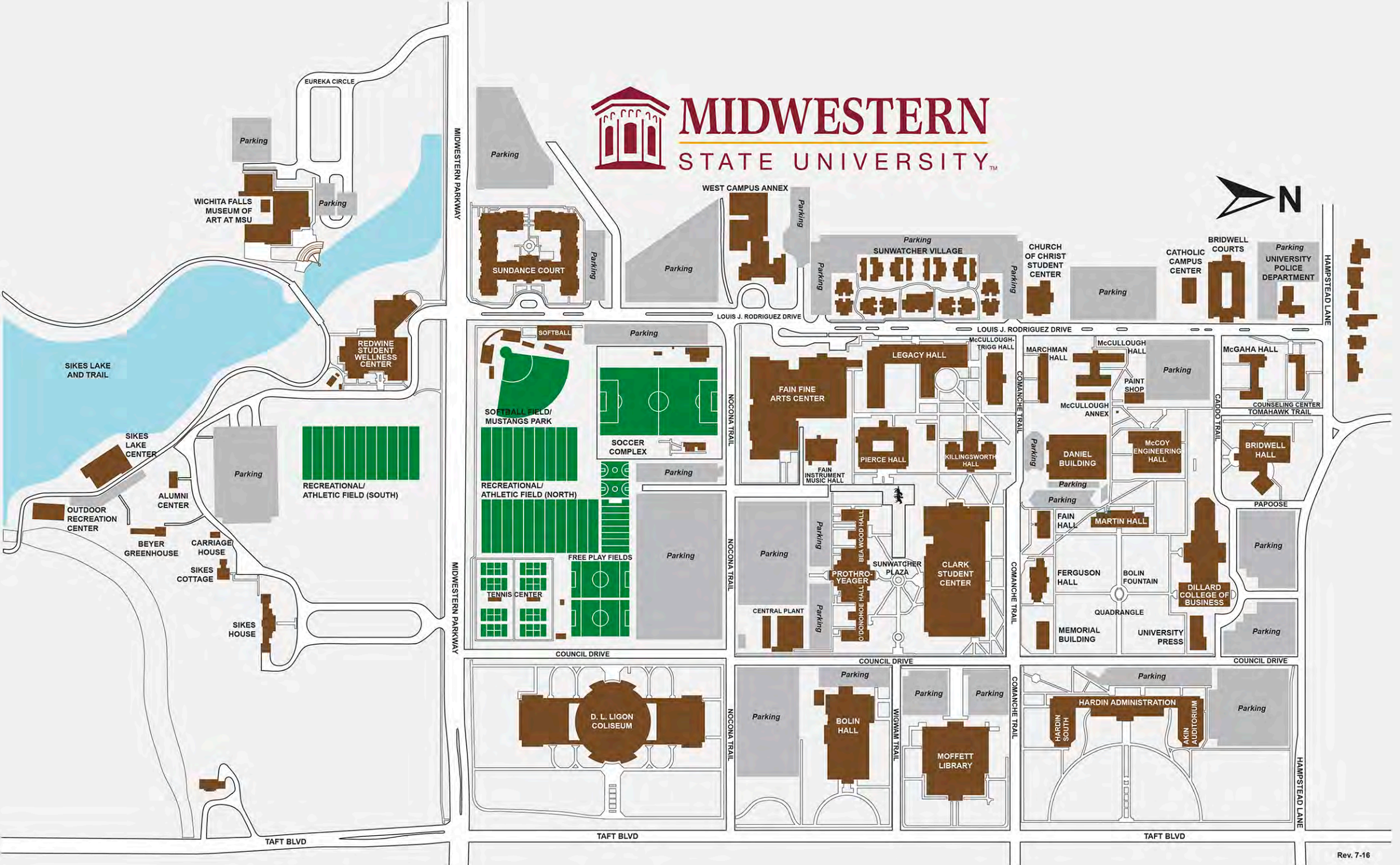
Dr. David Carlston, Chairman, MSU Faculty Senate
Ms. Angie Reay, Chair, MSU Staff Senate
Ms. Maria Peña, President, MSU Student Government Association

MSU and Higher Education Acronyms

AACSB, Intl.	Association to Advance Collegiate Schools of Business – The accrediting body for the Dillard College of Business Administration.
ABET	Engineering program accrediting body, previously the Accreditation Board for Engineering and Technology.
AFR	Annual Financial Report – This report is prepared at the conclusion of MSU’s fiscal year – August 31 each year.
AY	Academic Year – the university’s academic year official begins September 1 and ends August 31
COPLAC	Council of Public Liberal Arts Colleges – This organization advances the aims of its member institutions -MSU is the only Texas member - and drives awareness of the value of high-quality, public liberal arts education in a student-centered residential environment.
CPUPC	Council of Public University Presidents and Chancellors – An organization made up of the presidents and chancellors of all Texas public universities.
CRM	Customer Relationship Management – MSU uses CRM software to provide communication management, event management, and process management for the student recruiting and admissions processes.
EURECA	Enhancing Undergraduate Research and Creative Activities – An MSU program designed to promote and facilitate undergraduate research by providing incentives and a support system for undergraduate students to engage in high-quality research and creative activities in an interdisciplinary environment.
E&G	Educational and General – A fund group, these funds are used to provide educational services to MSU students.
FERPA	Family Educational Rights and Privacy Act – A Federal law that protects the privacy of student education records. The law applies to all schools that receive funds under an applicable program of the U. S. Department of Education.
FY	Fiscal Year – the university’s fiscal year begins September 1 and ends August 31

HEAF or HEF	Higher Education Assistance Fund – These funds, appropriated by the state to non-Permanent University Fund [PUF] schools, including MSU, can be used to acquire land; construct, repair, and rehabilitate buildings; and purchase capital equipment and library materials.
HIPAA	Health Insurance Portability and Accountability Act – Establishes national standards for the protection of certain health information.
IPEDS	Integrated Post-Secondary Education Data System – A postsecondary education data collection program within the U.S. Department of Education.
LAR	Legislative Appropriations Request – Texas state agencies, including MSU, submit this request for funding to the legislature every two years, prior to the biennial legislative session.
LBB	Legislative Budget Board – A joint committee of the Texas Legislature that develops budget and policy recommendations for legislative appropriations, completes fiscal analyses for proposed legislation, and conducts evaluations and reviews to improve the efficiency and performance of state and local operations.
LSC	Lone Star Conference – MSU is a member of this NCAA Division II athletics conference.
M&O	Maintenance and Operations (fund group)
NCATE	National Council for Accreditation of Teacher Education – Accrediting body for MSU’s teacher education programs.
NSSE	National Survey of Student Engagement – A survey MSU students participate in that reports participation in programs and activities that are provided for students’ learning and personal development. The results provide an estimate of how undergraduate students spend their time and what they gain from attending college.
PUF	Permanent University Fund – A public endowment that provides support to 21 institutions of The University of Texas and the Texas A&M University Systems that were members of those systems prior to the creation of the HEF. These funds can be used to pay interest and principal due on PUF bonds; to provide support for a wide range of programs intended to develop excellence at The University of Texas at Austin, Texas A&M University, Prairie View University, and any new universities; and to provide for the expenses of the two respective System administrations.

SACSCOC	Southern Association of Colleges and Schools Commission on Colleges – One of six regional accreditation organizations recognized by the U.S. Department of Education and the Council for Higher Education Accreditation. SACSCOC accredits public and private institutions of higher education, including MSU. Midwestern State University’s accreditation was reaffirmed in 2013.
SCH	Semester Credit Hour
SGA	Student Government Association – the MSU SGA is a representative body of MSU students. Elections are held each year for a President, Vice President, Secretary, and various Student Senate positions. The Student Senate is made up of senators from registered student organizations, residence halls/apartments, and student classifications (freshman, sophomore, junior, senior, and graduate).
SORM	State Office of Risk Management provides risk management and insurance services to Texas state agencies, including MSU.
THECB	Texas Higher Education Coordinating Board oversees public higher education in Texas including developing and overseeing the state master plan for higher education.
TPFA	Texas Public Finance Authority must review requests by MSU to bond funds and administers the issuance of all MSU debt)
TRB	Tuition Revenue Bond – A vehicle for funding capital improvement projects in Texas higher education. These bonds are paid from state appropriations specifically for this purpose.



Midwestern State University Dashboard Indicator and Projections

November 2016 Board of Regents Meeting

		Annual Performance				Target	COPLAC
		2013-2014	2014-2015	2015-16	2016-17	2018-19	2015-16
1. Student Access							
1.1	Total Enrollment (Headcount)	5,870	5,874	6,043	6,064	6,230	3861
1.1.1	Undergraduate Enrollment (Fall)	5,193	5,144	5,287	5,319	5,450	3662
1.1.2	First-time, Full-time (Fall)	831	828	820	734	825	658
1.1.3	Undergraduate Transfer (Fall)	576	526	554	628	650	277
1.1.4	Satellite Campuses Enrollment (Fall)	n/a	n/a	n/a	n/a	126	n/a
1.1.5	Graduate Enrollment (Fall)	677	730	756	745	780	170
1.1.6	SCH Generated (Fall)	67,445	67,275	69,547	69,744	71,645	n/a
1.2	Percent of Students Receiving Pell Grant (UG Fall)	37.16%	37.90%	36.12%	36.96%	41.72%	n/a
1.3	Percentage of Hispanic Students Enrolled (enr/%) (UG)	14.0%	14.8%	16.3%	16.5%	20.0%	6.0%
1.4	Percentage of African American Students Enrolled (enr/%) (UG)	14.1%	13.8%	13.6%	14.3%	14.5%	5.1%
1.5	Percentage of FTFT Who Met Unconditional Standards (Fall)	55.0%	55.1%	57.8%		60.5%	n/a
1.6	Online and Distance Education (courses offered per year)	637	642	706		968	n/a
1.6.1	Distance Education SCH Generated (Fall)	10,361	10,168	11,353	12,454	13,000	n/a
2. Residential University Experience							
2.1	Number of Students Living in Campus Run Facilities (Fall)		1425	1,460	1,500	1,575	n/a
2.2	Number of Students Participating in a First-year Experience (Fall)	n/a	n/a	n/a	319	700	n/a
2.4	EURECA Participation (# of students participating)	168	176	279		300	n/a
2.5	% of Upper Level UG SCH taught by Tenure or Tenure Track Faculty (Fall)	55.3%	53.9%	58.4%	61.0%	63.0%	n/a
2.6	Number of Students in Study Abroad	101	78	115		125	n/a
3. Student Success							
3.1	First-time, Full-time Student Retention Rate (First year)	68.28%	72.85%	69.40%		75.00%	75.60%
3.1.1	First-time, Full-time Student Retention Rate (Second year)	56.40%	53.21%	55.30%		55.00%	n/a
3.2	First-time, Full-time Student Graduation Rate (Four Year Cohort)	20.64%	19.50%	20.90%		30.00%	36.4%
3.2.1	First-time, Full-time Student Graduation Rate (Six Year)	45.47%	44.90%	42.40%		50.00%	53.90%
3.2.2	Transfer Student Graduation Rate (SAM 6 yr)	n/a	52.00%	48.20%		50.00%	n/a
3.3	Total Degrees Awarded	1270	1216	1260		1300	790
3.3.1	Baccalaureate	1032	993	1020		1050	719
3.3.2	Master's	197	183	240		250	71
3.3.3	Number of Degrees Awarded in STEM Fields	115	111	108		126	109
3.3.4	Number of Degrees Awarded in Health Science Fields (UG)	396	383	359		446	n/a
4. Operational Effectiveness							
4.1	State Appropriations per FTE Student	\$4,765	\$4,742	\$5,023		\$5,225	n/a
4.2	Total Expenditures per FTE Student	\$20,680	\$21,409	\$21,148		\$26,640	n/a
4.3	Student /Faculty Ratio (Using CDS FTE/Faculty FTE for Fall)	17.0	16.8	17.7	17.9	19.0	n/a
4.4	Administrative Cost Rate (as percent of operating budget)	10.51%	10.80%	9.00%		10.00%	n/a
4.5	Average SCH to Bachelor's degree	145.7	145.9	146.8		140.0	n/a
4.6	Average Student Debt for Graduates Who Started at MSU (FTFT) (CDS)	\$25,550	\$28,867			\$25,000	n/a
5. Competitive Resources							
5.1	Total New Gifts and Commitments (AFR reported)	\$16,986,200	\$6,317,269	\$5,858,547		\$10,000,000	n/a
5.2	Total Endowment (university-held, Foundation, Charitable Trust)	\$73,514,557	\$68,154,607	\$69,045,395		\$75,000,000	\$21,491,170
5.3	Amount of Competitive Grants (Federal & State)		\$324,010			\$450,000	n/a
Gray shaded areas will not be updated until the end of FY					Targets in gold		MEDIAN

Online Resume for Legislators and Other Policymakers

MIDWESTERN STATE UNIVERSITY

Location: Wichita Falls, Northwest Region

Master's Accountability Peer Group: Angelo State Univ, Sul Ross Rio Grande, Sul Ross State Univ, Texas A&M - Central Texas, Texas A&M - Galveston, Texas A&M - San Antonio, Texas A&M - Texarkana, UNT Dallas, UT Brownsville, UT Permian Basin, UT Tyler, Univ of H - Clear Lake, Univ of H - Downtown, Univ of H - Victoria

Out-Of-State Peers: Ramapo College Of New Jersey, Southern Oregon University, Truman State University, University Of Illinois At Springfield, Western New Mexico University

Degrees Offered: Associate's, Bachelor's, Master's

[Institutional Resumes](#)

[Accountability System](#)

[Definitions](#)

[Institution Home Page](#)

Enrollment						
Race/Ethnicity	Fall 2011		Fall 2015		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent
White	3,708	63.8%	3,111	54.3%	3,049	53.7%
Hispanic	712	12.3%	974	17.0%	1,013	17.8%
African American	704	12.1%	854	14.9%	872	15.3%
Asian	206	3.5%	182	3.2%	187	3.3%
International	296	5.1%	408	7.1%	367	6.5%
Other & Unknown	185	3.2%	205	3.6%	194	3.4%
Total	5,811	100.0%	5,734	100.0%	5,682	100.0%
TX First Time Transfers	Number	% of UG	Number	% of UG	Number	% of UG
	322	6.2%	346	6.8%	379	7.5%
Two-Year Institutions	Number	% of UG	Number	% of UG	Number	% of UG
	57	1.1%	75	1.5%	62	1.2%

Costs				
Average Annual Total Academic Costs for Resident Undergraduate Student Taking 30 SCH				
Fiscal Year	Texas Rates			
	Institution Average	Percent Increase	Peer Group Average	Percent Increase
2012	\$7,304	.0%	\$6,174	.0%
2013	\$7,632	4.5%	\$6,200	.4%
2014	\$7,764	1.7%	\$6,418	3.5%
2015	\$8,088	4.2%	\$6,992	8.9%
2016	\$8,305	2.7%	\$7,366	5.3%
2017	\$8,620	3.8%	\$7,583	2.9%

Financial Aid						
Fiscal Year	Institution		Peer Group		OOS Peer Group	
	Percent	Avg Amt	Percent	Avg Amt	Percent	Avg Amt
Federal Student Loans						
2014	52%	\$7,117	40%	\$6,348	50%	\$7,166
2015	52%	\$7,034	42%	\$7,650	0%	\$0
Federal, State, Institutional or Other Grants Known by Institutions						
2014	65%	\$5,421	59%	\$5,307	60%	\$7,879
2015	66%	\$5,591	66%	\$5,537	0%	\$0
Federal (Pell) Grants						
2014	38%	\$3,941	38%	\$3,678	34%	\$4,104
2015	39%	\$4,015	42%	\$3,822	0%	\$0

Student Success								
One-Year Persistence of First-time, Full-time, Degree Seeking Undergraduates				Graduation Rates				
Enter Fall 2010		Enter Fall 2014	Enter Fall 2015	Cohort	Institution Rate	Peer Group Rate		
Cohort	740	834	818	Fall 2007 4-year	16.2%	17.3%		
Total	82.2%	80.2%	82.5%	Fall 2011 4-year	22.6%	22.1%		
Same	67.3%	68.7%	69.8%	Fall 2012 4-year	23.7%	20.8%		
Other	14.9%	11.5%	12.7%	Fall 2006 5-year	36.9%	34.0%		
Two-Year Persistence of First-time, Full-time, Degree Seeking Undergraduates				Fall 2010 5-year	42.6%	36.0%		
Enter Fall 2009		Enter Fall 2013	Enter Fall 2014	Fall 2011 5-year	43.5%	38.7%		
Institution Persistence				Fall 2005 6-year	44.3%	43.2%		
Cohort	695	834	834	Fall 2009 6-year	53.7%	43.7%		
Total	76.0%	75.5%	69.1%	Fall 2010 6-year	49.9%	43.5%		
Same	57.0%	60.3%	54.0%	National Comparison (IPEDS Definition)				
Other	19.0%	15.2%	15.1%	Cohort	Institution Rate	OOS Peers Rate		
Peer Group Persistence				Fall 2006 4-year	6.0%	29.0%		
Cohort	560	567	548	Fall 2010 4-year	18.0%	35.4%		
Total	71.3%	71.1%	71.9%	Fall 2005 5-year	19.0%	38.5%		
Same	44.8%	41.8%	42.7%	Fall 2009 5-year	37.0%	48.0%		
Other	26.3%	29.3%	29.0%	Fall 2004 6-year	26.0%	42.5%		
Average Number of Fall & Spring Semesters				Fall 2008 6-year	45.0%	50.8%		
		Year	Institution Grads	Sem	SCH	Peer Group Average Grads	Sem	SCH
FY 2012	642	10.82	144.39	434	12.15	146.05		
FY 2015	587	10.73	143.49	445	12.18	143.53		
FY 2016	554	11.37	144.18	447	12.76	144.27		

Six-year Graduation & Persistence Rate, Fall 2010		
Student Group	Cohort	Rate
For Students Needing Dev Ed		
Institution	132	41.7%
Peer Group	122	36.9%
For Students NOT Needing Dev Ed		
Institution	608	65.0%
Peer Group	394	61.4%

*Peer Group data is average for peer group.

Funding						
Source	FY 2011 Amount	Pct of Total	FY 2015 Amount	Pct of Total	FY 2016 Amount	Pct of Total
Appropriated Funds	\$29,828,351	37.8%	\$29,050,596	35.7%	\$32,245,054	37.1%
Federal Funds	\$12,558,523	15.9%	\$9,217,186	11.3%	\$9,353,030	10.7%
Tuition & Fees	\$29,851,186	37.8%	\$32,331,893	39.8%	\$34,175,093	39.3%
Total Revenue	\$78,936,992	100.0%	\$81,268,127	100.0%	\$87,018,769	100.0%

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BOARD OF REGENTS MEETING AGENDA

Board of Regents Meeting
August 3, 2017
10:00 a.m.

The Board of Regents of Midwestern State University (MSU) may deliberate and take action regarding any item on this agenda. This meeting will be continuous in that the Board reserves the right to take any agenda item out of the order or sequence that is listed below. The Board reserves the right to discuss any properly posted items in Executive Session whenever legally justified in accordance with the Texas Government Code Chapter 551.

The meeting will be streamed live at <http://www.mwsu.edu/welcome/president/regents-minutes>.

Call to Order – Chairman Sam Sanchez

Introduction of Visitors – Ms. Julie Gaynor

Opening Comments – Chairman Sanchez

Public Comment

A public comment period will be provided in accordance with MSU Policy 2.22.

FY 18 Budget Review

17-111. The Board will review planning of the FY 18 budget to include the information shown beginning on page 17. Action on the proposed budget will be taken during the Finance Committee meeting.

Investment Overview - Texas A&M University System (TAMUS) Update

17-112. A representative of the Texas A&M University System will provide information on the TAMUS cash concentration pool and endowment fund, and Midwestern State University's investments in those funds.

Modification of Midwestern State University Organization Chart

17-113. A new MSU organization chart, which reflects the university's organizational structure as of September 1, 2017, is presented for information only as shown on page 29. The changes relate to Student Affairs and Enrollment Management, University Advancement and Public Affairs, and Academic Affairs as summarized below.

- A. The new Director of the Flower Mound Campus is added to the chart and will report directly to the Vice President for Student Affairs and Enrollment Management (VPSAEM).
- B. The University Post Office, previously overseen by the VPSAEM, will now report to the Director of Residence Life and Housing.
- C. The Office of Student Development and Orientation will be split into two departments: Student Transition Programs and Student Involvement. Student Transition Programs will focus on student orientation programs, summer bridge programs, parent and family programs, and other special experience programs for

new students. Student Involvement will focus on student activities, student organizations, Greek life, leadership development programs, and community service programs. Both departments will report to the Associate Vice President for Student Affairs and Dean of Students.

- D. The Gift Planning position, which reports to the Vice President for University Advancement and Public Affairs, has been filled and the title is Assistant Vice President for Gift Planning and Development.
- E. The Director of the Academic Success Center, which currently reports to the Provost, will be changed to Director of Tutoring and Academic Support Programs (TASP), and will report to the Associate Vice President for Undergraduate Education and Assessment. This realigned area will coordinate professional advising across campus, provide advising for undeclared students, and oversee academic tutoring (including the Writing Center).
- F. The Director of Continuing Education and Intensive English Language Institute will be changed to Director of Continuing, Professional, and Distance Education to better reflect the responsibilities of the position.

Board Resolutions

17-114. Board resolutions will be presented as necessary, including a resolution for former Student Regent Lindsey Shelley, as shown on page 30.

Executive Session

17-115. The Board will convene in Executive Session as necessary to consider matters permissible under Chapter 551 of the Texas Government Code, including:

- A. Government Code, Chapter 551, Section .071 – Consultation with Attorneys Regarding Legal Matters, Pending and/or Contemplated Litigation, or Settlement Offers, or on a Matter in which the Duty of the Attorney to the Governmental Body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas Clearly Conflicts with Chapter 551 of the Texas Government Code.
- B. Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease, or Value of Real Property.
- C. Government Code, Chapter 551, Section .073 - Deliberations Regarding a Negotiated Contract for a Prospective Gift or Donation.
- D. Government Code, Chapter 551, Section .074 – Personnel Matters Relating to the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of Officers or Employees, or to Hear a Complaint or Charge Against an Officer or Employee
- E. Government Code, Chapter 551, Section .076 - Deliberations Regarding Security Audits, including
 - 1. Information Security Program Assessment report on action taken

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MSU FY18 Budget Information Prepared for the Board of Regents August 3, 2017

The attached packet of information was used in developing the general outline of the FY18 budget. Below is an explanation of each attachment in the packet.

Attachment One – Enrollment Projection Data

The main driver of the university's budget is enrollment. This page displays each fall's historical and projected enrollment levels by class. The predictions are based on 1) new freshmen levels derived from the number of applications, summer orientation attendance, housing reservations, etc. and 2) the historical tracking of one class to the next. For example, historically freshmen/re-enrolling freshmen and sophomore classes track to the next year's sophomore class at about 46%. Sophomores and juniors to the next year's junior class track at about 56%. This continues through the classes. Individual graduate programs are predicted separately.

For FY18 (Fall 2017), enrollment is predicted to grow about 100 students. Flower Mound and Weatherford College enrollment figures are not included in these numbers. The academic expansion numbers are predicted separately because the enrollment will not follow any pattern demonstrated in Wichita Falls, but will develop its own model over the coming years. The university is budgeting not at the 6,165 enrollment predicted in the model, but a more conservative 6,150 to ensure revenue budgets are met. The last several years have produced extraordinarily large senior graduating classes. With the new retention efforts starting this year, the model is conservative in the number of new freshmen, but has included slightly stronger correlations over time. Over the next few years, the model is predicting correlations on freshmen to re-enrolling to go from 36.1% to 37%. The freshmen "group" to sophomore would correlate from 46.15% to 50%, etc. With these correlation changes, the model predicts enrollment to reach almost 7,000 by 2022. The cabinet will be reviewing this model in the fall after fall enrollment is realized for any adjustments.

Attachment Two – Revenue Projections Summary

The university's budget office has built a sophisticated tuition and fee revenue projection model based on the information from the enrollment projections discussed above. The model is complicated by the fixed rate tuition program; students fall into a fixed rate "cohort" that may not match with the class status they identify with. Each cohort pays a different rate of designated tuition for four years. An example is a junior class student may be in a "first-year" fixed-tuition cohort because they just transferred to the institution and are therefore considered a new student. The model also contains exemptions, waivers, and state-mandated set-asides netted against the tuition and fees shown on the summary. Exemptions, waivers and set-asides decrease the amount of tuition and fees collected by about 9%. The Hazlewood exemption is one that is included and decreases the amount of tuition and fees the university collects. The state also mandates that institutions "set-aside" 15% of designated tuition above \$46/SCH for financial aid, thus further reducing the designated tuition revenue which is available for general institutional expenses.

The information is grouped into two categories: General Tuition and Fees and Other Fees. General Tuition and Fees is the revenue the institution can use to cover general expenses of the university. Other fees are collected for specific purposes and cannot be used for anything other than what they were originally established to cover.

The model includes rate increases approved by the Board at its May 2017 meeting. Revenue in FY18 from tuition and fees is projected to be more than what was budgeted in FY17 overall by \$1,267,295. The additional General Tuition and Fees the university can use to offset centrally supported budgets is estimated to be \$1,050,446. Other fee budgets will grow modestly for an overall increase of \$216,855.

Attachment Three – Comparison of FY17 – FY18

This sheet outlines the revenue sources that are used to pay for the centrally-supported areas of the university, which would include such areas as faculty, college operations, most administrative offices, and academic and administrative facilities. When analyzing year-to-year changes, the administration is most concerned with the funding of these areas from centrally-collected revenues. Areas not factored in are those that collect their own revenue and must live within their own means. Examples would be housing, student recreation center, and student union.

Attachment Four – FY18 Budget Review

This attachment contains the main essence of reconciling the FY18 budget. The FY18 budget starts with the FY17 budget. Reconciling FY18 is accomplished by listing items that increase or decrease various centrally-funded items to the FY17 budget.

The original FY17 budget was balanced by reductions in the use of one-time funds limited only to one-time purchased items. Therefore, no shortfall from the prior year must first be covered. The true starting point for FY18 budget development is then with increased revenues. Between increased enrollment and a slight rate increase in the university services fee, plus additional indirect cost recovery/administrative overhead charges, new revenues to the university are projected to be almost \$1.2M. However, reductions in revenues must be netted out against these increases. Decreases include reductions in state appropriations of over \$1.75M and decreases in interest, vending, and bookstore revenue of an additional \$127K. Therefore, the university will have an estimated decrease in available funds of \$694K.

The next category is reductions to the FY17 base budgeted expenses in the FY18 budget. Reorganizations in athletics and student services due to retirements provided savings of \$125K. Each division was asked to provide a certain amount in savings to the institution. Rather than list out all of the reductions and changes, only the amount of savings by division is shown. Most savings come from reductions in operating budgets, student wages, and travel funds. The university is estimating that additional salary savings of \$232K can be captured next year if vacant positions are filled more slowly than is current practice. Also, the university sweeps operating accounts at year-end which results in more than \$200K in savings. The FY18 budget

includes \$200K of that savings up-front. Reductions in budgeted expenses total \$1.55M, leaving \$859K of available funds to be used for new expenses and priorities.

The next section includes a list of new expenses which have been approved by Board action, are required by the state, university policy, or contract, or cannot be avoided. Also included are restricted expenses that now must be paid from institutional funds because the multi-year donor commitment has ended. The institutionalized funding of these programs will be phased in over several years. Overall, the total of new, mandatory expenses is a little more than \$708K.

The last section of new budgeted expenses constitutes high-priority items for the administration. This section includes faculty and staff pay raises, and increases to various budgets or programs. Items on this list were also deemed high priority by the Budget Oversight Committee (BOC), a committee comprised of a broad representation of faculty, staff, and students. The total of this group is an additional \$791K.

The net of the surplus funds of \$708K will be used on new expenses of \$1.5M, resulting in the university being short \$641K from balancing. The administration is planning on covering this shortfall with one-time funds amounting to more than \$646K that were saved during the FY17 budget cycle in order to provide time to develop a plan to get back to a balanced status. Because the cuts in state appropriations were worse than the worst-case scenario and were unknown until the end of May, the administration would like to review options and have the time to deliberate with faculty and staff councils, the BOC, and others on campus before making permanent changes to operations in planning for the FY19 budget.

Attachment Five – FY19 and FY20 Items to Address

Part of a good budget process includes anticipating future year changes. While FY18 is still of main priority, FY19 and FY20 will present some budgetary challenges. FY19 will begin with the same shortfall that is shown in FY18 which will need to be addressed. Projected revenue increases are shown based on the currently projected enrollment increases with no rate increases other than an inflationary adjustment on the fixed designated tuition for new students. New revenue projections are \$1.1M and \$850K respectively for each year. However, the university will experience a minimum of \$887K and \$657K in FY18 and FY19 respectively in increased centrally-funded costs, such as software maintenance agreement increases and state-mandated longevity payments to employees. This does not include pay raises or additional funds for new or expansion of existing programs. Also, not included in any of these calculations are expansion costs or earnings related to Academic Expansion efforts.

Attachment Six – Higher Education Assistance Funds (HEAF) Allocations

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The university has been appropriated the same amount of HEAF in FY18 as FY17, \$5,061,412. HEAF can only be used for capital items, such as equipment, library books, renovation of non-auxiliary space, and information technology other than software maintenance. The BOC recommended the allocations shown and the President and Cabinet concurred. Debt service takes up \$1.25M of the funds and Facilities Services/Maintenance regularly receives approximately \$1M. Academic uses by the library and the colleges are approximately \$1M.

This year Information Technology will receive more than \$1M, half of which is for additional and updated classroom technology. Miscellaneous uses total approximately \$300K, with another \$185K being held in reserve for the year.

Attachment Seven – Restricted Funds

Restricted funds are provided by outside entities with restrictions on how the funds can be spent. Although restricted funds are not included in the centrally-funded category, their use has an impact on these budgets. The university receives more than \$20M each year in restricted funds. Most of this is from federal and state financial aid benefits (\$13.5M), with the balance of these funds coming from gifts, endowed funds, and grants.

Some of the items that restricted funds are paying for that would otherwise be paid from centrally-funded sources are salaries, wages and scholarships. The university is able to invest \$2M in salaries, wages and benefits from restricted fund sources. In addition, more than \$1.6M in scholarships are paid from donated funds. As noted in Attachment Five (FY19-20 Items to Address), some restricted funds have a limited life, and once the gift/grant is spent down, the continuation of the program will require additional institutional funding from centrally-funded or other sources.

This attachment breaks out the restricted funds by general source but also shows what the restricted funds are paying for as far as the expense category and the overall amount (faculty salary, scholarships, maintenance & operation, etc.).

Attachment Eight – Academic Expansion Budget

As mentioned in the explanation of Attachment One above, the revenue and expense from the Academic Expansion into Flower Mound and with Weatherford College are not included in central budgets, but are separately standing revenue and expense budgets which roll up into the overall budget of the university. Separate budgets will allow the administration to clearly project and track the net income and expenses of these initiatives. Attachment Eight shows the FY18 budget with revenue slightly more than \$1M with \$1.1M in expenses. The net income in the initiative's first year is estimated to be (\$105K) and will be covered by MSU central reserves. In FY19, with enrollments doubling, projections are to have more than \$2.2M in revenue and \$1.6M in expenses, or net income of more than \$700K. Once state formula funding is appropriated for the semester credit hours generated (FY20 forward), it is estimated that an additional \$500K plus each year will be received in revenue from the state. The university will also invest \$125K in HEAF lease expenses in FY18 for furnishings and equipment in the new Flower Mound facility, with an increase to approximately \$150K in future years. Instructional Enhancement Fees are calculated separately and will be used to help offset instructional costs of the facility.

- * New merit scholarship program began
- ^ Open new freshmen residence hall
- Other comments:**
- > Excludes any growth that might come from DFW campus location.
- > Last admission standard change was in Fall 2011.
- > Graduate increase estimated at approximately 1% annually.

Undergraduate Methodology

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Midwestern State University Revenue Projections
July 19, 2017

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Fall Headcount	6,100	6,150	6,300	6,435
Annual Semester Credit Hours (SCH)	152,011	152,697	156,416	159,768
General Tuition and Fees:				
Net Designated Tuition	\$16,252,528	\$16,280,869	\$17,080,081	\$17,725,165
University Services Fee	8,831,698	9,798,670	10,037,312	10,211,947
Distance Learning Fee	1,433,369	1,451,471	1,484,678	1,516,502
Tier 2	577,780	591,799	591,799	591,799
3-Peat Tuition	163,317	165,614	162,302	159,056
Distance Learning Tuition	147,207	152,917	154,567	157,880
Excessive Hours Fee	35,000	50,000	50,000	50,000
Subtotal General Tuition/Fees	<u>27,440,900</u>	<u>28,491,340</u>	<u>29,560,739</u>	<u>30,412,349</u>
Change from prior year		1,050,440	1,069,398	851,611
Other Fees:				
Instructional Enhancement Fees	2,793,383	3,062,106	3,136,682	3,203,901
Student Service Fee	2,513,786	2,525,194	2,586,695	2,642,128
Athletic Fee	1,306,818	1,301,751	1,333,490	1,362,099
Rec Center Fee	1,259,742	1,200,629	1,229,883	1,256,239
Athletic Intramural Fee	879,505	882,101	903,584	919,305
Student Union/Center Fee	563,104	552,613	566,503	578,643
Application Fee	127,000	132,000	132,000	132,000
Int'l Advising Fee	58,200	62,000	62,000	62,000
Subtotal Other Fees:	<u>9,501,538</u>	<u>9,718,393</u>	<u>9,950,837</u>	<u>10,156,314</u>
Change from prior year	350,654	216,855	232,444	205,477
Total Local Revenues	<u>\$36,942,438</u>	<u>\$38,209,733</u>	<u>\$39,511,576</u>	<u>\$40,568,664</u>
Change from prior year		1,267,295	1,301,842	1,057,088

Notes: Projections include a 2% increase in designated tuition each year for incoming students.

Change from prior year per item:

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Net Designated Tuition	\$28,341	\$799,212	645,083
University Services Fee	966,971	238,642	174,635
Distance Learning Fee	18,102	33,207	31,824
Tier 2	14,019	-	-
3-Peat Tuition	2,297	(3,312)	(3,246)
Distance Learning Tuition	5,710	1,650	3,314
Excessive Hours Fee	15,000	-	-
Instructional Enhancement Fees	268,723	74,576	67,219
Student Service Fee	11,409	61,500	55,433
Athletic Fee	(5,067)	31,739	28,608
Rec Center Fee	(59,113)	29,255	26,356
Athletic Intramural Fee	2,596	21,483	15,721
Student Union/Center Fee	(10,491)	13,890	12,140
Application Fee	5,000	-	-
Int'l Advising Fee	3,800	-	-
Total Change from Prior Year	<u>\$1,267,295</u>	<u>\$1,301,842</u>	<u>\$1,057,088</u>

Comparison of FY17 to FY18

Comparisons are based on budgets centrally funded, including those paid from:

- *State appropriations
- *Designated tuition
- *University Service Fee (not including the \$6/SCH designated for intramural/athletic facilities)
- *Distance Learning Fee
- *Tier Two tuition
- *3-Peat tuition
- *Distance learning tuition
- *Athletic Fee
- *Excessive Hours Fee
- *Investment income
- *Endowed funds income (primarily scholarships)
- *Vending income
- *Miscellaneous fees (returned check fees, late fees, etc.)

Comparisons do NOT include self-funded operations, such as:

- *Student Service Fee
- *Student Union/Center Fee
- *Recreation Center Fee
- *Housing
- *Food Service
- *International Advising Fee
- *Grant funded operations

FY18 Budget Review

FY17 One-time monies used **\$0**

FY18 Projected Revenue Changes

Designated Tuition Growth	\$28,341
University Service Fee Growth	966,971
Distance Learning Fee Growth	18,102
Other tuition/fee net	40,026
Increase in indirect cost and administrative overhead	130,809
Decrease in Interest Income, vending, bookstore income	(127,000)
Decrease in State Appropriations	(1,751,276)

Total Additional Revenue **(\$694,027)**

FY18 Proposed Budget Reductions

Reorganization in Athletics	\$78,061
Reorganization in Student Services	47,757
Reductions in Provost's division	555,300
Reductions in VP Admin and Finance division	201,000
Reductions in VP Student Affairs and Enroll Mng division	209,000
Reductions in VP University Advancement division	30,000
Additional campus-wide salary savings	232,000
Additional operating account year-end sweep	200,000

Total Cuts **\$1,553,118**

Total Available **\$859,091**

FY18 Proposed Additional Expenses

Mandatory

M&O/Utilities for Mass Comm addition	\$30,000
Balance of second internal auditor position	31,265
Additional of dual-use DFW faculty (also teach in WF)	44,480
Health insurance and benefit cost increase	297,747
Athletic scholarship increase	72,831
Software maintenance/credit card increases	70,974
Faculty promotions with fringe benefits	97,283
Bolin Geoscience funding ends (transition to university funds)	64,138

Total Mandatory **\$708,718**

Administration High Priority

All staff to minimum paygrade	\$103,769
Faculty and staff pay raises - 1%	328,738
Staff Compensation Plan - Parity and other adjustments	96,896
Physics consortium shared payment	4,300
President's office Board software maintenance	4,500
DFW marketing (general MSUTexas)	150,000
Paralegal 1/2 year	27,142
Grant coordinator position to full-time	31,077
Football Stadium cost increase from ISD	45,000

Total High Priority **\$791,422**

Total New Expenses **\$1,500,140**

Total Shortfall after Mandatory and Priority Budget Items **(641,049)**

One-time funds available

FY17 faculty and staff salary savings above budgeted amounts	\$245,000
Graduate Assistant unused funds (prior years cumulative)	81,000
M&O Savings Sweep at Year-end	120,000
Davenport gift	50,000
Facilities charge-back maintenance fund	150,000

Total available **\$646,000**

FY19 Items to Address

FY18 One-time monies used	\$ (641,049)
FY19 Projected Revenue Changes - additional revenue from enrollment	<u>1,069,398</u>
	<u>\$428,349</u>

FY19 Proposed Additional Expenses - Mandatory

Gunn grant replacement funds	\$85,000	Second transition year to university funds
McCoy Foundation Engineering Expansion	125,000	Second transition year to university funds
Utilities and maintenance for new HSHS building	200,000	Full year
Carnes Presidential Scholarship commitment ends	70,000	
Legislative travel add back	10,000	
Paralegal - other half a year salary	27,142	
Health Insurance costs	200,000	
Longevity increases	20,000	
Software Maintenance Agreements	70,000	
Faculty Promotions	<u>80,000</u>	
Total Mandatory	887,142	
Total required to balance	<u><u>\$458,793</u></u>	

FY20 Items to Address

Note: FY20 will be the start of a new biennium with a change in state appropriations.

FY20 Projected revenue changes - enrollment growth only	<u>\$851,611</u>
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FY20 Proposed Additional Expenses - Mandatory

Gunn replacement funds	122,000	Final transition year to university funds
McCoy Foundation Engineering Expansion	114,000	Final transition year to university funds
McCoy WFACF grant	51,750	
Health Insurance costs	200,000	
Longevity increases	20,000	
Software Maintenance Agreements	70,000	
Faculty Promotions	<u>80,000</u>	
Subtotal	657,750	
Total required to balance	<u><u>(\$193,861)</u></u>	

MSU HEAF Allocations - Proposed FY 2018

		FY 2018 Final Proposal
Annual Funding		\$ 5,061,412
Debt service/committed:		
Debt service (relief for operating budget)		\$ 903,736
Mass Communication debt service		164,744
Ligon debt service		117,171
Capital lease - vehicles (2 police trucks, 5 Malibu's) updated		34,224
Mass Comm furniture/equipment lease		210,000
Flower Mound furniture/equipment - master lease payment		125,000
Regular:		
Physical Plant (deferred maintenance)		1,000,000
Library - books and materials		550,000
Allocations to Colleges		410,000
<i>Subtotal</i>		<i>3,514,875</i>
Campus-wide technology:		
Classroom technology including Dillard		505,628
Computer labs		109,309
Information Technology hardware replacements		56,188
Wireless expansion		49,144
Disaster Recovery - FM (Banner 9 and Degree Works)		65,900
Computer Lifecycle Replacement		160,000
Electronic signatures		20,000
MAC Software Distribution System		4,000
Hardin South 1st and 2nd floor rewire		98,000
All other proposals/options:		
Exterior Lighting		50,000
Master Plan Working Reserve		185,093
Fine Arts Art facilities upgrades (ventilation, woodshop, furnice, painting)		113,179
Student Services and Enrollment Management		50,000
Digital surveillance camera and recording system - WFMA		25,000
Policy & procedures manual software - Gen Counsel & Int Audit		30,000
Cascade CMS - compliance - Webmaster		25,096
<i>Subtotal</i>		<i>1,546,537</i>
		\$ 5,061,412

Midwestern State University
FY18 Donor and Other Restricted Fund Summary

FY18 Expenses:

Faculty	\$838,672
Adjunct Faculty	17,000
Staff	587,191
Wages	155,992
Fringe Benefits	434,888
Maintenance & Operations (M&O)	2,825,941
Travel	100,299
Capital Outlay	83,200
Longevity	8,239
Scholarships	1,640,245
Pell Grants	9,000,000
College Work Study	166,696
Supplemental Education Opportunity Grant (SEOG)	144,907
Texas Grants	4,033,107
	<u>\$20,036,377</u>

FY18 Revenue:

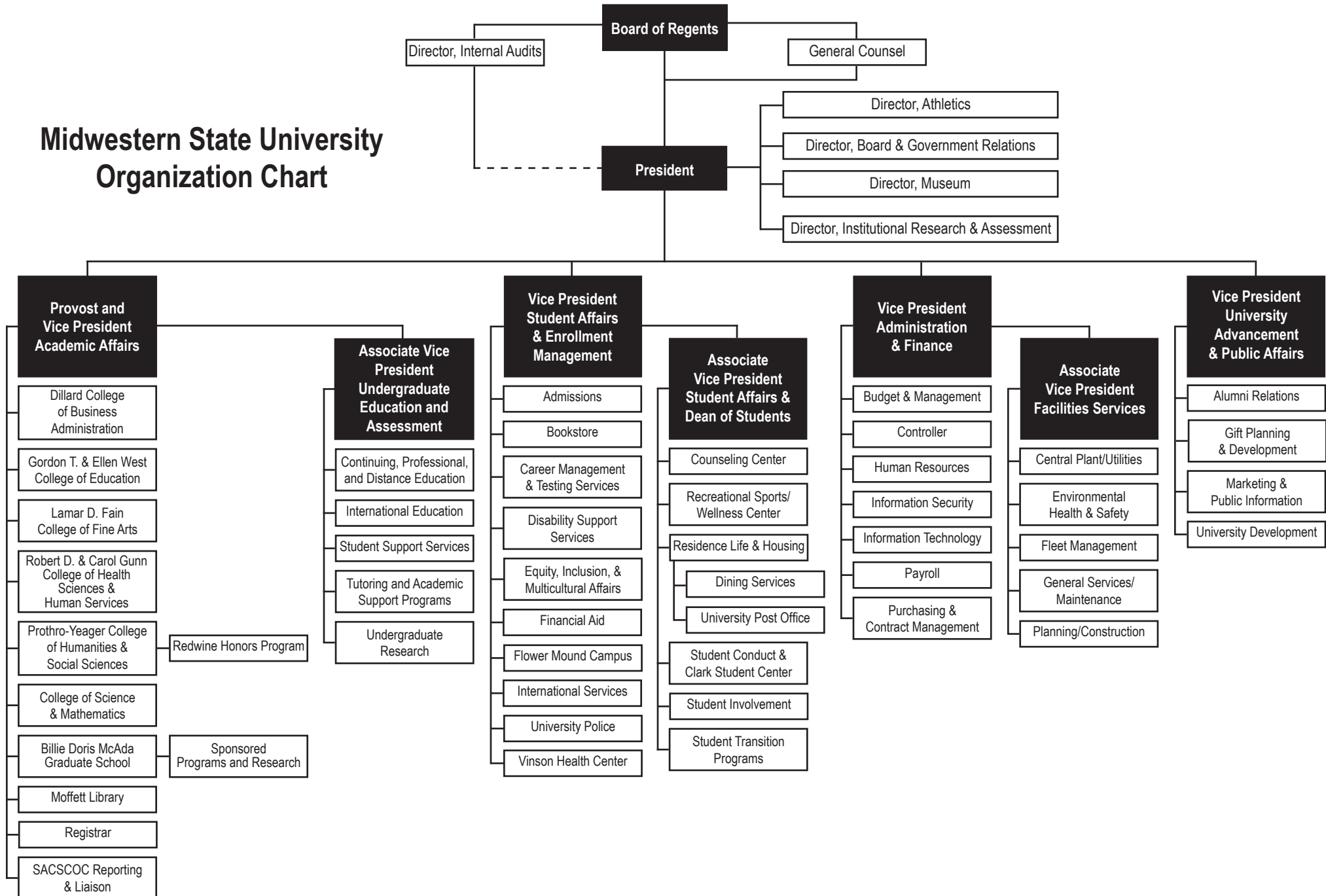
Sources	FY18 Amount	Comments
<u>Donor Funds</u>		
MSU Foundation	\$839,117	
Charitable Trust	845,441	
Dillard Family	239,526	Gifts outside of the foundation.
Gunn Family	198,802	Gift ended FY16; however, using approved roll-forward.
McCoy Engineering	315,466	
Wichita County	41,681	For the Small Business Development Center.
Priddy Foundation	1,091,060	Mainly used for scholarships.
Redwine Interest	379,457	Used for honors scholarships.
Mustangs Club	50,000	Donations for Athletics.
Gifts to Annual Fund - University's Greatest Need	80,000	Used for merit scholarship.
Miscellaneous Gifts	1,914,598	One-time gifts used for merit scholarships and M&O.
<u>State, Federal, or Government Funds</u>		
US Dept of Education	9,538,203	Funds SEOG, Federal College Workstudy, Pell Grants.
National Science Foundation	262,125	Grant.
Small Business Association	126,189	Federal pass through grant for SBDC.
Caribbean State	15,000	Funds travel expenses for international recruiting.
Texas Higher Education Coordinating Board (THECB)	4,033,107	Funds Texas Grants.
University of Texas	15,000	Pass through grant for JAMP program.
Local Tuition	51,605	Local tuition used for salary and fringe not covered by donor funds.
	<u>\$20,036,377</u>	

Budget Information - Attachment Eight

Academic Expansion Budget - 8/3/17 (Flower Mound and Weatherford College)

	Budget	Projected				
	FY18	FY19	FY20	FY21	FY22	FY23
Est. Annual Semester Credit Hours	3,537	7,776	8,000	8,250	8,500	8,750
Revenue						
Designated Tuition^	\$438,057	\$963,058	\$1,000,708	\$1,042,300	\$1,084,624	\$1,127,690
Statutory Tuition	176,850	388,800				
Graduate Tuition	0	0	5,040	5,198	5,355	5,513
University Services Fee	256,963	564,926	587,012	611,410	636,237	661,499
Student Services Fee	60,306	131,200	136,329	141,995	147,761	153,628
Athletic Fee	35,370	77,760	80,800	84,158	87,576	91,053
Distance Educ Fee	88,425	194,400	202,000	210,396	218,939	227,632
Facilities Fee	23,693	58,320	60,600	63,119	65,682	68,290
Formula Funding	0	0	870,912	870,912	924,000	924,000
Subtotal	\$1,079,664	\$2,378,464	\$2,943,401	\$3,029,487	\$3,170,172	\$3,259,304
Less Waivers (3.75%)	(40,507)	(89,192)	(110,378)	(113,606)	(118,881)	(122,224)
Total Revenue	\$1,039,157	\$2,289,271	\$2,833,023	\$2,915,881	\$3,051,291	\$3,137,080
Expenses						
Flower Mound Lease (FY18 partial yr)	\$295,067	\$442,600	\$462,300	\$462,300	\$482,400	\$482,400
Build-out (FY18 partial yr)	52,800	79,200	79,200	79,200	79,200	
Weatherford College Rental charge		5,000	9,000	13,000	17,000	21,000
Marketing	150,000	175,000	200,000	200,000	200,000	200,000
Faculty	160,031	295,680	310,281	326,377	342,993	360,143
Staff						
Director	79,992	81,592	83,224	84,888	86,586	88,318
Asst Director Admissions	46,965	47,904	48,862	49,840	50,836	51,853
Receptionist	25,177	25,681	26,194	26,718	27,252	27,797
Academic Counselor .25 FTE	8,614	8,786	8,962	9,141	9,324	9,511
Student Services Coordinator	35,859	36,576	37,308	38,054	38,815	39,591
PC Network Services Technician	37,149	37,892	38,650	39,423	40,211	41,015
Fringe for Faculty and Staff (35%)	138,291	186,939	193,718	201,054	208,606	216,380
Total Staff and Faculty Cost	532,078	721,050	747,200	775,495	804,624	834,608
Maintenance & Operations	55,000	56,100	57,222	58,366	59,534	60,724
Scholarships (6% of net revenue)	59,553	137,356	169,981	174,953	183,077	188,225
Total	\$1,144,498	\$1,616,306	\$1,724,903	\$1,763,315	\$1,825,835	\$1,786,957
Net Income	(\$105,341)	\$762,157	\$1,218,498	\$1,266,172	\$1,344,337	\$1,472,346
Cumulative	(\$105,341)	\$656,816	\$1,875,314	\$3,141,486	\$4,485,823	\$5,958,170
Capital Investment - HEAF						
Furnishings (FY18 partial year)	\$45,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
Technology (FY18 partial year)	\$80,000	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
<i>Instructional Enhancement Fee Revenue</i>	<i>\$ 122,616</i>	<i>\$ 269,568</i>	<i>\$ 277,333</i>	<i>\$ 286,000</i>	<i>\$ 294,667</i>	<i>\$ 303,333</i>

Midwestern State University Organization Chart



MIDWESTERN STATE UNIVERSITY
RESOLUTION OF APPRECIATION

August 3, 2017

WHEREAS, Lindsey Shelley was appointed by Texas Governor Greg Abbott to serve as MSU Student Regent, the highest position to which a student can be appointed while enrolled in Texas public higher education, and

WHEREAS, Ms. Shelley served in this position with distinction from June 1, 2016, until May 31, 2017, and

WHEREAS, she represented the students of Midwestern State University in discussions regarding key issues in higher education, worked to expand the awareness of the Student Regent on campus, and provided input regarding decisions affecting the future of the university,

NOW, THEREFORE, BE IT RESOLVED that the members of the Board of Regents and President of Midwestern State University hereby express their most sincere appreciation to Lindsey Shelley for her dedicated service, and

BE IT FURTHER RESOLVED that this Resolution be made a part of the permanent minutes of this Board and that a copy be presented to Ms. Shelley as a token of the university's gratitude and appreciation.

Samuel M. Sanchez, Chairman

Warren T. Ayres

R. Caven Crosnoe, Vice Chairman

Tiffany Burks

Nancy Marks, Secretary

F. Lynwood Givens

Jeff Gregg

Shawn Hessing

Shelley S. Sweatt

Shayla Owens, Student Regent

Suzanne Shipley, President

EXECUTIVE COMMITTEE

Executive Committee

Membership

Sam Sanchez, Chairman

Caven Crosnoe, Vice Chairman

Nancy Marks, Secretary

Tiffany Burks, Member-At-Large

Reading and Approval of Minutes

17-116. The minutes of the Executive Committee meeting May 11, 2017, will be recommended for approval of the Committee as shown beginning on page 114.

Campus Construction Update

17-117. Information regarding current construction and repair and rehabilitation projects will be presented as shown on pages 35 - 39.

Honorific and Gift Related Namings

17-118. As planning is underway for the Comprehensive Campaign it was determined that Policy 4.146, currently titled Naming Buildings and Other Facilities, required review and modification. A first draft of possible changes to this policy is presented for the Board's review and discussion only as shown beginning on page 40. Following this review and any necessary redrafting, a final document will be presented for Board approval in November.

Moffett Library Renovation Project – Project Approval Amount

17-119. During the November 2015 Board of Regents meeting, the Board authorized planning for several Tuition Revenue Bond projects including renovations to Moffett Library. The administration will recommend the following actions related to this project.

- A. Approve the project at a total cost not to exceed \$7,329,505 (95% of the \$7,479,087 in funds available).
- B. Authorize the administration to contract with the architectural firm Holzman Moss Bottino Architecture to provide the design for the project (additional information shown on page 47).
- C. Authorize the President to increase the budgeted and contracted amounts in an amount not to exceed five percent of the Board approved amount (available funds for this project total \$7,479,087).

Texas Accessibility Standards (TAS), Americans with Disabilities Act (ADA), and Fire Marshal Upgrades Project – Guaranteed Maximum Price Approval

17-120. This project includes upgrades to Bolin, Fain Fine Arts, Ferguson, and Hardin for compliance with 2013 fire marshal inspections and current Texas Accessibility Standards. The design was completed in July with bids for construction due in mid-August. It is anticipated that a Guaranteed Maximum Price (GMP) will be forwarded to the administration by mid-September. For the project to move forward in a timely manner, the administration will request approval to authorize the issuance of a contract

with the Construction Manager at Risk, M&F Litteken Company, for the project's construction at a GMP not to exceed \$4.4 million.

Gunn College of Health Sciences and Human Services Building Project – Guaranteed Maximum Price Approval

17-121. In May 2016 the Board of Regents authorized a \$38 million project to construct a new Health Sciences & Human Services building and design is nearing completion. For scheduling reasons, the project's construction will be bid in two phases: a site package and a building package. The site package's GMP and estimates for the building package are due in late August, with the GMP for the building package due in mid-October. The administration will request approval to authorize the issuance of a contract with the Construction Manager at Risk, Trinity Hughes/Sundt, for the site package at a GMP not to exceed \$9.5 million once the site package GMP and reconciled building package estimates are within budget. The building GMP will be presented to the Board for approval in November.

Strategic Plan

17-122. During the May 2017 Board of Regents meeting, the work of the MSU Strategic Planning Committee was presented to the Board for review, to give Regents an opportunity to provide input. In June, the President's Cabinet met and discussed budget impact and areas of responsibility. Dr. Shipley will review the timeline and projections moving forward (beginning on page 48) and will provide information regarding the proposed Plan (beginning on page 50). The Board of Regents will be asked to approve the Midwestern State University Strategic Plan 2017-2022 as presented.

Wichita Falls Museum of Art at Midwestern State University Advisory Board

17-123. Each August, the Board of Regents is asked to approve individuals to serve on the Museum Advisory Board. The following individuals are recommended for appointment.

Kristen Edwards (Reappointment) (2017-2020)
Mary Kimbell (New Appointment) (2017-2020)
Eric Robb (Reappointment) (2017-2020)
Jolene Wharton (Reappointment) (2017-2020)
Linda Wilson (Reappointment) (2017-2020)

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Projects Status as of 7-12-17

ID	Task Name	Start	Finish	2016													2017												
				J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F
1	Student Housing Project	Mon 8/18/14	Thu 6/1/17																										
2	Design Site Package	Mon 8/18/14	Tue 4/21/15																										
3	Bid - Site Package	Tue 4/21/15	Fri 5/15/15																										
4	Construction, Site Package	Mon 5/18/15	Mon 7/13/15																										
5	Design Building Package	Mon 8/18/14	Tue 5/26/15																										
6	Bid - Building Package	Tue 5/26/15	Thu 6/18/15																										
7	Construction, Building Package	Wed 7/1/15	Mon 8/1/16	100%																									
8	Close-Out Documentation (original completion=3/17/17)	Tue 8/30/16	Thu 6/1/17														99%												
9	Landscaping (original completion=4/28/17)	Mon 10/17/16	Mon 5/15/17														99%												
10																													
11	Mass Communications Extension to Fain Fine Arts	Mon 2/16/15	Fri 6/2/17																										
12	Design (original completion=7/31/15)	Mon 2/16/15	Tue 9/15/15																										
13	Bid (original completion=9/18/15)	Wed 9/16/15	Thu 11/5/15																										
14	GMP Development	Fri 11/6/15	Fri 2/12/16	100%																									
15	Construction (original completion=10/6/16)	Mon 2/15/16	Fri 6/2/17														100%												
16																													
17	Roofing Project	Mon 11/3/14	Mon 5/1/17																										
18	Shingles Design, Bidding, Mobilization	Mon 11/3/14	Thu 6/18/15																										
19	Shingles Roof Repair (original completion=8/14/15)	Fri 6/12/15	Fri 1/29/16	100%																									
20	Metal Roofing Design, Bidding, Mobilization	Mon 11/17/14	Fri 7/3/15																										
21	Metal Roofing Repairs (original completion=8/21/15)	Mon 6/29/15	Fri 1/29/16	100%																									
22	Flat Roofing Design, Bidding, Mobilization (orig. date=7/31/15)	Mon 2/9/15	Fri 1/29/16	100%																									
23	Flat Roofing Repairs (original completion=10/15/15)	Mon 2/1/16	Fri 3/24/17	100%																									
24	Clay Tile Roofing Design, Bidding, Mobilization (orig=8/21/15)	Mon 2/9/15	Fri 10/9/15																										
25	Clay Tile Roofing Repairs (original completion=11/30/15)	Mon 10/5/15	Fri 1/29/16	100%																									
26	Misc. Roof Items (greenhouses, HVAC coil repairs, etc.; orig completion=8/31/16)	Mon 11/2/15	Mon 5/1/17	100%																									
27																													
28	TAS-ADA/Fire Marshal Upgrades	Mon 12/7/15	Mon 9/2/19																										
29	Architect Selection RFQ	Mon 12/7/15	Fri 2/12/16	100%																									
30	Contract Negotiations	Mon 2/15/16	Tue 4/26/16	100%																									
31	Design	Mon 4/25/16	Fri 6/2/17	100%																									
32	Construction (Fain Fine Arts, Bolin, south Hardin, Ferguson, University Press)	Mon 6/5/17	Mon 9/2/19																										
33																													
34	Gunn College of Health Sciences & Human Services Building	Fri 12/18/15	Fri 3/1/19																										
35	Architect Selection RFQ	Fri 12/18/15	Mon 2/15/16	100%																									
36	Contract Negotiations	Tue 2/16/16	Fri 4/22/16	100%																									
37	Design	Mon 4/25/16	Fri 6/16/17	85%																									
38	Construction	Mon 6/19/17	Fri 3/1/19																										
39																													

Projects Status as of 7-12-17

ID	Task Name	Start	Finish	2016												2017														
				J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
40	College of Health Sciences & Human Services Landscaping & Parking	Mon 1/16/17	Fri 8/24/18																											
41	Landscape Design, East Quad	Mon 1/16/17	Fri 9/22/17																											
42	Landscape Construction, East Quad	Mon 9/25/17	Fri 8/24/18																											
43	Parking Lot Design and Bid, 3 Hampstead Lots	Mon 1/16/17	Mon 5/15/17																											
44	Parking Lot Construction, 3 Hampstead Lots	Tue 5/16/17	Fri 8/18/17																											
45																														
46	Central Campus Sidewalks Project	Mon 9/26/16	Mon 5/15/17																											
47	Concrete Installations (original completion=3/24/17)	Mon 9/26/16	Mon 5/15/17																											

Status of Board-Approved Construction Projects

Project	BOR Project Approval Date	Architect/Engineering Firm Approved	BOR Approved Project Budget	Encumbered/Spent Dollars	Additional Projected Costs	Total Project Cost	Over/Under Budget
Student Housing Project	11/7/2014, 5/15/2015	8/8/2014 Treanor Architects	\$ 35,250,000	\$ 35,237,457	\$ 12,543	\$ 35,250,000	\$ - (1)
Mass Comm Extension	11/7/2014, 11/13/2015, 2/12/2016	2/13/2015 Rees Associates	\$ 5,500,000	\$ 5,485,912	\$ 14,088	\$ 5,500,000	\$ - (2)
Roofing Project	2/13/2015	-	\$ 2,654,209	\$ 2,480,018	\$ -	\$ 2,480,018	\$ (174,191)
TAS-ADA/Fire Marshal Upgrades	11/13/2015, 5/13/2016	2/12/2016 Harper-Perkins Architects	\$ 5,270,000	\$ 590,766	\$ 4,679,234	\$ 5,270,000	\$ -
Gunn College of Health Sciences & Human Services Building	11/13/2015, 5/13/2016	2/12/2016 Randall Scott Architects	\$ 38,000,000	\$ 3,591,217	\$ 34,408,783	\$ 38,000,000	\$ -
Gunn College of Health Science & Human Services Landscaping & Parking Project	11/11/2016	Landscaping-KDC Associates Parking Lot-Corlett, Probst, & Boyd	\$ 1,100,000	\$ 666,175	\$ 433,825	\$ 1,100,000	\$ -
Central Campus Sidewalks Project	11/11/2016	Scales Concrete Construction	\$ 575,000	\$ 519,223	\$ 8,500	\$ 527,723	\$ (47,277)

(1) Increased budget by \$2 MM due to preliminary estimates.

(2) Increased budget by \$500k to match Guaranteed Maximum Price value after significant value engineering effort.



Facilities Services

3410 Taft Boulevard Wichita Falls, Texas 76308-2099
o 940.397.4648 f 940.397.4859

Construction Projects Status Report – Item 17-117

Projects completed since the May 2017 Board of Regents meeting include:

1. RENOVATION OF WEST CAMPUS ANNEX FOR TRIO (\$236k).
2. RESURFACE TENNIS COURTS (\$82k).
3. RESURFACE STOCKTON COURT INSIDE LIGON COLISEUM (\$28k).
4. REFINISH PEWS AND REPLACE CARPET IN BURNS CHAPEL AT WEST CAMPUS ANNEX (\$26k).
5. INSTALL LANDSCAPING AROUND MASS COMM BUILDING (\$22k).
6. DEAN OF STUDENTS OFFICE MODIFICATIONS IN CLARK STUDENT CENTER (\$18k).

Ongoing projects:

GUNN COLLEGE OF HEALTH SCIENCES AND HUMAN SERVICES BUILDING: \$38 MM

- Bid documents for the site package were issued; building package to be completed in late August.
- Pending authorization from the Board of Regents, a contract for the site package will be issued in late August.
- McGaha demolition complete in preparation for building construction to proceed in Sept./Oct.

MASS COMM EXTENSION TO FAIN FINE ARTS: \$5.5 MM

- Expansion (~15k gross square feet) to Fain Fine Arts for the Mass Comm department. Building includes additional classrooms, offices, editing facilities, and a state of the art TV studio.
- Project complete with only training remaining for audio-visual equipment.

TEXAS ACCESSIBILITY STANDARDS (TAS), AMERICANS WITH DISABILITIES ACT (ADA), AND FIRE MARSHAL UPGRADES PROJECT: \$3.95 MM

- Upgrades to Bolin, Fain Fine Arts, Ferguson, and Hardin for a 2013 fire marshal inspection and TAS needs. Major construction efforts to be over the summers of 2018 and 2019.
- Bid documents have been developed and will bid over late summer.
- Pending authorization from the Board of Regents, a contract for construction will be issued in September.

GUNN COLLEGE OF HEALTH SCIENCES AND HUMAN SERVICES LANDSCAPING AND PARKING PROJECT: \$1.1 MM

- LANDSCAPING - \$772k
 - Landscaping design of the quad area east of the new Health Sciences and Human Services building and bounded by J.S. Bridwell Hall, Dillard Building, and McCoy Hall. Will include an emergency vehicle access path.
 - Coordinated efforts with master planning to define the design. Detailed drawings are in process with plans to bid in the fall.
- PARKING LOT CONSTRUCTION - \$328k
 - Demolition of three Hampstead houses followed by the construction of a 63 space parking lot.
 - Parking lot ~85% complete in mid-July; should be ready for use in mid-August.

RENOVATION OF FAIN FINE ARTS STUDIOS FOR MUSIC/ART: \$160k

- With Mass Comm relocated to their new building, need to renovate their vacated space for Music and Art.
- Relocation of drawing studio to old TV studio area and creation of Music practice rooms in the old drawing studio and darkrooms area.
- Construction ~75% complete in mid-July and on schedule for August class use.

UTILITY MAPPING OF UNDERGROUND UTILITIES: \$125k

- Historical records of underground utilities are poor so contracted with a utility mapping service to locate them on our master AutoCAD file. Will assist in reducing costs and risk involved with discovery of unknown utilities.
- Survey crews have documented ~60% of the utilities and are placing them on an AutoCAD file.

FANTASY OF LIGHTS WAREHOUSE EXPANSION: \$150k

- Expansion of the existing warehouse by ~4000 square feet to provide more storage room.
- Developing bid documents to bid the project in August.

ADDITIONAL PROJECTS <\$100k:

Projects in process scheduled for completion over late summer or the fall include:

1. Repair unsafe campus sidewalks (\$46k).
2. Install a new kiln in the kiln yard at Fain Fine Arts (\$45k).
3. Repair various roof leaks at Ligon and Fain Fine Arts (\$15k).



Midwestern State University

Policies and Procedures Manual

4.146 President's Office

NAMING BUILDINGS AND OTHER FACILITIES

Date Adopted/Most Recent Revision: 8/8/97

A. General

The naming of buildings and other facilities, such as laboratories, classrooms, seminar rooms and auditoria, is the responsibility of the Board of Regents upon recommendation by the university President. Buildings and other facilities may be named to memorialize or otherwise recognize substantial gifts and significant donors, or individuals who have made exemplary or meritorious contributions to Midwestern State University.

B. Eligibility

1. Meritorious Service

Meritorious service to the university through an extraordinarily long period of years of service or extraordinary merit for a shorter time shall be the basis of naming a building for a person. At least five (5) years shall have elapsed following death before such recognition is made.

2. Gift to University

A gift providing for at least one half of the cost of a building and equipment may be a sufficient basis for naming it after a person, living or deceased.

C. Exceptions

Exceptions to any of the preceding provisions shall be made only by unanimous consent of all members of the Board of Regents present and voting when such exceptions are recommended.



Policy 4.146: Honorific and Gift-Related Namings

Adopted and Approved: MM DD, 2017

Next Scheduled Review: 08-2019

I. Policy Statement

Midwestern State University (“MSU” or “University”) will name facilities, academic units, programs, and endowments in honor of individuals or entities when it promotes the University’s educational and cultural mission and recognizes exceptional contribution or service to the University or society. All such naming actions will be in accordance with the *MSU Policies and Procedures Manual*.

II. Reason for Policy

To provide protocol for naming facilities, academic units, programs, and endowments to ensure consistent review of proposed naming and maintain compliance with the *MSU Policies and Procedures Manual*.

III. Application of Policy

This policy applies to all University employees directly involved in fundraising, donor recognition, and honorific endeavors for the University, including officers, deans, faculty, and staff.

IV. Definitions

Gift – means a voluntary, philanthropic, and irrevocable transfer of assets received from another without adequate consideration. A gift may be made through a number of vehicles, including but not limited to cash, stock, estates, trusts, in-kind, and real estate.

Naming – the application and direct association of an individual, organization, or corporate name to a University facility (physical room, building, space, or other property), academic unit (college, school, department, center, or program), endowment, or other University entity.

V. Procedures and Responsibilities

A. Types of Naming

1. Gift-Related Naming: A gift-related naming occurs when a donor makes a qualifying tax-deductible contribution to the University or to the MSU Foundation or to the MSU Charitable Trust and is recognized with a naming.
2. Gift-Related Corporate Naming: A gift-related corporate naming is the naming of property, programs, academic positions, or endowments

whereby a business entity makes a tax-deductible gift to the University or to the MSU Foundation or to the MSU Charitable Trust and is recognized with a naming. A gift-related corporate naming shall be reviewed and approved by the Vice President for Advancement and Public Affairs and the President prior to being submitted to the Board of Regents for final approval. A corporate naming requires an agreement between the corporation and the institution in accordance with MSU Policy 2.24 (Approval and Execution of University Contracts).

3. Corporate Naming: A corporate naming involves the sponsorship by a corporation or business entity that seeks to purchase advertising and marketing exposure and is not considered a gift. A corporate naming requires an agreement with the corporation and the University in accordance with MSU Policy 2.24 (Approval and Execution of University Contracts). Corporate naming rights will include a term limit. Corporate naming, including sponsorships, should be reviewed by the Vice President for Advancement and Public Affairs prior to being submitted to the President for approval.
4. Honorific Naming: An honorific naming may be bestowed in recognition of the dedication or meritorious contribution of a person. A person being recognized by an honorific naming must have exhibited values consistent with the mission and vision of the University, must have an established relationship with the University, and must have contributed measurably to the good of society. When an individual is considered for an honorific naming, the proposal shall be reviewed and approved by the Vice President for Advancement and Public Affairs and the President prior to being submitted to the Board of Regents for final approval.
5. General Provisions: The same gift will not typically be used for more than one naming opportunity. Exceptions must be recommended by the Vice President for Advancement and Public Affairs to the President for approval.

B. Naming Opportunities and Necessary Approvals

1. Honorific Namings: The Board of Regents must approve all honorific namings. Honorific naming requests will be submitted to the Vice President for Advancement and Public Affairs and the President for review and approval before being submitted to the Board of Regents for final approval.
2. Buildings and Other Major Facilities: Naming of buildings and other major facilities, such as stadiums, wings of buildings, large auditoriums, and concert halls and clinics, must be approved by the Board of Regents upon the recommendation of the President. The criteria for a gift-related naming will consider the value, visibility, improvements, and marketability of the location and will be based on a minimum donation of no less than 33% of the original construction cost, renovation cost, or current value of the property.
3. Areas within Buildings and Other Major Facilities: Naming of areas within buildings and other major facilities such as, but not limited to, bricks, pavers,

atriums, specific rooms, lecture halls, laboratories, and workshops, must be approved by the President upon the recommendation of the Vice President for Advancement and Public Affairs and the Dean of, or the Vice President for, the corresponding college, school, or administrative department. Approval from the Board of Regents is required when the current value of the area is equal to or more than \$500,000 or the gift associated with the naming of the area equals \$1,000,000 or more. The process of creating naming thresholds for a new or existing building or space should be coordinated by the appropriate Dean or official in collaboration with the Vice President for Advancement and Public Affairs. A gift-related naming will consider the value, visibility, improvements, and marketability of the location and will be based on a minimum donation of no less than the original construction cost, renovation cost, or current value of the area within the building and other major facilities.

4. Grounds, Outdoor Renovations, Gardens, Trees, and Benches: Gift-related naming of grounds, outdoor renovations, gardens, trees, and benches must be approved by the President upon the recommendation of the Vice President for Advancement and Public Affairs in consultation with the Associate Vice President for Facilities Services. When the value of the area to be named is equal to or more than \$500,000 or more, or the gift associated with the naming equals \$1,000,000 or more, the Board of Regents must provide final approval of the naming. A gift-related naming will consider the value, visibility, improvements, and marketability of the location and will be based on a minimum donation of no less than the original construction cost, renovation cost, or current value of the property.
5. Streets: The naming of all streets located on the campus of the University or on property owned by the University must be approved by the Board of Regents. Prior to submission to the Board of Regents, the President must approve the naming upon the recommendation of the Vice President for Advancement and Public Affairs. The naming of a street is a rare occurrence for which there is not an established gift requirement.
6. Real Property: Naming of real property must be approved by the Board of Regents. Prior to submission to the Board of Regents for final approval, the President must approve the naming upon the recommendation of the Vice President for Advancement and Public Affairs. Real property given to the University may be named in consideration of the gift of the donor's entire interest in the property.
7. Colleges, Schools, and Departments: Naming of colleges, schools, and departments will consider the value, visibility, improvements, and marketability of the college, school, or department and must be approved by the President, upon the recommendation of the Provost and Vice President for Academic Affairs, and the Vice President for Advancement and Public Affairs, prior to being submitted to the Board of Regents for final approval.
8. Academic Positions: Naming of academic positions must be approved by the President upon the recommendation of the Provost and Vice President for Academic Affairs, Dean of the respective college or school, and the Vice

President for Advancement and Public Affairs. If the cash value of the gift equals \$1,000,000 or more, the Board of Regents must provide final approval of an academic position naming. A gift-related naming will consider the value and visibility of the position and will be based on the following minimum donations:

Endowed Deanship	\$2,000,000
Endowed Chair	\$1,500,000
Endowed Distinguished Professorship	\$1,000,000
Endowed Directorship	\$ 750,000
Endowed Faculty Fellowships	\$ 500,000

For corporate academic naming involving a sponsorship agreement, the naming of academic positions must be presented to the Board of Regents for final approval if the value of the agreement is \$500,000 or more.

9. Graduate Fellowships: Naming of graduate fellowships must be approved by the President upon the recommendation of the Dean of the respective college or school and the Vice President for Advancement and Public Affairs. When the cash value of the gift equals \$250,000 or more, the Board of Regents must provide final approval of a named graduate fellowship. The naming of graduate fellowships will be based on a minimum donation of \$75,000.
10. Programs, Institutes, Centers, and Other Organizations: Naming of programs, institutes, centers, and other entities must be approved by the President upon the recommendation of the Provost and Vice President for Academic Affairs, the Dean of the respective college or school, and the Vice President for Advancement and Public Affairs, regardless of the cash value of the gift. If acceptable to the President, a gift of \$1,000,000 or more associated with this type of naming will be recommended by the President to the Board of Regents for final approval.
11. Endowments: Named endowed scholarships, or other named endowments, must be approved by the President upon recommendation of the Dean of the respective college or school and the Vice President for Advancement and Public Affairs. Named endowments will be based on the following minimum donations:

Endowed Provost Initiative Fund	\$1,000,000
Endowed MSU Boundless Opportunities Scholarship	\$ 500,000
Endowed Head Coach	\$ 500,000
Endowed Coach	\$ 250,000
Endowed Lectureship	\$ 250,000
Endowed Lecture Series	\$ 250,000
Endowed Scholarship	\$ 50,000
Endowed Unrestricted Excellence Fund	\$ 25,000
12. Miscellaneous Naming Opportunities: Naming opportunities that are not otherwise set forth in this policy must be approved by the President and Vice President for Advancement and Public Affairs, regardless of the cash value of the gift. If the value of the naming is equal to or more than \$500,000 or the gift associated with the naming is \$1,000,000 or more, the Board of Regents

must provide final approval of the naming.

C. Guidelines

1. Relationship: A gift-related naming opportunity requires that the gift amount must be reasonably related to the value of the facility, place, position, or item being named, as approved by the President upon the recommendation of the Vice President for Advancement and Public Affairs.
2. Determination of Current Value: Where current value is required to be determined under this policy, the determination shall be made through the Associate Vice President for Facilities Services.
3. Donor Recognition: The designation of a naming shall not be publicly announced until final approval has been obtained as required under this policy. Further, a donor shall not be publicly recognized in regard to a naming until the University has received at least 33% of any gift related to the naming with the remainder to be received within five years. Irrevocable planned gifts will proceed as cash received. Revocable planned gifts will not receive recognition or naming rights until the gift is realized.
4. Gifts of Monies, Securities, Real Estate, Personal Property and Other Types of Gifts: The President has the authority to allow various types of gift arrangements other than monies, securities, real estate, and personal property to be gifted in consideration of a naming, in accordance with gift acceptance policies established by the *MSU Policies and Procedures Manual*. These arrangements may include, but are not limited to, charitable trusts, charitable gift annuities, bargain sales, life estate gifts, life insurance, irrevocable beneficiary designations, and gifts of less than the entire interest in a property. In the event a naming requires the approval of the Board of Regents, the Board shall be informed of the manner in which the gift is intended to be made, and the Board shall determine whether it is in the best interest of the University to accept or reject the gift.
5. Duration of a Naming: A naming in recognition of a gift shall be for a period of ten years, unless specifically stated otherwise in the gift agreement.
6. Corporate Namings: A corporate naming must be in accordance with the *MSU Policies and Procedures Manual* and the requirements of Texas Education Code Section 51.923, and this policy. A corporate naming shall be for a specific period of time as outlined in the sponsorship agreement.
7. Fundraising, Development Campaigns, and Marketing of Naming Opportunities: All fundraising and development campaign efforts related to naming opportunities and the marketing of naming opportunities must be approved by the President and the Vice President for Advancement and Public Affairs. The President shall be responsible for obtaining required approvals related to naming. The President may delegate responsibilities to the Vice President for Advancement and Public Affairs for coordination of

fundraising and development campaign efforts to secure gifts related to naming opportunities.

8. Delegation of Authority: The President delegates to the Vice President for Advancement and Public Affairs the authority to review and recommend for approval all gift-related naming opportunities of \$100,000 or more prior to the solicitation of any prospective donor. No commitment regarding naming for such gifts shall be made to a donor or honoree prior to appropriate approvals. Proposals shall be made in writing in accordance with the requirements of this policy and reviewed by the Vice President for Advancement and Public Affairs before being presented to a donor. A gift agreement stating the terms of the gift-related naming must be created and processed by the Office of the Vice President for Advancement and Public Affairs and in accordance with MSU Policy 2.24 (Approval and Execution of University Contracts) and signed by the donor and approved representatives of the University, and the appropriate MSU Foundation or MSU Charitable Trust representative, when applicable.

- D. Exceptions: The President reserves the power to grant a naming at her/his discretion and grant exceptions to University policies regarding naming opportunities when it is in the best interest of the University. For namings requiring the approval of the Board of Regents, the Board must approve any exception regarding such naming opportunities.

VI. Related Statutes, Rules, Policies, Forms and Websites

Related Statutes:

Texas Education Code, Section 51.923

Related MSU Policies:

4.134: Gifts and Donations

Related Forms:

Forms associated with the “naming” process must be obtained from the Office of the Vice President for Advancement and Public Affairs.

VII. Responsible Office(s)

Contact: Vice President for University Advancement and Public Affairs

Phone: (940) 397-6225

Email: tony.vidmar@mwsu.edu

VIII. History

Date Adopted: xx/xx/2017



Facilities Services
3410 Taft Boulevard, Wichita Falls, Texas 76308-2099
Office: (940) 397-4648 Fax (940) 397-4859

Memorandum

To: Dr. Suzanne Shipley

Cc: Dr. Marilyn Fowle, Dr. Keith Lamb, Dr. Clara Latham, Dr. Stuart McClintock, Dave Percy, Mandy Sedden, Steve Shelley

From: Kyle Owen

Date: June 29, 2017

Re: **Moffett Library Renovation Project - Architect Selection Recommendation**

Renovations for Moffett Library will require the services of an architectural firm per the Texas Board of Architectural Examiners due to the size of the endeavor. In compliance with State Purchasing requirements, RFQ #735- 17-6199 was issued requesting qualification statements from architecture firms.

An Architect Selection Advisory Committee consisting of Dr. Marilyn Fowle, Dr. Keith Lamb, Dr. Clara Latham, Kyle Owen, Dave Percy, and Mandy Sedden reviewed the qualification statements (member Dr. Stuart McClintock was with students in France and unable to participate). The RFQ included evaluation criteria such as successful completion of recent projects of similar complexity, relevant experience of the assigned personnel, value engineering experience, renovation experience of occupied facilities, past performance, prior favorable service with Texas higher education, sustainability, and completeness of the request. Nine architectural firms submitted qualification statements which were scored by each committee member using the evaluation criteria. The scores were averaged to determine the overall highest score.

The team of Holzman Moss Bottino (HMB) and Harper Perkins Architects (HPA) had the highest score and is recommended for this project. HMB's experience with library design and their programming efforts on the use of J.S. Bridwell, Ferguson, and Moffett, combined with HPA's knowledge of MSU and Moffett (HPA developed the last renovation at Moffett) assured the committee they are highly qualified for this design effort.

Midwestern State University Strategic Plan 2017-2022

August 2015 – 2017 Timeline

DATE	EVENT
August – October 2015	Campus dialogue with President Shipley regarding the future of MSU.
November 2015	Dr. Shipley meets with campus constituent groups to discuss and agree upon Strategic Initiatives and Strategies.
February 2016 Board Retreat	Strategic Initiatives and Strategies presented to, reviewed, and discussed with Board of Regents
March 18, 2016	Strategic Plan Committee Appointed
May 3, 2016	Strategic Plan Committee meets <ul style="list-style-type: none"> • Receives charge • Reviews timeline • Sub-Committee Appointments
Fall 2016	Strategic Plan Sub-Committees work to develop Tactics and Tasks
November 2016 Board Meeting	Status Update Provided to Board
January – February 2017	Strategic Plan Committee reviews and finalized Tactics and Tasks
March 2017	Overview of Strategic Plan work presented to President Shipley and resulting revisions made
May 2017 Board meeting	Full overview of Strategic Plan work submitted to Board of Regents for review and input.
August 2017 Board Meeting	Strategic Plan presented to Board of Regents for approval.

Midwestern State University Strategic Plan 2017-2022 Projections for Strategic Plan Progress

DATE	EVENT
September 2017	Strategic Plan Committee (SPC) reviews Mission Statement and Values and proposes revisions as necessary.
October 2017	SPC selects four-five priorities for inclusion in 2018-2019 budget.
October – December 2017	SPC works with Budget Office personnel to determine costs
January 2018	Priorities and their costs are given to President’s Cabinet for review. Final priorities forwarded to Budget Oversight Committee (BOC).
Spring 2018	SPC measures progress made in Academic Year 17-18 and recommends any necessary revisions to plan.
April 2018	Final recommendations on Strategic Plan budgeting made by BOC to Cabinet.
May 2018	Board of Regents receives an update on the progress of the Strategic Plan and any revisions made since August 2017.

Midwestern State University Strategic Plan 2017-2022

Building Bridges To A Vibrant Future

Strategic Initiative 1. PROMOTE A STRONG UNIVERSITY COMMUNITY

Strategy 1A. Attract, retain, and reward faculty and staff who expect and extend an environment of the highest quality. Encourage all faculty and staff to actively engage students in inquiry, research, creative, athletic, service, and artistic endeavors. Support faculty's dedication to excellent teaching and scholarly activity.

Tactic 1. Ensure that by 2019 tenure and promotion guidelines for faculty and performance review guidelines for staff align with university strategic initiatives. *Potential measure(s): Number or percentage increase in references or policies/procedures within guidelines and evaluation criteria.*

Tactic 2. Improve existing opportunities and make new opportunities for professional development of faculty and staff focused on excellent teaching and scholarly activity by increasing funding for such opportunities by 10 percent per year and ensuring a more equitable distribution by 2020. *Potential measure(s): Number or percentage increase in participation rates, funding availability, and scope development opportunities.*

Strategy 1B. Create a vibrant workplace that encourages diversity, values the opinions of community stakeholders, creates strong and effective governance systems, and recognizes the outstanding work of individuals and departments.

Tactic 1. Develop policy and procedures related to hiring, promotions, compensation, and educational experiences for students, faculty, and staff that encourage diversity.

Tactic 2. Improve existing governance systems, especially shared governance between and among faculty, staff, students, and administrators. *Potential measures: increase in the number or percentage of positive responses in survey feedback.*

Strategy 1C. Be a first-choice employer with competitive compensation and an environment that welcomes and rewards employees' passion for their work in and out of the classroom. Invest in the MSU family.

Tactic 1. Faculty: Bring faculty compensation to at least the average of CUPA data; Staff: Bring current staff salaries to an average of seven percent above market minimum and provide parity pay based on years of service.

Tactic 2. Ensure that annual faculty salary increases be merit based in accordance with University policy and state law. Develop policy and procedures that relate compensation with work quality for faculty and staff by 2018.

Strategy 1D. Establish clearly the mission of the university and develop a comprehensive marketing and branding program that effectively translates that to the expanded region.

Tactic 1. Nourish a university culture that enables every employee to be an ambassador of the university. *Potential measure(s): Number or percentage increase of documents/resources available and program/presentation content at new employee orientation.*

Tactic 2. Integrate the mission statement of the university into all subordinate goals and action plans; and periodically reinforce faculty and staff understanding of our mission.

Strategy 1E. Create benchmarks and measurements reflective of MSU's goal to be among the best Council of Public Liberal Arts Colleges (COPLAC). Be good stewards of our public liberal arts mission.

Tactic 1. Promote the liberal arts mission and practical applications of a liberal arts education to MSU and the community at large to ensure that stakeholders understand the liberal arts concept and demonstrate commitment to it. *Potential measure(s): Number or percentage increase in the articles, presentations, social media posts throughout campus/department programming.*

Tactic 2. Align benchmarks with COPLAC membership ideals. *Potential measure(s): Number or percentage increase in documented college/departmental goals related to COPLAC concentrations (i.e., active learning, liberal arts, co-curricular programming, civic engagement, diversity, etc.).*

Strategic Initiative 2. AGGRESSIVELY PURSUE NEW STUDENT POPULATIONS

Strategy 2A. Build upon our well-established reputation for students seeking a full-time, residential, liberal arts experience.

Tactic 1. Increase the university marketing budget annually by up to 10% for the next five years as possible.

Tactic 2. Upgrade by 2019 the university's website and branding such that they are viewed by prospective students and other external stakeholders as the most appealing and effective in the state of Texas.

Strategy 2B. Offer academic programs and degrees in multiple locations.

Tactic 1. By 2018, build the infrastructure (manpower, delivery platforms, and differentiated field experiences) in collaboration with community partners to build and sustain academic programs in multiple locations.

Tactic 2. By 2018, complete a feasibility study to determine the need and marketability of offering terminal degrees (i.e. Doctorate of Nursing Practice (DNP), Educational Leadership (Ed.D) and Radiologic Science) at MSU.

Strategy 2C. Actively market adult completion online and hybrid programs in multiple locations.

Tactic 1. By 2019 increase by 50% the number of programs, courses, and sections that can be accessed online to ensure the attractiveness and availability of courses for working adults.

Tactic 2. Create by 2018 a 100% online student fee schedule appropriate for the facilities and technology used for delivery of all online programming.

Strategy 2D. Maintain a welcoming environment for all. Reflect and serve the diverse Texas college-going population.

Tactic 1. Create by 2020 a two-week bridge program in the summer timeframe to orient first generation college students to the joys, rigors, and responsibilities of college life.

Tactic 2. Increase by 2020 the number of bilingual counselors in the admissions, financial aid, and student orientation offices by two and ensure appropriate sections of distributed material and the website have Spanish versions.

Strategy 2E. Add 2,000 new students by the fall 2022 semester.

Tactic 1. Increase by 2020 the number of Freshman, Undergraduate Transfer, and Graduate Admitted Students by 20% over the 2016 baseline.

Tactic 2. Increase the Freshman, Undergraduate Transfer, and Graduate Students Yield Rate (percentage of admitted students that subsequently enroll) by 4% over the 2016 baseline by 2020.

Strategic Initiative 3. CREATE A DESTINATION RESIDENTIAL UNIVERSITY.

Strategy 3A. Increase recreational, cultural, and leadership opportunities for students of all cultural backgrounds.

Tactic 1. Create leadership programming that is inclusive of students across cultural, academic, and socioeconomic backgrounds.

Tactic 2. Develop more inclusive and diverse recreational sports programs and activities.

Tactic 3. Develop programs that celebrate and educate students of different cultural backgrounds.

Strategy 3B. Provide a strong student support system to ensure that students remain in school, are actively engaged in campus life and service, and graduate.

Tactic 1. Expand the Academic Success Center into a student advising and mentoring center providing centralized campus tutoring, increased supplemental instruction and advising, and a one-stop approach to student services.

Tactic 2. Develop and implement a signature first-year experience that emphasizes the liberal arts mission and MSU's undergraduate research initiative.

Strategy 3C. Create appealing global learning opportunities at home and abroad.

Tactic 1. Double the percentage of annual participation in MSU study abroad programming from 2% to 4% by 2021.

Tactic 2. Add 25% to the annual study abroad programming budget for MSU study abroad programming by 2021.

Strategy 3D. Deliver education in modes that meet students' needs and expectations while maintaining affordability. Embrace current technological trends in administration, classrooms, and laboratories, and develop a funding plan to meet these needs.

Tactic 1. Provide a minimum of one section of each core course online once per year by 2021.

Tactic 2. Develop University-wide protocol for the use of technology for on-campus by ensuring a minimum classroom workstation. Moreover, plans will be made to bring all workstations not meeting the minimum standard to standard beginning in 2019, with 20% of the initially deficient classroom workstations upgraded each year as possible.

Strategy 3E. Provide a campus that is not only considered to be the most beautiful in Texas but is also safe, readily accessible, and easy to use. Employ technology and digital media outreach to enhance undergraduate and graduate enrollment.

Tactic 1. Develop and commit to a campus beautification and safety master plan by 2020.

Tactic 2. Increase the university's technology and digital media outreach for students on campus as well as for potential students and community stakeholders.

Strategic Initiative 4. STIMULATE A CULTURE OF ENGAGEMENT.

Strategy 4A. Support the Wichita Falls community by providing an educated workforce, stimulating economic development, and serving as a leader in shaping the city's future.

Tactic 1. Increase six-year graduation rates for the fall 2018 cohort by 2%, the fall 2020 cohort by 4%, and the fall 2022 cohort by 6%. (Baseline of fall 2010 cohort is 42.4%)

Tactic 2. Work with Wichita Falls Chamber of Commerce and Industry to increase MSU student personal and professional involvement in the community through increased participation in for-credit internships by 5% by 2020. (Use 2017 baseline)

Strategy 4B. Support Sheppard Air Force Base (SAFB) and improve outreach to and articulation agreements with community colleges.

Tactic 1. Beginning in 2017 strengthen the relationship between MSU and the 82nd Training Wing and 80th Flying Training Wing commanders and their staffs to determine the educational needs of SAFB personnel and how MSU could address these needs.

Tactic 2. Increase articulation agreements by adding three to five agreements with area community colleges by 2020.

Strategy 4C. Develop premier programming in the academics, arts, and athletics for a wide range of stakeholders. Position the Wichita Falls Museum of Art at MSU (WFMA) and the NCAA Division II program as models of excellence.

Tactic 1. Secure accreditation and create funding for the hire of one full-time museum educator position for WFMA by 2019.

Tactic 2. Secure funding (approximately \$12-15 million) and begin construction of 7,000 seat athletic stadium by 2020.

Strategy 4D. Revitalize and expand the university's infrastructure and financial base to improve efficiency and affordability.

Tactic 1. Decrease computer and printing expenditures campus-wide by 20% by 2021.

Tactic 2. Increase the number of endowed academic scholarships (minimum of \$100,000 each) by three per year for five years.

Strategy 4E. Expand the University's donor base to include new populations and engage existing donors in new ways.

Tactic 1. Create funding to include two additional full-time staff positions for Marketing and Promotion Office to meet the needs of both areas by 2020.

Tactic 2. Create funding to include one additional staff position and a 50% increase in operating budget of MSU Alumni Office to meet the demands of engaging with donors in new ways by 2020.

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ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Academic and Student Affairs Committee

Membership

Lynwood Givens, Chairman
Shawn Hessing
Nancy Marks
Shelley Sweatt

Reading and Approval of Minutes

17-124. The minutes of the Academic and Student Affairs Committee meeting May 11, 2017, will be recommended for approval of the Committee as shown beginning on page 131.

Faculty Report

17-125. Dr. David Carlston, Faculty Senate Chairman, will provide a report on behalf of the MSU Faculty Senate.

Staff Report

17-126. Ms. Angie Reay, Staff Senate Chair, will provide information on behalf of the MSU Staff Senate. Additionally, as outgoing chair, Ms. Reay will provide information regarding her work at MSU.

Student Government Report

17-127. The MSU Student Government Association (SGA) report is shown on page 59. Ms. Maria Peña, President of the MSU SGA, will review this report and provide additional information.

Athletics Report

17-128. The MSU Athletics Report is shown on page 60. Mr. Kyle Williams, Interim Director of Athletics, will review this report, provide additional information, and answer questions related to MSU Athletics.

Enrollment Reports – Summer 2017

17-129. Information regarding enrollment for the Summer 2017 semesters will be presented.

Dallas-Fort Worth (DFW) Expansion Update

17-130. An update on the activities related to the expansion of MSU academic course offerings will be presented for information only as shown on page 61.

August 2017 Graduating Class

17-131. The administration will recommend approval of the list of candidates for August 2017 graduation with the provision that they meet all requirements as prescribed by the faculty and administration, as shown beginning on page 62.

Approval of 2018-2019 Academic Calendar

17-132. The proposed academic calendar for the 2018-2019 academic year will be presented for approval as shown beginning on page 66. The overall calendar is similar to previous

calendars and is in line with the Texas Higher Education Coordinating Board common calendar. The summer 2019 schedule is proposed with the four-day class week.

Academic Department Reorganization and Name Change

17-133. The administration will recommend the following reorganization and renaming of academic departments effective with the fall, 2017.

A. Dillard College of Business Administration

1. Existing Departments
 - a. Department of Management, Marketing, and Legal Studies
 - b. Department of Accounting and Management Information Systems
2. Proposed Departments
 - a. Department of Management and Marketing
 - b. Department of Accounting, Management Information Systems, and Legal Studies
3. Legal Studies was moved to the Department of Management and Marketing in 2013 to accommodate the appointment of a faculty member to the position of chair for the department. This faculty member also serves as the Pre-Law Advisor. The faculty member has asked to step down as chair and it is recommended that Legal Studies move into the area of Accounting and Management Information Systems as Legal Studies is commonly included with accounting departments at other universities. This change will not affect degree or program requirements.

B. Prothro-Yeager College of Humanities and Social Sciences

1. Change the Department of Foreign Languages to the Department of World Languages and Cultures
2. The proposed name change describes better what the department does as teaching a language involves film, literature, art, and history. The word “foreign” has lost the connotation of exotic and interesting that it once had (i.e., attractive); now “foreign” is sometimes seen as something threatening and can be a deterrent to student enrollment.

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Student Government Association

Report for the Board of Regents

August 3, 2017

Each year a selected group of individuals participate in creating an inclusive environment for all Mustangs, and provide leadership and extracurricular activities to keep the student body engaged.

For the upcoming academic year, the Student Government Association (SGA) plans to implement the following initiatives.

I. Engagement – SGA with the Student Body

- i. To create a stronger relationship and presence on campus between fellow Mustangs and the SGA, the following programs will take place:
 - Mustangs Monday, every week starting August 28th
 - Waffle Wednesday, twice a month starting August 30th
 - Trivia Thursday, once a month starting August 31st
- ii. In addition to these events, SGA will host the following throughout the year:
 - SGA Game Nights
 - SGA Movie Nights
 - SGA Field Day

II. Retention – SGA Executives with the Senators

- i. To provide an incentive-based system to retain membership and involvement from Student Senators, the following will occur:
 - SGA Newsletter, monthly Senator update
 - Senator Spotlight, once a month
 - SGA Paraphernalia – T-shirts, pins, etc.

III. Fulfillment – SGA with all Mustangs

- i. To ensure the best service is given to all Mustangs, Committee Chairs will engage with the student body, faculty, and staff once a month by:
 - Tabling outside of the SGA office
 - Hosting “Coffee with a Chair” Mondays
 - Continuously providing surveys and questionnaires

MSU Athletics
Board of Regents Meeting
August 2017

- MSU Athletics placed 60 Student-Athletes on the Lone Star Conference (LSC) Commissioner's Honor Roll for the Spring semester with 19 Mustangs recording a perfect 4.0 Grade Point Average (GPA).
- LSC Scholar Athletes for 2016 class:
 - Women's Basketball player Jennifer Arbuckle, earned a 3.83 GPA in Business Administration as a Graduate Student. Arbuckle played four years with the Mustangs.
 - Senior Tennis player Ramon Toyos, who earned a Mathematics and Psychology degree while playing four years with the Mustangs.
- MSU Athletics graduated 37 Student-Athletes this past May.
- The MSU Athletics website has been updated and reconstructed (<http://msumustangs.com/>).
- Midwestern State hosted the 2017 NCAA Division II Super Region 4 Women's Golf Championship at the Wichita Falls Country Club on May 8-10. Our ladies finished in 7th place.
- The MSU Men's Golf team competed in the NCAA Division II Super Region 4 Championship at Brookside Country Club in Stockton, California.
- MSU's Women's Basketball coach, Noel Johnson, was selected for enshrinement into the Texas High School Basketball Hall of Fame. The official ceremony will be held in May, 2018.
- The MSU Tennis Courts were resurfaced this summer and U.S. Open blue is the new playing surface color. Also, Ligon Coliseum and Gerald Stockton Court have a new look.
- Midwestern State had no major NCAA violations
- The 11th Annual Welcome Back Dinner is August 20th featuring Dallas Cowboy great, Jay Novacek.
- Midwestern State ranked 8th in the region in attendance for Football and 1st in Men's Soccer
- MSU's Learfield Director's Cup ranking for 2016-2017 was #48. MSU finished 3rd in the Lone Star Conference behind West Texas A&M University and Angelo State University.
- MSU replaced only two coaches this summer, an assistant coach in football and an assistant coach for women's soccer when Amanda Snodgrass moved full time with MSU Athletic Administration.
- As part of the proposed Fiscal Year 18 budget, the previous Associate Director of Athletics for Development position is changed to an Assistant Director of Athletics for Student-Athlete Development/Community Outreach position. The individual in this position will oversee MSU Academic Success, which includes Mustangs360, and will coordinate and collaborate with other University offices to provide academic support for our 325 student-athletes. Through this effort the department will be able to assist at-risk student-athletes by developing, managing, implementing, and monitoring a strategic plan to get student-athletes through school.

Dallas-Fort Worth (DFW) Expansion Update

August 2017

Mr. Randy Canivel has been hired as Director for the Flower Mound campus. Mr. Canivel began his duties in June and currently offices at North Central Texas College (NCTC) Flower Mound. In addition to familiarizing himself with planned academic offerings and partner institutions, his early focus has been community outreach, student recruitment, and branding. As Mr. Canivel hires staff, MSU has worked with Parker Assets, the owner of the project, to identify a suitable office suite in the Parker Square development. It is expected that MSU will take occupancy of the temporary office space in August and remain until the new facility is complete. The strength of the partnership with NCTC is evident in the office they have provided for Mr. Canivel, and joint participation in branding and sponsorship opportunities in the area. The administration continues to be impressed with, and grateful to, our NCTC partners and the strength of this relationship

As discussed at the May Board of Regents meeting, MSU will offer the health science degree completion programs (Nursing, Respiratory Care, and Radiologic Sciences) in an accelerated, parts-of-term format. The parts-of-term model allows a student to complete nine semester credit hours per term while only being enrolled in six semester credit hours at any given time, i.e. a sixteen-week term includes one sixteen week course and two eight-week courses. This model is attractive to working professionals completing a degree. To this end, MSU faculty and staff have met with community college health science programs to discuss partnerships and transfer opportunities. We have also met with local hospitals that are now preferring the baccalaureate as the entry level degree. Further, MSU will offer courses in Education and the baccalaureate degree completion program, the Bachelor of Applied Arts and Sciences (BAAS). Staff have visited with local independent school districts regarding Education courses and with local industry regarding the BAAS. As of July 15, there are 78 admitted students for Flower Mound and the Weatherford College partnership for the fall semester. Given the nature of this adult population, we expect a high proportion of admitted students to enroll and this is a strong beginning.

Construction of the Flower Mound facility is scheduled to be complete in early January, allowing two weeks for furniture move-in prior to classes beginning in January. The general contractor on the project will allow MSU's information technology (IT) contractor to access the building this fall for low-voltage wiring and other IT infrastructure requirements. The construction itself is about 30 days behind the revised schedule; the contractor believes the building can be delivered on-time if there are no further delays. Delays to this point have been weather, financing closing, and vacancies within the Flower Mound inspections office. Should there be further delays that impact the delivery of the building, the scheduled courses for spring 2018 will occur in an online format, with any face-to-face meetings remaining at NCTC Flower Mound.

Candidates for Degrees

August 10, 2017

DILLARD COLLEGE OF BUSINESS ADMINISTRATION

Master of Business Administration

Cathleen Posse

Linda Weisenstein

GORDON T. AND ELLEN WEST COLLEGE OF EDUCATION

Master of Arts

Nadley Christabel Augustine
Ellen Mason

Michelle Rae Ramsey

Master of Education

Cory Scott Anderson
Marilyn Bonnie
Shasta Gibson
Ashley Lauren Hall

Christine Marie Johns
Monica Judith Santos
Christina Renee Shubert

ROBERT D. AND CAROL GUNN COLLEGE OF HEALTH SCIENCES AND HUMAN SERVICES

Master of Arts in Criminal Justice

Madison Nichole Dean
Joshua Lee Teel

Case Augustus Winkler

Master of Science in Exercise Physiology

Jacob Benjamin Davis
James Roy Maxwell

Parshwa Rajendra Mehta

Master of Science in Nursing

Jamie C. Barr
McKenzie Morgan Battershell
Jaclyn Branch
Valerie Contreras
Megan Elizabeth Cummings
Katherine Elaine Harrill
Angel Manuel Hernandez
Mistee Jan Jefferies
Sara Jayne Large

Donna Marie Linton
Lazedrick Rechar Logan
Velile Sibusisiwe Nkolomi
Kasey Monica Robertson
Aubree Ann Styles
Panchanok Chumpumud Thompson
Brianna Alisha Townley
Randall Scott Tracy
Liza Marie Vance

Master of Science in Radiologic Sciences

Camille Anne Allred
Anita Meurer Buerger
Stephanie Ann Cannon
Jennifer Grace Bentley Clark
Jamie Lee Gladson
Tina L. Griffith

Shelby Nicole Hill
Toby Edmon King
Michael Santistevan
Sheana Michelle Thompson
Diane Cleveland Zerbe

**PROTHRO-YEAGER COLLEGE OF
HUMANITIES AND SOCIAL SCIENCES**

Master of Arts

Cheyenne Nicole Cannedy
Zachary David Krebs
David William Kuehler II

Anna Elizabeth Lerew-Phillips
Ryan Clark Tyler
Zachary M. Zoet

COLLEGE OF SCIENCE AND MATHEMATICS

Master of Science

Mounika Akuthota
Waseem Azher
Adithya Mahesh Bariki
Gayatri Bhimani
Michelle Catherine Blount
Sharath Kumar Dayal
Scott David Gordon
Ngoc Bao Huynh
Gabriel Shai Jacobs
Satya Sandeep Kollipara

Mounika Madireddy
Mohamed Hussen Salem Masaud
Shaila Sudarshan Mogalapu
Shashank Namala
Vaisali Vardhani Namburi
Nagendra Babu Pasupuleti
Tejaswi Prakhya
Sheema Rohi
Nanda Kishore Reddy Thineti

DILLARD COLLEGE OF BUSINESS ADMINISTRATION

Bachelor of Business Administration

Patrick William Barker
Lydia Ann Croxson
William Andrew Fletcher
Stephen Charles Johnson
Jacob Travis Keene
Duncan Matthew Mayer
Kayla Takara Medearis
Iesha Earla O'Loughlin

Jentry Mitchell Swartz
Luke Christopher Thomas
Marcus Dean Vaughan
Carla A. Villalobos
Brittney Nicole Walsh
Ting Xu
Shizheng Zhang

**GORDON T. AND ELLEN WEST
COLLEGE OF EDUCATION**

Bachelor of Applied Arts and Sciences

Matthew Thomas Armstrong
John Francisco Berrios, Jr.
Timothy Loyd Carey
Jared Lee Cullar
Jahlia Marie Culmer
Renita Marie Haynes Cummings
Marie Lee Davis-Duarte
James Stephen Dekraker
Daniel Gene Franklin
Cieandres Tonisa Gibson
David Gene Ham
Christopher Jason Holt
Phylisia Marie Kenner
Eric B. Lister
Katherine Marie McDonald Love

Gabriel Martinez
Brandon Neel
Craig Alan Noble
Humphrey Chuks Onyedili, Jr.
Billy Shawn Peterson
Krystal Dawn Pike
Alberto Saucedo, Jr.
Cesally Corina Sherman
Cynthia DaNette Stalnaker
Dawnn Michelle Stanfield
Irene Wakam Tchuente
Damilola Laurenta Tiamiyu
Kathleen Renee Vandewater
Brittney Nicole Wells

Bachelor of Arts

Cullen Maxwell Craft

Micheline Mercelita

Bachelor of Science

Preston Reece Mitchell

Jamarick LaDon Simmons

LAMAR D. FAIN COLLEGE OF FINE ARTS

Bachelor of Fine Arts

Drewry Taylor Davison

Bachelor of Music

Jacob Thomas Partida

ROBERT D. AND CAROL GUNN COLLEGE OF HEALTH SCIENCES AND HUMAN SERVICES

Bachelor of Science in Athletic Training

Kaleé Kristine Litke

Bachelor of Science in Criminal Justice

Chance Everett Boulware
Reed Aaron Churchwell
Vallery Michelle Mitchell

Alyssa Marie Perry
Anthony Victor Pesina

Bachelor of Science in Exercise Physiology

William Manning Coward IV
Catherine Jessica Huff

Brandon Phillip McMahon
Shawn Anthony Raymond

Bachelor of Science in Nursing

Brooke Bethany Barker
Brittany Alexis Collins
Lacey Frances Dooley
Patricia Nдох Epie
Autumn Danielle Fleck
Catherine Denine Garza
Michael David Harmon, Jr.
Melissa Diane Lance
Margaret Leigh Leming
Jessica Nicole Luna

Jennifer Jeanette Twilligear Lyles
Brittany Racheal Mays
Carly Diane McGhee
Yvette Chiembokeh Mfuh
Kyle Antonio Monk
Kimberly Vanessa Morgan
Michael Okwuchukwu Okpalaeze
Michael Patrick Tucker
Lionel A. E. Uzuh
Jaycie Nicole Wright

Bachelor of Science in Radiologic Sciences

Amanda Gale Ballew
Sulaimon Oladimeji Balogun
Keela Rachelle Barker
Kaylee Anne Billman
Stephanie Christine Canon
Ernest Alexander Cruz
James Mitchell Driskell
Garret Logan Ferguson
Georges Mutshi Gizaba
Jeremy Wayne Hild
Nhat-Uyen Chau Hoang
Alissa Dawn Lowrance
Kaleb Price Lukert

Christina Olive Nickels
Jinesh Patel
Tyler J.C. Rickman
Deborah Kay Sayre
Stephen James Shanabrook
Mohammad Hakam Shayeb
Arielle Rose Sloan
Christina Roy Thomas
Heather Elizabeth Todd
Dora Lee Williams
Jerica Renee Williams
Gloria Mychelle Woods

Bachelor of Science in Respiratory Care

Noor Amiera
Ameen Ahmad Barethz
Allison Lynn Beil
Tyera Nicole Breeze
Sidney Rachel Coffey
Boston Jim 'An Davis
Dawn Doreen Headrick

Bonnie Arden Hudson
Melinda Anne Minor
Samia Nasir
My Lam Thi Nguyen
Lovely Adichithara Varughese
Dulce Consuelo Villasenor
Kaelan Deshane Watson

PROTHRO-YEAGER COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

Bachelor of Arts

Timothy Olea Bendure, Jr.
Tomi Lee Elliott
Mateo Osito Herrera

Sean Michael Swarthout
Tiffany Marie Vindel
Mary Elizabeth Wetherbee

Bachelor of Science

Raymond DeLaGarza, Jr.
Samantha Denise Flores
Meagan Elizabeth King

Cayla DeAnn Mathison
Kayla Nicole Ramos
Brandy Reyes Rose

COLLEGE OF SCIENCE AND MATHEMATICS

Bachelor of Arts

Jereme Frederick Webb

Bachelor of Science

Joshua Hunter Aaron
Stephanie Kathleen Cerveny
Rephael Esther Edwards
Kelly Anne Ferguson
Ryan John Luig
Abdullah Al Maruf
Anderson Nwammadi

Amber Lee Quevy
Heather Anne Bollman Sibal
Kathryn Denise Steimel
Arthur Berto Tolen
Diana Torres
Shujing Zhang

Bachelor of Science in Mechanical Engineering

Romeo Bontumo Botelua
Charles Trevor Criddle

Cameron E. Duckworth
Corbin Jay Whan

**PROPOSED ACADEMIC CALENDAR
MIDWESTERN STATE UNIVERSITY**

2018 - 2019

(2nd Summer 2018 ends Aug. 9)

Fall Semester 2018

Thursday	March 1	Priority Application Date for Admission
Wednesday	August 1	Application Deadline for Admission
Monday	August 20	Faculty Meetings
Mon.-Tues.	August 20-21	Re-enrolling Student Registration
Wed.-Thur.	Aug. 22-23	Orientation for new students Registration continues
Friday	August 24	Registration
Saturday	August 25	Classes begin 8:00 a.m.
Mon.-Wed.	Aug. 27-29	Change of Schedule and Late Registration
Monday	September 3	Labor Day - No classes
Monday	October 1	Deadline for December graduates to file for graduation
Monday	October 8	Deadline for May graduates to file for graduation
Tuesday	November 20	Thanksgiving Holiday begins at 10:00 p.m. (Saturday classes do not meet on November 24)
Monday	November 26	Classes resume 8:00 a.m.
Friday	December 7	Last day of classes
Saturday	December 8	Final examinations begin
Saturday	December 15	Commencement

End December 7 = 15 weeks

Class Meetings: MWF 42, TR 29, S 14 (includes Saturday after registration, but does not include Saturday after Thanksgiving.)

Spring Semester 2019

Thursday	November 1	Priority Application Date for Admission
Saturday	December 1	Application Deadline for Admission
Mon.-Wed.	January 7-9	Re-enrolling Student Registration
Thursday	January 10	Orientation for new students Registration continues
Friday	January 11	Registration
Saturday	January 12	Classes begin 8:00 a.m.
Mon.-Wed.	January 14-16	Change of Schedule and Late Registration
Monday	January 21	Martin Luther King Day - No classes
Monday	February 18	Deadline for May graduates not enrolled for fall semester to file for graduation
Saturday	March 9	Spring Break begins at 5:00 p.m. March 11-16 – No classes
Monday	March 18	Classes resume 8:00 a.m.
Wednesday	April 17	Holiday Break begins at 10:00 p.m. April 18-20 – No classes
Monday	April 22	Classes resume 8:00 a.m.
Friday	May 3	Last day of classes
Saturday	May 4	Final examinations begin
Saturday	May 11	Commencement
End May 3 = 15 weeks		
Class Meetings:	MWF 43, TR 29, S 14 (includes Saturday after registration, but does not include Saturday at the end of Spring Break or at the end of Holiday Break.)	

Summer Semesters 2019

First Term:

Wednesday	May 1	Application Deadline for Admission
Monday	May 27	Memorial Day Holiday – University Closed
Thursday	May 30	Orientation for new students Registration
Friday	May 31	Registration
Monday	June 3	Classes begin 8:00 a.m.
Thursday	July 4	Independence Day – University Closed
Friday	July 5	Final examinations

Second Term:

Saturday	June 1	Application Deadline for Admission
Monday	July 1	Deadline for August graduates to file for graduation
Wednesday	July 3	Orientation for new students Registration
Thursday	July 4	Independence Day – University Closed
Friday	July 5	Registration
Monday	July 8	Classes begin 8:00 a.m.
Thursday	August 8	Final examinations

Summer I & II Class Meetings: 20 (includes Finals) + Registration

FINANCE COMMITTEE

Finance Committee

Membership

Jeff Gregg, Chairman

Warren Ayres

Caven Crosnoe

Lynwood Givens

Reading and Approval of Minutes

17-134. The minutes of the Finance Committee meeting May 11, 2017, will be recommended for approval of the Committee as shown beginning on page 139.

Summary of Financial Support Through 6/30/17 and Comprehensive Campaign Update

17-135. The following reports are presented on pages 73-77 and provide information regarding external financial support.

- A. Monthly Comparison of New Gifts and Commitments
- B. Monthly Comparison of Cash/Grants
- C. Sources of Outright Gifts/Grants
- D. President's Excellence Circle (PEC) Gift Comparison
- E. Sources of PEC Gifts

Financial Reports

17-136. The administration will recommend the April, May, and June 2017 Financial Reports for acceptance as previously distributed. Dr. Marilyn Fowlé's summary report is shown on page 78.

Investment Report

17-137. The administration will recommend the third quarter FY 2017 Investment Report for acceptance as previously distributed. Dr. Marilyn Fowlé's summary report is shown on page 79.

Investment Policy Review

17-138. Pursuant to Section 2256.005(e) of the Texas Government Code, or the Texas Public Funds Investment Act (PFIA), the Board of Regents is required to review the institution's investment policy not less than annually. No changes are being proposed to either policy and the administration will recommend approval of Policy 4.182, Investment Policy – Operating Funds, beginning on page 80, and Policy 4.196, Investment Policy – Endowment Funds, beginning on page 86.

Approval of Brokers/Dealers, Investment Vehicles, and Asset Holding Accounts

17-139. The administration will recommend approval of the following list of brokers/dealers, investment vehicles, and asset holding accounts for fiscal year 2018. The proposed brokers/dealers have filed certifications acknowledging the university's investment policy as required.

Brokers/Dealers
JP Morgan Securities
First Southwest Companies

Other Investment Vehicles/Overnight Cash Pools
The Texas A&M University System
LOGIC, Dallas
Texpool, Austin
Texas CLASS

Asset Holding Accounts
American National Bank
JP Morgan Chase
Wells Fargo
The Texas A&M University System
Bayerische Landesbank (BLB)

University Accounts/Signature Authorizations

17-140. The administration will recommend the following individuals be authorized to sign on University bank accounts, with two signatures required on all checks drawn from university accounts:

Dr. Suzanne Shipley, President
Dr. Marilyn Fowlé, Vice President for Administration and Finance
Mr. Chris Stovall, Controller
Ms. Valarie Maxwell, Director of Budget and Management
Ms. Linda Rose, Assistant Controller

The administration will further recommend continued authorization for the President, Vice President for Administration and Finance, and Controller or their designees to purchase and sell investment instruments in accordance with the Texas Public Funds Investment Act and the Board of Regents' Investment Policies, and perform all other normal banking transactions. Investment transactions may be authorized by verbal orders but must also be approved in writing by the President or the Vice President for Administration and Finance.

The administration will finally recommend the board continue to authorize the President, the Vice President for Administration and Finance, the Provost and Vice President for Academic Affairs, and the Director of Human Resources to sign appropriate personnel retirement documents.

Salary/Title/Position Changes in 2016-2017 Budget

17-141. The report of personnel changes in April, May, and June will be presented for information as shown on pages 89-93. Additionally, salary and position changes approved by the President, and Board Chairman when necessary, will be presented for ratification as shown below.

<u>Current Position</u>	<u>Action</u>	<u>Additional Funding</u>	<u>Net Current FY Actual Cost (Savings)</u>	<u>Annual Budget Increase (Decrease)</u>
Six Staff Positions	Filled positions below budget		(\$61,059)	(\$30,906)
Director, Flower Mound Campus	New position (Additional 1.0 FTE)	DFW revenue	19,998	79,992
Sikes House Custodian, Facility Services	Title Change to Custodian and Salary Reduction		(3,815)	(2,923)
Total			(\$44,876)	\$46,163

Operating Budget for Fiscal Year 2018

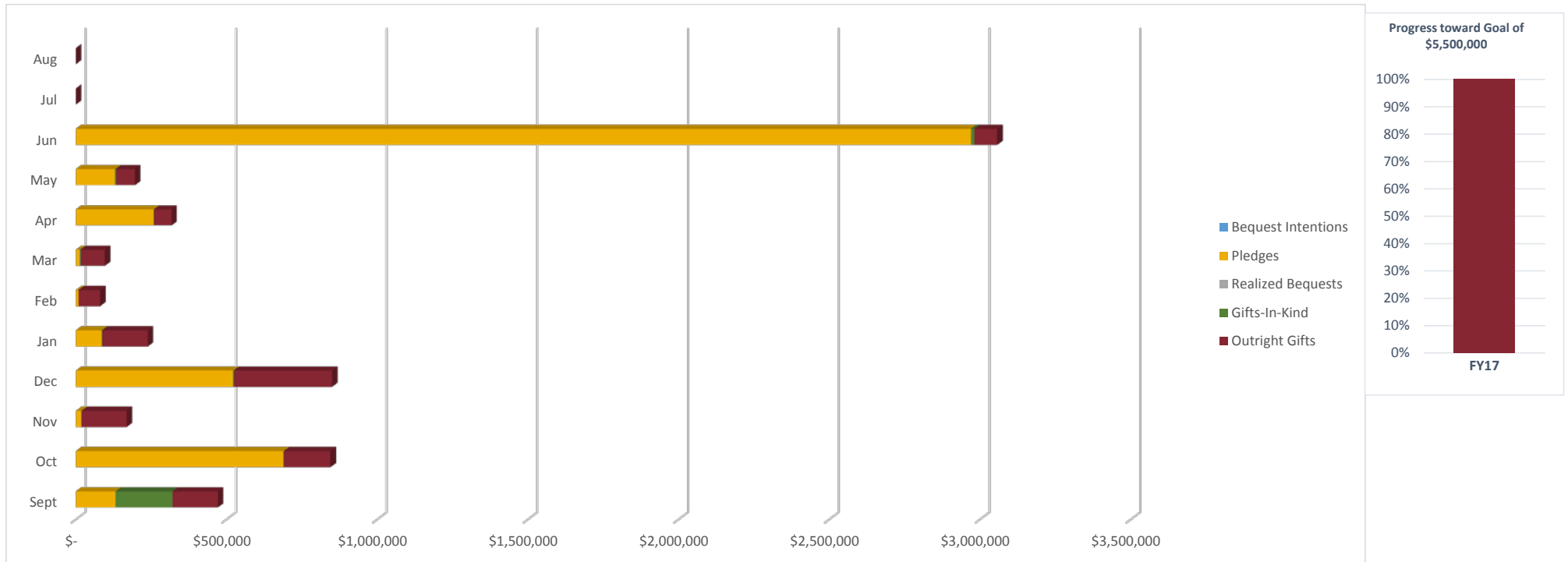
17-142. The operating budget for Fiscal Year 2018, which was previously distributed to the Board of Regents, will be recommended for approval. A copy of the budget highlights is shown on page 94.

Midwestern State University

FY17 Monthly Comparison of New Gifts and Commitments

Gift Type	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Grand Total
Bequest Intentions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pledges	\$ 131,985	\$ 689,225	\$ 18,385	\$ 521,600	\$ 85,150	\$ 9,185	\$ 12,384	\$ 258,320	\$ 130,395	\$ 2,970,000	\$ -	\$ -	\$ 4,826,629
Realized Bequests	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030
Gifts-In-Kind	\$ 189,322	\$ 1,035	\$ 965	\$ 3,020	\$ 3,100	\$ -	\$ 3,485	\$ 1,009	\$ 3,140	\$ 11,912	\$ -	\$ -	\$ 216,988
Outright Gifts	\$ 150,335	\$ 154,902	\$ 149,874	\$ 326,247	\$ 150,877	\$ 71,754	\$ 79,779	\$ 58,123	\$ 62,828	\$ 75,664	\$ -	\$ -	\$ 1,280,382
Grand Total	\$ 471,642	\$ 845,162	\$ 169,224	\$ 850,867	\$ 239,127	\$ 80,939	\$ 96,678	\$ 317,452	\$ 196,363	\$ 3,057,576	\$ -	\$ -	\$ 6,325,028

NG&C Bar - by Gift Type

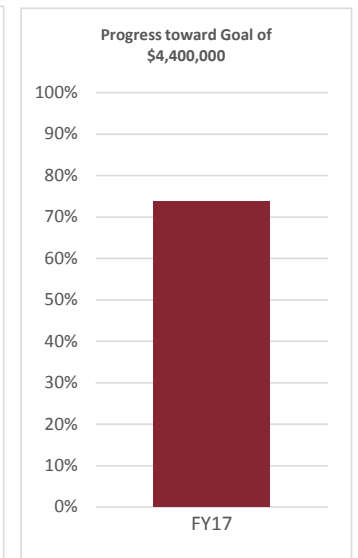
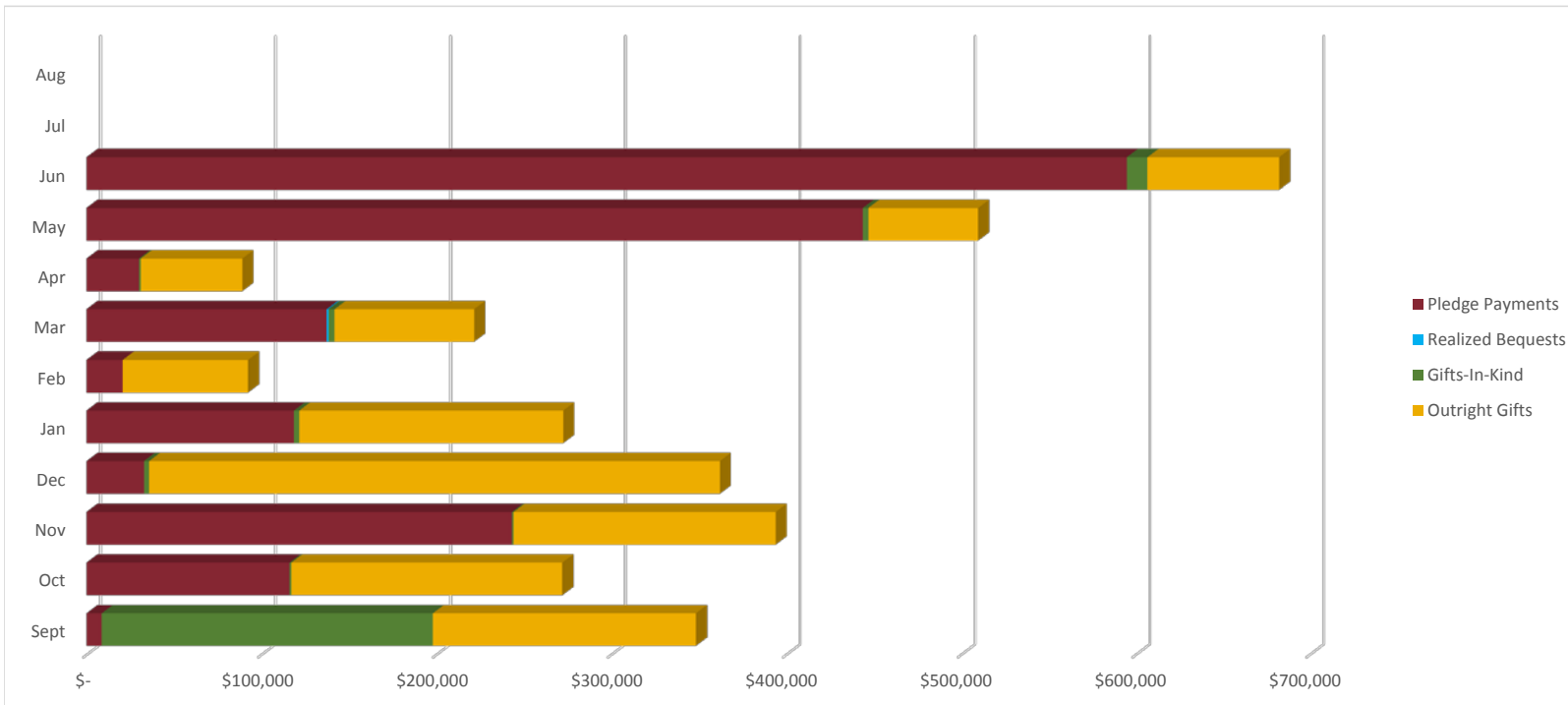


Midwestern State University

FY17 Monthly Comparison of Cash/Grants

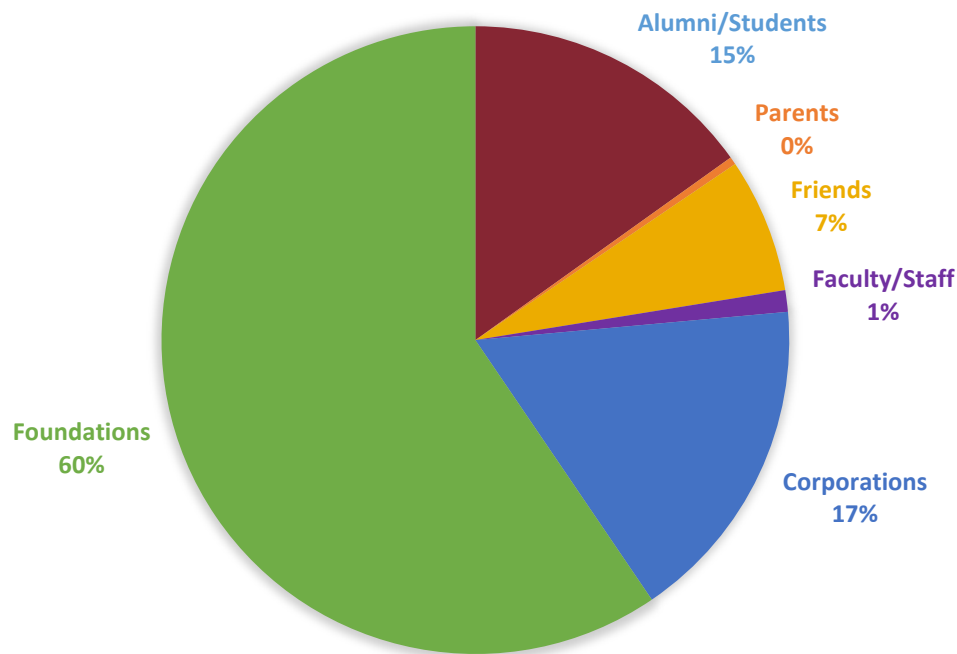
Gift Type	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Grand Total
Pledge Payments	\$ 8,740	\$ 116,074	\$ 243,233	\$ 32,789	\$ 118,596	\$ 20,704	\$ 137,351	\$ 29,984	\$ 443,858	\$ 594,878			\$ 1,746,207
Realized Bequests	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030	\$ -	\$ -	\$ -			\$ 1,030
Gifts-In-Kind	\$ 189,322	\$ 1,035	\$ 965	\$ 3,020	\$ 3,100	\$ -	\$ 3,485	\$ 1,009	\$ 3,140	\$ 11,912			\$ 216,988
Outright Gifts	\$ 150,335	\$ 154,902	\$ 149,874	\$ 326,247	\$ 150,877	\$ 71,754	\$ 79,779	\$ 58,123	\$ 62,828	\$ 75,664			\$ 1,280,382
FY17 Total	\$ 348,397	\$ 272,011	\$ 394,072	\$ 362,056	\$ 272,573	\$ 92,458	\$ 221,646	\$ 89,115	\$ 509,826	\$ 682,454	\$ -	\$ -	\$ 3,244,606
FY16 Total	\$ 356,293	\$ 387,827	\$ 550,778	\$ 516,951	\$ 190,431	\$ 110,951	\$ 130,576	\$ 916,337	\$ 264,938	\$ 420,909	\$ 117,007	\$ 182,889	\$ 4,145,887
<i>Difference</i>	<i>(\$7,896)</i>	<i>(\$115,817)</i>	<i>(\$156,706)</i>	<i>(\$154,896)</i>	<i>\$82,142</i>	<i>(\$18,493)</i>	<i>\$91,069</i>	<i>(\$827,222)</i>	<i>\$244,889</i>	<i>\$261,545</i>	<i>(\$117,007)</i>	<i>(\$182,889)</i>	<i>(\$901,281)</i>

Cash Bar - by Gift Type



Outside Sources Scholarships through 6/30/2017	\$454,016.05
Alumni Memberships through 6/30/2017	\$21,665.00

Midwestern State University
Sources of Outright Gifts/Grants
FY17 (Sept 1, 2016 through June 30, 2017)



Alumni/Students		\$462,069.86	15%
Alumni	\$459,391.72		
Students	\$2,678.14		
Parents		\$12,190.85	0%
Friends		\$211,877.47	7%
Faculty/Staff		\$34,003.24	1%
Active	\$27,963.24		
Retired	\$6,040.00		
Corporations		\$517,499.65	17%
Direct Gifts & Grants	\$489,669.65		
Matching Gifts	\$27,830.00		
Foundations		\$1,818,526.57	60%
TOTAL		\$3,056,167.64	100%

*Does not include Gift-in-Kind or Pledges of: \$2,981,911.71

**2016-2017 and 2015-2016 President's Excellence Circle
(Comparison Start of Fiscal-Year thru June, 2017)**

	Gift Amt	# Gifts	# Donors	# Gifts > \$1,000	Median Gift Amt	Average Gift Amt	# New Donors
2016-2017							
Sept	\$27,937.00	18	16	12	\$1,000.00	\$1,552.06	1
Oct	\$40,952.00	38	35	31	\$1,000.00	\$1,077.68	0
Nov	\$73,337.00	51	49	45	\$1,000.00	\$1,437.98	2
Dec	\$42,837.00	34	34	30	\$1,000.00	\$1,259.91	0
Jan	\$43,187.00	29	51	25	\$1,000.00	\$1,489.21	0
Feb	\$12,837.00	10	23	6	\$1,000.00	\$1,283.70	0
Mar	\$3,337.00	8	13	3	\$85.00	\$476.71	0
Apr	\$1,337.00	5	9	1	\$84.00	\$267.40	0
May	\$33,237.00	19	38	15	\$1,000.00	\$1,749.32	0
June	\$19,337.00	16	29	12	\$1,000.00	\$1,208.56	0
Total	\$298,335.00	228	297	180	\$1,000.00	\$1,308.49	3

	Gift Amt	# Gifts	# Donors	# Gifts > \$1,000	Median Gift Amt	Average Gift Amt	# New Donors
2015-2016							
Sept	\$27,007.00	19	17	13	\$1,000.00	\$1,421.42	1
Oct	\$63,178.00	45	44	40	\$1,000.00	\$1,403.96	1
Nov	\$47,844.00	43	38	35	\$1,000.00	\$1,112.65	2
Dec	\$64,621.98	47	46	42	\$1,000.00	\$1,346.29	0
Jan	\$9,028.00	13	22	7	\$1,000.00	\$694.46	0
Feb	\$10,778.00	14	25	7	\$625.00	\$769.86	0
Mar	\$5,028.00	9	15	3	\$91.00	\$558.67	0
Apr	\$528.00	6	11	0	\$84.50	\$88.00	0
May	\$25,278.00	16	31	9	\$1,000.00	\$1,579.88	0
June	\$18,528.00	15	27	9	\$1,000.00	\$1,235.20	0
Total	\$271,818.98	227	276	165	\$1,000.00	\$1,197.44	4

	2016-2017 Pledges	# Pledges	# New Donors
Sept	\$20,000.00	1	0
Oct	\$9,500.00	3	0
Nov	\$6,000.00	2	0
Dec	\$1,000.00	1	0
Jan	\$0.00	0	0
Feb	\$0.00	0	0
Mar	\$0.00	0	0
Apr	\$0.00	0	0
May	\$0.00	0	0
June	\$0.00	0	0
Total	\$36,500.00	7	0

	2015-2016 Pledges	# Pledges	# New Donors
Sept	\$0.00	0	0
Oct	\$1,100.00	1	0
Nov	\$1,000.00	1	0
Dec	\$5,000.00	1	0
Jan	\$0.00	0	0
Feb	\$0.00	0	0
Mar	\$0.00	0	0
Apr	\$0.00	0	0
May	\$0.00	0	0
June	\$0.00	0	0
Total	\$7,100.00	3	0

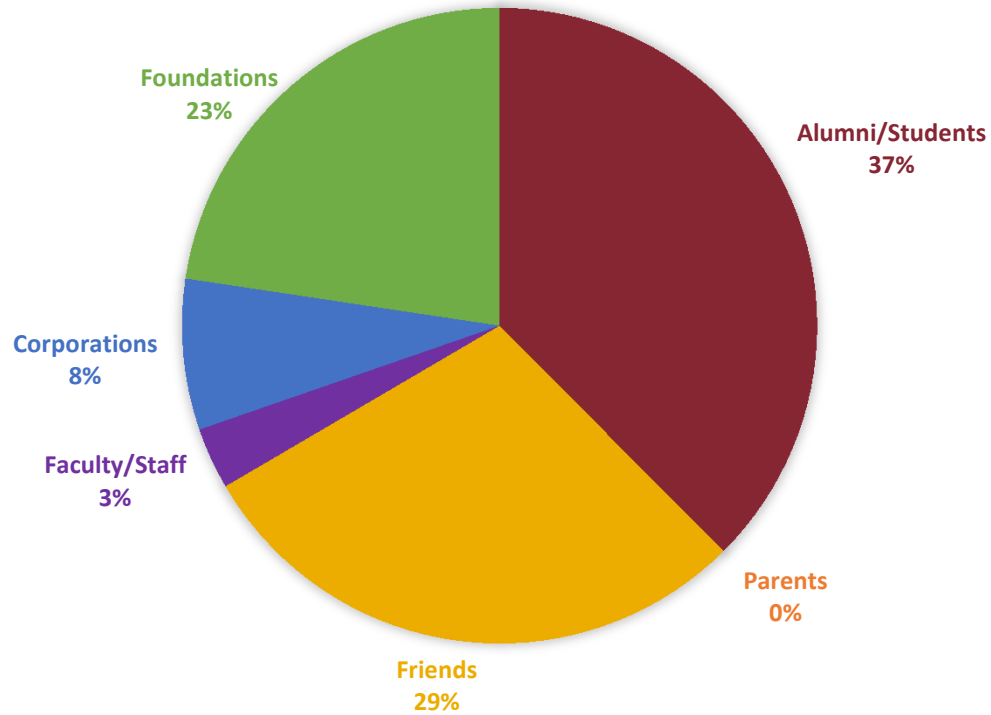
Donors who give through payroll deduction and recurring gifts are counted each month.

President's Excellence Circle Donor Gifts Comparison 2016-2017 vs 2015-2016:

*Total Giving up	9.8%
*# of donors up	7.6%
*Average Gift amount up	9.3%
*Pledges up	133.3%

*Keep in mind as well this is in a time of regional economic challenges (i.e. oil prices)

Midwestern State University
Sources of Outright Gifts to President's Excellence Circle
FY17 (Sept 1, 2016 through June 30, 2017)



Alumni/Students		\$112,020.00	37%
Alumni	\$112,020.00		
Students	\$0.00		
Parents		\$0.00	0%
Friends		\$86,565.00	29%
Faculty/Staff		\$9,350.00	3%
Active	\$6,350.00		
Retired	\$3,000.00		
Corporations		\$22,900.00	8%
Direct Gifts & Grants	\$22,900.00		
Matching Gifts	\$0.00		
Foundations		\$67,500.00	23%
TOTAL		\$298,335.00	100%

Financial Reports through June 30, 2017 Summary Report

The quarterly report is through June 30, 2017. Schedule One highlights that total revenue for the institution was \$97.6 million, up \$4.2 million compared to the same period last year. Operating revenue made up of tuition and fees, grants, and auxiliary enterprises was up \$2.1 million. Non-operating revenue including state appropriations was up \$.7 million. Expenses have increased from \$101.8 million to \$106.3 million, an increase of \$4.5 million or 4.4%. The largest increase was \$1.2 million in scholarships with the growth of the merit scholarship program. Materials and supplies increased by \$.8 million with costs associated with the new residence hall. Rentals and leases decreased \$1.1 million because there is no longer a need to lease off-campus overflow housing. Salaries, wages and other payroll related costs increased a total of \$1.7 million.

Schedules Two and Three show that overall revenues and expenses are tracking positively to budget, with revenues at 98.2% and expenses at only 75.8% to an expected 83.3% at the end of June. Schedule Three shows that the institution was short of meeting its tuition and fee revenue goals for the fall and spring, with tuition and fees being \$.5 million short of budget. Auxiliaries were \$.7 million under budget because of a smaller than expected freshman class with fewer students living on campus than originally budgeted. Both of these shortfalls will be made up by reduced expenditures.

Finally, on Schedule Four, the ending balances of working capital funds show a net use of \$600,000 in reserves as included in the original FY17 budget or as approved by the Board.

Investment Report through May 31, 2017 Summary Report

The quarterly investment report is through May 31, 2017, as required by the Public Funds Investment Act.

The report shows that at the end of May the university held a total of \$38.2 million in cash and cash investments. Of that, \$5 million was in highly liquid cash investments, plus \$4.1 million at the state treasury. Texas A&M University System (TAMUS) held \$28.8 million of the funds. TAMUS cash investments earned \$142,000 of interest and dividends for the quarter and \$1.9 million of unrealized gain since inception. The institution kept \$5 million in Texpool/Logic/Class, all short-term over-night investment vehicles. The \$233,000 balance of the cash funds is held in securities donated before the institution contracted with TAMUS and was managing its own cash. The small amount of common stock, \$71,000 in book value, is showing a \$163,000 gain since being acquired. The university has yielded on the overall cash holdings anywhere from (.26) to 1.09% a month over the quarter.

The university has also invested the bond proceeds on the tuition revenue bond projects. At the end of May, almost all of the proceeds from the residence hall/mass communication bond proceeds had been withdrawn from the BLB Flexible Repurchase Agreement. The tuition revenue bond proceeds, \$57.4 million, are now also held in a BLB Flexible Repurchase Agreement. These investments earned \$138,000 for the quarter.

The university's endowed funds are held at both American National Bank (ANB) with \$8.9 million and, as of March 1, 2015, at TAMUS with \$12.1 million. The funds held by ANB had a realized gain of \$28,000 in market value since last quarter and overall has appreciated market value of 14% since obtaining the funds. The university received a \$39,337 distribution from these funds for the quarter. The TAMUS Endowment Pool had a realized gain of \$103,000 in market value for the quarter, with a market gain of a little less than 1.0% since inception. The university received \$31,897 in distributions net of fees for the quarter.

The distributed report also included the quarterly reports provided by TAMUS on the Cash Concentration Pool and the System Endowment Funds.

Policy 4.182 INVESTMENT POLICY – OPERATING FUNDS

Date Adopted/Most Recent Revision: 2/12/2016

A. Purpose

The purpose of this investment policy is to establish cash management and investment guidelines for the investment and protection of university operating funds in order to ensure that the university's investments are duly authorized, properly managed, and adequately protected. This policy will be reviewed annually by the Board of Regents. This policy is intended to:

1. Establish prudent investment procedures.
2. Assure that investment assets are adequately safeguarded.
3. Assure that adequate accounts and records are maintained which reflect investment position and results.
4. Assure that a system of good internal controls is maintained.

This policy provides investment guidelines for all operating funds invested by Midwestern State University to ensure compliance with university standards, the Public Funds Investment Act (TX Govt. Code 2256), Texas Education Code 51.0031, and all other state and federal laws.

B. Investment Objectives

1. Safety of Principal:

Each investment transaction shall seek to reduce the likelihood of capital losses, whether from security defaults or erosion of market value.

2. Liquidity:

The investment portfolio shall remain sufficiently flexible to enable the university to meet all operating requirements which may be reasonably anticipated in any funds.

3. Public Trust:

In managing the investment portfolio, officials shall avoid any transaction that might impair public confidence in the university. Investments shall be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived. No security shall be purchased that has either a limited or nonexistent secondary market.

4. Rate of Return:

The investment portfolio shall be designed with the purpose of regularly exceeding the average return of three month U.S. Treasury bills and the State of Texas Treasury yield. The investment program shall seek returns above this threshold, consistent with the overall investment policy and other investment objectives.

C. Investment Fund Administration

1. Investment Responsibility

Investment responsibilities are delegated by the Midwestern State University Board of Regents to the President and the Vice President for Business Affairs and Finance. Each member of the Board shall attend at least one (1) training session relating to the person's responsibilities under the Public Funds Investment Act within six (6) months after taking office. The university's chief financial officer and controller shall attend at least one (1) training session relating to that person's responsibilities within six (6) months after assuming duties and shall attend a training session not less than once in a two (2) year period and prepare a report to the Board of Regents on

such training. This training must include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act (TX Govt. Code 2256.007). The university's chief financial officer shall also provide a report within six months of the end of each legislative session on any changes to the Public Funds Investment Act passed that session.

2. Day-to-Day Supervision

The Controller shall be responsible for the daily supervision and implementation of the investment program and shall be authorized to purchase, sell and invest university funds in accordance with the Public Funds Investment Act and Education Code 51.003 and this investment policy, with approval of the President or the Vice President for Business Affairs and Finance.

3. Record Keeping

Transaction and accounting records shall be complete and prepared on a timely basis with consideration at all times to the adequacy of an audit trail. Internal controls will assure responsible separation of duties and diminish the real and prospective burden on individual employees.

4. Custody

Custody of investment assets shall be in compliance with applicable laws and arranged to provide as much security, trading speed, and flexibility as possible.

D. Investment Strategy - Short-term Operating Funds

1. The daily cash position will be monitored by the Controller to ensure that non-interest bearing cash is minimized. The collection time of all dividend and interest payments will be accelerated to the extent possible. The university will maintain a minimum of \$1,000,000 available in overnight funds which will be kept in Texpool, Logic, or repurchase agreements. Should balances fall below this amount for any reason they will be replenished at the earliest opportunity from the first available cash receipts.
2. Overnight or short-term (thirty [30] days) funds shall be invested through a competitive bid or offer process as frequently as the market dictates as follows:
 - a. Banks in the local area are to be contacted by telephone to obtain their current certificate of deposit rates.
 - b. An unaffiliated investment broker is to be contacted to obtain statewide Texas banks' certificate of deposit rates.
 - c. Texpool or LOGIC, or other Board-approved cash investment pools are to be contacted to obtain current overnight rates.
 - d. Funds shall be placed based on the best rate quoted.
3. Transactions to purchase or sell securities shall be entered into on the basis of "best execution," which normally means best realized net price for the security. Settlement of all transactions except investment pool funds must be on a delivery versus payment basis.
4. The goal of the university will be that the portfolio shall be adequately diversified at all times in accordance with these investment guidelines. Specific investment ranges and investment policy limitations are as follows:

	Minimum	Maximum
U.S. Treasury Obligations	0%	100%
Federal Agency Obligations	0%	90%
Federal Agency Mortgage-Backed	0%	25%
Municipal Obligations	0%	50%
Certifications of Deposit (Insured)	0%	20%
Purchase Agreements (Collateralized)	0%	20%
Mutual Funds	0%	15%
Approved Investment Pools	0%	50%
University System Cash Concentration Pool	0%	90%

5. The university's pooled investment fund is comprised primarily of operating funds, and fund balance equity that carries forward from year to year. At the beginning of each fiscal year, the Controller and Vice President for Business Affairs and Finance will analyze current operating cash needs as well as any cash requirements for capital projects that will occur within the next two (2) years. If the university is not using a University System Cash Concentration Pool arrangement, the university will be required to more closely monitor its investments and maturities. This monitoring and analysis will include a two (2) year time line which clearly identifies any known cash requirements and the approximate month in which the cash must be available. Once an analysis of project needs has been assembled, an analysis of current economic conditions and interest rate levels and projections from third party outside sources should be reviewed. Investment maturities are to be structured in such a way as to maintain a liquid or currently maturing balance for all operating funds budgeted for expenditure during the fiscal year. If interest rates are rising or anticipated to increase these funds may be kept in short-term investment pools such as TEXPOOL. If interest rates are falling or are projected to fall, these funds should be invested to match projected cash needs as determined. Funds in excess of operating funds may be invested, preferably by staggering maturities, for longer than a year.
6. Bond proceeds are to be invested separately and apart from the university's pooled investment fund and maturities are to be structured in such a way as to provide sufficient cash to meet construction expenditures.
7. Endowment funds are to be invested in accordance with the university's separate Investment Policy – Endowment Funds.
8. Investments donated to the university for a particular purpose or for a specific use as specified by the donor may be held in investments other than those identified as authorized investments in this policy. Such investments shall be held apart from the university's pooled investment fund. Those investments shall be subject to all other requirements of this policy.
9. The investment staff shall be responsible for following the "prudent person" standard which shall be applied in the management of the portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

E. Investment Brokers/Dealers

1. The Board of Regents and the President may hire independent investment advisors or investment managers to assist university personnel in the execution of their investment responsibilities. All routine investments will be purchased or sold utilizing an established list of qualified firms. The Board of Regents shall annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the university. Qualified firms must be regulated by the Securities Exchange Commission and be members of the Financial Industry Regulatory Authority (FINRA).
2. A written copy of this investment policy shall be presented to any person offering to engage in an investment transaction with the university. The qualified representative of the business organization shall execute a written instrument substantially to the effect that the business organization has:
 - a. Received and reviewed this investment policy; and
 - b. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the university and the organization that are not authorized by the university's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the university's entire portfolio or requires an interpretation of subjective investment standards.
 - c. The investment officer may not acquire or otherwise obtain any authorized investment described in this investment policy from a person who has not delivered the written instrument to the university as described above.
 - d. Nothing in this section relieves the university of the responsibility of monitoring the investments made by the university to determine that they are in compliance with this investment policy.

F. Investment Ethics

Officers and investment staff involved in the investment process shall refrain from personal business activity, as defined by the Public Funds Investment Act (TX Govt. Code 2256.005), that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. A member of the Board shall not direct nor participate in the decision to purchase or sell securities of a firm with which such member is significantly affiliated. Securities will not be purchased from or sold to a member of the Board. All investment staff must report any personal business relationship or relationship within the second degree of affinity or consanguinity with an individual or another firm or organization to the President and the Internal Auditor. On an annual basis the staff will report the nature and extent of any investments in or business transacted with such firms.

G. Investment Guidelines

Funds must be invested at all times in strict compliance with the Public Funds Investment Act (TX Govt. Code 2256) and other applicable laws, unless invested according to Texas Education Code Section 51.0031 which allows the Board of Regents to contract with another institution under prudent person investment standards.

1. **Authorized Investments.** Authorized investments include the following.
 - a. Obligations of the United States or its agencies and instrumentalities.
 - b. Direct obligations of the State of Texas or its agencies and instrumentalities.

- c. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States with a maturity of 10 years or less.
- d. Other obligations, the principal of an interest on which are unconditionally guaranteed or insured by the State of Texas or United States.
- e. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
- f. Certificates of deposit issued by a state bank, national banks, or savings bank having a main office or branch office in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or collaterally secured by those obligations as listed above in a.- e.
- g. Fully collateralized repurchase agreements having a defined termination date, secured by obligations described in a. above, and the securities are pledged to the university, held in the university's name and deposited at the time the investment is made with the university or with a third party selected and approved by the university, and is placed through a primary government securities dealer as defined by the Federal Reserve, or a financial institution doing business in this state. Repurchase agreement means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described in a. above, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. This term includes a direct security repurchase agreement and a reverse security repurchase agreement. The term of any reverse security repurchase agreement may not exceed ninety (90) days after the date the reverse security repurchase agreement is delivered. Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
- h. Prime domestic bankers' acceptances with a stated maturity of two-hundred-seventy (270) days or less from the date of issuance and will be liquidated in full at maturity, are eligible for collateral for borrowing from a Federal Reserve Bank, and are accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1, P-1, or the equivalent by at least one nationally recognized credit agency and is fully secured by an irrevocable letter of credit issued by a bank.
- i. Commercial paper with a stated maturity of two-hundred-seventy (270) days or less from the date of its issuance that is rated not less than A-1, P-1, or the equivalent by at least two (2) nationally recognized rating agencies, or is rated at least A-1, P-1, or the equivalent by at least one (1) nationally recognized credit agency and is fully secured by an irrevocable letter of credit issued by a bank.
- j. SEC-registered, no-load money market mutual funds and no-load mutual funds as described in and limited by the Public Funds Investment Act (TX Govt. Code 2256.014).
- k. Guaranteed Investment contracts for bond proceeds as described in the Public Funds Investment Act (TX Govt. Code 2256.015)
- l. Investment Pools as described in the Public Funds Investment Act (TX Govt. Code 2256.016) including the maximum average dollar-weighted maturity of the pool based on the stated maturity date, with the weighted average maturity limit not to exceed 90 days for a no-load money market mutual fund, two years for a no-load mutual fund, 90 days for a constant dollar pool, and none for a floating net asset value pool.

- m. Corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.
- n. A contracted arrangement with a university system as defined under Education Code 51.0031 which allows the university to invest its cash into a system's cash concentration pool.

2. **Unauthorized Investments**

Effective September 1, 1995, in compliance with the Public Funds Investment Act (TX Govt. Code 2256.009b), the following are not authorized investments:

- a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (interest-only).
- b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (principal only).
- c. Collateralized Mortgage obligations that have a stated final maturity date of greater than ten (10) years.
- d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

H. **Performance Measurement**

The investment performance of the funds will be measured by an unaffiliated organization with recognized expertise in this field, and compared against the stated performance goals. Measurement will occur at least monthly and will be used to evaluate the results on investment holdings and will include monitoring any rating changes in the university's investments. Reports will be prepared in compliance with generally accepted accounting principles and will describe in detail the investment position of the university and will include, by individual investment, the book value, market value, accrued interest, maturity dates, any purchases, sales, gains or losses and the fund or pooled account for which each individual investment was acquired. Reports shall be distributed to the President, the Vice President for Business Affairs and Finance, and the Internal Auditor. The Board of Regents shall receive the report no less than quarterly. The reports to the Board of Regents must be prepared and signed by the investment staff of the university and certified as to the portfolio's compliance with these policies and the Public funds Investment Act (TX Govt. Code 2256.023), unless the funds are invested under Texas Education Code Section 51.0031, for which the reporting will be provided by the contracted institution. The university Internal Auditor will perform a compliance audit at least once every two years with results reported to the State Auditor, President, and the Board of Regents not later than January 1 of each even-numbered year on those funds held locally and not invested through contract according to Texas Education Code Section 51.0031.

I. **Interest Rate Risk Measurement**

The university will measure on a quarterly basis the interest rate risk of its securities. The university will monitor and be aware of the overall interest rate and market value risk it is taking.

4.196 INVESTMENT POLICY – ENDOWMENT FUNDS

Date Adopted/Most Recent Revision: 8/6/10

A. Purpose

The purpose of this investment policy is to establish cash management and investment guidelines for the investment and protection of university endowment funds in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Texas Property Code Chapter 163. Endowment funds include, but are not limited to, gifts of property, stock, and real assets that have been donated to the university to provide funding for scholarships, professorships, and other uses as specified by the donors.

This policy applies to all individual and quasi-endowment funds held by Midwestern State University. Funds functioning as endowments (often referred to as quasi-endowments) are used to account for resources that the governing board, rather than the donor, has determined are to be retained and managed like an endowment. Principal and income of these funds may be utilized at the discretion of the governing board.

The endowment funds may be invested as authorized by this policy and, for short periods of time, be placed in authorized university depositories for the processing of receivables and disbursements.

B. Investment Objectives

This policy is designed to fulfill the following objectives:

1. provide security of invested principal;
2. provide for appreciation of principal;
3. provide a continuing and dependable cash payout within market constraints;
4. provide for planned liquidity for anticipated cash flow purposes;
5. manage market risks;
6. maximize overall total return within the established risk constraints; and
7. provide for diversification of investment assets.

The long term objective of an endowment is to preserve the intergenerational equity of the endowment while providing an appropriate current spending policy. All endowment funds will be managed by the “prudent person standard.”

Endowment funds should be invested to provide funding for scholarships, fellowships, professorships, and other uses as specified by donors or the Board of Regents. Income must be sufficient to provide an adequate cash stream to support the programs for which the endowments were created. In addition, the corpus of the endowment accounts should appreciate over time, exclusive of growth derived from donations, to ensure preservation of purchasing power, and also to satisfy the need for future growth in payouts.

Endowment funds will be invested to meet these objectives, by maximizing total return consistent with an appropriate level of risk and subject to generation of adequate current income. Additionally,

the investments shall be diversified to provide reasonable assurance that investment in a single security, a class of securities, or market sector will not have an excessive impact on the funds.

C. Investment Fund Administration

1. Investment Officers

Investment responsibilities are delegated by the Midwestern State University Board of Regents to the president and the vice president for administration and finance. Investment officers, as designated by the board, are responsible for all investment management decisions and activities of the endowment funds.

Each investment officer must attend ten hours of investment training within twelve months of assuming the position and attend ten hours within each succeeding two-year period.

Each investment officer shall disclose any personal or business relationship with any business organization engaging in an investment transaction with the university. An investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the university shall file a statement disclosing that relationship. The disclosure shall be filed with the president and the board. No investment officer of the university may accept anything of value in connection with investment transactions. All soft dollar transactions are strictly prohibited.

No investment officer may engage in an investment transaction except as provided under terms of this policy.

2. Investment Committee

The responsibilities of the Board of Regents Committee with investment oversight are to:

- a. assist in the development and implementation of investment policies, objectives, and guidelines;
- b. prepare an asset allocation analysis and recommend an asset allocation strategy with respect to the endowment's objectives;
- c. review investment managers, including search, selection, and recommendation to the investment officers and/or MSU Board of Regents;
- d. review performance evaluation reports, and
- e. review contracts and fees for both current and proposed investment managers.

3. Day-to-Day Supervision and Record Keeping

The controller shall be responsible for the daily supervision and implementation of the investment program under the direction of the vice president for administration and finance.

D. Standard of Care

The "prudent person standard" shall be the standard used in all investment functions and shall be applied in the context of individual transactions as well as management of the overall portfolio. Accordingly, all investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, emphasizing the probable safety of their capital as well as the expected income to be derived.

All investments shall be consistent with the board's approved Investment Policy – Endowment Funds. Investment officers shall not be held personally liable for a specific security's credit risk or market

value change as long as actions were in accordance with this policy and procedures, unexpected deviations were reported to the president in a timely manner, and all appropriate actions were taken to control adverse developments.

E. Investment Strategies

The endowment performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five year period) without undue exposure to risk. The endowment is particularly risk-adverse to the probability of not meeting the total return goal. Liquidity must be considered and sufficient to meet the spending needs and expenses.

The total return goal can be achieved while assuming acceptable risk levels commensurate with “market volatility”. To achieve the total return goal, the endowment’s assets will be invested to generate appreciation and/or dividend and interest income.

Because the portfolio is expected to endure into perpetuity, and because inflation is a key component in the performance objective, the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the portfolio, but it is a residual to the investment process and used to meet short-term liquidity needs. Other asset classes are included to provide diversification and incremental total return.

The cash payout requirement for endowment funds is significant and continuous. The target distribution will be between four and five percent.

The portfolio shall be diversified to diminish risks associated with particular securities, market sectors, or industries with an excessive impact on the funds.

The university shall pursue an active portfolio management strategy for endowment funds. The investment officers and investment managers will regularly monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions. Quarterly reviews of performance shall be made by the investment officers.

Strategic Asset Allocation Parameters (maximums) are as follows:

- | | |
|----------------------------|-----|
| • U.S. and Global Equities | 70% |
| • Alternative Assets* | 30% |
| • Fixed Income and Cash | 40% |

*No more than 20% in any one class of alternative assets. The administration will monitor the level of alternative investments to maintain a target level of 30% or less of all endowment fund investments.

Summary of the Personnel Position Status Reports for 9/1/16 – 6/30/17

June 2017 New Position – Director, Flower Mound Campus
Net position change: +1 (Executive, Administrative, & Managerial)
Approved by President and Board Chair; presented for Board ratification,
8/4/17

Total net new positions as of 6/30/17 = 1.0

MIDWESTERN STATE UNIVERSITY
PERSONNEL POSITION STATUS REPORT
April 30, 2017

POSITIONS	APPROVED BUDGET		POSITIONS		TOTAL POSITIONS		SALARY		FILLED POSITIONS		VACANT POSITIONS		TOTAL CURRENT POSITIONS	
	9/1/2016		ADDED (DELETED)				(SAVED)							
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	ADDED		FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
EXEC, ADMIN & MANAGERIAL	44.75	4,628,584			44.75	4,628,584	31,629		43.25	4,540,464	1.50	119,749	44.75	4,660,213
REGULAR FACULTY	256.59	18,131,588			256.59	18,131,588	(20,643)		247.09	17,621,487	9.50	489,458	256.59	18,110,945
PROFESSIONAL NON-FACULTY	155.46	7,254,760			155.46	7,254,760	(35,201)		153.46	7,129,727	2.00	89,832	155.46	7,219,559
CLERICAL AND SECRETARIAL	99.58	2,524,085			99.58	2,524,085	1,211		96.08	2,502,408	3.50	22,888	99.58	2,525,296
TECH & PARAPROFESSIONAL	23.75	1,090,302			23.75	1,090,302			23.75	1,090,302	0.00	0	23.75	1,090,302
SKILLED CRAFT	29.00	1,002,944			29.00	1,002,944			29.00	1,002,944	0.00	0	29.00	1,002,944
SERVICE & MAINTENANCE	70.00	1,575,709			70.00	1,575,709	4,098		61.00	1,411,067	9.00	168,740	70.00	1,579,807
POLICE	14.00	538,224	0.00	0	14.00	538,224	10,221		13.00	515,846	1.00	32,599	14.00	548,445
GRAND TOTALS	693.13	36,746,196	0	0	693.13	36,746,196	(8,685)		666.63	35,814,245	26.50	923,266	693.13	36,737,511

MIDWESTERN STATE UNIVERSITY
PERSONNEL POSITION STATUS REPORT
May 31, 2017

POSITIONS	APPROVED BUDGET		POSITIONS		TOTAL POSITIONS		SALARY	FILLED POSITIONS		VACANT POSITIONS		TOTAL CURRENT POSITIONS	
	9/1/2016		ADDED (DELETED)				(SAVED)						
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	ADDED	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
EXEC, ADMIN & MANAGERIAL	44.75	4,628,584			44.75	4,628,584	31,629	43.25	4,540,464	1.50	119,749	44.75	4,660,213
REGULAR FACULTY	256.59	18,131,588			256.59	18,131,588	(20,643)	247.09	17,621,487	9.50	489,458	256.59	18,110,945
PROFESSIONAL NON-FACULTY	155.46	7,254,760			155.46	7,254,760	(38,103)	152.46	7,090,042	3.00	126,615	155.46	7,216,657
CLERICAL AND SECRETARIAL	99.58	2,524,085			99.58	2,524,085	1,211	96.08	2,502,408	3.50	22,888	99.58	2,525,296
TECH & PARAPROFESSIONAL	23.75	1,090,302			23.75	1,090,302		23.75	1,090,302	0.00	0	23.75	1,090,302
SKILLED CRAFT	29.00	1,002,944			29.00	1,002,944		29.00	1,002,944	0.00	0	29.00	1,002,944
SERVICE & MAINTENANCE	70.00	1,575,709			70.00	1,575,709	(779)	61.00	1,406,190	9.00	168,740	70.00	1,574,930
POLICE	14.00	538,224	0.00	0	14.00	538,224	10,221	13.00	515,846	1.00	32,599	14.00	548,445
GRAND TOTALS	693.13	36,746,196	0	0	693.13	36,746,196	(16,464)	665.63	35,769,683	27.50	960,049	693.13	36,729,732

MIDWESTERN STATE UNIVERSITY
PERSONNEL POSITION STATUS REPORT
June 30, 2017

POSITIONS	APPROVED BUDGET		POSITIONS		TOTAL POSITIONS		SALARY	FILLED POSITIONS		VACANT POSITIONS		TOTAL CURRENT POSITIONS	
	9/1/2016		ADDED (DELETED)				(SAVED)						
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	ADDED	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
EXEC, ADMIN & MANAGERIAL	44.75	4,628,584	1.00	79,992	45.75	4,708,576	31,629	43.75	4,477,921	2.00	262,284	45.75	4,740,205
REGULAR FACULTY	256.59	18,131,588			256.59	18,131,588	(20,643)	247.09	17,621,129	9.50	489,816	256.59	18,110,945
PROFESSIONAL NON-FACULTY	155.46	7,254,760			155.46	7,254,760	(38,103)	149.96	7,004,726	5.50	211,931	155.46	7,216,657
CLERICAL AND SECRETARIAL	99.58	2,524,085			99.58	2,524,085	(6,862) 2	93.58	2,425,276	6.00	91,947	99.58	2,517,223
TECH & PARAPROFESSIONAL	23.75	1,090,302			23.75	1,090,302		22.75	1,032,379	1.00	57,923	23.75	1,090,302
SKILLED CRAFT	29.00	1,002,944			29.00	1,002,944		29.00	1,002,944	0.00	0	29.00	1,002,944
SERVICE & MAINTENANCE	70.00	1,575,709			70.00	1,575,709	(3,702) 3	60.00	1,362,763	10.00	209,244	70.00	1,572,007
POLICE	<u>14.00</u>	<u>538,224</u>	<u>0.00</u>	<u>0</u>	<u>14.00</u>	<u>538,224</u>	<u>10,221</u>	13.00	515,846	<u>1.00</u>	<u>32,599</u>	<u>14.00</u>	<u>548,445</u>
GRAND TOTALS	693.13	36,746,196	1	79,992	694.13	36,826,188	(27,460)	659.13	35,442,984	35.00	1,355,744	694.13	36,798,728

Midwestern State University Reporting of Personnel Changes
Fiscal Year 2016-2017
April-June

I. ENTERING EMPLOYEES

1. Challenga Franks – Program Coordinator, Student Support Services – 04/01/17
2. Nathaniel Wilkes – Custodian, Facilities Services – 04/01/17
3. Rachel Gillis - Custodian, Facilities Services – 04/12/17
4. Hope Siffert – Assistant Coach, Women’s Soccer – 04/24/17
5. Julie Thar – Accountant III, Business Office – 05/15/17
6. Samuel Groves – Groundskeeper, Facilities Services – 05/16/17
7. Jacob Starkey – Coordinator, Student Transition Programs – 05/16/17
8. Kenneth Burge - Groundskeeper, Facilities Services – 05/22/17
9. Abbie Franke – Groundskeeper, Facilities Services – 05/22/17
10. Randy Canivel – Director, Flower Mound Campus – 06/05/17
11. Donte Ellington – Assistant Coach, Football – 06/14/17
12. Julie Scales – Secretary, Undergraduate Research – 06/26/17

II. EXITING EMPLOYEES

1. Cody Potter – Groundskeeper, Facilities Services – 04/16/17
2. Apryl Webb – Secretary, Undergraduate Research – 04/30/17
3. Terri Farabee – BSN Nurse Educator, Simulation Center – 04/27/17
4. Dena Hardin – Assistant to Director, International Education – 05/12/17
5. Pamela Whitehouse – Assistant Professor, Education – 05/12/17
6. Caleb Hannon – Assistant Director, Recreational Sports – 05/15/17
7. Brittany Coulter – Admissions Counselor – 05/26/17
8. Clint Coulter – Residence Hall Director – 05/31/17
9. Brinton Tench Coxe – Assistant Professor, Humanities– 05/31/17
10. Karen Dabney – Assistant Professor, Theater – 05/31/17
11. Nancy Howell – Secretary, Telecommunications - 05/31/17
12. Dale McDonald – Associate Professor, Engineering – 05/31/17
13. Laura Martin – Assistant Professor, Dillard College of Business – 05/31/17
14. Cody Parish – Lecturer, English – 05/31/17
15. Ruth Ann Ray – Assistant to President, 06/08/17
16. Mariko Clark – Assistant Professor, Nursing – 06/15/17
17. Abbie Franke – Groundskeeper, Facilities Services – 06/26/17
18. Stephanie Pagan – Admissions Counselor – 06/30/17
19. Lynn Sosebee - Programmer Analyst II, Information Technology – 06/30/17

III. RETIRING EMPLOYEES

1. Rodney Cate – Professor, Chemistry – 05/31/17
2. Robert Clark – Professor, Sociology – 05/31/17
3. Debbie Coughran – Assistant to Associate Vice President, Student Affairs – 05/31/17
4. Mary Jo Distel – Assistant Professor, Nursing – 05/31/17
5. Naoma Clark – Director, Academic Success Center – 06/30/17

Midwestern State University

Budget Highlights

2017 – 2018

- The proposed MSU Operating Budget for FY 2018 totals \$117,193,719, an increase of \$6.6 million above FY 2017. Over \$3.75 million or 57.5% of the increase is attributed to the new tuition revenue bond debt service and \$1.47 million or over 22% is for scholarships and grants. The proposed budget includes a 1% faculty raise pool and approved faculty promotions, a 1% staff raise with a minimum of \$250, and the second phase of the staff compensation plan. All employees were brought up to the minimum for their pay grade and one fourth of the parity to midpoint was included.
- The budget is based on an estimated enrollment of 6,150 students for fall 2017.
- After reassignments across the campus, the budget reflects a net increase of 9.41 full-time equivalent (FTE) positions.
 - The net staff increase includes four from grant funding and four for DFW. Other specific changes include adding .5 FTE for both internal audit and general counsel, two positions for accreditation, and a grant office position. In addition, 2.92 FTE were reassigned.
 - Two faculty positions were added for DFW. One faculty line on the main campus was reassigned to a staff position and one faculty line was eliminated which had been added previously to cover the double core.
 - The proposed budget includes five positions without an appropriated salary.
 - Salary savings totaling \$463,118 has been budgeted. Faculty savings of \$163,118 has been identified with the remainder as staff salary savings.
- Other significant budget changes include the following.
 - Debt service increased \$3.8 million with most coming from the new tuition revenue bond.
 - Scholarships increased by \$1.47 million with 97% from restricted dollars including Pell and grants.
 - DFW Flower Mound budgets total \$1,144,498.
 - Fringe benefits increased \$458,000 making it a total of \$14.97 million.
- Private sources and grant funds totaling \$1,425,862 provide funding for 21.62 full-time equivalent positions (9.25 faculty positions and 12.37 staff positions).
- The Higher Education Assistance Fund (HEAF) is constitutionally dedicated state funding for critical capital construction and equipment support. The following distribution of HEAF funds is proposed:

Facility services/maintenance	\$1,286,179
Debt service	1,185,651
Information technology	995,265
Library materials	550,000
Allocation to six colleges for academic-related equipment	745,000
General university	<u>299,317</u>
TOTAL	<u>\$5,061,412</u>

AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

Audit, Compliance, and Management Review Committee

Membership

Tiffany Burks, Chairman

Lynwood Givens

Jeff Gregg

Shawn Hessing

Reading and Approval of Minutes

17-143. The minutes of the Audit, Compliance, and Management Review Committee meeting May 11, 2017, will be recommended for approval of the Committee as shown beginning on page 164.

Compliance Activities Update

17-144. An update regarding compliance activities since the last Board meeting is presented for information only as shown on pages 97-98.

Audit Activities Update

17-145. An update on audit activities since the last Board meeting is presented as a point of information only beginning on page 99.

Fiscal Year 2018 Audit Plan

17-146. The Texas Internal Auditing Act, Government Code, Section 2102, requires state agencies to prepare an annual audit plan using risk assessment techniques and to identify the individual audits to be conducted. The audit plan must be approved by the agency's governing board and is presented for approval beginning on page 100.

Office of Internal Audits Charter

17-147. The purpose, authority, and responsibility of the internal audit activity must be formally defined in a charter, consistent with the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework and the *International Standards for the Professional Practice of Internal Auditing*, collectively referred to as "standards." The current 2015 charter has been updated to reflect changes in the standards that took effect in 2017. The administration will recommend approval of the revised charter as shown on pages 103-107.

Compliance Activities Update August 2017 Board of Regents Meeting

In accordance with the requirements set forth in Policy 2.26(C)3(b), *Institutional Compliance and Ethics Program*, the following is an update regarding the content and operation of the University's compliance and ethics program.

- The policy standardization compliance project is ongoing with the goal of providing recommendations to the President and cabinet on how the university can:
 - Standardize policy formats
 - Create a numbering system that accommodates growth
 - Link policies to web pages
 - Create a Policy on Policies documenting the process for adopting and approving new policies as well as maintaining and reviewing existing policies
 - Create a user-friendly policy manual
 - Designate a person responsible for ensuring policies are reviewed and updated regularly; are in the approved format; are properly vetted by appropriate governing bodies; and are communicated to the campus community.

Initial committee meetings were held in November and December, and a standardized policy format was adopted. The committee also developed a numbering system, discussed the creation of a Policy on Policies, and recommended the University consider purchasing policy management software.

This project is currently on hold pending approval of the policy management software purchase, which is included in the proposed FY2018 HEAF budget, as well as the addition of a paralegal/assistant to the General Counsel position, which is also included in the proposed FY2018 budget.

- Policy #3.325 *Conflict of Interest, Conflict of Commitment, and Outside Employment and Activities* was approved by the Board of Regents at the May meeting. The disclosure forms will be sent to staff in August by Human Resources along with their Notice of Employment. The disclosure forms will be sent to faculty by the Provost's Office and will be returned in September with their faculty reports.
- Myers and Stauffer, LC, a certified public accounting firm in Austin, Texas, completed the comprehensive Information Technology Risk Assessment in accordance with the Texas Administrative Code (TAC) Section 202.75 on May 16, 2017. The report was distributed to the Vice President for Administration and Finance and the Chief Information Security Officer. The results of the assessment and the University's responses are considered security sensitive and are not for public distribution per Texas Government Code, Section 551.076.

- The Environmental Health, Safety, and Risk Management Committee (EHSRM) held its first meeting on June 27, 2017. This new committee will meet four times a year to: review incident statistics, including workers compensation losses, incidents and accidents on campus, property losses, fire, and false alarms; review related program audits; and review University safety, security, and risk management reports. The Committee's immediate focus is to implement two State Office of Risk Management's (SORM) recommendations which are: 1) to create an Additional Duty Safety Officers (ADSO) Program, and 2) to create an Accident Review Board.
- Two tips were received in June through the EthicsPoint anonymous hotline. Both were discussed with the Director of Human Resources and have been closed. Neither of the tips received involved a fraud or compliance concern.
- Post-assessment training for The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, as amended to include the Violence Against Women Reauthorization Act of 2013, was held on July 10 and 11, 2017. An update will be provided at the November board meeting.
- Sixty-three (63) contracts were processed through the University's Contract Management System in the third quarter of fiscal year 2017 (March 1, 2017 – May 31, 2017). As of May 31, 2017, a total of 2,650 contracts were included in the repository with 1,042 being active.



Internal Audit Activities Update

I am pleased to provide an update on this quarter's Office of Internal Audits activities.

- The Fiscal Year 2017 - 18 Audit Plan required by Texas Government Code, Section 2102.005, is complete and submitted for approval. The plan specifics and allocation of resources are included in the Audit, Compliance, and Management Review Committee Attachments.
- The revised Office of Internal Audits Charter is submitted for approval. The revisions were necessary due to changes by the Institute of Internal Auditors' International Professional Practices Framework, including the Code of Conduct, and the *International Standards for the Professional Practice of Internal Auditing*. The Texas Internal Auditing Act requires state agencies and institutions of higher education to conform to the standards as promulgated by the Institute of Internal Auditors.
- Completed and in-progress projects from the Fiscal Year 2016 - 17 Internal Audit Plan:
 1. Completed the annual risk assessment.
 2. Awarded the contract for the NCAA required review of the University's athletic revenues and expenses, and began gathering documentation.
 3. Engaged the independent auditors to perform a quality assurance (peer) review of the University's internal audit function.
 4. Continued facilitation of the University's compliance with: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act as amended to include the Violence Against Women Reauthorization Act of 2013; and Title IX of the Education Amendments of 1972 to the Civil Rights Act of 1964, including Dear Colleague Letters, The Campus Sexual Violence Elimination Act, and the Violence Against Women Reauthorization Act of 2013.
 5. Continued facilitation of the special project, Evergreen Student Support Study.
 6. Provided ethics and compliance advisory services to various University departments.
- Internal audit focus for next quarter:
 1. Perform a self-assessment /quality assurance review and prepare the appropriate report.
 2. Facilitate the Incident Reports / Records Review of 2014, 2015 and 2016 University Clery crime statistics, public safety reports, and student conduct records.
 3. Plan and /or perform audits of petty cash, Public Funds Investment Act, Joint Admission Medical Program, and Benefits Proportional by Fund.

Respectfully submitted,

Leigh Kidwell, CPA, CGMA

Director

July 06, 2017

Page 99 of 203



Office of Internal Audits
3410 Taft Boulevard Wichita Falls, Texas 76308-2099
o 940.397.4914 f 940.397.4037

We are pleased to submit the Fiscal Year 2017 - 18 Audit Plan. The plan includes audits that are required by statute or administrative policy, assistance required by oversight agencies, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled approximately fifteen percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

Texas Government Code, Section 2102.005, requires state agencies to conduct a program of internal auditing that includes preparation of an annual audit plan using risk assessment techniques and identifies the individual audits to be conducted during the year. The annual audit plan must be approved by the agency's governing board, Sec. 2102.008, and posted on the agency's internet website, Sec. 2102.015.

The Department of Internal Audits' resources will be allocated among required audits, risk-based audits, special projects, investigations, meetings, committee service, and audit department activities and administration. The audit projects listed below are scheduled for the next two years.

Audit Projects	Fiscal Year 2017-18	Fiscal Year 2018-19
Audit Assistance to Oversight Agencies	X	X
Public Funds Investment Act	X	
Benefits Proportional by Fund	X	
Joint Admission Medical Program	X	
Facilities Audit	X	
Information Security Controls	X	X
Follow up on Implementation of Prior Audit Recommendations	X	X
Risk Based and Other Audits	X	X

Risk based and other audits planned for Fiscal year 2017 - 18 include:

- Purchasing and Contract Management

We appreciate the support offered by the Board of Regents, the President and University Management in the performance of our responsibilities and formally request that this plan be approved.

Respectfully,

Leigh Kidwell, CPA, CGMA
Director



FISCAL YEAR 2017 - 18 AUDIT PLAN

The Office of Internal Audits is currently staffed by a full time director and a full time auditor. Available hours for this year's projects after consideration of University holidays, vacation, sick leave and wellness release is 3,613 hours.

An audit plan should include a combination of financial, compliance, operational, efficiency, effectiveness, and fraud audits. Performing the audits that are required by statute or policy will use the Office of Internal Audits' resources along with special projects, investigations, meetings, committee service, and audit department activities and administration.

Listed below are the details for the Fiscal Year 2017 – 18 Audit Plan submitted to the University's Board of Regents.

Project	Description	Hours
<i>Financial, Compliance, Operational, Efficiency & Effectiveness Audits</i>		
Audit assistance to oversight agencies	Provide audit assistance to state and federal oversight agencies such as Texas State Auditor's Office, Texas Higher Education Coordinating Board, Texas State Comptroller's Office and grant agencies.	80
Public Funds Investment Act	Verify compliance with requirements to implement controls in policies, in contracting, in reporting, and in reviewing of investments according to the Act, Texas Government Code, Chapter 2256.	240
Benefits Proportional By Fund	Verify compliance with requirements to pay benefits in proportion to the sources of funds from which they paid the corresponding salaries and wages in accordance with applicable statutes, General Appropriations Act requirements, and related University policies and procedures.	240
Joint Admission Medical Program	Provide assurance the University is in compliance with policies, procedures, laws, and regulations as required by the Joint Admission Medical Program (JAMP) Council Agreement.	80
Facilities Audit	Provide assurance the University is in compliance with the Texas Higher Education Coordinating Board's building projects and real estate acquisitions and provide assistance to the Peer Review Team's review of planning and construction processes, project management, and facilities inventory control.	80
Contract Management and Purchasing	Verify compliance with requirements of Senate Bill 20, 84 th Texas Legislature and Senate Bill 533, 85 th Texas Legislature.	240
Audits Carried Forward	Prior fiscal year audits not complete at 8/31 and carried forward into current year.	200

Project	Description	Hours
Information Technology		
Texas Administrative Code Section 202	Obtain representations from management and verification if necessary, regarding status of implementation of prior audit recommendations or action plans and prior year's risk assessment action plan.	240
Follow-up Audits		
Implementation of Prior Audit Recommendations	Obtain representations from management and verification if necessary, regarding status of implementation of prior audit recommendations.	120
Special Projects		
Hotline, Fraud, or Ethics Investigations	Facilitate University anonymous reporting system and investigations.	40
Special Projects	Based on requests from Board of Regents, Administration or others.	352
Meetings and Committee Service		
Ethics and Compliance Committee	Serve as advisory member of the committee and all sub-committees.	304
Administrative Meetings	Attend administrative meetings as requested.	240
Other University Meetings or Events	Attend other meetings or events as requested.	48
Board of Regents Meetings	Preparation and attendance of meetings or events.	120
Audit Department Activities and Administration		
Annual Audit Plan and Report	Prepare annual audit plan and report.	80
Audit Manual and Webpage Revisions, and Records Management	Update audit manual and webpage, and records management / retention.	56
Annual Risk Assessment	Facilitate annual University risk assessment.	40
Audit Software Installation and Implementation	Install, set up and implement TeamMate audit management system software.	160
Professional Development and Travel	Professional development, maintain certifications, continuing education and related travel.	128
Staff Meetings	Intra office communications and planning.	48
General and Administrative Tasks	Office administrative duties (planning, purchasing, recordkeeping scheduling, reporting, etc.).	477
	Total Allocated Hours	<u>3,613</u>
	Available Hours for All Staff	4,160
	Less estimated hours for:	
	Holidays	(224)
	Vacation & Birthday Leave	(227)
	Sick Leave	(80)
	Wellness Release	(16)
	Net Available Hours	<u>3,613</u>



OFFICE OF INTERNAL AUDITS CHARTER

INTRODUCTION

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate the effectiveness of risk management, internal controls, operational and governance processes.

PURPOSE

The purpose of the Office of Internal Audits (OIA) is to enhance and protect the University's value by providing risk-based and objective assurance, advice and insight. The OIA was established to assist the University achieve its goals and objectives, identify and address risk, and continuously improve processes and operations as a service to the Board of Regents, the President, and management.

The OIA is responsible for providing executive management with information about the adequacy and effectiveness of the University's system of internal administrative and accounting controls and the quality of operating performance when compared with established standards.

AUTHORITY

The internal audit activity is established per the Texas Internal Auditing Act, Texas Government Code, Chapter 2102. The MSU Board of Regents' Audit, Compliance, and Management Review Committee provides oversight.

The OIA will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles, the Code of Ethics, the Definition of Internal Auditing, and the *International Standards for the Professional Practice of Internal Auditing*, as well as Generally Accepted Governmental Auditing Standards as required by the Texas Internal Auditing Act, herein, collectively referred to as "*standards*." In addition, the OIA will adhere to relevant MSU policies and procedures and the OIA's policy and procedures manual.

The Director of Internal Audits (Director) will have unrestricted access to, and communicate and interact directly with the Board of Regents' Audit, Compliance, and Management Review Committee, including private meetings without management present.

The Board of Regents authorizes the internal audit department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary University personnel, as well as other specialized services from within or outside the University, in order to complete the engagement.

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ORGANIZATION

The OIA is an integral part of MSU and functions in accordance with the policies established by the Board of Regents. To provide for the independence of the department, the Director is appointed by the Board of Regents and reports functionally (directly) to the board's Audit, Compliance and Management Review Committee and reports administratively to the President.

To establish, maintain, and assure that MSU's internal audit department has sufficient authority to fulfill its duties, the Board of Regents will:

- Approve the internal audit department's charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit department's budget and resource plan.
- Receive communications from the Director on the internal audit department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director.
- Approve the remuneration of the Director.
- Make appropriate inquiries of management and the Director to determine whether there is inappropriate scope or resource limitations.

INDEPENDENCE AND OBJECTIVITY

The Director will ensure that the internal audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the appropriate parties. At least annually, the Director will confirm the organizational independence of the internal audit department to the Board of Regents.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair audit judgment

Internal auditors will:

- Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Not be unduly influenced by their own interests or by others in forming judgments.
- Disclose any impairment of independence or objectivity, in fact or appearance, to the appropriate parties.

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Safeguards will be established to limit impairments to independence or objectivity where the Director has or is expected to have roles and /or responsibilities that fall outside of internal auditing.

The Director will disclose to the Board of Regents any interference and related implications in determining the scope of internal auditing, performing work, and /or communicating results.

SCOPE OF ACTIVITIES

The internal audit department's scope of work encompasses, but is not limited to, examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University's goals and objectives, including:

- Risks, including strategic risks, are appropriately identified and managed.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Operations and programs are being carried out effectively and efficiently and their results are consistent with established goals and objectives.
- Processes and systems are established to enable compliance with the policies, procedures, laws, and regulations.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Director will report periodically to senior management and the Board of Regents regarding the internal audit departments:

- Purpose, authority, and responsibility.
- Conformance with the *Standards*.
- Resource requirements.
- Impact of resource limitations on the internal audit plan, if any.

RESPONSIBILITY

The Office of Internal Audits has responsibility to:

- Ensure compliance with the Texas Internal Auditing Act.
- Develop a flexible, annual audit plan using an appropriate risk-based methodology, and submitting that plan to the President and Audit, Compliance, and Management Review Committee for review and to the Board of Regents for approval on an annual basis.
- Implement the annual audit plan, as approved, including, as appropriate, any special projects requested by senior management or the Board of Regents.
- Review and adjust the audit plan, as necessary, in response to changes in risk, operations, programs, systems, and controls. Communicate to senior management and the Board of Regents any significant changes.
- Ensure each audit engagement is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board of Regents any corrective actions not effectively implemented.
- Promptly communicate the results of engagements with applicable conclusions and recommendations to the appropriate individuals.
- Issue periodic reports to the President and Board of Regents summarizing results of audit activities, including progress on the annual audit plan, audit accomplishments, and highlights of any significant audit findings and recommendations.
- Keep the President and the Board of Regents informed of emerging trends and successful practices in internal auditing.
- Conduct special audits requested by the Board of Regents or the President.

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- Have and maintain a professional audit staff with sufficient knowledge, skills, abilities, experience, and professional certifications to meet requirements of this charter and the Texas Internal Auditing Act.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department and conform to the *Standards*.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Provide consulting and advisory services at the request of management consistent with the Institute of Internal Auditors standards for consulting engagements. The nature and scope of these engagements will be agreed with the client, provided the internal audit department does not assume management responsibilities.
- Develop relationships throughout the University to become a trusted advisor to management on governance, risk management and internal control matters.
- Guide the University on control self-assessments by assisting managers with risk self-assessments and conducting self-audits.
- Serve as liaison, coordinate the efforts and consider the scope of work of external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the University.
- Assist in the investigation of suspected fraudulent activities (e.g., defalcation, misappropriation, and other fiscal irregularities) at the University, including possible improvements (e.g., policies, procedures, and compliance reviews) to prevent the likelihood of potential frauds occurring, and notify the President and the Board of Regents of the results.
- File internal audit reports and related responses or action plans as required with the Office of the Governor, the State Auditor's Office, the Sunset Advisory Commission, and the Legislative Budget Board within thirty days after presentation to the Board of Regents and the President.
- Prepare the annual report required by the Texas Internal Auditing Act and submit the report by the due date to the Office of the Governor, the State Auditor's Office, the Sunset Advisory Commission, the Legislative Budget Board, and the University's Board of Regents and President.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Office of Internal Audits will maintain a quality assurance and improvement program that covers all aspects of the internal audit department. The program will include an evaluation of the internal audit department's conformance with the Definition of Internal Auditing, the Core Principles, and the *International Standards for the Professional Practice of Internal Auditing*, and an evaluation of whether internal auditors apply the Code of Ethics, as well as Generally Accepted Government Auditing Standards and the Texas Internal Audit Act as applicable. The program will also assess the efficiency and effectiveness of the department and identify opportunities for improvement.

The Director will communicate to senior management and the Board of Regents on the internal audit department's quality assurance and improvement program, including results of internal assessments and external assessments conducted at least once every three years by qualified, independent reviewers.

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RELEVANT STATUTES AND POLICIES

- Texas Internal Auditing Act, Texas Government Code, Chapter 2102
- MSU Policy 2.31, Administration Selection Process
- MSU Policy 2.323, President's Office (Organization)
- MSU Policy 4.117, Suspected Dishonest or Fraudulent Activities

APPROVAL

The Office of Internal Audits Charter was submitted by the Director for review and approval by the Board of Regents on August 3, 2017.

Dates Approved or Amended:

11/13/2015

08/12/1988

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BOARD OF REGENTS MEETING AGENDA

Board of Regents Meeting Agenda
August 4, 2017
9:00 a.m.

The Board of Regents of Midwestern State University (MSU) may deliberate and take action regarding any item on this agenda. This meeting will be continuous in that the Board reserves the right to take any agenda item out of the order or sequence that is listed below. The Board reserves the right to discuss any properly posted items in Executive Session whenever legally justified in accordance with the Texas Government Code Chapter 551.

The meeting will be streamed live at <http://www.mwsu.edu/welcome/president/regents-minutes>.

Call to Order – Chairman Sam Sanchez

Introduction of Visitors – Ms. Julie Gaynor

Opening Comments - Chairman Sanchez

Public Comment

A public comment period will be provided in accordance with MSU Policy 2.22.

Reading and Approval of Minutes

17-148. Minutes of the regular Board of Regents meetings May 11 and 12, 2017, will be recommended for approval as shown beginning on pages 168 and 177.

Executive Committee Consent Agenda, Items and Report

Academic and Student Affairs Committee Consent Agenda, Items and Report

Finance Committee Consent Agenda, Items and Report

Audit, Compliance, and Management Review Committee Consent Agenda, Items and Report

Board of Regents Meeting Dates – 2017-2018

17-149. The proposed dates for the 2017-2018 quarterly Board of Regents meetings are as follows:

November 9 and 10, 2017
February 8 and 9, 2018
May 10 and 11, 2018
August 2 and 3, 2018

President's Report and Discussion of Higher Education Issues

17-150. President Shipley will provide a retrospective on her two years as President of MSU.

Executive Session

17-151. The Board will convene in Executive Session as necessary to consider matters permissible under Chapter 551 of the Texas Government Code, including:

- A. Government Code, Chapter 551, Section .071 – Consultation with Attorneys Regarding Legal Matters, Pending and/or Contemplated Litigation, or Settlement Offers, or on a Matter in which the Duty of the Attorney to the Governmental Body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas Clearly Conflicts with Chapter 551 of the Texas Government Code.
- B. Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease, or Value of Real Property.
- C. Government Code, Chapter 551, Section .073 - Deliberations Regarding a Negotiated Contract for a Prospective Gift or Donation.
- D. Government Code, Chapter 551, Section .074 – Personnel Matters Relating to the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of Officers or Employees, or to Hear a Complaint or Charge Against an Officer or Employee
- E. Government Code, Chapter 551, Section .076 - Deliberations Regarding Security Audits, including
 - 1. Information Security Program Assessment report on action taken

Closing Comments

Adjournment

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MINUTES

MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Executive Committee
May 11, 2017

The Executive Committee of the Board of Regents, Midwestern State University, met in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 1:25 p.m., Thursday, May 11, 2017. Executive Committee members in attendance were Mr. Sam Sanchez, Chairman; Mr. Caven Crosnoe, Vice Chairman; Ms. Nancy Marks, Secretary; and Ms. Tiffany Burks, Member-At-Large. Other regents attending the meeting were Mr. Warren Ayres, Mr. Jeff Gregg, Mr. Shawn Hessing, Dr. Shelley Sweatt, and Student Regent Lindsey Shelley.

Members of the administration present included Dr. Suzanne Shipley, President; Dr. James Johnston, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Administration and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Mr. Anthony Vidmar, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman, MSU Faculty Senate; Ms. Angie Reay, Chair, MSU Staff Senate; Mr. Kyle Williams, Interim Director of Athletics; Mr. Barry Macha, General Counsel; Ms. Leigh Kidwell, Director of Internal Audits; Mr. Chris Stovall, Controller; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Student Government Association (SGA) representatives attending the meeting included Ms. Shayla Owens, Outgoing SGA President; Ms. Maria Peña, Incoming SGA President; and Mr. Charles Frazier, SGA Observer. Representing the news media were Ms. Lana Sweeten-Shults, Wichita Falls *Times Record News*; Mr. Ian Klein, News Channel Six; and Ms. Samaria Terry and Ms. Katya Guillaume, KFDX-TV 3. Community member George Adams also attended the meeting. Attending the first portion of the meeting for discussion of Item 17-75 were members of the Strategic Planning Committee Dr. Scott Meddaugh, Robert L. Bolin Distinguished Professor of Petroleum Geology; Ms. Catherine Prose, Associate Professor of Art; Dr. Emily Reeves, Assistant Professor of Curriculum and Learning; and Ms. Cammie Dean, Director of Student Development and Orientation.

Chairman Sanchez called the meeting to order at 1:25 p.m.

Reading and Approval of Minutes

17-74. The Executive Committee approved the minutes of the February 9, 2017, meeting as presented.

Strategic Plan

17-75. Mr. Sanchez asked Dr. Shipley to begin the conversation regarding the Strategic Plan process. Dr. Shipley reported that in February 2016 the Board of Regents and administration participated in a retreat to determine the four strategic objectives by which the university would move forward during the next five or six years. Following the approval of the initiatives by the Board a Strategic Planning Committee was appointed and Provost Betty Stewart launched the committee with the significant help of Dr. Scott

Meddaugh. When Dr. Stewart left MSU, Dr. Meddaugh continued his work with the committee. Dr. Shipley noted that the result of their work was presented in the Board Book and Dr. Meddaugh would further discuss the process. She indicated that this information was presented to provide the Board with an opportunity to raise questions with the committee. She noted that the administration would come back to the Board in August for approval, and would attach to the plan a budget, an action plan, and a timeline.

Dr. Meddaugh acknowledged members of the Strategic Planning Committee who were present in the room: Dr. James Johnston, Dr. David Carlston, Mr. Charles Frazier, Ms. Lindsey Shelley, Dr. Emily Reeves, Ms. Catherine Prose, and Ms. Cammie Dean. He noted that his presentation (see [Attachment 1](#)) would be brief to allow the Regents an opportunity to ask questions. He reviewed the committee process, noting that the committee was a diverse group representing the entire campus. He stated that the process involved data and information gathering from people throughout the campus and community. Dr. Meddaugh reported that the committee was established in May of 2016 and between August and December 2016 the four sub-committees worked to develop a set of measurable and doable tactics and tasks that supported each of the four initiatives. At the beginning of 2017 the full committee began meeting to discuss, review, question, challenge, and further explore each of those sets of tactics and tasks that the sub-committees had developed. The plan was presented to Dr. Shipley in March, a few small modifications were made, and the plan was finalized for presentation to the Board at this meeting. He noted that the tactics and tasks range from small, relatively quick, and low cost, to large, longer timeframe and higher cost. Slide Five presented some of the “low end” examples and Slide Six showed “high end” examples. Dr. Meddaugh noted that the committee work began with a two-page document and developed into the plan presented to the Board.

Mr. Hessing thanked Dr. Meddaugh and the committee for their work. He stated that he was pleased with the document and particularly noted his support for a bridge program for students. Mrs. Marks stated that she was pleased to see the reemphasizing of the university’s mission and vision, as well as the six values of the Council of Public Liberal Arts and Colleges (COPLAC). She indicated that she looked forward to regular updates after the plan is adopted.

Mr. Sanchez stated that Dr. Shipley mentioned that this item was presented for information and input only. He added that a final plan would be presented to the Board for approval in August.

Campus Construction Update

17-76. Mr. Sanchez noted that the Board Book included project status reports and a report on smaller construction projects. Mr. Owen presented information on current projects and future planning as shown in [Attachment 2](#). This information related to the progress of the central campus sidewalk project, Legacy Hall landscaping and hardscaping, the Mass Communication building project, the parking project on Hampstead, and renovations to the east side of the West Campus Annex to house the Student Support Services (Federal TRIO) program. Mr. Owen reviewed Slide Nine which showed near term plans in the approximate order they would occur.

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- #1. Hampstead Parking Lot – 63 spaces – Construction was underway and the lot should be available for the fall semester.
- #2. TRIO Program Moves to West Campus Annex from McGaha – McGaha Hall must be razed to provide space for the new Gunn College Building. The Federal TRIO Student Support Services Program is located in McGaha Hall and will move to the West Campus Annex after renovations are complete. Upgrades are being made to meet fire and ADA codes, replace flooring and doors, and repaint the area.
- #3. Demolish McGaha Hall – Once vacated, McGaha Hall will be abated and razed.
- #4. Gunn College Building – Construction of the building should begin in mid-September.

Mr. Owen noted that the remaining items on the list (renovation of 2627 Hampstead for Police Department, parking lot at site of 2625 Hampstead, demolish current Police Department house and install parking, demolish current Counseling Center once they move to Bridwell Hall, and possibly create more parking) have not been funded and final plans were contingent on future funding.

Mr. Sanchez commented that this item was presented for information only and no action was necessary.

Dallas-Fort Worth (DFW) Expansion Update

17-77. Dr. Lamb noted that since the February Board meeting the timeline for the completion of the Flower Mound facility had changed. He stated that after a delay in getting construction started, it was now underway. He reported that the building should be complete in December with an opening of the facility planned for January. He noted that classes would be offered in the fall semester and that MSU's partner, North Central Texas College (NCTC), was allowing MSU to utilize their facility for class meetings when needed.

Dr. Lamb noted that under Dr. Johnston's leadership the academic area was looking at "parts of term" programs in the health sciences. He stated that through this format the radiology, respiratory care, and nursing programs could offer accelerated terms that would allow an individual to complete a program within a specified timeframe at a fixed cost. He indicated that this would be very marketable in the region. He added that MSU would also offer Education courses and the Bachelor of Applied Arts and Sciences (BAAS) program. He stated that Ms. Gaynor had led the marketing effort in the area to include billboards, movie theater advertisements, and social media geofencing. He added that a direct mail campaign was also underway in the Flower Mound area.

Dr. Lamb reported that the administration just completed interviewing individuals to fill the director position for the Flower Mound campus and a decision and offer should be made soon. He noted that NCTC had provided an office for that individual to use until MSU's facility is complete. The director will work to start up the programs, form relationships in the communities, and help oversee construction. He added that planned staffing in Flower Mound included the director, a generalist position, an information technology professional, and a secretary. We stated that faculty positions in nursing and respiratory care were also being advertised.

Mr. Sanchez asked about specific marketing for community college students in the area. Dr. Lamb responded that community college students were being reached through geofencing and visits by MSU admissions professionals to the community college campuses.

Mr. Sanchez stated that he looked forward to great things from this expansion. He noted that this item was presented as a point of information only.

Capital Expenditure Plan (MP1) Report - FY 2018-2022

17-78. Mr. Sanchez stated that each year the Texas Higher Education Coordinating Board (THECB) requests an update of the university's five-year plan for new construction, land acquisition, information resource projects, and major repair and renovation projects. He indicated that a copy of the proposed MP 1 report was included in the Board Book and asked Mr. Owen to comment. Mr. Owen noted that this report was a listing of any project the university leadership and Board agreed could possibly be an initiative during the next five years. He stated that these projects have not been funded, but are projects that are possible in the future. He noted that the first item was the renovation of Bolin Science Hall and this project would not likely begin without additional Tuition Revenue Bond funding from the state in the future.

Mr. Crosnoe moved approval of this item as presented and Mrs. Burks seconded the motion.

Mr. Gregg expressed concern with authorizing the administration to proceed with the football stadium project for \$18 million when the funds were not available. Mr. Owen responded that none of the projects on the list were currently funded and the administration was not asking the Board to approve any of the projects. He indicated this was a wish list of projects the administration would like to pursue in the next five years. Dr. Shipley stated her understanding that it was important for these extended plans to appear on this list because if a project is not listed it would appear that the university is not planning appropriately.

There being no further discussion, the motion was approved.

Texas Accessibility Standards (TAS), Americans with Disabilities Act (ADA), and Fire Marshal Upgrades Project – Construction Manager at Risk Approval

17-79. Mr. Sanchez reported that the administration was requesting Board approval of the construction manager at risk (CMAR) contractor for this project. He asked Mr. Owen to explain the item and present the recommendation. Mr. Owen noted that a Request for Proposal (RFP) for a CMAR to oversee this project was issued in February. Five submissions were received and were reviewed by a committee. Each member of the committee independently selected M&F Litteken as the recommended contractor. He noted that this is a local firm, they offered the best price, and have done work for MSU in the past with good results.

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Mrs. Marks moved approval of this item as presented. Mr. Crosnoe seconded the motion and it was approved.

Utility Contract – Policy 2.24 Contract Authority Recommended Change

17-80. Mr. Sanchez reported that in 2015 the Board authorized the president to enter into a contract with an electricity provider for up to \$2 million on behalf of the Board. At that time the contract policy was not modified and the authorization was considered as a one-time approval. He noted that Dr. Fowlé and Mr. Owen had worked with Mr. Macha to propose a change to the contract policy wording to provide more flexibility and ensure the administration can negotiate the best rate for the purchase of electrical and gas utility contracts. He asked Mr. Owen to review this item with the Board. Mr. Owen noted that the current policy does not authorize the administration to sign a utility contract for more than five years unless it's with the Texas General Land Office. He stated that in March, the university had an opportunity to extend its current contract with a 10% decrease in cost (from the current rate of 4.62 cents per kilowatt hour to 4.175 cents). However the length of the required contract to take advantage of the offer was beyond the scope of the policy. He noted that the proposed change in the policy would allow greater flexibility and ensure the administration could make a timely decision when negotiating the best rate for the purchase of electrical and gas utility contracts in the future.

Mrs. Burks moved approval of this item. Mr. Crosnoe seconded the motion.

Mrs. Burks asked how much savings this would provide over the course of the contract. Mr. Owen indicated that he did not have the information with him but would provide it to the Board. NOTE: Later in the meeting Mr. Owen reported that based on the most recent pricing the university would save approximately \$66,000 per year, including a \$22,000 savings for auxiliary facilities such as housing.

There being no additional discussion, the motion was approved.

Holiday Schedules for Staff Employees – 2017-2018

17-81. Mr. Sanchez noted that information in the Board Book explained how holiday schedules for staff employees were developed and recommended the schedules for staff employees for the 2017-2018 academic year. Mrs. Marks moved approval of this item as presented. Mrs. Burks seconded the motion and it was approved.

Adjournment

The Executive Committee discussion concluded at 2:30 p.m.

Reviewed for submission:



Samuel M. Sanchez, Chairman
Midwestern State University
Board of Regents Executive Committee

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ATTACHMENT:

1. Strategic Plan Slide Presentation
2. Construction Update - Project Photographs

Strategic Plan – 2017

- Committee
- Process
- Results



THE NEW CENTURY STRATEGIC INITIATIVES BUILDING BRIDGES TO A VIBRANT FUTURE FOR MSU

Welcome to Midwestern State University's New Century Strategic Initiative, the bridge from historic excellence to future opportunity.

Bridges are engineering marvels that lift us above turbulent waters or difficult terrain. They link one place to another, one person to their neighbor. They are things of beauty in the physical world and strong vehicles for relationships in emotional terms. Bridges can be designed, built, but also repaired. In music a bridge can move us from one melody to another, from one key to the next. A bridge's span can suspend us, give us the pause necessary for transition. It is completely right to choose a bridge as the symbol for Midwestern State's planning for its second century. We have described ourselves as a family, a team, a community that depends upon connections. Let's lean into those things that connect us to each other, to our rich and storied past, to our liberal arts mission, even as we together build bridges into a future filled with promise.

Strategic Planning Committee

- Committee Members:
Leslie Berryhill, David Carlston, Charles Frazier, Karen Dabney,
Cammie Dean, Reagan Foster, Terry Griffin, Emmanuel Hoffmann,
James Johnston, Jeff Killion, Adam Lei, Lindsey Shelley,
W. Scott Meddaugh, Jeffrey Oxford, Kurt Portmann, Catherine Prose,
Emily Reeves, Emily Rutherford, Steve Shipp, Jeff Stambaugh,
Beverly Stiles, Debbie Vaughn, Jolene Welch, Kathleen Williamson,
Bradley Wilson, Newman Wong

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Committee Process

- Starting Point – The New Century Strategic Initiatives: Building Bridges to a Vibrant Future for MSU
- Committee Established
- Four Subcommittees developed Tactics and Tasks for each Strategic Initiative*
 - 1 – Promoting a Strong University Community
 - 2 – Aggressively Pursuing New Student Populations
 - 3 – Creating a Destination Residential University
 - 4 – Stimulating a Culture of Engagement
- Subcommittees met weekly to develop measurable and doable tactics and tasks that support the Strategic Initiatives

*Each Initiative Has Five "Sub-Initiatives"

Committee Process

- Subcommittees met weekly to develop measurable and doable tactics and tasks that support the Strategic Initiatives
 1. Develop and explore tactics and tasks
 2. Reach out to all stakeholders for information and where available, supporting data
 - Administration
 - Faculty
 - Staff
 - Students
 - Alumni
 - Community
 3. Finalize tactics and tasks within each subcommittee
 4. Full committee discussion and where necessary, revision of tactics and tasks
 5. Finalize strategic plan draft following presentation to Dr. Shipley

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Committee Process

- Tactics and tasks range from the small, quick, and relatively low cost to the large, longer timeframe, and higher cost
 - “Low End” Examples
 - Promote the liberal arts mission and practical applications of a liberal arts education to MSU and the community at large to ensure that stakeholders understand the liberal arts concept and demonstrate commitment to it
 - Create, by 2020, a 2-week bridge program in the summer time frame to orient first generation college students to the joys, rigors, and responsibilities of college life.
 - Develop and implement a signature first-year experience that emphasizes the liberal arts mission and MSU’s undergraduate research initiative.
 - Work with Wichita Falls Chamber of Commerce and Industry to increase MSU student personal and professional involvement in the community through increased participation in for-credit internships by 5% by 2019.

Committee Process

- Tactics and tasks range from the small, quick, and relatively low cost to the large, longer timeframe, and higher cost
 - “High End” examples
 - By 2018, build the infrastructure (manpower, delivery platforms and differentiated field experiences) in collaboration with community partners to build and sustain academic programs in multiple locations.
 - Expand the Academic Success Center into a student advising and mentoring center providing centralized campus tutoring, increased supplemental instruction and advising, and a one-stop approach to student services.
 - Increase 6-year graduation rates by 2% by 2018, 4% by 2020 and 6% by 2022.
 - Secure funding and begin construction of a 1,000 seat fine arts theater and a 7,000 seat athletic stadium by 2022.

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Summary – Strategic Initiatives to a Strategic Plan



THE NEW CENTURY STRATEGIC INITIATIVES BUILDING BRIDGES TO A VIBRANT FUTURE FOR MSU

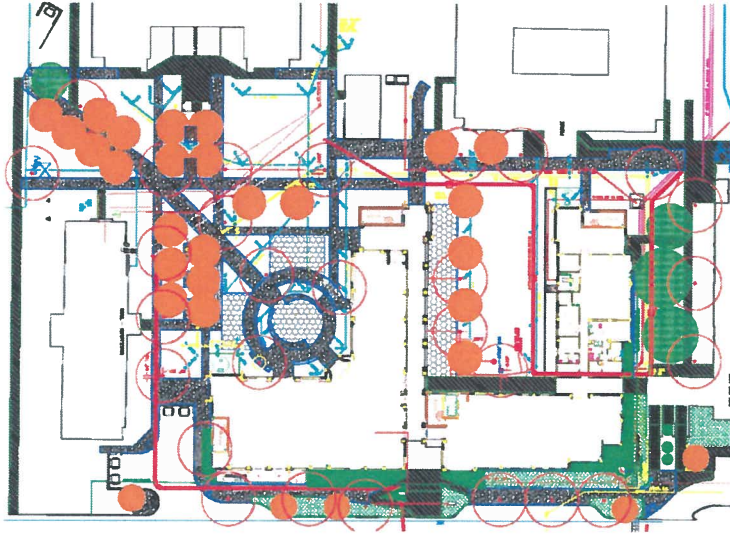
Welcome to Midwestern State University's New Century Strategic Initiative, the bridge from historic excellence to future opportunity.

Bridges are engineering marvels that lift us above turbulent waters or difficult terrain. They link one place to another, one person to their neighbor. They are things of beauty in the physical world and strong vehicles for relationships in emotional terms. Bridges can be designed, built, but also repaired. In music a bridge can move us from one melody to another, from one key to the next. A bridge's span can suspend us, give us the pause necessary for transition. It is completely right to choose a bridge as the symbol for Midwestern State's planning for its second century. We have described ourselves as a family, a team, a community that depends upon connections. Let's lean into those things that connect us to each other, to our rich and storied past, to our liberal arts mission, even as we together build bridges into a future filled with promise.



Strategy 1 B	
Establish clearly the mission of the university and develop a comprehensive marketing and branding program that effectively translates that to the expanded region.	
Table 1: Nourish a university culture that enables every employee to be an ambassador of the university. <i>Personal resources: Number or percentage increase documents/resources available and program/presentation content at new employee orientation.</i>	
Task 1: Provide readily available materials for off-campus travel, meetings, presentations, recruitment, visiting peers, etc.	
Task 2: Use new members or orientation to establish an understanding of our institutional and shared values.	
Strategy 2 A	
Build upon our well-established reputation for student making a difference, educational, liberal arts experiences.	
Table 1: Increase the university marketing budget from \$300,000 to \$1,000,000 for FY18 and increase by 10% annually for next 5 years.	
Consideration: While there are many ways to enhance a university's reputation, the DFW market study indicated five ways of MSU is one of our most important geographical markets. The most direct and timely method to increase awareness is to increase our marketing efforts. While it is hard to obtain budgetary information from	
Strategy 3 B	
Deliver education in modes that meet students' needs and expectations while maintaining affordability. Enhance current technological trends in administration, instruction, and laboratory, and develop a building plan to meet these needs.	
Table 1: Provide a minimum of one session of each core course online once per year by 2021.	
Consideration: Currently we have 96 core courses, 10 of which are offered online (10.4%). Prioritize core class online development based on enrollment needs and	
Task 1: Identify a person responsible for studying and making recommendations	
Task 2: Develop minimum theories and standards to be used by	
Strategy 4 A	
Support the Wichita Falls community by providing an elevated workforce, stimulating economic development, and serving as a leader in shaping the city's future.	
Table 1: Increase 4-year graduation rates by 2% by 2018, 4% by 2020 and 6% by 2022. (2009-10 baseline of entrance freshmen of 44%)	
Task 1: Identify a person responsible for studying and making recommendations	
Consideration: Based on the 6-year cohort graduation rate report, MSU has fluctuated by 1% on a 4-year scale in recent years, the national 4-year average is 40% according to the National Center for Education Statistics.	
Table 2: Work with Wichita Falls Chamber of Commerce and Industry to increase MSU student personal and professional job skills in the community through increased participation in the study internships by 1% by 2019 (2016 baseline of 170)	
Task 1: Establish a liaison or campus to act as internship program (career management) to work with businesses wanting the opportunity to work with interns.	
Task 2: Create a database of available internships by college, for example website design, business and design, etc. (the Chamber of Commerce has indicated a willingness to meet with each)	

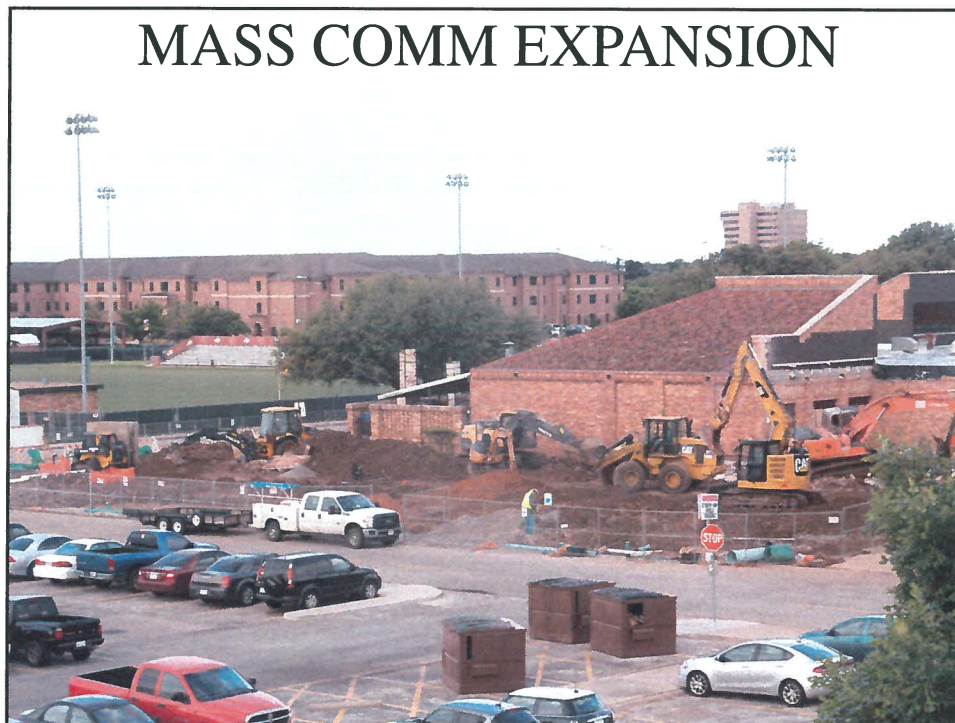
CENTRAL CAMPUS SIDEWALKS



October 31, 2016



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May 1, 2017



May 1, 2017



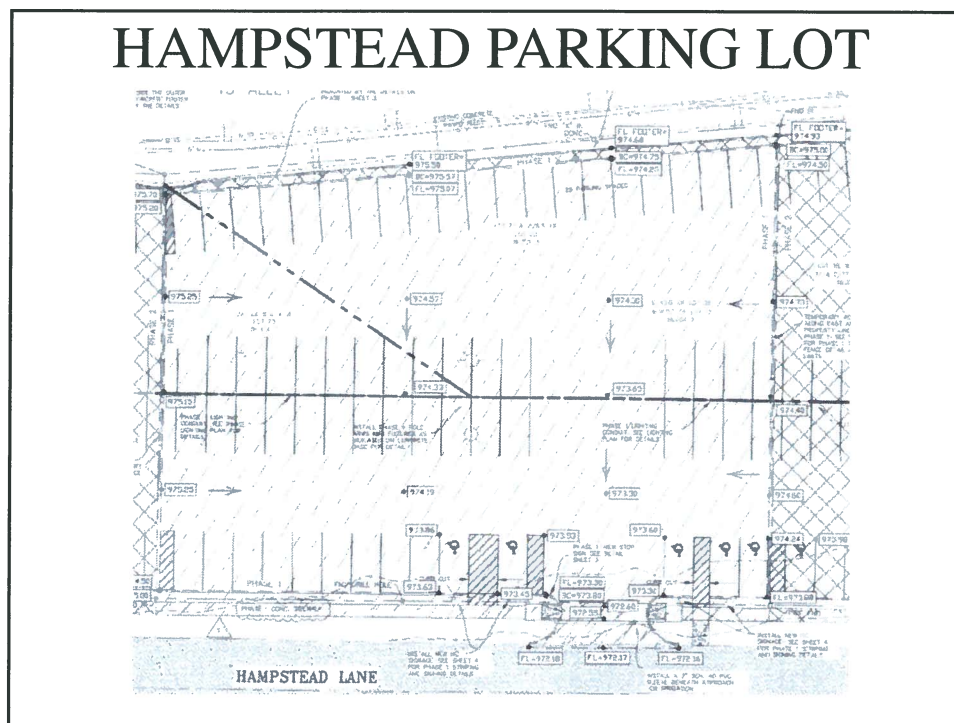
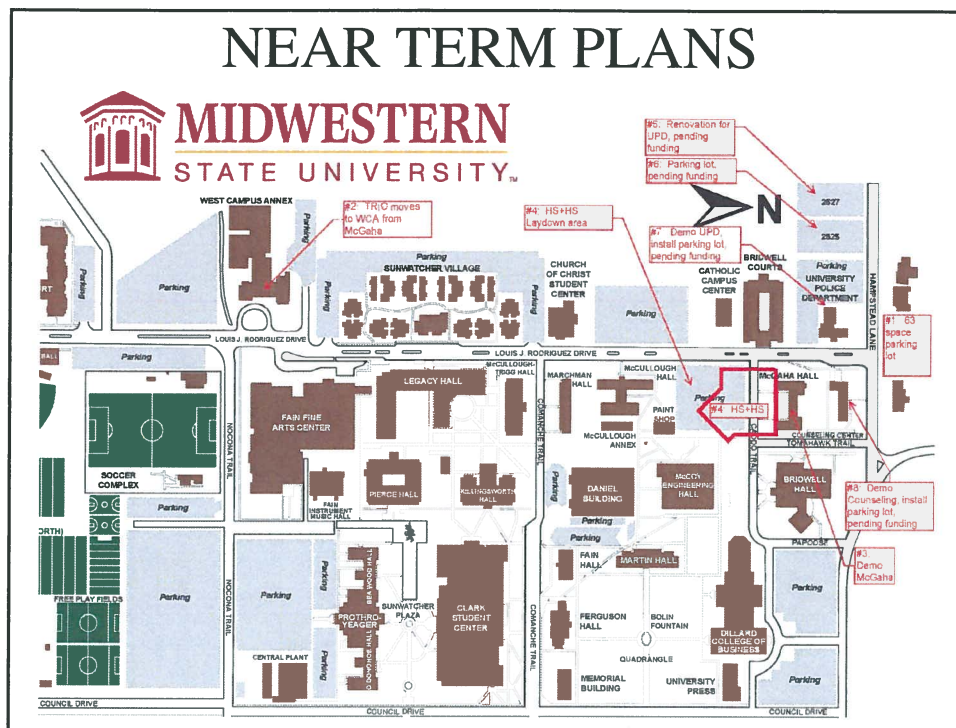
May 1, 2017



May 1, 2017



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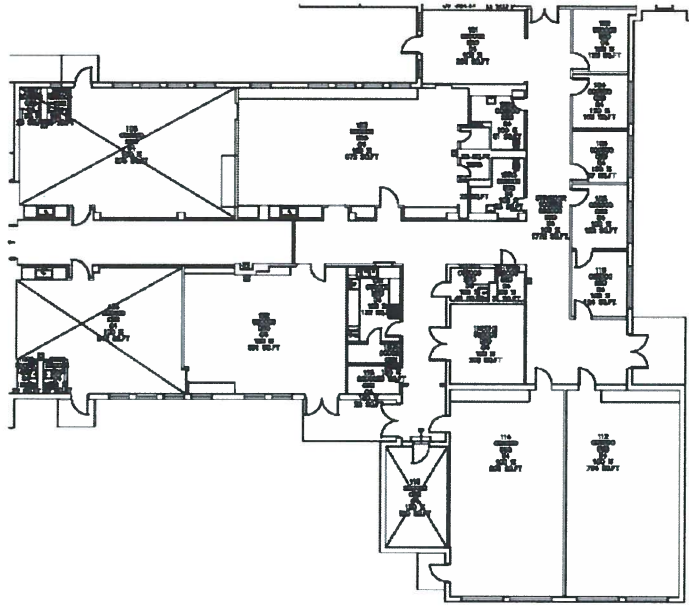
April 3, 2017



May 1, 2017



WEST CAMPUS ANNEX MODS



October 31, 2016



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MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Academic and Student Affairs Committee
May 11, 2017

The Academic and Student Affairs Committee of the Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 2:30 p.m., Thursday, May 11, 2017. Academic and Student Affairs Committee members in attendance were M. Nancy Marks, Acting Chair; Mr. Shawn Hessing; and Dr. Shelley Sweatt. Other regents attending the meeting were Mr. Warren Ayres, Ms. Tiffany Burks, Mr. R. Caven Crosnoe, Mr. Jeff Gregg, Mr. Sam Sanchez, and Student Regent Lindsey Shelley.

Members of the administration present included Dr. Suzanne Shipley, President; Dr. James Johnston, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Administration and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Mr. Anthony Vidmar, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman, MSU Faculty Senate; Ms. Angie Reay, Chair, MSU Staff Senate; Mr. Kyle Williams, Interim Director of Athletics; Ms. Kristi Schulte, Director of Residence Life; Mr. Barry Macha, General Counsel; Ms. Leigh Kidwell, Director of Internal Audits; Mr. Chris Stovall, Controller; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Student Government Association (SGA) representatives attending the meeting included Ms. Shayla Owens, Outgoing SGA President; Ms. Maria Peña, Incoming SGA President; and Mr. Charles Frazier, SGA Observer. Representing the news media were Ms. Lana Sweeten-Shults, Wichita Falls *Times Record News*; Mr. Ian Klein, News Channel Six; and Ms. Samaria Terry and Ms. Katya Guillaume, KFDX-TV 3. Community member George Adams also attended the meeting.

Mrs. Marks called the meeting to order at 2:30 p.m.

Reading and Approval of Minutes

17-82. The Academic and Student Affairs Committee approved the minutes of the February 9, 2017, meeting as presented.

Faculty Report

17-83. Dr. David Carlston, Chairman of the Faculty Senate, reported that during the recent Senate elections he was re-elected as Chairman for another year. He stated that transparency, collaboration, and relationships between the administration and faculty had been discussed a great deal in the recent past and he indicated he could not emphasize enough the change that had taken place in this regard during the last two years. He noted that there had been significant collaboration, fences were mended, and things were moving in the right direction. He reported that faculty were pleased to be involved with the Strategic Planning process, as well as a number of committees and task forces that had been at work during the year. He added that they were excited about the hiring of the new provost, and to have a familiar and well-qualified individual who understands MSU.

Dr. Carlston mentioned that the Information Resource Use and Security Policy would be presented for approval later in the meeting. He noted that this was a significant area of concern for the faculty and appreciated the collaboration with Dr. David Sanchez and Mr. Jim Hall in the development of the policy. He added that faculty were pleased that they would have representation as the handbook associated with this policy was developed.

Dr. Carlston noted that the Conflict of Interest, Conflict of Commitment, and Outside Employment and Activities Policy to be presented was also of significant concern to the faculty. He noted that the faculty in particular had worked closely with Ms. Kidwell, Mr. Macha, and Dr. Shipley to address concerns. He stated that faculty wanted to ensure that the policy did not limit their ability to engage in activities that were important as they worked toward tenure and promotion. Another piece of the policy dealt with outside employment which in some cases is important from a teaching perspective. He noted that as a clinical psychologist it would be difficult for him to teach a therapy course if he had not done therapy since he graduated from his Ph.D. program. He added that in some cases outside employment is important to faculty and staff for financial reasons as well. He stated that faculty were pleased with the way the policy had taken shape. He noted that they had requested that the policy and the implementation of the policy be revisited at the end of the next academic year so that the content and process for reporting and approval could be evaluated.

He stated that tenure and promotion were a significant process for faculty and encouraged the Board to spend time reviewing the faculty credentials. He added that after a faculty member is awarded tenure, there is a post-tenure review process and faculty must submit an annual report each year.

Mrs. Marks congratulated Dr. Carlston on his re-election and thanked him for his report.

Staff Report

17-84. Mrs. Marks noted that Ms. Angie Reay, Staff Senate Chair, would present information on behalf of the Staff Senate. She reported that Ms. Reay recently assumed a new role at MSU as Director of the Wellness Center. Mr. Reay reported that the Staff Senate had been very busy assisting with committees and initiatives on campus. She noted that staff members were represented on the Budget Oversight Committee, the Strategic Planning Committee, and the Capital Campaign Committee. She expressed appreciation for the opportunity the staff had to be a part of these important discussions. Ms. Reay reported that two staff members were recently honored as recipients of the “You Make a Difference” Award. She noted that recent award recipients were Mr. Stephen Draper, PC Network Services Technician, and Ms. Lisa Butler, Desktop Designer in the Print Shop. Ms. Reay reported that she would not return as Chair of the Staff Senate in the fall as her term had expired. She stated that voting was underway and she would present the new senators and officers in August.

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Mrs. Marks thanked Ms. Reay for her report.

Student Government Report

17-85. Mrs. Marks noted that the Student Government Association (SGA) outgoing President, Shayla Owens, would present her report and would introduce the incoming President.

Ms. Owens presented a video on the SGA accomplishments in the 2016-2017 school year (<https://www.youtube.com/watch?v=xHPPyMRzJks&feature=youtu.be>).

Ms. Owens then introduced the incoming SGA President Maria Peña. Ms. Peña thanked the Board for the opportunity to speak with them. She stated that she was a senior Political Science and History major. She reported that she was on the Model United Nations Team during the past year and in the coming year she would be doing EURECA research with Dr. Leland Turner. She indicated that she had been involved with SGA since her freshman year and had also worked with a number of campus organizations. She stated that she would talk with the Board in August about plans for the coming year.

Mrs. Marks thanked Ms. Peña and indicated that the Board looked forward to working with her in the coming year. She also congratulated Ms. Owens on her appointment as the new Student Regent.

Athletics Report

17-86. Mrs. Marks noted that Mr. Williams' Athletics Report was included in the Board Book for the Board's information. Mrs. Marks indicated that she was pleased to see that the MSU Mustangs accounted for 2,500 community service hours during the year. She noted that student-athletes worked with the Humane Society, Special Olympics, Meals on Wheels, the Food Bank, and Hotter 'N Hell Hundred.

May 2017 Graduating Class

17-87. Mrs. Marks reported that the administration recommended approval of the candidates for May 2017 graduation. She noted that 688 students were on the list compared to 672 in 2016. Mr. Hessing moved approval of these candidates as presented. Dr. Sweatt seconded the motion and it was approved.

Core Curriculum Changes

17-88. Mrs. Marks noted that the administration was recommending various changes to the core curriculum as outlined in the Board Book. She asked Dr. Johnston to review the recommendations as well as the overall process for approval. Dr. Johnston noted that the addition of Biology courses to the foundation area of the core represented ongoing updates to the Ecology curriculum and added courses to provide choice and flexibility for students based on their emphasis or major. He stated that some of the language course changes represented a requirement from the Texas Higher Education Coordinating Board (THECB) memo that disallowed skills courses in the optional area of the core. He explained that the courses that have "Culture of" in the title were the result of this change. He noted that rather than focusing on skills development, the courses would relate to the culture and context surrounding the language. He stated that the language courses titled "Intermediate" represented shuffling of courses between two areas of the core. Dr. Johnston noted that changes in the Fine Arts area that were identified in Item B were also in response to the THECB ruling noted above. He stated that all of the changes were vetted by the Core Curriculum Committee and Academic Council.

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Dr. Sweatt moved approval of this item as presented and Mr. Hessing seconded the motion.

Mr. Gregg noted that the Board Book showed the course GERM 2233 titled as Intermediate French. Ms. Barrow responded that this was an error and the course should have been titled as Intermediate German.

There being no further discussion the motion was approved with this correction.

Housing and Dining Service Rates

17-89. Mrs. Marks reported that the administration's recommended housing and dining rates for 2017-2018 and comparison charts were presented in the Board Book. She asked Dr. Lamb to comment on these recommendations. Dr. Lamb stated that he had asked Mr. Matthew Park, Associate Vice President for Student Affairs and Dean of Students, to assist with the presentation. Dr. Lamb reviewed the three primary reasons for the proposed rate considerations for FY 18.

1. He reminded the Board that in 2012, the firm of Brailsford and Dunlavey developed a housing master plan for MSU. At that time the plan consisted of one new facility, efficiency in operations, and a rate parity plan. The administration began efforts to enact the plan in 2013, beginning with rate parity between the traditional residence halls, McCullough-Trigg Hall, and Bridwell Courts. He reported that the administration had continued to work to bring the rates in line with one another.
2. Dr. Lamb reported that MSU's housing system had grown 143% since 2003 and noted that the system was debt-heavy. He stated that MSU had transitioned from a commuter institution to a residential institution during that time. He reported that new debt was issued for the new housing facilities. Additionally, in the mid-2,000's the Texas State Fire Marshall began investigating university housing facilities bring them in line with National Fire Protection Association Life Safety Code 101. The required modifications cost MSU several millions of dollars to upgrade Pierce Hall and Killingsworth Hall. He stated that with the exception of McCullough-Trigg Hall and Bridwell Hall, all housing facilities have debt because it is a relatively young housing system.
3. He stated that the administration had work to keep MSU rates at or below median when compared to Lone Star Conference schools and MSU's direct competitors.

Dr. Lamb referred to comparison charts shown in the Board Book. He noted that the proposed traditional hall rates (Pierce and Killingsworth) were at median when compared to the other schools' 2016-2017 rates. He indicated that the rate for MSU's semi-private suites (McCullough-Trigg Hall) ranked MSU 13th out of 14. MSU apartment rates rank 9th out of 11 for four bedroom units and 10th out of 14 for two bedroom units.

He stated that it was also important to look at the cost of the overall housing package, to include dining rates. This information was also presented in the Board Book. He noted that MSU's rate for the traditional residence hall and an All-Access, or maximum, meal plan compared to other schools, placed MSU at the median. He stated that the costs again compare MSU's proposed 2017-2018 rates to the other schools' current (2016-2017) rates.

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Dr. Lamb referred to the proposed housing and dining rates shown in the Board Book and noted they were listed as annual rates. He stated that the administration would like to bill students at a 60%/40% split beginning in the 2017-2018 school year. He explained that if a student signs a housing contract for the year they would pay 60% of the annual rate in the fall and pay the remaining 40% in the spring. He noted that this change was proposed to help increase spring occupancy. He added that spring occupancy is generally 8-10% less than fall occupancy. He stated that there is generally a large influx of new students in the fall and the university typically has a large graduating class in December. He reported that other institutions have used this payment option and have seen a good result. Dr. Lamb added that safeguards would be in place for students who receive financial aid at a 50%/50% split so that they would be billed at 50%/50%. Students would be allowed to ask for a waiver if the 60%/40% payment would cause a hardship. He added that students who graduate in December or are not enrolled in Wichita Falls classes during the spring semester would receive a 10% refund at the end of the fall semester.

Mr. Hessing moved approval of this item as presented and Dr. Sweatt seconded the motion.

Mr. Hessing stated that he recalled the study and discussion in 2012 and was pleased with the work that had been done on rate parity within the housing system. He encouraged the administration to continue working to ensure that rates are within the acceptable range and that MSU does not sit at the bottom of the comparison chart. He asked how many of MSU's competitors were using the 60%/40% split. Dr. Lamb responded that he was aware of one university in Texas, that being Texas Tech University. He noted that MSU representatives had visited with the Texas Tech housing, business office, and financial aid personnel.

Mr. Ayres asked if the rates recommended would fully fund the housing debt service. Dr. Lamb responded that the proposal and expected occupancy levels would fully fund the debt service. Mr. Ayres asked if the administration planned to bring Pierce Hall online in the fall. Dr. Lamb responded in the affirmative and noted that rooms were being assigned.

Dr. Sweatt asked how the All-Access meal plan worked. Mr. Park responded that the All-Access plan allowed a student unlimited swipes or access in the resident dining facilities, while with a Block plan every swipe deducted one meal from the Block. Dr. Sweatt asked what percentage of students purchase an All-Access plan. Mr. Park responded that the All-Access is the most popular plan and is selected by about 40% of the students. Dr. Sweatt asked if meals were offered on the weekends. Mr. Park responded that the residential dining facilities were open on the weekend, although not all of the retail locations remain open.

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Mr. Crosnoe stated that if the goal was for MSU to charge at or below the median, with other schools increasing their rates it would be impossible for MSU to reach the goal unless a greater than proportionate increase in MSU rates was approved at some point in time. Dr. Lamb responded that in 2013 MSU ranked last and the rates had moved closer to median over time. He indicated that the administration reevaluates the comparisons each year.

There being no further discussion, the motion was approved.

Faculty Emeritus Status

17-90. Mrs. Marks stated that this item would be discussed in closed session later in the meeting. She noted that the individuals recommended for emeritus status were reviewed in accordance with the policy the Board approved in August 2016. She added that this policy was shown in the Board Book.

Faculty Promotions and Faculty Tenure

17-91 & 92. Mrs. Marks noted that these items would also be discussed in closed session later in the meeting and asked Dr. Johnston to present general information regarding faculty promotion and tenure. Dr. Johnston reported that each year faculty prepare an annual performance report which outlines their achievements in the areas of teaching, scholarship, and service. He stated that when faculty apply for tenure and/or promotion, the annual report documents feed into the process and faculty prepare a portfolio application. Individuals on tenure-track who are seeking tenure must apply in their fifth and, if necessary, their sixth year to be granted tenure. Promotion is an elective process and a faculty member must wait until the fifth year after the last promotion to apply to move to the next rank. He indicated that some faculty choose to remain for a longer time in rank before applying for Associate or Full Professor. He noted that two tenure and promotion policies were currently active (2008 and 2014). He added that the 2008 policy was updated in 2014 to reflect the current mission and expectations of faculty in teaching and scholarship in particular. At that time, faculty on tenure-track were given the opportunity to stay on the 2008 plan or move to the 2014 plan if it was more suited to their progress. The faculty who elected to stay on the 2008 plan were allowed five years to apply under that plan.

Recess

The committee went into recess at 3:07 p.m. The committee reconvened at 4:34 p.m.

Executive Session

Mr. Sanchez announced that the Board of Regents Committee of the Whole and Academic and Students Affairs Committee would go into Executive Session to discuss Items 17-73A (Consultation with Attorney Regarding Legal Matters and Pending and/or Contemplated Litigation), 17-73B (Real Property), 17-73D (Personnel Matters), 17-73E (Deliberations Regarding Security Audits), 17-90 (Faculty Emeritus Status), 17-91 (Faculty Promotions), and 17-92 (Faculty Tenure) as allowed by Texas Government Code Sections 551.071, 072, 074, and 076. The Executive Session began at 4:34 p.m. Mr. Sanchez, Mrs. Burks, Mr. Gregg, Mr. Hessing, and Mrs. Shelley remained for the entire discussion. Mrs. Marks, Mr. Crosnoe, Mr. Ayres, and Dr. Sweatt remained for the session with the exception of the discussion of the YMCA Ground Lessor Agreement. Dr. Shipley, Mr. Macha, and Ms. Barrow remained for the session with the exception of the discussion of the extension of the President's Contract. Ms. Kidwell joined the session for the discussion of the security audit only, and Dr. Johnston participated only in the discussion of faculty emeritus, promotion, and tenure. The Executive Session concluded at 5:43 p.m.

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Open Meeting

The open meeting resumed at 5:44 p.m.

Emeritus Status

17-90. Mr. Hessing recommended the following individuals be granted emeritus status upon their retirement from MSU.

- Dr. Rodney Cate – Professor of Chemistry – 39 years
- Dr. Robert Clark – Professor of Sociology – 44 years
- Dr. Jesse W. Rogers – Professor of Chemistry – 48 years
- Ms. Elizabeth Yarosz-Ash – Professor of Art-Painting – 36 years

Dr. Sweatt seconded the motion and it was approved.

Faculty Promotions

17-91. Mrs. Marks recommended the following individuals for promotion.

From the Rank of Assistant Professor to Associate Professor:

Jesse Carlucci, Ph.D.	Geosciences
Todd Giles, Ph.D.	English
Terry Griffin, Ph.D.	Computer Science
Jane Leach, Ph.D.	Nursing
Christina McIntyre, Ph.D.	Curriculum and Learning
Stacia Miller, Ph.D.	Kinesiology
Lynette Watts, Ph.D.	Radiologic Sciences
Ray Willis, Ph.D.	Biology
Bradley Wilson, D.P.A.	Mass Communication

From the Rank of Associate Professor to Professor:

Adam Lei, Ph.D.	Finance
Michelle Knox, Ph.D.	Mathematics
Catherine Prose, M.F.A.	Art
Jianguo Shao, Ph.D.	Chemistry

Mr. Hessing seconded the motion and it was approved.

Faculty Tenure

17-92. Dr. Sweatt recommended the following individuals be granted tenure.

Jesse Carlucci, Ph.D.	Geosciences
Todd Giles, Ph.D.	English
Terry Griffin, Ph.D.	Computer Science
Matthew Luttrell, D.M.A.	Music
Christina McIntyre, Ph.D.	Curriculum and Learning
Stacia Miller, Ph.D.	Kinesiology
Kathleen Williamson, Ph.D.	Nursing
Ray Willis, Ph.D.	Biology
Bradley Wilson, D.P.A.	Mass Communication

Mr. Hessing seconded the motion and it was approved.

Adjournment

The meeting of the Academic and Student Affairs Committee adjourned at 5:47 p.m.

Reviewed for submission:

A handwritten signature in black ink, appearing to read "Nancy Marks", is written over a horizontal line.

Nancy Marks, Acting Chair
Midwestern State University

Board of Regents Academic & Student Affairs Committee

MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Finance Committee
May 11, 2017

The Finance Committee of the Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 3:20 p.m., Thursday, May 11, 2017. Committee members in attendance were Mr. Jeff Gregg, Chairman; Mr. Warren Ayres; and Mr. R. Caven Crosnoe. Other regents attending the meeting were Ms. Tiffany Burks, Mr. Shawn Hessing, Ms. Nancy Marks, Mr. Sam Sanchez, Dr. Shelley Sweatt; and Student Regent Lindsey Shelley.

Members of the administration present included Dr. Suzanne Shipley, President; Dr. James Johnston, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Administration and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Mr. Anthony Vidmar, Vice President for University Advancement and Public Affairs; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman, MSU Faculty Senate; Ms. Angie Reay, Chair, MSU Staff Senate; Mr. Kyle Williams, Interim Director of Athletics; Mr. Barry Macha, General Counsel; Ms. Leigh Kidwell, Director of Internal Audits; Mr. Chris Stovall, Controller; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Student Government Association (SGA) representatives attending the meeting included Ms. Shayla Owens, Outgoing SGA President; Ms. Maria Peña, Incoming SGA President; and Mr. Charles Frazier, SGA Observer. Representing the news media were Ms. Lana Sweeten-Shults, Wichita Falls *Times Record News*; Mr. Ian Klein, News Channel Six; and Mr. Stephen Gomez, *The Wichitan*.

Chairman Gregg called the meeting to order at 3:20 p.m.

Reading and Approval of Minutes

17-93. The Finance Committee approved the minutes of the February 9, 2017, meeting as presented.

Summary of Financial Support through March 30, 2017

17-94. Mr. Gregg highlighted some of the gifts received since the last meeting of the Board.

- A. The Priddy Foundation agreed to assist with the expenses and operations of the MSU Comprehensive Campaign for five years with a grant of \$100,000 each year.
- B. The Akin Music Series received a donation of \$37,500 from Mr. and Mrs. Joe N. Prothro.
- C. The Better Business Bureau of North Central Texas contributed \$30,000 to the Louis J. Rodriguez Ethics Scholarship.

- D. Mr. Reno Gustafson with Falls Distributing Company contributed \$12,000 to the Mustangs Athletics Club as a 2016-2017 Corporate Sponsor.
- E. A donation of \$5,000 was received from Mr. and Mrs. Dennis Barnes to support men's golf.
- F. Mrs. David Kimbell, Sr. donated \$5,000 to the President's Excellence Circle for 2016-2017.

Mr. Gregg stated that the support from the community, alumni, and friends continues to be outstanding. He then asked Mr. Vidmar to review his report.

Mr. Vidmar reviewed the reports included in the Board Book. The first report was the monthly comparison of new gifts and commitments through the end of March. This report showed that 50.07% of the yearly goal had been reached through 58.44% of the fiscal year. He indicated that these totals were within the acceptable parameters. He noted that the second report was similar but did not include pledges. He stated that total cash and grants represented 44.6% of the goal. The third report was the pie chart showing sources of gifts. The final report presented information regarding giving to the President's Excellence Circle (PEC) during the last two years. He acknowledged Peyton and Jane Carnes for their leadership with the PEC.

Mr. Gregg thanked Mr. Vidmar for his reports and comments. He reminded Board members that thank you notes were in their folders and encouraged them to write to the individuals they were assigned.

Comprehensive Campaign Update

17-95. Dr. Shipley presented information as shown in Attachment 1. She noted that the Campaign Planning Committee thought it would be helpful for people involved at MSU to have campaign talking points (Slide Two). She emphasized the three pillars of the campaign, which are to enrich lives, enhance teaching and learning, and invest in our campus and community. Dr. Shipley reported that one of the first things the group did was to create visuals that would be used for the life of the campaign. She noted that the MSU Texas logo would be used on all of the campaign promotional literature. Slides Three through Six showed business cards, letterhead, notecards, and folders that would be used.

Dr. Shipley noted some of the ideas used in the development of the campaign concepts (Slide Eight). The presentation included samples of various folders and booklets that would be used, as well as sample interior spreads. She stated that each booklet would be personalized depending on the donor and the request. She mentioned that the tagline of "Boundless Opportunities" was selected to express the university's connection with the past and movement toward the future.

Dr. Shipley explained that the campaign was focused first on the stadium because it will tell the administration and Board whether or not there is the interest required to move forward. She indicated that during the summer they would ask various individuals about

the stadium. She noted that they were in the planning phase of the campaign and were getting ready to move to the quiet phase. She stated that the campaign would continue in the quiet phase until commitments reached approximately 65-75% of the goal that has been set. At that time a public announcement would be made to finish the campaign with the last 25-30% of the goal. She stated that they would move to PEC members in the fall and added that she would meet individually with each Regent. She encouraged them to think about what they could give as part of the campaign. She added that they would also be reaching out to alumni and donors yet undiscovered. She indicated that she wanted to give the Board an opportunity to ask questions and share any concerns related to the campaign.

Mr. Sanchez asked if there would be a digital piece to the campaign. Dr. Shipley responded that the materials shown were for her person-to-person conversations with people. She added that part of the outreach would include social media and e-mail contact. Mr. Sanchez noted that options for giving through a phone or tablet were growing in popularity and mentioned receiving a request for funding through a GoFundMe account.

Mrs. Burks asked how the goal of \$50 million was determined. Dr. Shipley responded that in setting a campaign goal it is important to look at average giving per year, to include some of the best giving years, and to multiply that number by the number of years in the campaign. She stated that a goal of \$7 million per year for the seven years of the campaign was appropriate based on passed giving; the goal was expanded to \$50 million. She added that she and Mr. Vidmar had set lower goals for her first two years while she had an opportunity to get to know individuals in the community. She noted that the campaign would coincide with MSU's 100th birthday in 2022, which would be a great time to celebrate.

Mr. Gregg noted that this item was presented as a point of information only and no action was necessary.

Financial Reports

17-96. Mr. Gregg stated that the administration recommended acceptance of the January, February, and March, 2017, Financial Reports as previously distributed. He noted that Dr. Fowlé's summary report was included in the Board Book. Mr. Ayres moved approval of this item as presented. Mr. Crosnoe seconded the motion and it was approved without discussion.

Investment Report

17-97. Mr. Gregg indicated that the administration recommended the Board's acceptance of the second quarter FY 2017 investment report as previously distributed. He stated that Dr. Fowlé's report summary was presented in the Board Book. Mr. Crosnoe moved the acceptance of the investment report as presented. Mr. Ayres seconded the motion and it was approved without discussion.

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Public Funds Investment Act Compliance

17-98. Mr. Gregg noted that the administration requested Board approval of the training received by Dr. Marilyn Fowlé and Mr. Chris Stovall as required by the Public Funds

Investment Act as presented in the Board Book. Mr. Ayres moved approval of this item as presented. Mr. Crosnoe seconded the motion and it was approved without discussion.

Salary/Title/Position Changes in 2016-2017 Budget

17-99. Mr. Gregg stated that the reports of personnel changes in January through March, 2017 were presented in the Board Book for ratification. He noted that six faculty and staff positions were filled above or below the budgeted amount, six staff members were promoted, a faculty member received the doctorate and salary increase, and two positions were reclassified. Mr. Crosnoe moved the ratification of these changes as presented. Mr. Ayres seconded the motion, and it was approved.

Testing Services Fee Increase

17-100. Mr. Gregg noted that the administration recommended increasing the fee for the ATI TEAS (Test of Essential Academic Skills) fee from \$50 to \$60 as presented in the Board Book. He asked Dr. Lamb to provide additional information. Dr. Lamb noted that the testing company increased the cost of the test by \$10 and, through this recommendation, the increase would be passed on to the students taking the exam. Mr. Crosnoe asked how many people take the exam every year. Dr. Johnston responded that applicants to the Dental Hygiene and Respiratory Care programs take this exam. He stated that these are competitive admission programs and there are generally two or three applicants per seat available in those programs. It was estimated that more than 100 students take the exam during each cycle.

Mr. Ayres moved approval of this increase effective with the fall 2017 semester. Mr. Crosnoe seconded the motion and it was approved.

Motor Vehicle Registration Fee

17-101. Mr. Gregg indicated that in keeping with the plan established in 2016, the administration recommended increasing the Motor Vehicle Registration Fee for students by \$20 per year. He asked Dr. Lamb to present information regarding this recommendation. Dr. Lamb reported that in the spring of 2016 the administration visited with the Student Government Association (SGA) about a plan to systematically increase parking fees by \$20 per year until funds were available to pay the debt service required for a parking garage. The fee in 2016 was \$50 per year. The SGA overwhelmingly endorsed the recommendation and the fee was increased to \$70 per year beginning in the fall of 2016. The administration met with the SGA in the spring of 2017 and they again endorsed this plan for yearly increases. He noted that that the recommended \$20 increase would bring the fee to \$90 per year, with a fee of one-half that amount for students attending in the summer only. Dr. Lamb mentioned that this increase would generate approximately \$80,000 per year in additional revenue. He noted that this revenue would be used to pay debt service on student parking.

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Mr. Crosnoe asked if this revenue would pay for parking that had not yet been constructed. Dr. Fowlé responded that it would not. She indicated that the new lot next to the West Campus Annex was built in 2016 at a cost of approximately \$500,000. She noted that by increasing this fee each year, the cost of the lot would be paid off in the third year. She added that funds were not available currently to build a garage and consideration of next steps would be made in the coming years. Mr. Gregg asked if

students were expecting this increase would be put toward a parking garage. Dr. Lamb responded that the students were aware that the construction of a garage was still several years off.

Mr. Gregg asked if the administration had received any pushback from the students about increasing the fee each year. Dr. Lamb responded that at the Student Senate meeting questions and concerns were raised, but at the end of the meeting a majority of the students supported the plan. Mrs. Burks asked who was present at the meeting. Dr. Lamb responded that Student Senators were present and Ms. Owens indicated that this meeting had the highest attendance of the year owing to the announced discussion of tuition and fees. Ms. Shelley responded that she attended the meeting, as did Dr. Lamb, Mr. Park, Dr. Shipley, and Dr. Fowlé. She stated that the students did not want a large increase all at once and were supportive of the yearly increase, with the understanding that the administration was working toward a parking garage in the future.

Mr. Hessing asked if the administration had seriously considered a multi-tiered fee structure so that students would pay more for close parking and less for remote parking. Dr. Lamb responded that various options had been considered but they had not come to any definitive conclusion regarding the best plan for MSU.

Mr. Ayres moved approval of this item as presented. Mr. Crosnoe seconded the motion and it was approved.

FY18 Budget, Tuition and Fee Review, and Recommendations

17-102. Mr. Gregg noted that Dr. Shipley and Dr. Fowlé would discuss the 2018 budget, and review tuition and fees recommendations. Dr. Shipley reported that the recommendations regarding tuition and fees were presented to the SGA during the meeting when the Motor Vehicle Registration Fee was discussed. She noted that several bills had been filed in the Texas Legislature related to freezing tuition and fees in coming years. She added that one of the key bills moving through the legislature would freeze tuition and fees in FYs 2019-2021 at the current year's rates. She noted that while it was not certain if such legislation would be approved, the administration considered numerous options in light of the uncertainty. The administration decided to recommend not raising tuition and to recommend a modest increase to the University Services Fee. She added that this would result in an overall student cost increase of an average of \$111 per student. She indicated that Dr. Fowlé would walk through the recommendation and how it was determined.

Dr. Fowlé reviewed a presentation on the proposed tuition and fee rates for FY 2018 (see Attachment 2), which mirrored the description and table shown in the Board Book. Slide Five reviewed the areas that would be funded through the recommended increases.

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Dr. Fowlé noted the explanation in the Board Book regarding a new International Recruitment Fee, which would be a non-mandatory fee since it would only affect international students. Dr. Lamb stated that MSU uses an agent model to recruit students to MSU from around the world. He stated that the university relies on a network of agents throughout the world to identify, qualify, and send students to MSU.

He added that the agent fees vary greatly and this proposed fee would be charged to international students, with the rate dependent on their country of origin and what is required of the agents in those countries.

Dr. Fowlé referred to Slide Seven that provided the FY 2018 Fee Increase Reconciliation. She explained that the university was anticipating a \$1.25 million appropriation reduction from the state in FY 2018, including a \$250,000 reduction in health insurance funding. She noted that the proposed 2.5% increase would offset the anticipated funding reduction. She added that the administration would consider reallocations and reductions totaling \$1.4 million to provide funding to address mandatory increases, pay raises, and other priority expenses. Dr. Shipley indicated she preferred that the information on the slide be presented differently. She noted that it was important for students to know that while MSU anticipated a \$1.25 million reduction from the state, Dr. Fowlé and her team covered that deficit and more by reducing expenses and reallocating funds. Dr. Shipley stated that she did not want it said that tuition and fees increased at MSU as a result of a loss in state funding. She commented that if the state reduced funding to MSU, the university would need to do more with less. Dr. Fowlé noted that the goal was to have a balanced budget. She added that final budget figures would not be known until closer to the end of the legislative session.

Mr. Gregg commented that several years previously Governor Rick Perry launched an initiative whereby students could attend a state institution of higher education with a fixed tuition rate for four years. He expressed concern that the university could be criticized for increasing fees and perhaps being accused of making an “end run” around fixed tuition. Ms. Barrow commented that MSU had offered fixed tuition to all students since it was required while the majority of institutions had offered fixed tuition as a choice for students. She indicated that the fixed tuition would remain in place with this recommendation.

Mr. Hessing asked if the administration had information on the increases being considered by other Texas institutions. Dr. Fowlé responded that at a recent meeting she had heard of increases between 1.8% and 3.9%. Mr. Hessing indicated that it was important for the administration to keep an eye on what others were doing in the marketplace. He indicated that he appreciated the work that had been done and stated that he would like to receive additional detail on the increases and decreases in the budget.

Mr. Crosnoe moved approval of the recommended tuition and fee changes as presented. Mr. Ayres seconded the motion.

Mr. Crosnoe stated that although Dr. Givens was not present he wanted to acknowledge him and his interest in carefully considering any increase in tuition and fees. He indicated his support for the motion, and noted that Dr. Givens would likely have spoken against the recommendation.

There being no further discussion, the motion was approved.

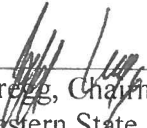
Mr. Sanchez commented that in April, Board members were asked for feedback regarding whether a budget workshop should be held each year or every other year. Three regents indicated that they would like to continue the yearly workshop. He noted that since the budget process was on hold until the appropriations bill was finalized, the administration had proposed offering a time for those three members and others who would like to come to campus on Thursday morning of the August Board meeting for a budget briefing. He asked Board members to let Ms. Barrow know if they were interested in attending this session on the morning of August 3. The majority of the regents indicated they would be interested in attending.

17-103. No Item.

Adjournment

The Finance Committee discussion concluded at 4:14 p.m.

Reviewed for submission:



Jeff Gregg, Chairman
Midwestern State University
Board of Regents Finance Committee

ATTACHMENTS:

1. Comprehensive Campaign Presentation
2. FY18 Budget, Tuition and Fee Review, and Recommendations Presentation



CAMPAIGN TALKING POINTS



MSU is embarking on a comprehensive campaign that spans 7 years with a goal of \$50M. It will culminate in the university's centennial celebration.

The three pillars of the campaign are:

- Enriching lives.
- Enhancing teaching and learning.
- Investing in our campus and community.



While the campaign includes capital projects, they are not the centerpiece of the campaign—students are. We will be seeking scholarships as our primary goal to continue to offer an attainable college degree at MSU Texas.



The key to a successful college experience is the student interaction with faculty, staff and peers. The second pillar of the campaign strengthens all aspects of the student experience—in the classroom, across the campus, and in all those experiences that enrich personal growth, such as athletics, Greek life, service, international study, internships, and undergraduate research.



The third pillar is our commitment to maintain a beautiful and welcoming campus—the most impressive residential campus in the state. We hope to expand athletic facilities and upgrade classrooms, labs, and performance venues. Finally, we want our campus to contribute to the liveliness of our hometown. We want to enrich Wichita Falls with our presence through events, well prepared graduates, and the sharing of important facilities. We hope to move football to our campus and enrich the performing arts with enhancements to our artistic venues.

Thank you for your interest in our campaign. Every gift, no matter its size, matters to us. We are most interested in casting a broad net to include all our supporters in celebrating our first hundred years and prepare us for an even better second century.

Vertical option



LETTERHEAD – PRINTED CAN MATCH WORD TEMPLATE



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NOTECARD



FOLDER





CASE STATEMENT/PROPOSAL FOR MAJOR GIFT PROSPECTS

Design solution using digital printing

- Distinctively MSU Texas
 - bigger, bolder, boundless
- Personalized
- Customized
- Cost and time efficient
- Smaller booklet will complement major gift case statement

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11" x 17" cover mockups

- Page size designed to fit on standard digital print sheet (*generally 12 x 18*)
- Short-fold cover allows for internal front pocket (*see next slide*)
- Customizable with variable data
- Photos are placeholders only

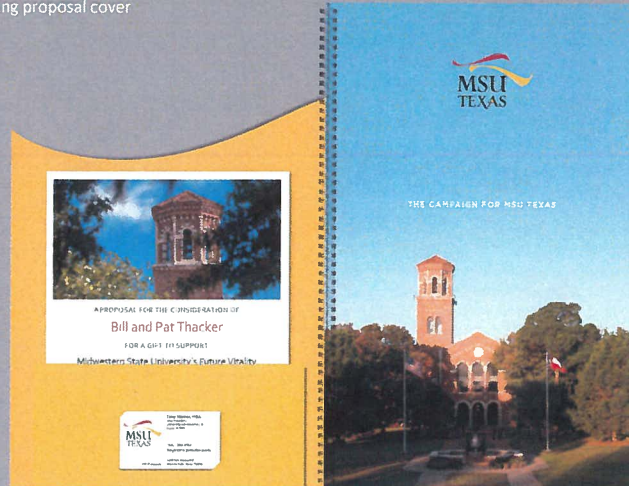


Size compared to 8.5" x 11" booklet



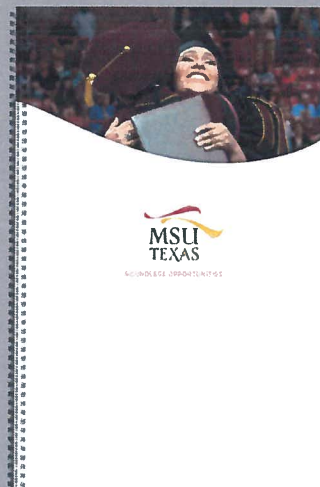
“Blue Sky” option

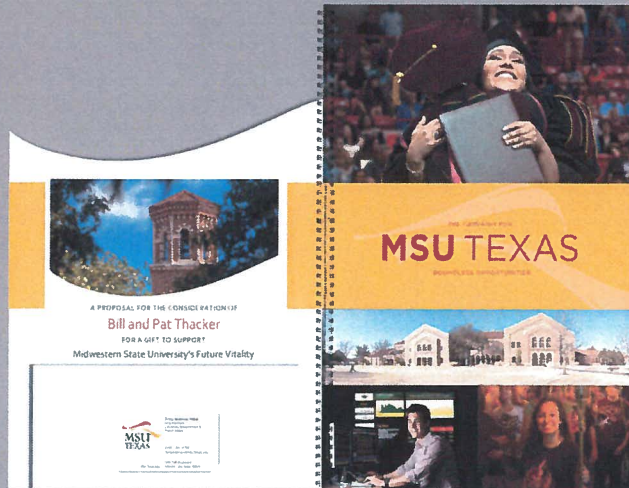
- Pocket can be created a number of ways
- Note existing proposal cover



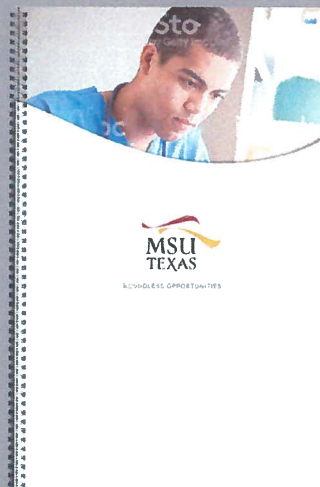
“Collage” option

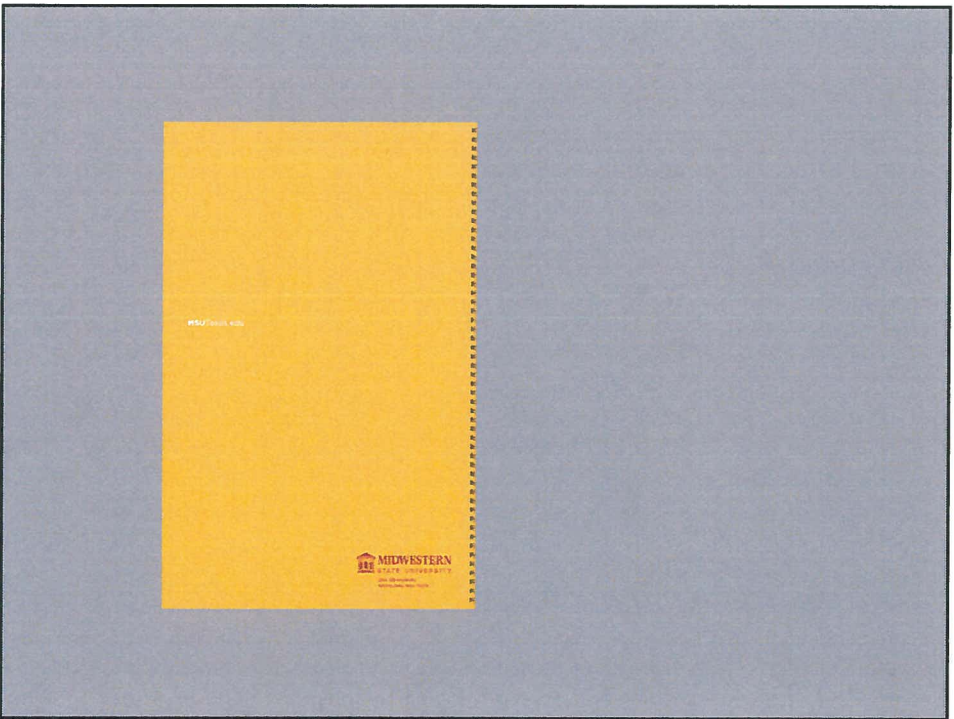
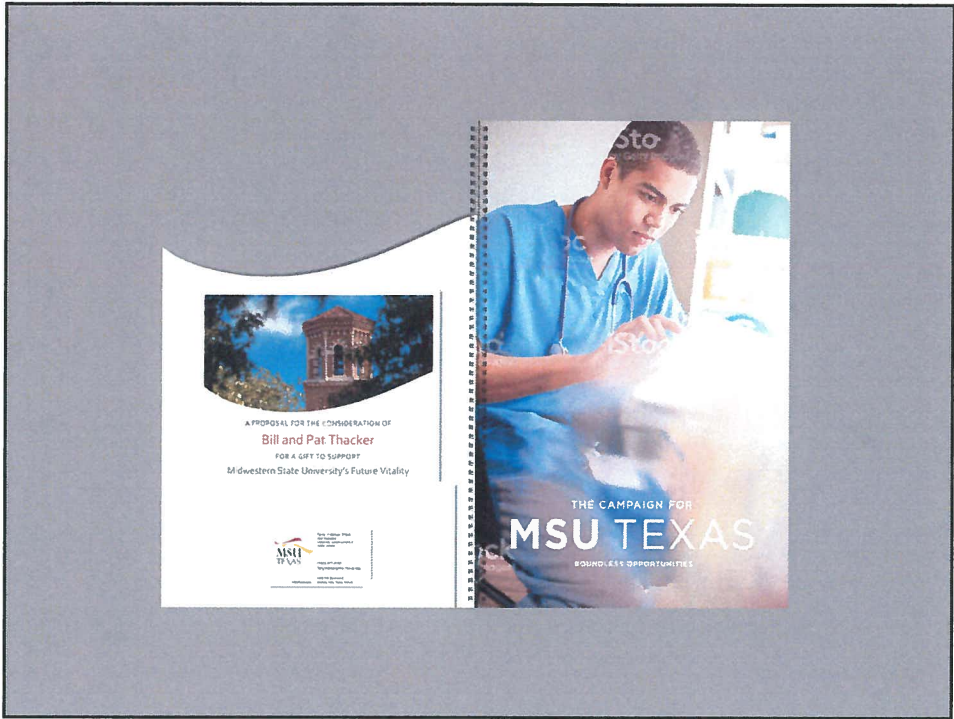
- Updated Word template (TBD by final booklet design)

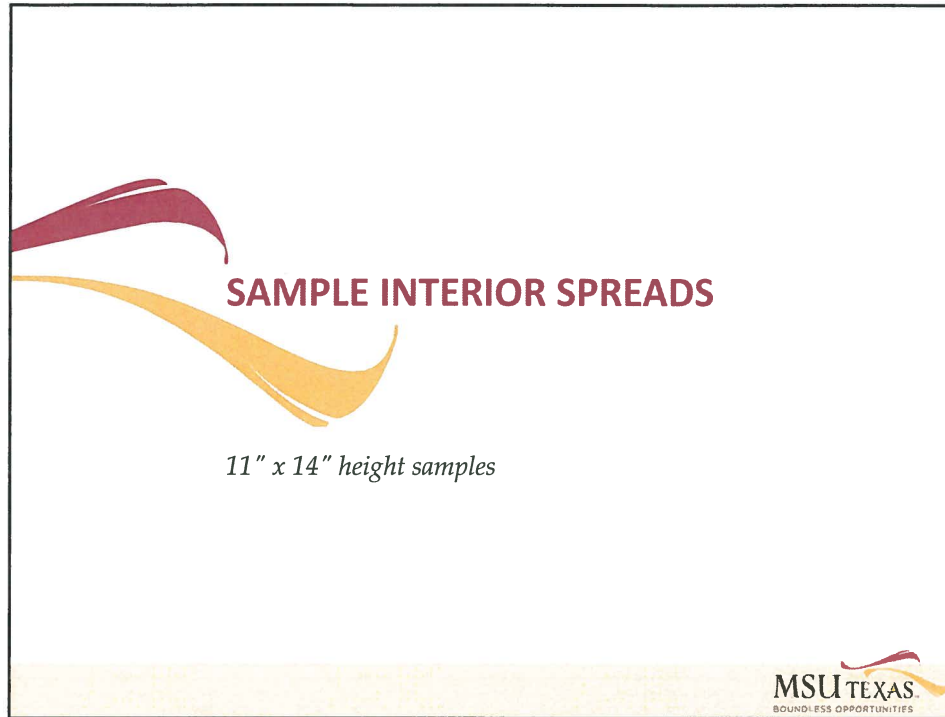


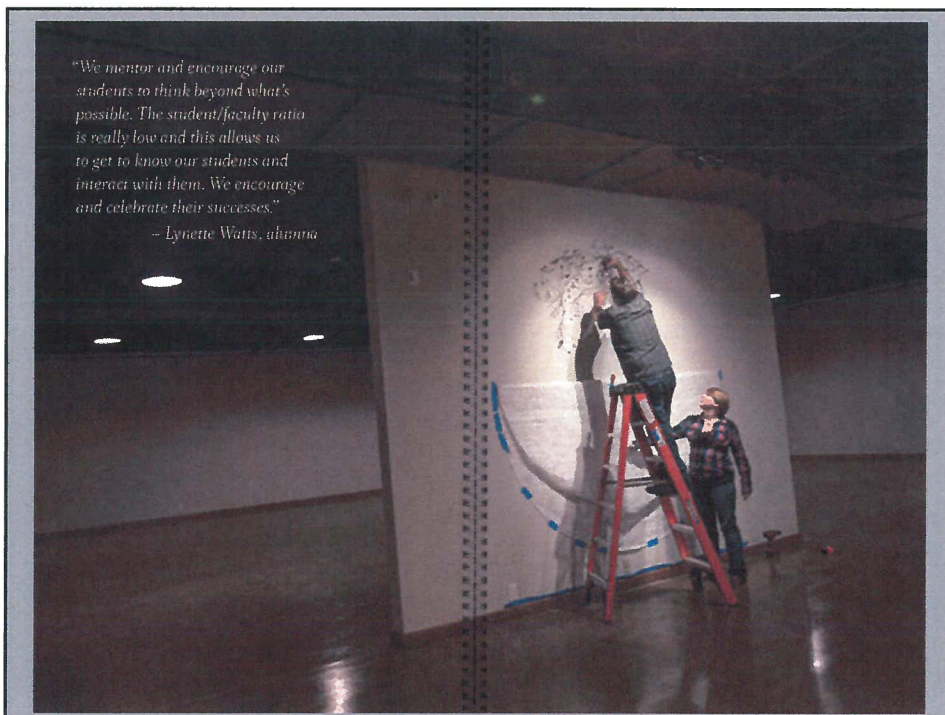


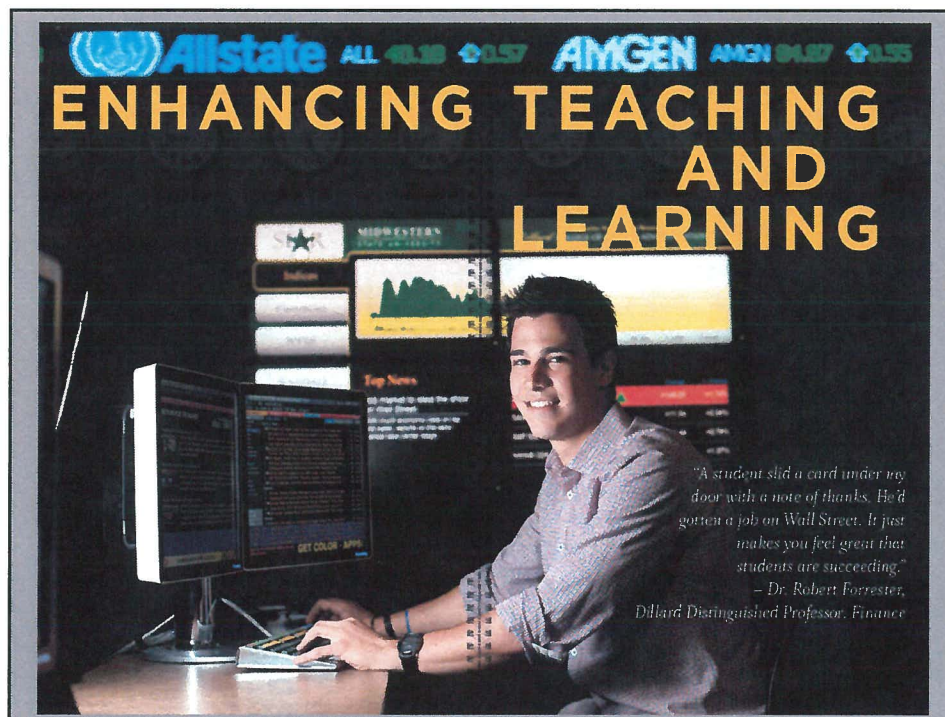
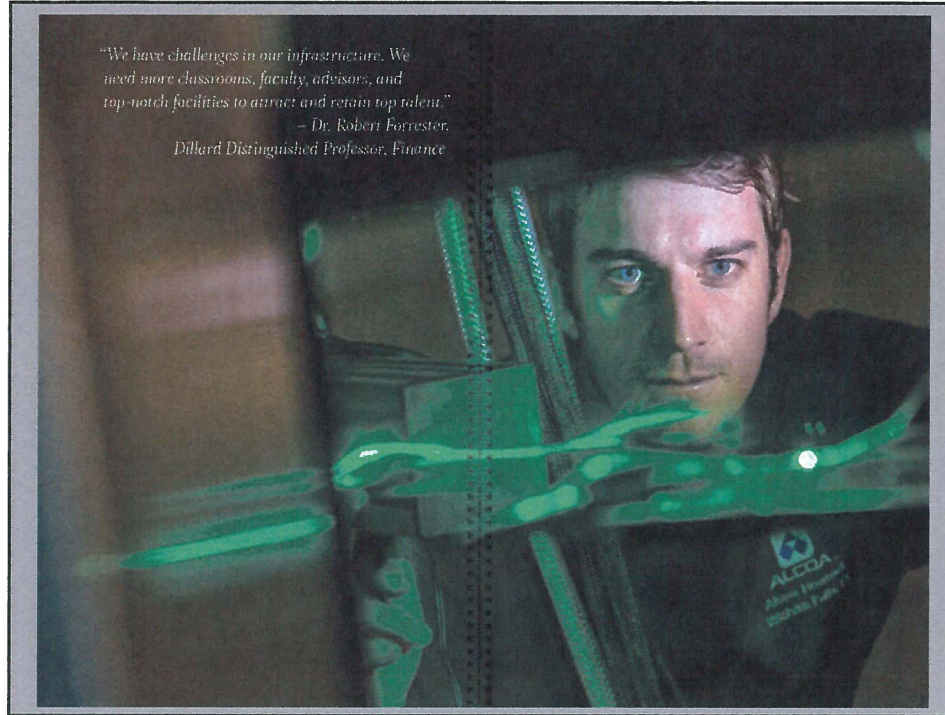
“Student Focus” option







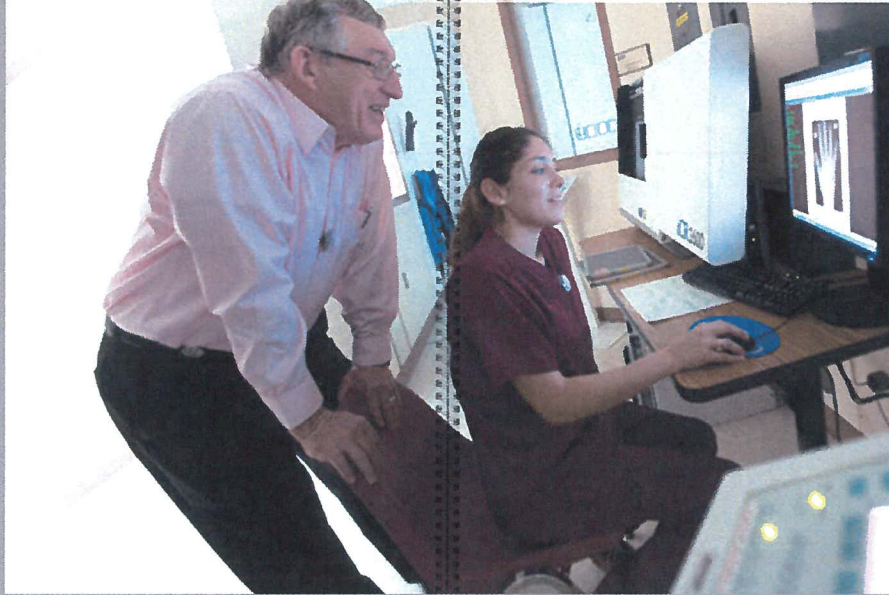




"EVERY SINGLE PROFESSOR KNOWS ME."

— Cresha Whyte '17

Accounting major, International student, MSU Student Ambassador



TRANSFORMING CAMPUS



The MSU Fall campus of Midwestern State University is made up of alumni, students, faculty staff, community members, and visitors who come back to campus for the season. The campus has been planned with a focus on student success and learning. The campus is a place where students can learn, grow, and thrive. The campus is a place where students can learn, grow, and thrive.

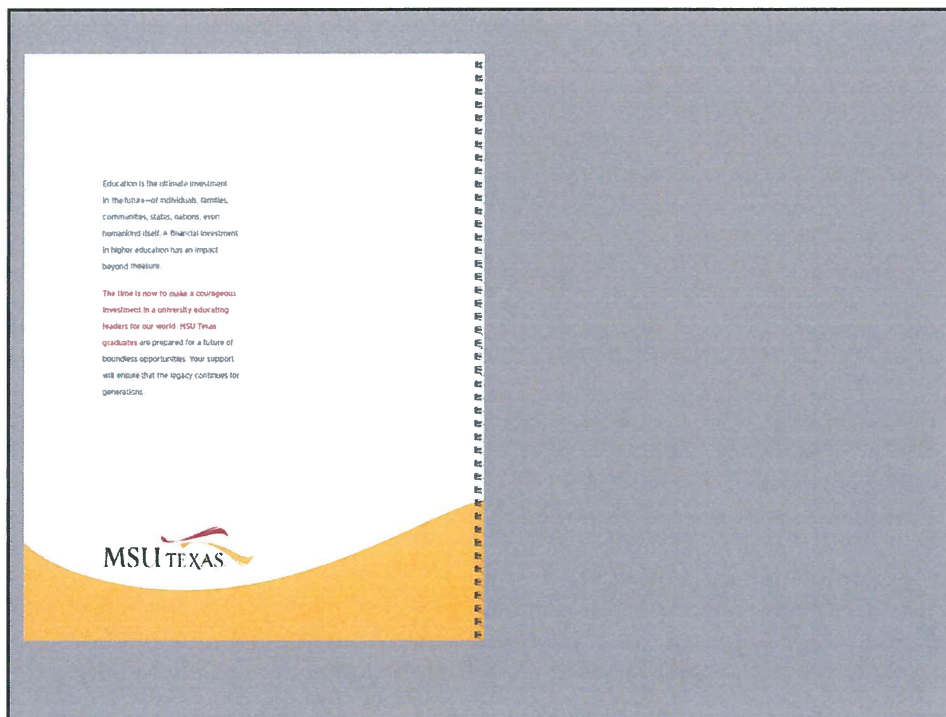
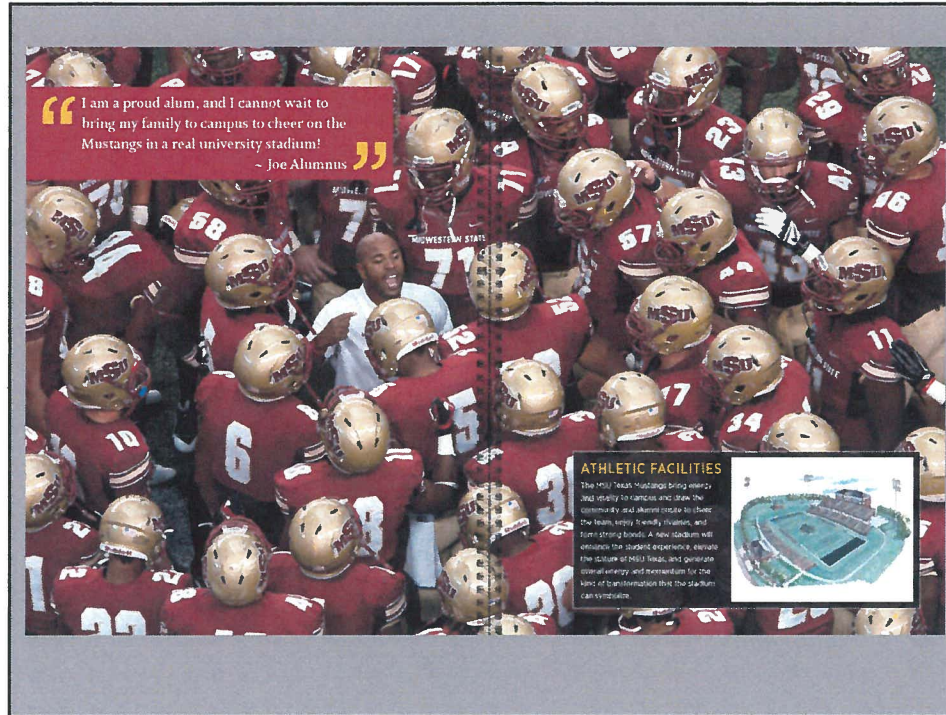
As MSU has grown, it has become a place where students can learn, grow, and thrive. The campus is a place where students can learn, grow, and thrive.

How MSU has grown, it has become a place where students can learn, grow, and thrive. The campus is a place where students can learn, grow, and thrive.

As MSU has grown, it has become a place where students can learn, grow, and thrive. The campus is a place where students can learn, grow, and thrive.

"William Ball and MSU Texas are one in the same, as far as I am concerned. We rise together."

— Community Member name





BOUNDLESS OPPORTUNITIES



University Services Fee

- Propose an increase for all students to a semester credit hour rate of \$72.65 per semester credit hour
 - This would increase the fee from \$66.25 to \$72.65 per semester credit hour.
 - The increase would be \$6.40 per semester credit hour.
 - Fifteen semester credit hours would be an increase of \$96 per semester.

Instructional Enhancement Fees



- Propose an increase of four current rates:
 - Courses taken in the College of Humanities and Social Sciences would increase by \$3, from \$11 to \$14 per semester credit hour.
 - Courses taken in the College of Science and Mathematics would increase by \$2, from \$18 to \$20 per semester credit hour.
 - Courses taken in the College of Health Sciences and Human Services would increase by \$1, from \$23 to \$24 per semester credit hour.
 - The nursing IEF differential would increase from \$25 to \$32 per semester credit hour.

Mandatory Tuition and Fee Schedule Comparison
Fall 2016 to Proposed Fall 2017

	Freshmen Fall 2016 15 Hours	New Freshmen Fall 2017 15 Hours	Sophomores Fall 2017 15 Hours	Juniors Fall 2017 15 Hours	Seniors Fall 2017 15 Hours
State Tuition	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00
University Designated Tuition	1,857.75	1,857.75	1,857.75	1,821.00	1,785.00
Student Union/Center Fee	55.00	55.00	55.00	55.00	55.00
Recreational Center Fee	120.00	120.00	120.00	120.00	120.00
Student Service Fee	250.00	250.00	250.00	250.00	250.00
Athletic Fee	120.00	120.00	120.00	120.00	120.00
Instruct Enhancement Fees - avg*	242.50	257.50	257.50	257.50	257.50
University Services Fee	993.75	1,089.75	1,089.75	1,089.75	1,089.75
Total for 15 SCH	\$ 4,389.00	\$ 4,500.00	\$ 4,500.00	\$ 4,463.25	\$ 4,427.25
Fall 2016 Charge		\$ 4,389.00	\$ 4,389.00	\$ 4,352.25	\$ 4,316.25
Proposed University Services Fee Increase		\$ 96.00	\$ 96.00	\$ 96.00	\$ 96.00
Overall Percentage Increase over Fall 2016		2.467%	2.467%	2.487%	2.507%
Per Semester Credit Hour	Actual Fall	Proposed	Proposed	Proposed	Proposed
Designated Tuition	\$ 123.85	\$ 123.85	\$ 123.85	\$ 121.40	\$ 119.00
University Services Fee	66.25	72.65	72.65	72.65	72.65
Instructional Enhancement Fees:					
Humanities and Social Sciences	11.00	14.00	14.00	14.00	14.00
Science and Mathematics	18.00	20.00	20.00	20.00	20.00
Health Sciences and Human Services	23.00	24.00	24.00	24.00	24.00
Nursing Differential	25.00	32.00	32.00	32.00	32.00

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Tuition and Fee Proposal



Uses of Increase



- Provide Scholarships – continue offering scholarships to qualified students
- IT Costs – rising costs on software and security measures
- Desire to accelerate consolidation of student services, including space for tutoring
- Faculty and Staff salary increases - to keep up with the cost-of-living and retain good employees
- Health insurance increases – expect increases again next year because of the Affordable Healthcare Act
- Cost to operate new Mass Communications facility including increased utility costs
- Increasing instructional costs per student SCH – nursing program, equipment warranties, and humanities

Non-mandatory fee



- International Recruitment Fee – a new Pass-through Agent fee will be assessed to international students in the amount of the agent's charge for up to two years

FY18 Fee Increase Reconciliation



Estimated Appropriation reduction	(\$1,250,000)
Projected revenue increase with fee and enrollment increase	<u>\$1,250,000</u>
Available new resources	\$ 0
Other reallocations, reductions	(\$1,410,000)
Mandatory expense increases	426,000
Pay raises	800,000
Other new priority expenses	<u>306,000</u>
Available resources	\$ 0



MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Audit, Compliance, and Management Review Committee
May 11, 2017

The Audit, Compliance, and Management Review Committee of the Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 4:15 p.m., Thursday, May 11, 2017. Committee members in attendance were Ms. Tiffany Burks, Chair; Mr. Jeff Gregg; and Mr. Shawn Hessing. Other regents attending the meeting were Mr. Warren Ayres, Mr. R. Caven Crosnoe, Ms. Nancy Marks, Mr. Sam Sanchez, Dr. Shelley Sweatt, and Student Regent Lindsey Shelley.

Members of the administration present included Dr. Suzanne Shipley, President; Dr. James Johnston, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Administration and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Mr. Anthony Vidmar, Vice President for University Advancement and Public Affairs; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman, MSU Faculty Senate; Ms. Angie Reay, Chair, MSU Staff Senate; Mr. Jim Hall, Chief Information Security Officer; Mr. Kyle Williams, Interim Director of Athletics; Mr. Barry Macha, General Counsel; Ms. Leigh Kidwell, Director of Internal Audits; Mr. Chris Stovall, Controller; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Student Government Association (SGA) representatives attending the meeting included Ms. Shayla Owens, Outgoing SGA President; Ms. Maria Peña, Incoming SGA President; and Mr. Charles Frazier, SGA Observer. Representing the news media were Ms. Lana Sweeten-Shults, Wichita Falls *Times Record News*; Mr. Ian Klein, News Channel Six; and Mr. Stephen Gomez, *The Wichitan*.

Chair Burks called the meeting to order at 4:15 p.m.

Reading and Approval of Minutes

17-104. The Audit, Compliance, and Management Review Committee approved the minutes of the February 9, 2017, meeting as presented.

Potential Conflict of Interest Disclosure and Compliance with Ethics Commission Filing Requirements

17-105. Mrs. Burks reported that each year during the May Board meeting each Regent, other than the Student Regent, is asked to confirm in writing that they have received notification of the state and university ethics policies, and have filed a Personal Financial Statement with the Texas Ethics Commission as required by state law. Board members were asked to sign the acknowledgment form provided and return it to Mrs. Barrow at their earliest convenience.

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Mrs. Burks asked if any Board members wished to disclose any potential conflicts of interest in accordance with Policy 2.25, Ethics Policy for the Board of Regents. No disclosures were made and Mrs. Burks stated that no further action was required.

Compliance Activities Update

17-106. Mrs. Burks noted that an update on compliance activities since the last Board meeting was prepared by Mr. Stovall and was presented in the Board Book. This item was presented for information only.

Audit Activities Update

17-107. Mrs. Burks reported that Ms. Kidwell's update on audit activities since the last Board meeting was shown in the Board Book. She noted that this item was presented as a point of information only. Mrs. Burks added that Ms. Kidwell was working on her audit plan for the coming year. She encouraged Board members to inform Ms. Kidwell of any issues they were aware of that might open the university to some type of risk so that she could include those areas in the audit plan she would present to the Board in August.

Review of Procurement Card Policies and Controls

17-108. Mrs. Burks stated that Ms. Kidwell's report on this review was presented in the Board Book. She noted that Ms. Kidwell had asked for Board action to accept the report as presented and was available to answer any questions the regents might have. Mr. Hessing moved acceptance of the report as presented. Mr. Gregg seconded the motion.

Mr. Crosnoe asked Ms. Kidwell to comment on how large the problem was. Ms. Kidwell responded that there was significant non-compliance with policies and protocols, although the dollar amounts were not large. She noted that this was reflected in the number of recommendations and management action items that were listed in the report. Mr. Crosnoe asked how much of the noncompliance was intentional as opposed to unintentional. Ms. Kidwell responded that the majority were unintentional. Ms. Kidwell added that the largest item of concern was the risk with the amount of money that could be charged on procurement cards each month. She noted that if every employee charged the maximum amount allowed every month, it would be more than \$1 million. She added that because of this large risk it was listed in the report as the number one concern. Mr. Crosnoe asked if that would be changed. Ms. Kidwell responded that charge limits were being adjusted and the campus would receive training as needed. Mrs. Burks asked if consequences or actions were taken with regard to the intentional non-compliance. Ms. Kidwell responded that steps were taken and that intentional and unintentional actions had been addressed and corrected. Mr. Hessing asked Ms. Kidwell to provide a follow-up report to the Board when enough time had passed to ensure policy and behavior changes had been made.

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There being no further discussion, the motion was approved.

Information Resources Use and Security Policy Agreement

17-109. Mrs. Burks noted that the proposed agreement was shown in the Board Book and was presented for approval. She indicated that this new agreement met the requirements of the Texas Administrative Code (TAC), Chapter 202. She noted that Jim Hall, Chief

Information Security Officer, and Dr. Fowlé were available to answer questions related to this item. Mr. Hessing moved approval of the agreement as presented. Mr. Gregg seconded the motion.

Mr. Hessing asked if this was a housekeeping issue. Mr. Hall responded that it was developed specifically to address TAC 202 and requirements of the controls. Mr. Hessing asked if steps were being taken for MSU to be in compliance with TAC 202. Mr. Hall responded affirmatively.

There being no further discussion, the motion was approved.

MSU Policies and Procedures Manual Changes

17-110. Changes to the *MSU Policies and Procedures Manual* were recommended for approval and discussed as summarized below.

- a. Policy 4.138, Key Authorization – Mrs. Burks noted that changes to this policy would eliminate the maximum fee that could be charged per incident and updated titles and references related to Residence Life and Housing.
- b. NEW Policy 3.325, Conflict of Interest, Conflict of Commitment, and Outside Employment and Activities – Mrs. Burks noted that this was a proposed new policy that was developed to comply with Senate Bill 20 passed by the Eighty-Fourth Texas Legislature. She asked Ms. Kidwell to review this recommended new policy. Ms. Kidwell noted that this policy would affect all faculty and staff. She stated that the policy would provide a transparent system of disclosure, approval, and documentation of all employment and outside activities and would ensure compliance with state ethics laws and university policies. She noted that the policy was intended to provide the framework to clearly delineate the permissible outside employment activities, including board service, for employees. She stated that outside employment and activities would be permitted as long as they do not interfere with university duties and responsibilities or create a conflict of interest or commitment. She added that the Faculty Senate, Staff Senate, and Administrative Council had reviewed and approved this policy.

Mr. Crosnoe asked if a template was followed in developing the policy. Mr. Macha responded that they looked at policies from other universities, and took things from others, primarily the University of Texas at Austin. He added that the policy was fully vetted with campus constituents and was modified to fit Midwestern State University needs. Mr. Crosnoe asked if it was safe to say that the campus was comfortable with the policy at this pre-implementation stage. Mr. Macha indicated it was, but stressed that the policy would be revisited in one year to be certain it was working as intended.

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- c. NEW Policy 4.197, Information Resources Use and Security Policy – Mrs. Burks reported that this proposed new policy was developed to bring the institution into compliance with TAC, Chapter 202. She asked Dr. Fowlé and Mr. Hall to present this item. Dr. Fowlé stated that the policy had been vetted through all of the campus governance groups and received approval. She noted that during the February 2017

meeting, it was thought that an additional 20 policies would need to be developed to ensure compliance. She stated that since that time Mr. Hall had worked to develop this single, overarching policy. She added that upon approval of this policy, Mr. Hall would create an Information Security Handbook to establish the information security program framework for the university. She stated that the Handbook would be developed during the summer of 2017 and would be vetted through the governance groups during the fall. She noted that highlights of the policy included acceptable use, security awareness training, and data classification. She added that the policy would be reviewed and updated if necessary each year.

Mr. Sanchez asked if the university had mechanisms in place to safeguard information, particularly since guests are allowed to use the MSU wireless network. Mr. Hall responded that people that connect to MSU's wireless guest network, are segmented away from any of the faculty, staff, and student subnets. Mr. Sanchez asked if there was training that would apply to students. Mr. Hall responded that the security awareness training vendor the university uses for faculty and staff provided a home course that could be provided to students.

Mr. Gregg moved approval of the policy changes presented. Mr. Hessing seconded the motion and it was approved.

Adjournment

The Audit, Compliance, and Management Review Committee discussion concluded at 4:34 p.m.

Reviewed for submission:



Tiffany Burks, Chair
Midwestern State University
Board of Regents Audit, Compliance, and
Management Review Committee

**MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
May 11, 2017**

The Midwestern State University Board of Regents met in regular session in the J. S. Bridwell Board Room of the Hardin Administration Building at 1:30 p.m., Thursday, May 11, 2017. Regents in attendance were Mr. Sam Sanchez, Chairman; Mr. R. Caven Crosnoe, Vice Chairman; Ms. Nancy Marks, Secretary; Mr. Warren Ayres; Ms. Tiffany Burks; Mr. Jeff Gregg; Mr. Shawn Hessing; Dr. Shelley Sweatt; and Student Regent Lindsey Shelley.

Members of the administration present included Dr. Suzanne Shipley, President; Dr. James Johnston, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Administration and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Mr. Anthony Vidmar, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman, MSU Faculty Senate; Ms. Angie Reay, Chair, MSU Staff Senate; Mr. Kyle Williams, Interim Director of Athletics; Mr. Barry Macha, General Counsel; Ms. Leigh Kidwell, Director of Internal Audits; Mr. Chris Stovall, Controller; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the Strategic Planning Committee were Dr. Scott Meddaugh, Robert L. Bolin Distinguished Professor of Petroleum Geology; Ms. Catherine Prose, Associate Professor of Art; Dr. Emily Reeves, Assistant Professor of Curriculum and Learning; and Ms. Cammie Dean, Director of Student Development and Orientation. Student Government Association (SGA) representatives attending the meeting included Ms. Shayla Owens, Outgoing SGA President; Ms. Maria Peña, Incoming SGA President; and Mr. Charles Frazier, SGA Observer. Representing the news media were Ms. Lana Sweeten-Shults, Wichita Falls *Times Record News*; Mr. Ian Klein, News Channel Six; and Ms. Samaria Terry and Ms. Katya Guillaume, KFDX-TV 3. Community member George Adams also attended the meeting. Representatives of American National Bank attending the first portion of the meeting to make a presentation were Mr. Jeff Schultz, Executive Vice President; Ms. Linda Wilson, Senior Vice President; and Mr. Curt Knobloch, Policy Analyst. Ms. Debbie Vaughn, the new Internal Auditor, also attended the first portion of the meeting.

Chairman Sanchez called the meeting to order at 1:30 p.m. and Ms. Gaynor introduced the guests.

Special Introductions and Opening Comments

Mr. Sanchez welcomed everyone to the meeting and noted that Dr. Givens was unable to attend the meeting due to a conflict with his schedule. He recognized Dr. Shipley to make a special introduction. Dr. Shipley introduced Dr. James Johnston as the new MSU Provost and Vice President for Academic Affairs. She noted that Dr. Johnston previously served as Dean of the Robert D. and Carol Gunn College of Health Sciences and Human Services and was selected as the new Provost after a national search during the spring semester. She reported that Dr. Johnston received his bachelor's and master's degrees in radiologic sciences from MSU and earned the Ph.D. in Health Studies from Texas Woman's University. Dr. Johnston was named a

fellow of the American Society of Radiologic Technologists in 2012 and had served as Interim Provost since Dr. Stewart's departure at the beginning of the year. Mr. Sanchez congratulated Dr. Johnston on his appointment and indicated the Board looked forward to working with him.

Mr. Sanchez recognized Ms. Kidwell for an introduction. Ms. Kidwell introduced Ms. Debbie Vaughn, the new staff Internal Auditor for MSU. She noted that Ms. Vaughn had worked in the MSU Business Office since 2008, most recently as Senior Budget Analyst. Ms. Vaughn received her bachelor's degree in accounting from Oklahoma State University and her MBA from MSU. Ms. Kidwell thanked the regents for their foresight two years earlier to approve the addition of this position. She added that the position would allow the internal audit function to better fulfill its fundamental role of supporting the administration, management, and the Board of Regents in achieving the university's objectives. Mr. Sanchez welcomed Ms. Vaughn and indicated the Board looked forward to working with her in this new capacity.

He reminded individuals in attendance that the meeting was being streamed live on the internet and asked everyone to silence their cell phones.

Public Comment

Mr. Sanchez stated that in accordance with Board of Regents By-Laws, MSU Policy 2.22, members of the public were invited to address the Board of Regents through written and oral testimony. He noted that no one had signed up to speak.

Investments with American National Bank (ANB) Update

17-71. Mr. Sanchez reported that American National Bank oversees the investment of the university's endowment funds and asked Dr. Fowlé to provide opening comments. Dr. Fowlé indicated she was glad to have Mr. Jeff Schultz, Ms. Linda Wilson, and Mr. Curt Knobloch from American National Bank in attendance. She noted that MSU has more than \$8 million in endowed funds invested with ANB and they will discuss the university's relationship with ANB as well as provide specific information regarding the endowed funds.

Ms. Wilson began the presentation (see Attachment 1) and discussed the bank's long-standing relationship with MSU. She outlined the portfolio management process as well as the investment objective of growth with income. Mr. Knobloch reviewed the fixed income analysis. He noted that the target of the fund was generally 65% in the equity portion and 32% on the fixed side. He reported that they look for credit quality in bonds and reviewed information on Slide Six. Mr. Schultz then discussed the equity portion of the investments. Slide Eight showed the benchmark returns through April 30, 2017. He reported that during the last year the S&P 500 had increased almost 18% with the majority of the increase being since the presidential election in November, 2016.

Mr. Schultz reported that in May, 2016 the MSU endowment funds held by ANB had a market value of \$8.3 million and \$239,000 from the fund was distributed to MSU during the last year. He noted that the value of the fund at the end of April, 2017, was \$8.9 million.

Slide Nine summarized the areas ANB would continue to monitor. He noted that the market had been interesting since the election and it was impossible to know how future

policy changes might affect financial markets and rates. He indicated that they would be vigilant with the portfolio and watch for changes going forward.

Mr. Schultz thanked the Board for the opportunity to present this information and indicated they were available to answer questions they might have.

Mr. Sanchez thanked the group for providing this information and for their work on behalf of MSU.

Naming of Journalism Lab

17-72. Mr. Sanchez reported that the administration's recommendation for naming the Journalism Lab (Room D-202) in the new Mass Communication wing of the Fain Fine Arts Center was available in BoardEffect and a copy was also in the Board members' folders. Mr. Vidmar presented the administration's recommendation that this lab be named for Mr. Chris Hunnewell. He noted that Mr. Hunnewell graduated from MSU in 2001 with a degree in Mass Communication. While a student at MSU Mr. Hunnewell served in the Mass Communication Club, the Media Club, and as a member of *The Wichitan* staff. Mr. Vidmar added that Mr. Hunnewell had met the monetary guidelines for this recommended naming.

Mrs. Marks moved approval of this item as presented. Mrs. Burks seconded the motion. This motion was approved without discussion.

Recess

Mr. Sanchez announced that the remaining items would be discussed in Executive Session later in the afternoon. The meeting stood in recess at 1:25 p.m. and the meeting reconvened at 4:34 p.m.

Executive Session

Mr. Sanchez announced that the Board of Regents Committee of the Whole and Academic and Students Affairs Committee would go into Executive Session to discuss Items 17-73A (Consultation with Attorney Regarding Legal Matters and Pending and/or Contemplated Litigation), 17-73B (Real Property), 17-73D (Personnel Matters), 17-73E (Deliberations Regarding Security Audits), 17-90 (Faculty Emeritus Status), 17-91 (Faculty Promotions), and 17-92 (Faculty Tenure) as allowed by Texas Government Code Sections 551.071, 072, 074, and 076. The Executive Session began at 4:34 p.m. Mr. Sanchez, Mrs. Burks, Mr. Gregg, Mr. Hessing, and Mrs. Shelley remained for the entire discussion. Mrs. Marks, Mr. Crosnoe, Mr. Ayres, and Dr. Sweatt remained for the session with the exception of the discussion of the YMCA Ground Lessor Agreement. Dr. Shipley, Mr. Macha, and Ms. Barrow remained for the session with the exception of the discussion of the extension of the President's Contract. Ms. Kidwell joined the session for the discussion of the security audit only, and Dr. Johnston participated only in the discussion of faculty emeritus, promotion, and tenure. The Executive Session concluded at 5:43 p.m.

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Open Meeting

The open meeting resumed at 5:43 p.m.

Real Property

17-73B. Mrs. Burks moved that the Board authorize the President to work with the Chairman of the Board to finalize and execute the Ground Lessor's Agreement related to MSU Property leased to the YMCA of Wichita Falls. Mr. Hessing seconded the motion. The motion was approved with Mr. Ayres, Mr. Crosnoe, Mrs. Marks, and Dr. Sweatt abstaining from the vote owing to a potential conflict of interest.

Personnel Matters – Extension of President's Contract

17-73D. Mr. Sanchez moved that the term of Dr. Shipley's contract be extended by one year, effective September 1, 2017 through August 31, 2020. Mrs. Marks seconded the motion and it was approved.

Adjournment

There being no further business, the meeting adjourned at 5:44 p.m.

Reviewed for submission:

A handwritten signature in cursive script, appearing to read "Nancy Marks", written over a horizontal line.

Nancy Marks, Secretary
Midwestern State University
Board of Regents

ATTACHMENT:

1. American National Bank Presentation



MIDWESTERN
STATE UNIVERSITY

Endowment Fund




**American National
Bank & Trust™**
Trust & Investment Services

Linda Wilson
Senior Vice President

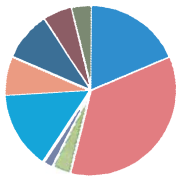
Jeffrey Schultz, CFA, CTFA
Executive Vice President

OUR RELATIONSHIP



**American National
Bank & Trust™**
TRUST AND INVESTMENT SERVICES


Dispersion of Awards in Surrounding High Schools



■ HHS ■ RHS ■ ACHS ■ WHS ■ WFHS ■ IPHS ■ BHS ■ CVHS ■ EHS

HISTORY OF WORKING TOGETHER

- Active participant in the Internship Program
- American National Bank & Trust has participated in the Community Bankers Scholarship Program since the Fall of 2000



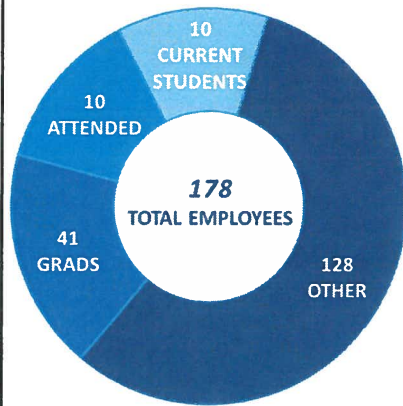
3.5 out of 10 of our employees have attended, are graduates of, or are current students at MSU

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STATE UNIVERSITY

OUR RELATIONSHIP



American National
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TRUST AND INVESTMENT SERVICES



\$536,000
SCHOLARSHIPS AWARDED



\$337,000
SCHOLARSHIPS FUNDED

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STATE UNIVERSITY

PORTFOLIO MANAGEMENT



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TRUST AND INVESTMENT SERVICES

Portfolio Management Process

Summary:

- Disciplined investment process for identifying and investing in positions
- Technical & Fundamental process for sell decisions

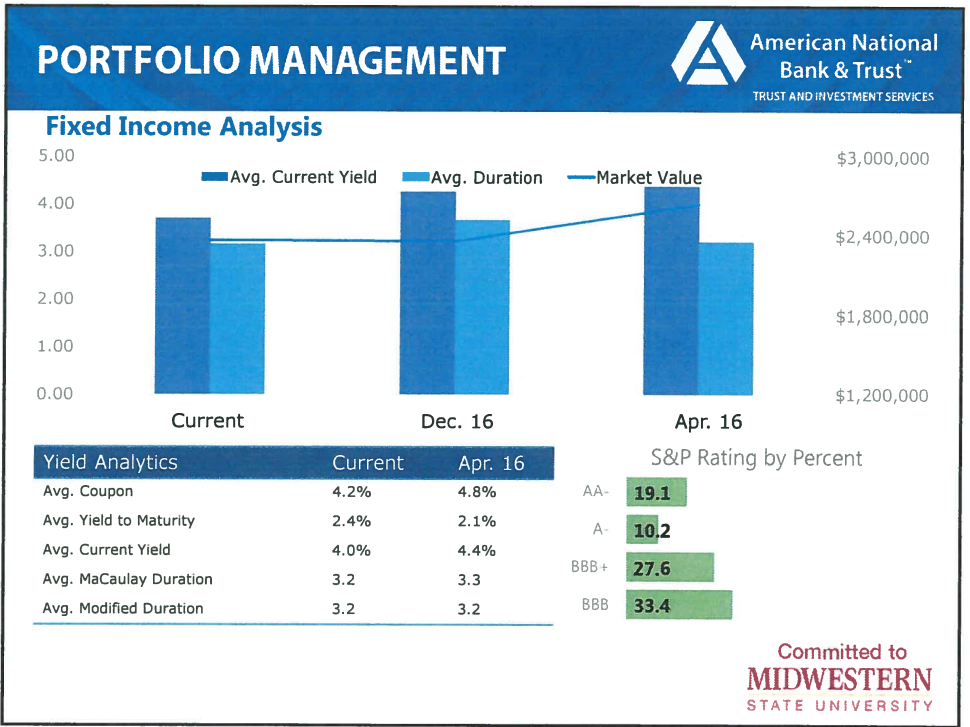
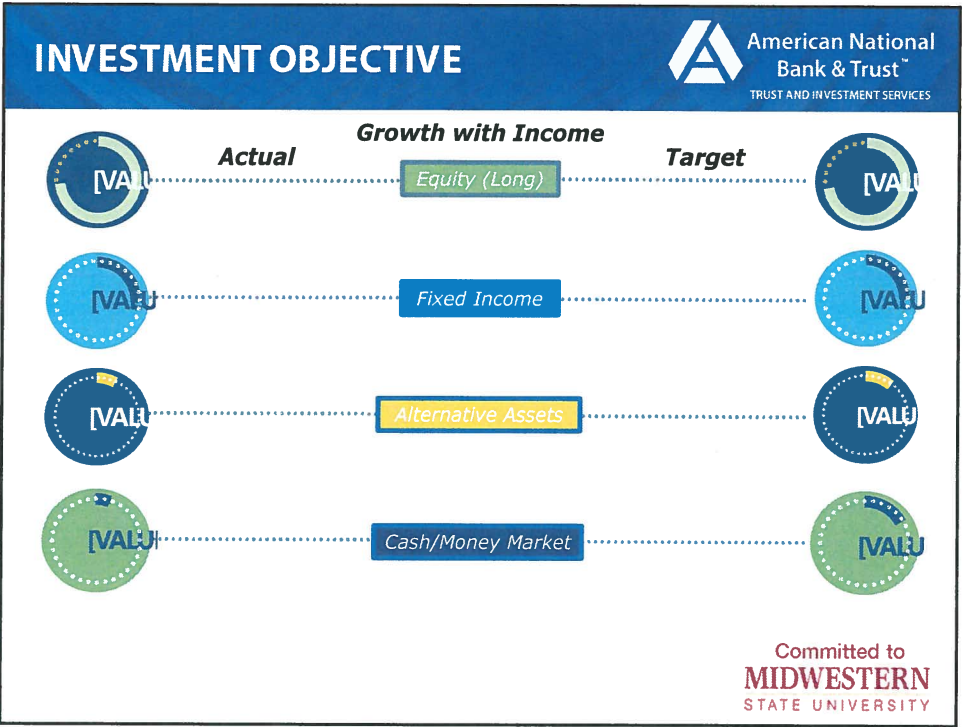
- Relatively concentrated portfolio (between 50-60 positions)

- Benchmark weights are considered; however, certain sectors will fluctuate between overweight and underweight due to market conditions

- Absolute Return Focus
 - Capital Appreciation
 - Dividend Income
 - Bond Interest

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PORTFOLIO MANAGEMENT



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	MSU	S&P		MSU	S&P
Forward Price/Earnings	18.6x	17.6x	Dividend Yield	2.2%	2.1%
Price Earnings	18.8x	21.2x	Average Market Cap (\$bil)	\$113.6	\$86.7
Price/Book	2.6	2.8	Sharpe Ratio	0.8	1.0
Return on Assets	6.3%	7.3%	Beta	1.0	1.0
Return on Equity	20.0%	21.6%	Std. Deviation	7.8%	7.6%

Equity Holding Attributes
(as of 04/30/17)

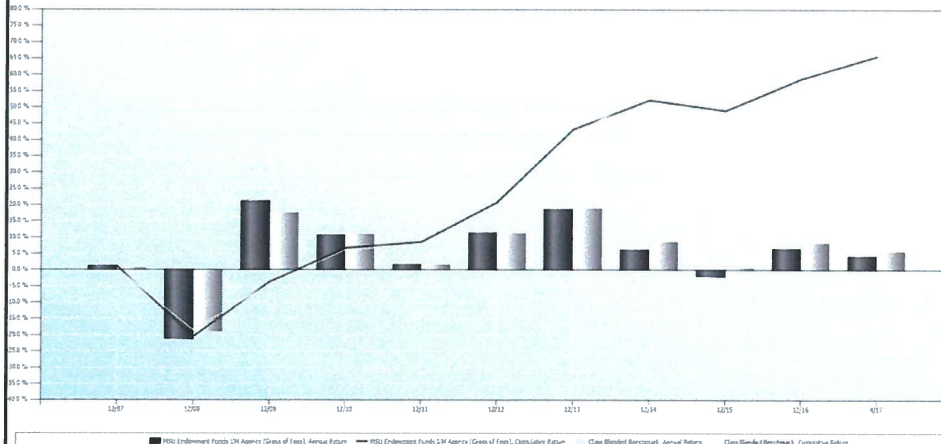
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PORTFOLIO MANAGEMENT



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	Last Month	Fiscal YTD	Last 12 Months	Report Period
MSU Endowment Fund	0.7%	4.3%	10.1%	5.5%
Class Blended Benchmark	0.9%	5.1%	11.8%	6.2%



Portfolio Returns
(as of 04/30/17)

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RECOMENDATIONS



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Endowment Fund



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Trust & Investment Services

Future Direction

Summary:

- Continue emphasis for limiting downside exposure
- Monitor interest income to offset current low rate environment
- Growth of capital remains primary objective
- Yield consideration is secondary objective
- Maintain emphasis on high quality assets
- Sustain vigilance on the portfolio

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**MINUTES
BOARD OF REGENTS
MIDWESTERN STATE UNIVERSITY
May 12, 2017**

The Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 9:00 a.m., Friday, May 12, 2017. Regents in attendance were Mr. Sam Sanchez, Chairman; Mr. Caven Crosnoe, Vice Chairman; Ms. Nancy Marks, Secretary; Mr. Warren Ayres; Ms. Tiffany Burks; Mr. Jeff Gregg; Mr. Shawn Hessing; Dr. Shelley Sweatt; and Student Regent Lindsey Shelley.

Members of the administration present included Dr. Suzanne Shipley, President; Dr. James Johnston, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Administration and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; and Mr. Anthony Vidmar, Vice President for University Advancement and Public Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman, MSU Faculty Senate; Ms. Angie Reay, Chair, MSU Staff Senate; Dr. Lynette Watts, President of the MSU Alumni Association and Assistant Professor of Radiologic Sciences; Mr. Kyle Williams, Interim Director of Athletics; Mr. Barry Macha, General Counsel; Ms. Leigh Kidwell, Director of Internal Audits; Mr. Chris Stovall, Controller; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the news media was Ms. Lana Sweeten-Shults, Wichita Falls *Times Record News*. Attending the first portion of the meeting were Dr. Steve Garrison, Associate Professor of Political Science; Dr. Linda Veazey, Associate Professor of Political Science; and students, Andrea Mendoza Lespron, Luke Allen, and Tyler Garcia, representing the MSU Model United Nations Team.

Chairman Sanchez called the meeting to order at 9:00 a.m. and Mrs. Gaynor introduced the guests.

Opening Comments

Mr. Sanchez welcomed everyone to the meeting and reminded them to silence or turn off their cell phones as the meeting was being streamed live on the internet.

Mr. Sanchez acknowledged Student Regent Lindsey Shelley. He noted that this was Lindsey's final board meeting and on behalf of the Board thanked her for her service to the university. He reported that during the recent MSU Honors Banquet Ms. Shelley was named the Outstanding Graduate Student in the Gunn College of Health Sciences and Human Services. Mr. Sanchez stated that Ms. Shelley had been an outstanding Student Regent and represented the student body well. He wished her well as she finishes her graduate studies at MSU.

Mr. Sanchez stated that members of the Model United Nations Team were present, as were two faculty advisors. He indicated that the students had asked to visit with the Board as part of the public comment period. Ms. Andrea Mendoza Lespron, Mr. Luke Allen, and Mr. Tyler Garcia thanked the Board of Regents for their support through funding of the Model United Nations Program. The students commented that the experience had given them the opportunity to work on their negotiating skills, writing skills, and speaking skills. They added that the experience improved their ability to work with others and helped them develop their

researching and teamwork skills. They reported that the MSU team received an outstanding delegation award and two outstanding position paper awards. Advisors Steve Garrison and Linda Veazey also extended their thanks to the Board for their support. Mr. Sanchez thanked the students for being such great representatives of the university.

Public Comment

Mr. Sanchez stated that no one else had signed up to speak during the public comment period.

Reading and Approval of Minutes

17-111. The minutes of the Board of Regents meetings held February 9 and 10, 2017, were approved as presented.

Executive Committee Report

Mr. Sanchez noted the items presented at the Executive Committee meeting for committee approval and information only. Information concerning these items may be found in the minutes of the Executive Committee meeting held May 11, 2017.

Item Presented for Committee Approval Only

17-74. Committee Minutes

Items Presented for Information Only

17-75. Strategic Plan

17-76. Campus Construction Update

17-77. Dallas-Fort Worth Expansion Update

Executive Committee Consent Agenda

Mr. Sanchez recommended the following items approved by the Executive Committee and placed on the Consent Agenda for the Board's consideration.

17-78. Capital Expenditure Plan (MP1) Report – FY 2018-2022 – approved the report as presented.

17-79. Texas Accessibility Standards, ADA, and Fire Marshal Upgrades Project – Construction Manager at Risk – approved M&F Litteken as the CMAR as presented.

17-80. Utility Contract – Policy 2.24 Contract Authority Change – approved the policy change as presented.

17-81. Holiday Schedules for Staff Employees – FY 2018– approved the holiday schedules as presented.

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Mr. Sanchez asked if any member wanted to remove items from the Consent Agenda for further discussion. There being none, Mrs. Marks seconded Mr. Sanchez's motion to approve the Consent Agenda as presented and the motion was approved.

Academic and Student Affairs Committee Report

Mrs. Marks noted the items presented at the Academic and Student Affairs Committee meeting for committee approval and information only. Information concerning these items can be found in the minutes of the committee meeting held May 11, 2017.

Item Presented for Committee Approval Only

17-82. Committee Minutes

Items Presented for Information Only

17-83. Faculty Report

17-84. Staff Report

17-85. Student Government Report

17-86. Athletics Report

Academic and Student Affairs Committee Consent Agenda

Mrs. Marks recommended the following items that were approved by the Academic and Student Affairs Committee and placed on the Consent Agenda for the Board's consideration.

17-87. May 2017 Graduating Class – approved the list of candidates for graduation.

17-88. Core Curriculum Changes – approved the additions and changes to the university's core curriculum as presented.

17-89. Housing and Dining Service Rates – approved the rates for FY 18 as presented.

17-90. Emeritus Status – approved emeritus status for the following individuals:

Dr. Rodney Cate – Professor of Chemistry – 39 years

Dr. Robert Clark – Professor of Sociology – 44 years

Dr. Jesse W. Rogers – Professor of Chemistry – 48 years

Ms. Elizabeth Yarosz-Ash – Professor of Art-Painting – 36 years

17-91. & 17-92. Faculty Promotions and Tenure – approved the following:

Promotion From the Rank of Assistant Professor to Associate Professor:

Jane Leach, Ph.D.

Nursing

Lynette Watts, Ph.D.

Radiologic Sciences

Promotion From the Rank of Associate Professor to Professor:

Adam Lei, Ph.D.

Finance

Michelle Knox, Ph.D

Mathematics

Catherine Prose, M.F.A.

Art

Jianguo Shao, Ph.D.

Chemistry

Receiving Tenure and Promotion From the Rank of Assistant Professor
to Associate Professor:

Jesse Carlucci, Ph.D.	Geosciences
Todd Giles, Ph.D.	English
Terry Griffin, Ph.D.	Computer Science
Christina Janise McIntyre, Ph.D.	Curriculum and Learning
Stacia Miller, Ph.D.	Kinesiology
Ray Willis, Ph.D.	Biology
Bradley Wilson, D.P.A.	Mass Communication

Receiving Tenure:

Matthew Luttrell, D.M.A.	Music
Kathleen Williamson, Ph.D.	Nursing

Mr. Sanchez asked if any member wanted to remove items from the Consent Agenda for further discussion. There being none, Dr. Sweatt seconded Mrs. Marks' motion to approve the Consent Agenda as presented. The motion was approved.

Finance Committee Report

Mr. Gregg noted the items presented at the Finance Committee meeting for committee approval and information only. Information concerning these items can be found in the minutes of the Finance Committee meeting held May 11, 2017.

Item Presented for Committee Approval Only

17-93. Committee Minutes

Items Presented for Information Only

17-94. Summary of Financial Support

17-95. Comprehensive Campaign Update

Finance Committee Consent Agenda

Mr. Gregg recommended the following items that were approved by the Finance Committee and placed on the Consent Agenda for the Board's consideration.

17-96. Financial Reports – accepted the monthly financial reports for January through March, 2017.

17-97. Investment Report – accepted the second quarter 2017 Investment Report.

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17-98. Public Funds Investment Act Compliance – approved the required training for the chief financial officer and controller as presented.

17-99. Personnel Reports and Changes in FY 2017 Budget – ratified the changes presented.

- 17-100. Testing Services Fee Increase – approved an increase in the ATI Test of Essential Academic Skills fee as presented.
- 17-101. Motor Vehicle Registration Fee Increase – approved increasing this fee for students effective with the fall 2017 semester as presented.
- 17-102. FY 2018 Budget, Tuition and Fee Review, and Recommendations – approved the fee increases and the creation of an International Recruitment Fee as presented.

Mr. Sanchez asked if there were items any member wanted to remove from the Consent Agenda for further discussion. There being none, Mr. Hessing seconded Mr. Gregg's motion to approve the Consent Agenda as presented. The motion was approved.

Audit, Compliance, and Management Review Committee Report

Mrs. Burks noted the items presented at the Audit, Compliance, and Management Review Committee meeting for committee approval and information only. Information concerning these items can be found in the minutes of the committee meeting held May 11, 2017.

Item Presented for Committee Approval Only

- 17-104. Committee Minutes

Items Presented for Information Only

- 17-105. Potential Conflict of Interest Disclosure & Compliance with Ethics Commission Filing
- 17-106. Compliance Activities Update
- 17-107. Audit Activities Update

Audit, Compliance, and Management Review Committee Consent Agenda

Mrs. Burks recommended the following items that were approved by the Audit, Compliance, and Management Review Committee and placed on the Consent Agenda for the Board's consideration.

- 17-108. Review of Procurement Card Policies and Controls – accepted the report of the Director of Internal Audits as presented.
- 17-109. *Information Resources Use and Security Policy Agreement* – approved the agreement as presented.
- 17-110. *MSU Policies and Procedures Manual Changes* – approved a change to a policy and new policies as noted below:

- A. Policy 4.138 – Key Authorization
- B. NEW Policy 3.325 – Conflict of Interest, Conflict of Commitment, and Outside Employment and Activities
- C. NEW Policy 4.197 – Information Resources Use and Security Policy

Mr. Sanchez asked if there were items any member wanted to remove from the Consent Agenda for further discussion. There being none, Mr. Crosnoe seconded Mrs. Burks' motion to approve the Consent Agenda as presented. The motion was approved.

President's Report and Discussion of Higher Education Issues

17-111. President Shipley's report included the following.

- A. MSU Marie Morgan Award winners as Most Outstanding Athletes Videos – Dr. Shipley asked Mr. Kyle Williams to provide information regarding the MSU Marie Morgan Award recipients. He noted that the university established the Marie Morgan Award approximately seven years ago. He stated that Mrs. Morgan is a wonderful supporter of student-athletes. Mr. Williams showed videos of the award winners, Sierra Campbell (<https://www.youtube.com/watch?v=U0ybRIkX6B0&feature=youtu.be>) and Ramon Royos (<https://www.youtube.com/watch?v=U0ybRIkX6B0&feature=youtu.be>). He stated that these two student-athletes were great individuals who had represented the university well.
- B. State Political Landscape – Dr. Shipley stated that the legislative session would end on Memorial Day. She noted that the Appropriations Bill is the only bill the Legislature must pass or a special session will be necessary. She reported that the House and Senate Conferees had been working on the higher education budget and reports of their closed-door meetings were limited. She noted that the House and Senate approached funding for higher education very differently. She explained that with the exception of Tuition Revenue Bond (TRB) funding, the House reduced MSU's budget by \$700,000 each year of the biennium while the Senate reduced MSU's budget by \$1.2 million each year. Those were the funding levels the conference committee began with in their final negotiations. She indicated that Dr. Fowlé presented information on Thursday regarding MSU's plan to address the likely budget reductions.

Dr. Shipley commented that MSU's academic outreach had provided opportunities for her and others to connect with an expanded number of individuals. She stated that she and Mrs. Barrow had spent a lot of time at the Capitol reaching out to legislators and staff members, talking about MSU and the exceptional item request for funding for the expansion into Flower Mound. She explained that special items were particularly disfavored during this session. She noted that the Senate removed all funding for special items in their base budget bill and the House made reductions in special item funding as well. She stated that she had been told that if new special items were funded legislators would try their best to put MSU's request on the list. She added that MSU had received a great deal of good press from the DFW outreach. She stated that representatives from the Flower Mound area had expressed interest in MSU partnering with Texas Woman's University as soon as possible.

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Dr. Shipley reported on a number of bills that would affect MSU and higher education. These include a bill that would freeze tuition and fees for several years, a bill that would repeal the tuition set-aside requirement, several bills that would

address sexual assault on campus, and a bill that would allow the Texas Higher Education Coordinating Board (THECB) to work with certain community colleges to offer baccalaureate degrees. She noted that bills to make changes in the Hazlewood exemption program or provide more funding had not been successful.

Dr. Shipley stated that Mrs. Barrow had done a great job representing MSU in Austin and indicated that they would work on a legislative session summary report that would be sent to the Board in June.

Dr. Shipley reported that Mrs. Burks was recently called to Austin to appear before the Senate Nominations Committee as part of the approval process for her appointment to the MSU Board. She asked Mrs. Burks to comment. Mrs. Burks stated that she learned a lot from the experience. She noted that she met with the Governor's Appointments staff the day before her appearance before the Senate Committee. New regents from Texas A&M University System, Texas Southern University, and Texas Woman's University appeared before the Committee the same day. She stated that topics they discussed and were questioned about included campus diversity issues, keeping the lines of communication open between Board members and legislators, and ensuring Board members understand that their role is to hire a president and not to manage the institution. She noted that the legislators mentioned the importance of Board members ensuring institutions follow the laws and rules that are passed by the Legislature. She indicated that they were also interested in universities working on transfer issues to make it possible for students to receive degree credit for transfer courses whenever possible.

Mrs. Burks mentioned that she had talked with Dr. Shipley about looking for ways members of the MSU Board could be involved in the legislative process. She stated that she appreciated the opportunity to represent MSU and the Board.

- C. Annual Meeting of the Association of Governing Boards (AGB) – Dr. Shipley noted that the national meeting of AGB was held in Dallas in April and a group from MSU attended the meeting. Representing the Board of Regents were Mrs. Marks and Dr. Sweatt. Also attending with Dr. Shipley were Mr. Macha, Ms. Kidwell, and Ms. Barrow. Dr. Shipley asked Mrs. Marks and Dr. Sweatt to provide comments about the meeting.

Mrs. Marks reported that approximately 1,000 individuals attended the conference representing 400 institutions. She stated that the group had an opportunity to network with others and to spend time as an MSU team as well. She noted that the overall theme of the conference was "Innovation for Challenging Times" and a recurring topic during the sessions was an encouragement for regents to tell their story. She indicated that it was important for regents to talk with others about why they were interested in serving on a higher education board.

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Mrs. Marks stated that she heard a comment that was a good reminder for the Board: "Although the Board of Regents is responsible for the university, it doesn't mean that we run the university." She added that she likes to write down one-

sentence takeaways when she attends meetings such as this and she shared some of these takeaways with the Board.

- 1) Students' greatest influences are other students.
- 2) We are all stewards of higher education.
- 3) We want to hear how you think.
- 4) Agree to disagree agreeably.
- 5) Encourage curiosity.
- 6) Teach how to listen to other points of view, look for common ground, and we aren't always right.
- 7) Earn while you learn; we are in the business of providing opportunities.
- 8) Universities need intellectual and emotional appeal.
- 9) The current trend is that universities are trying to be less elite and exclusive.
- 10) Universities are looking to provide opportunities to first-generation students.
- 11) The business world is recognizing the importance of liberal arts; the teaching of logic, communication, and problem-solving.
- 12) Employers are not necessarily that interested in degrees as much as skills.

Dr. Sweatt commented that AGB had developed a formal process to engage university regents in becoming advocates for higher education. She mentioned an AGB publication titled *The Guardian's Initiative* that explained the plan (see [Attachment 1](#)). She stated that AGB would like regents to take a more public role, tell their personal stories, and help change the public's perceptions about higher education. She indicated that they plan to equip regents with the information they need to be strong advocates for MSU in particular and higher education in general.

Dr. Sweatt stated that one of the things she enjoyed the most was the strong focus on the undergraduate experience. She noted that a book titled *The Undergraduate Experience: Focusing Institutions on What Matters Most* was mentioned in two of the sessions she attended. She indicated that she bought the book and commented that it was a wonderful resource. She challenged her fellow regents to secure a copy and read it. She stated that the book focuses on six things that matter most based on research and successful practice of other institutions. She indicated that the book gives specific examples and asks thought-provoking questions. She added that the book outlined things that regents need to know and questions to ask.

She noted that education as a whole is still attempting to prepare students for jobs that do not yet exist, and this is a challenge. She shared that one of the things mentioned in several conference sessions was that knowledge for the 21st century is not about mastery of knowledge but about knowing how to take information and use it to solve problems. She added that this relates to the importance of critical thinking and problem-solving skills. She indicated that she found it interesting that 50% of individuals who have received a Pell grant do not hold a college diploma. Another topic she found of interest was that there is currently an


emergence of bits companies, which are companies that do not manufacture things. Examples of extremely successful bits companies are Airbnb, Facebook, Google, and Uber. She added that they discussed the digital disruption which is entering its second lethal phase. She explained that the earlier disruptions in 2000-2015 were in newspapers and magazines going from print to digital, and changes in retail and telecommunications. She noted that areas to be affected in the second phase (2016-2030) were agriculture, energy, manufacturing, transportation, banking and insurance, healthcare, and education. She stated that she received a lot of great information and it was a wonderful experience.

Dr. Shipley thanked Mrs. Marks and Dr. Sweatt for taking the time to attend the conference and provide comments. She indicated that copies of *The Undergraduate Experience* had been ordered for members of the Board of Regents.

Adjournment

Mr. Sanchez thanked regents for their attendance. He indicated that the next meetings of the Board would be August 3 and 4. There being no further business, the meeting was adjourned at 9:48 a.m.

I, Nancy Marks, the fully appointed and qualified Secretary of the Midwestern State University Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the minutes of the Midwestern State University Board of Regents meeting May 12, 2017.



Nancy Marks, Secretary

ATTACHMENT:

1. Association of Governing Board's Guardian Initiative

THE BUSINESS OF HIGHER EDUCATION

The
Guardians
Initiative™

Reclaiming the Public Trust

ABOUT AGB

Since 1921, the Association of Governing Boards of Universities and Colleges (AGB) has had one mission: to strengthen and protect this country's unique form of institutional governance through its research, services, and advocacy. Serving more than 1,300 member boards, 1,900 institutions, and 40,000 individuals, AGB is the only national organization providing university and college presidents, board chairs, trustees, and board professionals of both public and private institutions and institutionally related foundations with resources that enhance their effectiveness.

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The Guardians Initiative™

Reclaiming the Public Trust

The Association of Governing Boards of Universities and Colleges (AGB) is pleased to share this first in a series of informational briefings developed as part of *The Guardians Initiative: Reclaiming the Public Trust*, an effort to educate and engage trustees as advocates on key issues in higher education. In months to come, governing board members, institutional leaders, and those who work with them will periodically receive additional briefings from AGB addressing issues of substantial moment for America's colleges and universities.

Our objectives are twofold:

1. to encourage board members to engage in informed discussion with stakeholders who are less knowledgeable about our institutions, and
2. to equip board members with the tools they need to stimulate national discussion about the missions that our colleges and universities serve, as well as how those institutions operate, what they cost, and what they contribute to society.

THE BUSINESS OF HIGHER EDUCATION

While the tone of public criticism of higher education has sharpened, public understanding about the sector's legitimate challenges and contributions is often lacking. Board members have an important role to play in improving the level of public discourse. In this first briefing, we examine the prevailing business model in higher education, with emphasis on undergraduate education in four-year colleges and universities.

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Much of the higher education sector uses an unconventional business model that sets it apart from the rest of the national economy. The price it charges for its core product—higher education instruction—only partially covers the costs of providing that product. Many of the significant issues that animate policy discussion in higher education today—assertions that college costs more than it should, doesn’t reach students beyond those in the elite upper strata of society, saddles graduates with unsustainable levels of debt, fails to prepare students for future employment opportunities, and devotes too many resources to research and scholarship at the expense of teaching—reflect a lack of transparency in the way colleges and universities price their product and cover their costs.

This opacity is aggravated by higher education’s adherence to a largely 20th-century business model that causes it to miss cues from the public, policymakers, and other audiences about their current dissatisfactions with colleges and universities. Board members can enrich public conversations about higher education by contributing to a broader understanding of today’s business model and envisioning how it might evolve.

Today’s Higher Education Business Model

For several generations, American colleges and universities have charged less—substantially less, in some sectors of higher education—than what it costs those institutions to educate students. Higher education institutions depend on government support and revenues from other sources to make up the difference between what students *pay* for their education and what it costs these institutions to provide that educa-

tion. In this paper, we will examine that business model in some detail. We will consider some of the drawbacks of the model—its opaqueness, the cross-subsidies it obscures, its dependence on revenue streams that are unpredictable in the best of times, and especially the extent to which it allows critics to undermine public discussion of higher education’s extraordinary value proposition—and whether those drawbacks can be addressed or at least explained.

All businesses in this country organize their finances around revenues and expenses. Opportunity for growth results from manipulation of three variables: increasing demand, adjusting prices in response to competitive market forces, and containing costs. The late Gordon Winston, professor of political economy and director of the Project on the Economics of Higher Education at Williams College, posited that, “No economic aspect of higher education is of greater interest to the public, policymakers, and parents than the setting and changing of tuition, yet economics has not been very successful in explaining it.” He observed that confusion over the cost to consumers of higher education arose from a simple fact: “Colleges and universities, as firms, are highly unconventional in their sources of revenue, their production processes, and their institutional values.” In the next several pages, we will deconstruct this important insight as it pertains to demand, pricing, and costs.

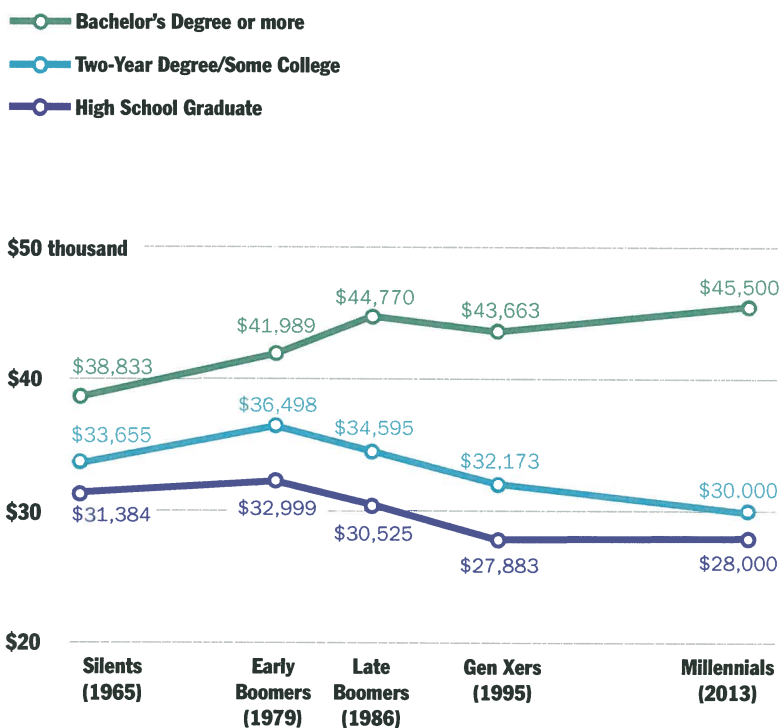
Demand

Colleges and universities sell a product that, at least since the middle of the 20th century, has been in high demand. Underlying higher education is an astonishing value proposition, one that is easy to support yet that the sector’s critics largely overlook. While the cost of attending college is indisputably high, so are

THE BUSINESS OF HIGHER EDUCATION

Rising Earnings Disparity Between Young Adults With and Without a College Degree

Median annual earnings among full-time workers ages 25 to 32, in 2012 dollars.



NOTES: Median annual earnings are based on earnings and work status during the calendar year prior to interview and limited to 25- to 32-year-olds who worked full time during the previous calendar year and reported positive earnings. "Full time" refers to those who usually worked at least 35 hours last year.

SOURCE: Pew Research Center tabulations of the 2013, 1995, 1986, 1979, 1965 March Current Population Survey (CPS) integrated Public Use Micro Samples. *Trends in College Pricing 2016*. ©2016 The College Board. www.collegeboard.org

the benefits to be reaped by making the investment in higher education. This translates into persistently high demand for higher education—a phenomenon that helps to explain heightened concern about college costs as well as why tuition prices have not been very responsive to that concern.

"On virtually every measure of economic well-being and career attainment—from personal earnings to job satisfaction to the share employed full time—young college graduates are outperforming their peers with less education," a 2014 study from the Pew Research Center concluded. "And when one compares today's young adults with previous generations, the disparity in economic outcomes between college graduates and those with a high school diploma or less formal schooling has never been greater in the modern era."

The researchers explain that, a generation ago, when people in the first wave of Baby Boomers were the same age that Millennials are today, the average high school graduate earned about three-quarters (77 percent) of what a college graduate was paid. Today, Millennials with only a high school diploma earn 62 percent of what the typical college graduate earns.

Leading economists like Walter McMahon, a professor *emeritus* at the University of Illinois, assert that the United States *underinvests* in higher education because we underestimate

its benefits both to individuals and society as a whole. Higher education, he argues, efficiently creates human capital that improves communities and contributes to the economic well-being of the nation over the course of graduates' entire lives. College graduates enjoy better health, longer lives, and greater degrees of individual and professional satisfaction that are directly attributable to higher levels of education and increased earning capacity. They also use the skills learned in college to foster democracy and human rights, as well as to accelerate technological advancement. Greater numbers of college graduates also reduce economic inequality and lower the social costs of welfare, medical services, and prison incarceration.

feed public perceptions of colleges as elite bastions not accessible to most Americans. "American universities represent declining value for money to their students," concluded a 2012 article in *The Economist* titled "Not What It Used To Be." It went on to add, "Rising fees and increasing student debt, combined with shrinking financial and educational returns, are undermining at least the perception that university is a good investment." The fact is, even if higher education has a story to tell about the continued value of a college degree, many people are not hearing it.

The argument that college is worth a high cost has become less persuasive over time. This is at least in part due to public perceptions that students who

When public mistrust grows and combines with anxiety, the combination can easily lead to a kind of resentment the French call *ressentiment*, a technical term in political science. This kind of political resentment is probably the second most dangerous political emotion, the first being the fear of instability. That's what creates revolutions and riots.

The buildup of public *ressentiment* is very bad for institutions. And there are sound reasons to believe that higher education could become a target in the future. —Daniel Yankelovich (2009)

Yet a disturbing undercurrent runs through recent reports on the public's perception of higher education's value. Opinion research by Public Agenda shows that Americans were substantially less likely to agree that college is necessary in 2016 than they were a decade prior. Also, between the late 1990s and 2016, the percentage of poll respondents who agreed that "there are many people who are qualified to go to college but don't have the opportunity" increased from 45 percent to 69 percent.

Other commentators observe that national news stories on higher education issues are predominantly negative in tone and focus on controversial issues that

start but do not complete college come away with debt, foregone earnings, and little material benefit. In other words, going to college represents something of a gamble, with a risk of loss. Yet at any level—associate, baccalaureate, and graduate—acquiring a degree is a prudent investment. As Jason Abel and Richard Dietz, economists with the Federal Reserve Bank of New York, found, "The return [on a college degree] has remained high in spite of rising tuition and falling earnings because the wages of those without a college degree have also been falling, keeping the college wage premium near an all-time high while reducing the opportunity cost of going to school."

Anecdotes of unemployed college graduates with six-figure student debt loads may make for juicy headlines, but they do not reflect the norm. The U.S. Bureau of Labor Statistics reports that, at peak unemployment during the recession of 2009-10, about 5 percent of bachelor's degree recipients were unemployed. To put this in perspective, in the decade leading up to the recession, the lowest unemployment rate for those with just a high school education was only about 4 percent. And in 2015, the national unemployment rate for bachelor's degree recipients was only 2.8 percent.

At the same time, the Organisation for Economic Co-operation and Development (OECD) has found that the net private financial return on investment in a college degree in the U.S. is among the very highest in the world. It is little wonder that more Americans are college-bound today than at any moment in our nation's history and that competition for open seats in the nation's colleges and universities has remained high even as tuition has risen rapidly.

Pricing

Most Americans are aware that the average published price of attending college has jumped sharply over the last several decades. Focusing on the average obscures the vast range of published prices across some 4,000 diverse colleges and universities, and yet it is common knowledge that the average has increased. Since 1974, tuition and fees have gone up, in inflation-corrected dollars, by 300 percent at private colleges and even more—400 percent—at public institutions. “If over the past three decades car prices had gone up as fast as tuition,” *The New York Times* reported in 2015, “the average new car would cost more than \$80,000.”

In the minds of policymakers, journalists, and other opinion-shapers, no higher education issue has more of an impact on public discourse than the rising

cost of college tuition and fees. It is important for board members, as community leaders, to appreciate that perception—and also to understand and articulate some of the complexities underlying these numbers.

GENERAL SUBSIDIES

The first complexity—and perhaps the most widely misunderstood aspect of college and university pricing—is that tuition payments from students make up only a fraction of operating revenues at most of the nation's nonprofit colleges and universities. The amount any student pays in tuition, even one who pays the full sticker price, is less than what the institution expends to educate that student. Other sources of revenue—among them state subsidies, donations and gifts, and income from endowment—make up the difference. As Professor Winston summarized: “Unlike a normal firm, a college can be in a sustainable equilibrium even when the price it charges for its product—net tuition—is much less than unit production costs. It is necessary only that the gap between cost and price be no greater than the school's donative revenues per student can support. From a student's perspective, that gap between cost and price is an in-kind subsidy as *[the student] is sold an expensive product at a price less than its production cost.*” [Emphasis supplied.]

Describing these general subsidies as widely misunderstood understates the issue. For instance, congressional leaders in recent years have assailed the endowment spending policies of the nation's wealthiest—and most expensive—institutions, suggesting various reforms designed either to compel minimum levels of annual endowment spending or to focus that spending more single-mindedly on undergraduate student aid. Largely missing from the debate over these measures is that endowments are typically composed of gifts that carry legal restrictions limiting the

spending of proceeds to specific uses: scholarships, capital spending, research, and faculty salaries, to name just a few.

Moreover, for those institutions with the capacity to use endowment proceeds, virtually all endowment spending subsidizes tuition, paying the costs of running the institution that tuition or other revenue would otherwise have to cover. Research by the Association of American Universities shows that institutions with large endowments actually tend to increase tuition at a slower rate than others. As for the related question of whether institutions with large endowments are enrolling enough students with financial need, that is an important policy question for the board of any such institution to consider with the president.

Regardless of whether endowment revenue is available, the provision of general subsidies from various streams means that students across the sector tend to be charged considerably less in tuition than the college's actual expenses for educating them. For example, the College Board estimated that, in 2011, it cost the typical community college \$7,750 to educate one student, compared with an average published tuition of \$3,260. In doctoral, master's, and baccalaureate public institutions, respectively, general subsidies covered about 42, 43, and 48 percent of the cost of education on a per-student basis. Some of the largest subsidies to students and families are already reflected in the published tuition and cost of attendance.

PUBLISHED PRICE VERSUS NET PRICE

A second complexity arises from the distinction between the published price—the tuition the institution's governing board approves and that appears in compliance reporting to the government—and the much more significant net price that a student actually pays,

which is calculated by subtracting institutional grants awarded to individual matriculants from the published price. Tuition discounts are far steeper and advantage a far greater proportion of students than many people realize. As economist Sandy Baum has explained:

Families and students consistently overestimate the price of college.... [The] major confusion is between the published price, sometimes called the "sticker price," and the net price that students actually pay after taking grant aid into consideration....The average grant aid for full-time public two-year college students is more than enough to pay the \$2,544 published tuition price. So the average net tuition price at these schools is actually zero. At public four-year colleges, the average net price is about \$1,600 (compared with a list price of \$7,020). At private four-year colleges, it's about \$11,900, compared with a list tuition price of \$26,273....The differences between list tuition and net tuition are so large because about two-thirds of full-time college students receive some grant aid. At private four-year colleges, almost 80 percent do.

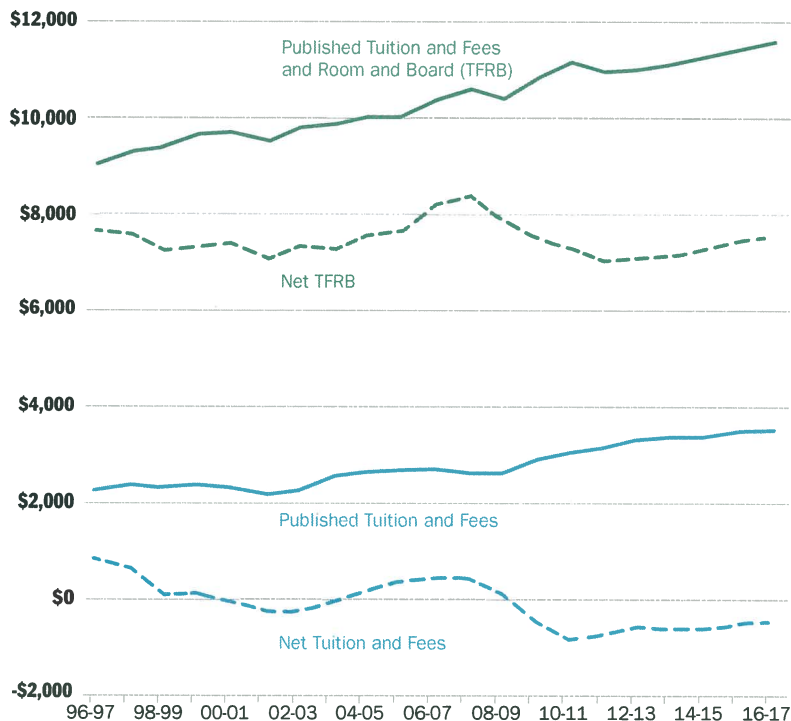
While the published price of a year of college has increased substantially over the last two decades overall, average net price has increased at a far slower rate. Data compiled by The College Board show that, between 1990 and 2016, the published price of tuition and fees at public two-year institutions more than doubled (from \$1,670 to \$3,520) while the net price actually decreased by nearly 200 percent (from \$450 to -\$500). This means the average community college student receiving financial aid in 2016-17 receives about \$500 over and above tuition and fees to offset the cost of books, transportation, and other living expenses. For public four-year institutions, the published price for

Continued, p. 11

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Average Net Price: Public Two-Year

In 2016-17, the average net tuition and fee price paid by full-time public two-year college students is \$920 (in 2016 dollars) less than in 2006-07—but \$270 more than in 2011-12.



NOTES: Estimates of net price exclude military/veterans aid, which awards relatively large amounts to a small number of students. Because information on grant aid and education tax benefits for 2016-17 is not yet available, the net price for 2016-17 is estimated based on 2015-16 financial aid data. Room and board in this sector refer to housing and food costs for commuter students, as few community colleges provide on-campus housing.

SOURCE: *Trends in College Pricing 2016*. ©2016, The College Board. www.collegeboard.org. Reproduced with permission.

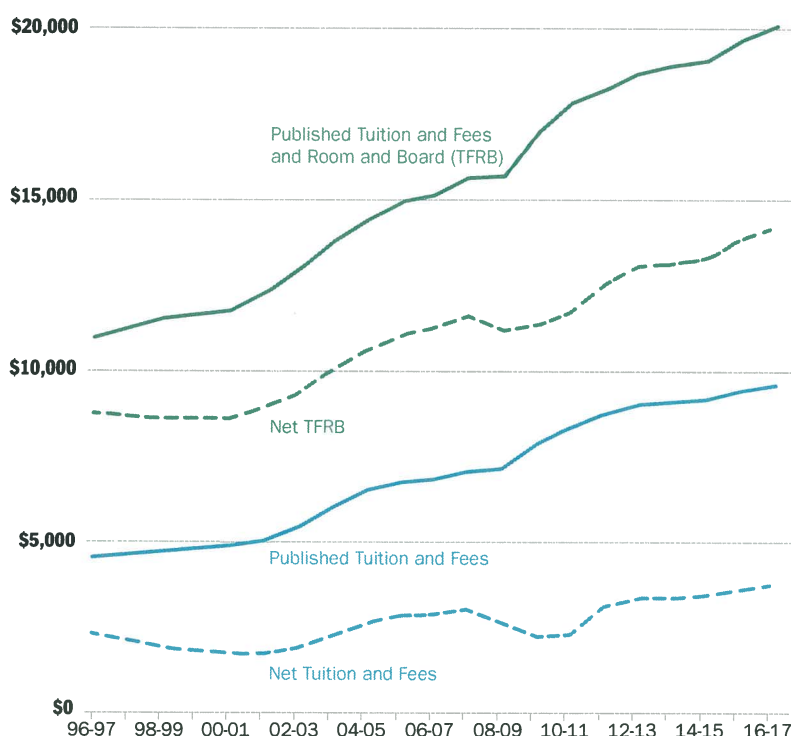
● In 2016-17, full-time students at public two-year colleges receive an average of about \$4,020 in grant aid and federal education tax credits and deductions—\$500 more than required to cover tuition and fees. They can use these funds for books and supplies or living expenses.

● Between 2006-07 and 2016-17, the average published tuition and fees at public two-year colleges increased by \$840 (31%) after adjusting for inflation. Average combined grant aid and tax benefits increased by \$1,560 in books and supplies and living expenses.

● In 2016-17, on average after grant aid, full-time students at public two-year colleges must cover about \$7,560 in books and supplies and living expenses.

Average Net Price: Public Four-Year

In 2016-17, the estimated average net tuition and fee price paid by full-time in-state students at public four-year institutions is \$3,770, \$860 (in 2016 dollars) higher than the net price a decade earlier and \$1,150 higher than the 2009-10 low of \$2,220.



NOTES: Estimates of net price exclude military/veterans aid, which awards relatively large amounts to a small number of students. Because information on grant aid and education tax benefits for 2016-17 is not yet available, the net price for 2016-17 is estimated based on 2015-16 financial aid data.

SOURCE: *Trends in College Pricing 2016*. ©2016, The College Board. www.collegeboard.org. Reproduced with permission.

● In 2016-17, the average full-time in-state public four-year college student receives an estimated \$5,880 in grant aid and federal tax benefits, covering 61% of the \$9,650 published tuition and fee price.

● Average published tuition and fees for in-state students at public four-year colleges and universities increased by \$2,790 (in 2016 dollars) between 2006-07 and 2016-17. The \$1,930 increase in average grant aid from all sources and federal education tax credits and deductions covered 69% of the price increase.

● Average published tuition and fees grew by only 9% in inflation-adjusted dollars between 2011-12 and 2016-17, after rising by 29% over the preceding five years. However, because of the dramatic increase in federal student aid between 2007-08 and 2010-11 and the subsequent leveling off, average net tuition and fees increased by about 22% from 2011-12 to 2016-17, compared to 7% over the preceding five years.

● In 2016-17, the average full-time in-state student at a public four-year institution faces an average of \$14,210 in charges for tuition and fees and room and board combined, net of grant aid and tax benefits.

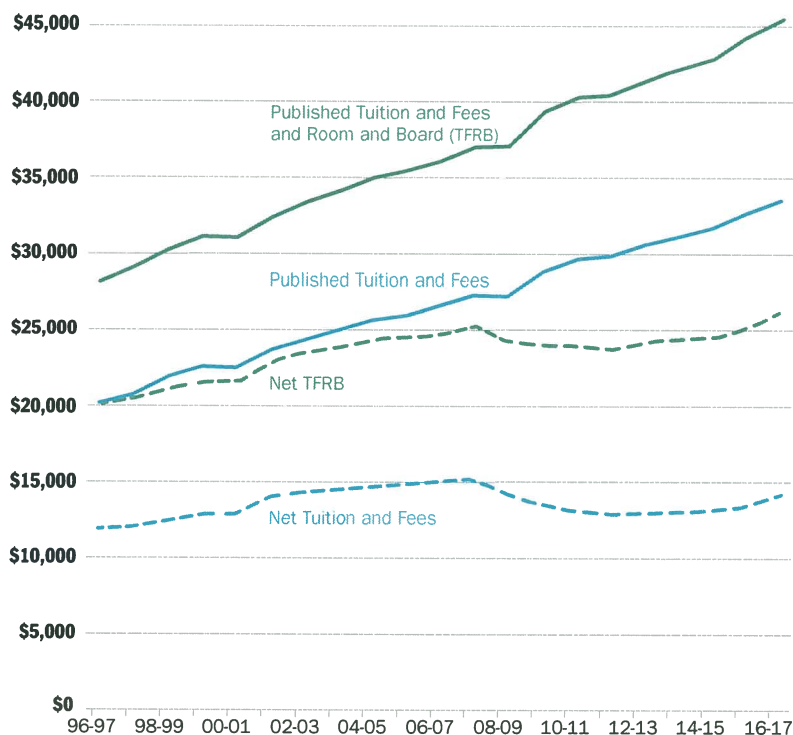
ALSO IMPORTANT

Average net prices conceal considerable differences among students, both within institutions and across institutions within the sector.

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Average Net Price: Private Nonprofit Four-Year

After declining from \$14,900 (in 2016 dollars) in 2006-07 to \$12,770 in 2011-12, the average net tuition and fee price paid by full-time students at private nonprofit four-year institutions rose to an estimated \$14,190 in 2016-17.



NOTES: Estimates of net price exclude military/veterans aid, which awards relatively large amounts to a small number of students. Because information on grant aid and education tax benefits for 2016-17 is not yet available, the net price for 2016-17 is estimated based on 2015-16 financial aid data.

SOURCE: *Trends in College Pricing 2016*. ©2016, The College Board. www.collegeboard.org. Reproduced with permission.

● The average net tuition and fee price at private nonprofit four-year institutions is lower in 2016-17 than it was in 2006-07 because the increase in average grant aid and tax benefits was larger than the increase in published prices.

● Between 2011-12 and 2016-17, average published tuition and fees at private nonprofit institutions rose by \$3,780. The \$2,360 increase in grant and tax benefits per student covered 62% of that increase.

● Financial aid explains the gap between published and net tuition and fees. Average grant aid from all sources and federal education tax benefits covered 41% to 44% of published tuition and fees at private four-year institutions from 1996-97 through 2006-07. That percentage was between 57% and 59% from 2011-12 to 2016-17.

● The average net tuition and fees and room and board price is \$26,080 in 2016-17, an increase of 6% (\$1,500 in 2016 dollars) over the last decade.

ALSO IMPORTANT

Over 70% of the \$19,290 in aid per student that lowers net prices for full-time students in the private nonprofit sector comes from colleges and universities in the form of discounts from their published prices.

In 2011-12, 67% of full-time students at private nonprofit four-year institutions received grant aid from their institutions. Thirty-six percent received federal grant aid and 24% received state grant aid. (NPSAS 2012)

in-state tuition and fees rose by 174 percent, while the net price increased only half as much (88.5 percent). And for private four-year institutions, the jump in published tuition and fees was 94 percent (an annual compounded rate of just 2.6 percent), while the growth in net tuition and fees was 21 percent, or less than 1 percent per year, compounded. In short, going to college is more affordable than one might surmise solely by looking at an institution's published sticker price.

PRICING STRATEGIES

What accounts for higher education's unusual approach to pricing? Why do college catalogues display one price while matriculating students are charged varying and, in many cases, deeply discounted prices?

In its simplest form, discounted tuition is a mechanism for charging a scaled price that varies depending on such factors as a student's ability to pay, academic abilities, athletic prowess, and geographic home. While it is true that not every student pays the institution's published tuition, some do. That said, students who pay full freight typically do not subsidize the educational costs of classmates whose tuition is discounted—the amount of subsidy varies, but virtually every student receives one. Differential pricing is a tool that allows institutions to strategically target tuition discounts to select students across a broad range of qualities and to shape the institutional culture and academic experience.

In addition to differential pricing, American higher education is also known for its commitment to *progressive* pricing. Few service sectors in the American economy price their products progressively—by which we mean that the price charged for the same service varies in accordance with the ability to pay. (Healthcare has been noted by some people as being a close cousin to higher education on this point.)

At the same time, however, non-need-based student aid is also ubiquitous—for instance, colleges offer so-called merit aid to recruit academically gifted students, or they award scholarships to accomplished athletes—and higher education leaders are often challenged to balance a commitment to progressive pricing against broader enrollment goals. In 2012, 82 percent of high school graduates from the top family income quartile attended college, compared with just 45 percent of those in the bottom income quartile. That reality suggests the sector's commitment to progressive pricing will continue to be tested in the coming years.

CROSS-SUBSIDIES

In another mode of subsidy, colleges often charge an unvarying tuition for the courses of every undergraduate department. An engineering student is charged the same tuition as a philosophy or English student, notwithstanding that it costs more to educate a student in the physical sciences than in the humanities or social sciences. The philosophy student in effect subsidizes the cost of instruction for classmates in engineering and physics courses by paying the same amount in tuition and receiving an education that costs the institution less. Cross-subsidies among academic programs may appear to be more fair to some students than to others, but they preserve an important American tradition of academic self-direction. Students can choose what to study and which skills to develop with remarkable disregard for differential costs.

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College pricing is typically unclear to students and families, but the deeper challenge is not simply one of increasing transparency but also of reducing underlying complexity. Most colleges and universities commingle revenues from many sources—tuition and fees, state appropriations, auxiliary services, inter-

THE BUSINESS OF HIGHER EDUCATION

est income on endowment, federal research grants and contracts, and government-funded financial aid programs—in an institutional general fund, making the relationship of price-to-product difficult to determine, let alone explain to those outside higher education.

Containing Costs

Classical economic theory posits that costs are controlled through *competition* and *increased productivity*. Yet those moderating factors do not conventionally fit the business model of higher education.

In most sectors of the national economy (think WalMart, McDonald's, or Microsoft), businesses compete with one another primarily on the basis of price and quality. We have addressed the nuances of higher education's predominant approaches to pricing above. With regard to quality, competition tends to focus on indirect indicators, in part because of a lack of consensus about how quality can and should be measured.

"There are reasons for the limited progress in developing college quality measures," wrote Jordan Matsudaira, an assistant professor of policy analysis and management at Cornell University, in a 2016 paper prepared for the National Academy of Sciences. "Colleges and the students they serve have myriad and diverse goals, and many of these are intangible and not readily subject to measurement or quantification."

In the absence of universally accepted measures, colleges tend to compete against each other by seeking to raise the quality of the students they attract, to enhance their reputation among college presidents, to increase the size of their annual expenditures, and to pursue other strategies having little to do with the quality of education that students receive. As Jonathan Robe, a research associate at the Center for College Affordability and Productivity, writes:

In a sense, the incentive to compete on prestige makes sense for colleges and universities. After all, it is notoriously difficult—if not ultimately impossible—to adequately capture and measure the learning students at these institutions gain during the course of their studies. A degree from a prestigious institution of higher learning often does confer certain career advantages, whether the graduate pursues a career on Wall Street or as a scholar or academic.

TECHNOLOGY AND COSTS

People in some circles have touted technology as the most promising remedy to higher education's cost challenges. Classical economics posits that, in most sectors, technological innovation in the means of production—tools and equipment—will lead to cost savings by increasing worker productivity. By contrast, however, labor-intensive sectors that rely heavily on specialized human activities experience little or no growth in productivity over time. To explain why higher education does not conform to classical economic theories of productivity improvement over time, Princeton University economists William Baumol and William Bowen have used the example of a performance of a Mozart string quintet. When composed in the 18th century, the quintet required five musicians to perform. "Today," Baumol and Bowen write, "it still takes five people and, unless they play really fast, it takes as long to perform the piece as it did centuries ago." The musicians' *productivity* has not increased, but their real wages have risen—and because those wages constitute virtually the entire cost of production, the associated costs of a chamber music performance are substantially higher now than when the quintet was composed.

When it comes to many of its core functions, higher education stubbornly resists productivity improve-

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ment. Notwithstanding efficiencies made possible by desktop computers and Internet access, it takes college professors just about as much time to prepare and teach a course in 2017 as it did in 1967—maybe more. Technology has, acknowledging certain pedagogical limitations, made possible new instructional economies of scale. But research has not resolved the question of whether online instruction tends to be more affordable to produce than traditional classroom instruction, let alone whether it is frequently cost effective.

GROWING DEMANDS

Another reason why academic personnel costs keep rising is that higher education's mission keeps expanding. William Massy, professor *emeritus* of education and business administration at Stanford University, refers to the phenomenon as “growth force,” by which he means that new fields of endeavor do not generally displace existing fields so much as they accrete on top of those fields. To take one contemporary example, as colleges expand departments of computer science in their engineering schools, they do not simultaneously shrink or disassemble their older departments of civil, electrical, and chemical engineering. Additionally, due to growing compliance requirements, market demand for student services, and specialization in the field—entire professions have emerged and flourished in the span of a few decades in areas like academic advising, financial aid, and student services—college and university staffs often rival the faculty in size.

Often, more than 75 percent of a college's total operating budget consists of personnel expenses, including the rapidly rising cost of benefits. According to the Delta Cost Project, the higher education workforce grew 28 percent between 2000 and 2012, more than 50 percent faster than the rate of growth in the preceding

decade. Taken together, increases in both personnel costs and the number of employees on the payroll create remarkable pressure for cost reduction elsewhere in the budget.

Contributing to Discussion of the Higher Education Business Model

Imagine you were asked to fashion the business *pro forma* for the institution you serve as a board member. On one side of a ledger sheet, you would list the revenues at your institution's disposal. They would include fees (tuition, room, and board) paid directly by your “customers.” Your first realization would be that, while that revenue stream is large—the largest single source of revenue at most colleges and universities—it constitutes on average less than half the institution's total revenues. The balance would come from a variety of other sources: state and local subsidies, federal financial assistance programs, gifts and donations, patent and trademark royalties, auxiliary services, and interest on endowment.

Your second realization would follow close on the heels of the first. Revenues are volatile and generally subject to unpredictable swings from year to year. That is particularly true of revenues from state governments. Federal revenues come principally from established financial assistance programs (Pell Grants, veterans' benefits, and other categorical grant programs), which have generally increased in real terms over the last decade. Whether that trend will continue in the future remains unknown. However, no single factor has had a greater impact on the business of higher education over the last 20 years than the shriveling of state appropriations on a per-student basis in support of

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public two-year and four-year institutions. According to the American Academy of Arts and Sciences, state and local appropriations, which accounted for 33 percent of the cost of educating a full-time-equivalent student at public research universities in 2000, now account for less than 20 percent of that cost—a startling drop in barely more than a decade. Although higher education is typically the third-largest area of expenditure in state budgets (after elementary and secondary education and Medicaid), state support has become increasingly untethered from the size of institutional enrollments, even as the number of students entering public universities has grown substantially.

On the opposing side of the ledger sheet, you would list institutional expenses. Think for a moment about the extraordinary range of operations and services your institution provides. The institution is, of course, principally a provider of education. It operates libraries and classroom buildings. It employs faculty members. Education is, in business speak, its primary business line.

But consider how many subsidiary lines are also part of the business. Your institution is a landlord. It operates residential facilities, often on a substantial scale. It manages retail operations such as restaurants, bookstores, and garages. It provides healthcare and psychological counseling to students and sometimes faculty and staff members. It has the functional equivalent of a police department with a fleet of motor vehicles. It manages a sophisticated computer and data management infrastructure. And many of the nation's largest institutions are in the business of basic research and development at least as robustly as they are in the business of undergraduate education.

In sum, colleges and universities embrace many services that are at some remove from the traditional business of educating students in classrooms, making it harder to speak of the “business” of higher education as though it were a single “product line,” as an economist would say. Members of the public and their elected representatives often have strong opinions about what priorities colleges and universities should have—whether undergraduate teaching, partnering with employers, providing specific services for the community, or others. But they often don’t have a clear understanding of how higher education institutions operate, especially given the complexity of the enterprises.

Colleges and universities are now typically suspected of core operational inefficiency and are criticized because they cost too much and deliver too little. Trustees are uniquely positioned to not only respond but also contribute to public understanding of the demand, price, and cost distinctions that shape the business of American higher education. There is a story to tell, and whether in the company of friends, community leaders, or others, board members should be prepared to discuss a few key propositions in an informed way:

1. The cost of attending college is not as high as many people believe. First, a vast range exists in the published prices of American colleges and universities, notwithstanding the relatively high prices of the most prestigious and selective among them. Further, the press and partisan politics have done little to help explain substantial differences between the cost of educating a student, published tuition, and the net tuition students pay. The public is generally not aware that students receive all the subsidies and tuition discounts that they do.

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2. The value of a postsecondary credential has never been higher, as reflected by the record number of young adults enrolling in the nation's colleges and universities.

While earnings for bachelor's degree recipients have fallen in real terms, they have fallen far less than for those without a college education. Even as the cost of attending college has increased, the earnings premium for American college graduates has remained among the very highest in the world. And the advantages go far beyond earnings: college degrees are associated with an array of quality-of-life benefits for individuals, communities, and the larger American society.

3. Colleges and universities are highly complex from a business perspective, for understandable reasons.

Today's college experience is not your mother's or father's college experience. Students can now attend institutions offering more academic choices, a greater range of co-curricular enrichment, more counseling and support services, broader residential and dining choices, and more career relevance than ever before. The net result is that, while students and families largely do not understand how, colleges continue to find ways to maintain and enhance their value and respond to growing market demands.

4. Colleges and universities—far from being oblivious to the problem of rising tuition—are implementing reforms designed to improve cost transparency and keep college affordable.

Colleges and universities where tuition is rising at a higher-than-expected rate must complete a "College Affordability and Transparency Form," mandated by the U.S. Department of Education, to explain why and provide a cost-containment plan. In some states, tuition increases have been legislatively limited and even eliminated altogether. Some community colleges have already implemented programs to reduce tuition costs all the way to zero. Meanwhile,

tuition increases at many independent institutions, once a foregone conclusion, have slowed or stopped.

While government regulation has played a role, much of the improvement in affordability stems from the fact that today's higher education's leaders are aggressively responding to the public's concern about the cost of attending college. They are rethinking their business practices and identifying efficiencies. They are cutting administrative expenditures, renegotiating contracts, reducing energy consumption, and refinancing debt. They are using data analytics to obtain intelligence to help enhance productivity and make good budgetary decisions. They are pursuing partnerships and cooperative agreements and, where appropriate, outsourcing programs and services. More work is needed, but today's cost of attending college is actually the result of serious efforts by college and university leaders to contain it.

Due in part to its sheer vastness, American higher education has proven extraordinarily susceptible to anecdotal critique. Colleges and universities are now typically suspected of core operational inefficiency and criticized because they cost too much. Yet while those views are partially legitimate, an honest assessment of American higher education requires taking stock of factors that distinguish its business model from those of other industries in our immense national economy. Few laypeople are able to do this well, and policymakers have little tolerance for complexity amid growing populist skepticism. More than anyone else, board members are distinctly positioned to clearly and accurately tell the story of the business of higher education—and, in doing so, contribute to public understanding of this sector that is so vital to the future advancement of individual Americans and our nation.

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