

**MINUTES OF THE BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY**

December 2, 1991

Required statutory notice having been given, a special meeting of the Board of Regents of Western Kentucky University was held in the Regents Conference Room of the Wetherby Administration Building. The meeting was called to order at 3:30 p.m., CST, by Mr. Joseph Iracane, Chairman.

AGENDA ITEM 1 - Invocation

The meeting opened with a prayer of invocation by Dr. Cecile Garmon, Director of Budget and Planning.

AGENDA ITEM 2 - Roll call

The following members were present:

Mr. Bobby R. Bartley
Mr. Danny Butler
Mr. Stephen B. Catron
Mr. Robert L. Chambless, Jr.
Dr. Eugene E. Evans
Ms. Heather E. Falmlen
Mr. Monnie L. Hankins
Mr. Joseph Iracane
Mrs. Patsy Judd
Mr. Fred L. Travis

Also present were Dr. Thomas C. Meredith, President; Dr. Paul B. Cook, Executive Vice President for Administration and Technology; Dr. Robert Haynes, Vice President for Academic Affairs; Dr. Jerry Wilder, Vice President for Student Affairs; Dr. Jim Heck, Executive Assistant to the President; Mrs. Liz Esters, Staff Assistant for Special Projects and Secretary to the Board of Regents; Mr. Franklin Berry, University Attorney and Parliamentarian; and Mr. Fred Hensley, Director of University Relations.

**AGENDA ITEM 3 - Introduction of special guests
President Meredith introduced the following guests:**

- *BREEDA DENNEHY* - a senior from County Cork Ireland with a permanent resident status in the United States. Beth is a Physical Education Major who is a two-time Sun Belt cross country champion; 1991 NCAA District II Cross Country Champion. She is undefeated in regular season competition winning at Georgia and Indiana and the pre-NCAA invitationals. Beth is WKU's first NCAA female All American in cross country or track placing 16th at the 1991 NCAA cross country championships.
- *SEAN DOLLMAN* - a junior from Johannesburg, Republic of South Africa and an Irish citizen, whose father is in the banking industry and whose grandfather played on the Irish Ryder Cup Team. Sean is a Government and History Major who is undefeated in Cross Country for 1991. He was twice the Sun Belt Cross Country Champion; four times "All American"

(3-cross country; 1-track); an Academic All American. Sean is Western's second NCAA Cross Country National Champion, joining Nick Rose who won in 1974.

- *CURTISS LONG* - who is in this 12th year as Cross Country Coach. Team honors during those twelve years include seven men's cross country conference titles (four seconds and one third); and five women's cross country conference titles (one second and one fourth). Individual honors include nine individual NCAA All Americans. Coach Long has been named Conference Cross Country Coach of the Year nine times.

AGENDA ITEM 4 - Recommendation to approve the budget reduction plan for 1991-92

By memorandum to the Board of Regents dated November 21, 1991, President Meredith outlined the proposed plan for the 1991-92 budget reduction which included the recommended distribution of the fund balance for 1990-91. (Copy attached as Exhibit A.)

President Meredith noted that budget cuts were announced across the state on October 15, 1991, with a \$31 million cut for higher education. Although higher education comprises 15 1/2-16 percent of the state's budget, 37% of the cut was assigned to higher education. The University Budget Committee began immediately, in October, working on the reduction plan. Western XXI has been utilized as the guide in this reduction but will be used extensively in the major cuts for 1992-93. An effort was made to protect classroom instruction at all costs and to save student workers. The Budget Committee agreed that the University would not do something just for show but would protect the classroom as much as possible. A report must be submitted to the Council on Higher Education by December 4 indicating how Western Kentucky University will deal with this particular cut. The Committee was acknowledged for their hard work in this process.

Using overheads of the charts of information contained in the proposal, Dr. Meredith reviewed and explained the recommended reduction plan of \$2,359,904 for 1991-92, noting that the plan is contingent on the Board's approval of the use of the fund balance.

The President noted that the hiring freeze is being released on non-faculty positions on a varied time frame. Faculty positions are being released, pending approval of the budget reduction plan, to be filled for next year in terms of going through the search process; most of which would not be completed until sometime early spring. Before they get to the interview stage, approval must be obtained for the final filling of the positions.

President Meredith indicated his intentions to, as the \$127,000 cuts are made, bring those reductions back to the Budget Committee. The

Budget Committee will discuss the cuts made in every area to make sure that they comply with the directions that have been sent down. Final disposition of the reductions will be brought back to the Board at the next meeting.

Board members were given the opportunity to discuss and ask questions about the recommendation following Dr. Meredith's presentation.

Mr. Catron moved adoption of the budget reduction plan for the 1991-92 budget. The motion was seconded by Mr. Bartley, and the roll call vote follows:

Aye: Bartley, Catron, Evans, Falmlen, Hankins, Iracane, Judd, Travis

Nay: Butler, Chambless

AGENDA ITEM 5 - Other business

Mrs. Judd stated, "Recently some issues have been raised that have put a cloud over the University President, the Board of Regents, and the entire university. The internal audit report by Mr. Warren Irons has alleged that there are some actions that are inappropriate and there are some improper, irregular activities here at Western. It has been embarrassing to me and probably Dr. Meredith and the entire Board that these things have happened. Interest money has been taken from University accounts and placed in other accounts in violation of state law. Whoever is responsible for this did us all a great disservice. It is most unfortunate that Food Services, which has lost \$1.3 million in recent years has borne the cost of entertainment functions. I think we must take a closer look at losses of this magnitude. Mr. Irons' review of these expenditures raises questions about certain practices that have been in place for a number of years--some of these practices have traditionally been carried out. The question for the Board is, are these practices right? Our responsibility as Board members is to approve and invest the University's money in a legal and appropriate way so that the students get the best benefit from all of the University funds. Kentucky law says that the Board of Regents is responsible for receiving and expending the funds for the use and benefit of the University. Now that we know about these irregularities, we really have no choice. We must minimize our liability, if any, and stop these improper practices."

"In order to eliminate these clouds on the University, this Board, and our President, so we can move forward with full public credibility, I make a motion that the University's auditors be instructed to conduct an

audit to evaluate the findings of the University's Internal Auditor, to investigate any other areas designated by the Board, and to make recommendations for correcting any improper or irregular practices and that the Chairman of the Board appoint a committee of the Board to set the parameters of the audit and report back to the full Board by the next Board meeting." The motion was seconded by Mr. Chambless.

Expressing some concern with the wording of Mrs. Judd's motion, Mr. Catron stated, "The choice of words concerns me to some extent on alleged irregularities or thus such. I don't read the auditor's report in that way. Without a doubt, there are some issues that the auditor raised with regard to how funds are accounted for within the university budgets. In terms of the Board having liability or exposure for it, I don't necessarily agree with your assessment of it at all. But I do agree with you in respect to that certain accounting deficiencies, if you will, that exist and have existed at this institution for some degree of time that do need to be addressed and corrected, and I think the President is in complete agreement with that as well. Mine is just one of your commentary—I would be remiss if I did not say something about that. I do not choose as strong words as you do. That's everyone's decision. There are some accounting differences that certainly need to be corrected. The President has said that to all of us as well. I don't know that there is a cloud over the institution. I certainly don't feel that there is a cloud over the institution. It hasn't gotten down to 310 E. 11th Avenue where I occupy a place every day of my life, but there are some areas that do need to be corrected. I am certainly in favor of that."

Noting that he had given the matter much consideration after Mrs. Judd's comments following the last meeting of the Board, Mr. Catron offered the following amendment to Mrs. Judd's motion. **"In order to continue the efforts of the Board of Regents in upgrading and modernizing the accounting practices and procedures of the University, I move that the President, after review by the Finance and Investments Committee of the Board of Regents, be authorized to instruct the accounting firm of Baird, Kurtz and Dobson to review the accounting practices and procedures of the University and to make recommendations to the President which, in turn, will be presented to the Finance and Investments Committee for its recommendation to the Board of Regents. "**

Mr. Catron's motion for amendment was seconded by Mr. Travis.

Following a discussion about the difference in the wording in Mrs. Judd's motion and Mr. Catron's motion for amendment, Mr. Catron read his motion for amendment again as follows: **In order to continue the efforts of the Board of Regents in upgrading and modernizing the accounting practices and procedures of the University, I move that the President, after review by the Finance and Investments Committee of the Board of Regents, be authorized to instruct the accounting firm of Baird, Kurtz and Dobson to review the accounting practices and procedures of the University and to make recommendations to the President which in turn will be presented to the Finance and Investments Committee of the Board of Regents for its recommendation to the Board of Regents."**

Discussion that followed included Ms. Falmlen's comments, "I think that if there were accounting problems or discrepancies that those would show up in an audit, and I think that this is more of an information-gathering endeavor than anything else."

Mr. Catron added, "I think it is the appropriate time to look--while we are doing this--let's look at the internal accounting and practice and procedural operations here at the University. Let's get them corrected once and for all. This is a good way to do it without spending a huge amount of money to do it. That is the basis for mine (motion). It will take into account really what Patsy is suggesting and extend it one step further. That is to look at the overall accounting practices of the school and make recommendations for bringing those to the standards the Board wants to have in place."

Mrs. Judd noted, "I think it's important, though, that we confirm and give recommendations for improving these things and that we have a committee who can put in the time to work with the auditors so that we get the parameters established and get the feedback that we need."

Saying "I don't think there's any problem with an audit," Chairman Iracane added, "but I think there are specific questions that certain Board people want answered in an audit."

Mrs. Judd stated, "My motion is for an audit--not a full audit of the total University-- but certain areas that we feel need to be audited."

Mr. Bartley added the following: "It needs to be done during the regular auditing process--not a special process--which they will report back

in June. We'll have another audit report in June. This needs to be done during the regular auditing process. If not, it's going to cost a bundle. This needs to be done as they come through."

Mrs. Judd pointed out that there are some areas that have not been audited and noted the importance of those areas be included.

Roll call vote on the motion by Mr. Catron and seconded by Mr. Travis to amend Mrs. Judd's motion is as follows:

Aye: Bartley, Catron, Travis

Nay: Butler, Chambless, Evans, Falmlen, Hankins, Iracane, Judd

Further discussion on the Judd motion:

Mrs. Judd, upon being asked by Regent Travis if she was calling for a full blown audit, responded, "Not of the total University." Mrs. Judd reread her motion as follows: **I make a motion that the University's auditors be instructed to conduct an audit to evaluate the findings of the University's Internal Auditor, to investigate any other areas designated by the Board, and to make recommendations for correcting any improper or irregular practices and that the Chairman of the Board appoint a committee of the Board to set the parameters of the audit and report back to the full Board by the next Board meeting, if possible.**" Mrs. Judd said that it was her assumption that every Board member should have input into this.

Mr. Iracane said, "The committee that you made reference to would act in a similar fashion to the committees that we have for Food Service, Health Services, etc. The committee will make no recommendations--they'll just ask questions of the auditors; but they will vote on nothing. They'll make no recommendations. The report from these questions will come back to the full Board. "

Regent Hankins stated, "So if it's a committee for clarifying areas which we don't really understand, is it really necessary that we have an audit to do that or can it be brought to us as the procedures that we are now forming, explained to the committee; and then afterwards, if there is something wrong with what we are doing, change those procedures? As it went on the floor, I felt like folks thought that both sides called for an audit. I don't think we need an audit at all."

Asked about his comments or thoughts on the proposed audit, President Meredith stated, "Well, of course I'm concerned about the tone, obviously. We've said previously that there are areas that we need to look

at--the way the institution has done things for a lot of years--some of those areas need to be looked at. I did not perceive from Mr. Iron's report the breadth that you expressed in your opening statement. That concerns me a great deal. It seems to me it would be appropriate for as many of those areas as possible--we're in that process right now--trying to identify areas that really need to be looked at in terms of the institution. We've got a list of those going already; that those be gone through. As I wrote to you and asked for identification of those areas about which you have concern; let's identify all of those areas that we possibly can, and let's set someone to work looking at those and trying to offer some suggestions back to us about a better way to do those things than the way they've been done for some period of time. Once that's accomplished and we're on the right tract--I guess I am more concerned about the tone than I am all of the details. You know, you have a Finance Committee already in place. That would be one of the kinds of functions of the Finance Committee, but that's your decision, Mr. Chairman. I'll do whatever the Board wishes."

As a point of clarification, Mr. Catron asked Mrs. Judd, "are you proposing to delegate to this committee that will be created the authority to review and to set out the terms and the areas of the audit clarification? In other words, individual board members would not be able to fire questions into this committee, or to the auditor directly, but they would come through and be screened and a series of questions would be published by the committee, presented to the auditors with the request to clarify these areas and make any recommendations to us that you deem to be appropriate for correcting any accounting issues. That, basically, is my understanding of what you are saying."

Mrs. Judd felt the committee should work with the auditors, but stated that any Board member should have freedom to give suggestions.

Mr. Iracane added, "The way I would support this motion is to say that we would do it the same way, and that is for the questions to be collectively presented to the auditors and the results from the auditors report be brought back to the full Board--no action by that committee; no vote by that committee. All of the Board would have ample time to deliver these concerns to this particular committee. The committee would then give it to the auditors, work with those auditors and get the results back to the full Board."

Mr. Catron expressed the concern that ten members of the Board might be firing questions in at the auditor. He preferred that it would go through the committee, be screened, collected into one unit and then presented to the auditor.

Mr. Iracane agreed, stating, "Just like we've been doing on the Health Service, Food Services and everything else. It goes to the committee, the committee presents it to the auditors, and the auditors in turn would bring it back to the President to the full Board. The committee would just actually do what has been done with Health Services; that is to gather the information, and bring it back for a recommendation--not make any recommendations."

Mrs. Judd confirmed, "The committee would have no authority to take any official action."

Upon a request from Mr. Catron, Mrs. Judd read her motion again. President Meredith stated, "Mr. Chairman, you made a statement a moment ago that I think is a critical point, and I don't hear it in the motion. You looped the Chief Executive Officer of this institution into your conversation, and it's not in the motion."

Following a discussion of the concern expressed by Dr. Meredith, Mr. Catron offered as an amendment to Mrs. Judd's motion that would read, "**I make a motion that the President of the University be authorized to instruct the University's auditors to conduct an audit to evaluate the findings of the University's Internal Auditor, to investigate any other areas designated by the Board, and to make recommendations for correcting any accounting deficiencies or practices that are found to be in error, and that the Chairman of the Board appoint a committee of the Board to set the parameters of the audit, and that the report of the auditors be forwarded to the President of the University and to the Board of Regents by the next Board meeting or as soon thereafter, as is possible.**"

The roll call vote on Mr. Catron's motion to amend the motion by Mrs. Judd follows:

Aye: Bartley, Catron, Iracane, Travis

Nay: Butler, Chambless, Evans, Falmlen, Hankins, Judd

The roll call vote on Mrs. Judd's original motion is as follows:

Aye: Butler, Chambless, Evans, Falmlen, Iracane, Judd,
 Nay: Bartley, Catron, Hankins, Travis

SECRETARY'S NOTE: A transcript of the full discussion related to audit is filed with the Board's official files.

AGENDA ITEM 5 - Other business

Mr. Chambless asked for clarification of the resolution passed at the last meeting which, in the first paragraph stated, 'the Western Kentucky University Credit Union shall be allowed to continue to use the space at fair market rental and provide the services they are providing.' Mr. Chambless noted that it was his understanding that the intention of the Board was that the Credit Union could keep doing the same things that it has done until such time as the successful bid is awarded by the Finance and Administration Cabinet, whenever that might be. A request for clarification came from the President of the Credit Union because some of the withholdings that the University makes to benefit the Credit Union and its customers are scheduled to be terminated within a few days.

Following a discussion of the issue, it was confirmed that the Credit Union should continue doing everything as usual until a successful bid is let. If the Credit Union is not the successful bidder, changes very well will have to be addressed at that time.

Additionally, Mr. Chambless thanked members of the Financial Services Committee--Heather Falmlen, Dr. Gene Evans, Franklin Berry and Michelle Muir who served as secretary to that committee. He also thanked Larry Howard for his valuable input on making sure that the bid recommendations were handled in a conforming manner. The recommendation of the Financial Services Committee was handed to Chairman Iracane by Mr. Chambless.

Mr. Hankins reported that on November 25 he met with the Communications Committee, (Mrs. Judd and Mr. Bartley) along with Dr. Anderson and several others from the University who shared in what is proceeding with the Communications Plan. Mr. Hankins felt that the committee was relieved of any problems or any questions that they had with the plan at that meeting. Mr. Hankins stated, "It does proceed with a dollar expense that I think we will have to pool from several different other areas as we proceed with the cuts that we just now are taking on and with the aspect of any other outside dollars that we can bring into this plan. It seems to be a courageous opportunity for the campus to really go forward and it's what is needed here on the campus. Also with the other campuses in Glasgow and Owensboro, I do

see an opportunity for Western to take the lead in the area. With the tie-in with what we do in education and with the advancement of the communications plan, the two tie-in so well together. It would put us on the forefront of being a University that is way far and above some of the other universities here in the state and around the country. I don't know where we are going to get all the dollars that are needed for it, but we are going to proceed on."

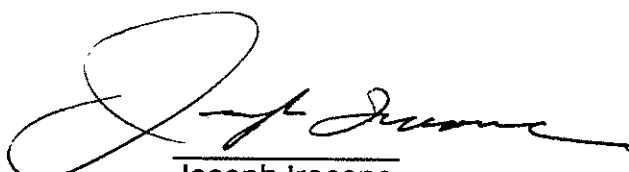
Mr. Hankins felt that by the next meeting Dr. Anderson would have an update about what plan for the funding unveils for the whole Board.

In other items to come before the Board, Ms. Falmlen asked when the Gender Bias Committee would be announced. Chairman Iracane indicated that it would be announced at a later time.

There being no further business to come before the Board, a motion to adjourn was made by Ms. Falmlen and seconded by Mr. Butler. The meeting adjourned at approximately 5:20 p.m.

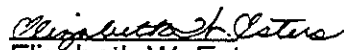
CERTIFICATION OF SECRETARY

I hereby certify that the minutes herein above set forth an accurate record of votes and actions taken by the Board of Regents of Western Kentucky University in the special meeting held on December 2, 1991, in the Regents Conference Room of the Wetherby Administration Building on the Western campus and further certify that the meeting was held in compliance with KRS 61.810, 61.820, and 61.825 (enacted as Sections 2, 3, 4, and 5 of House Bill 100, 1974 Regular Session, General Assembly).




 Joseph Iracane
 Chairman
 January 30, 1992


 Elizabeth W. Esters
 Secretary


 Elizabeth W. Esters
 Secretary
 January 30, 1992

I hereby certify that the closed session of the above meeting was held in compliance with KRS 61.815. The Board discussed only matters within the scope of the motion and took no formal action.



 Joseph Iracane
 Chairman
 January 30, 1992

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Office of the President

Bowling Green, KY 42101
502-745-4346
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November 21, 1991

MEMORANDUM

TO: Members of the Board of Regents

Mr. Joseph Iracane, Chair
 Mrs. Patsy Judd, Vice Chair
 Mr. Bobby R. Bartley
 Mr. Danny Butler
 Mr. Stephen B. Catron
 Mr. Robert L. Chambless, Jr.
 Dr. Eugene E. Evans
 Ms. Heather E. Falmlen
 Mr. Monnie L. Hankins
 Mr. Fred L. Travis

FROM: Thomas C. Meredith, President 

SUBJECT: Budget Reduction Plan for 1991-92

The Budget Committee has finished its work regarding our budget reduction for 1991-92. It is enclosed as our recommendation for your consideration on December 2, 1991. As I stated earlier, this cut of \$2.359 million is more impactful than the actual figure shown since we will have used five months of this budget by the end of November.

The committee has been well prepared to make this recommendation. Committee members sat through many hours of budget hearings last year which gave them a unique feel for every department on campus and their budgets. They were totally involved in the building of the 1991-92 university budget. They have been informed and involved in the budget reduction process from first notification from the state. The data from each department pertaining to the impact of the budget cuts have been thoroughly reviewed by each member of the committee. In addition to the public forum sponsored by the Faculty Senate regarding the budget reduction and the time spent in study and preparation, this committee has met for nearly 15 hours of discussion and decision making on this important matter. They have given unselfishly for Western.

The Spirit Makes the Master

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The enclosed plan is designed simply to get us through the 1991-92 budget reduction given the special constraints. The 1992-93 budgeting process will produce a product that is very likely to be far different from the enclosed recommendation. The 1992-93 budget will give us the opportunity to make changes that are more long-term and far-reaching. This will be necessary since our cut is deemed to be permanent. I should add, for additional information, that the debt service amount for Western for 1991-92 will be reduced on both the revenue and expenditure sides as a nonrecurring reduction that totals \$526,300. This results from a delay in selling bonds for Western projects but has no effect on the operating budget.

The 1991-92 reduction plan follows several guidelines adopted by the committee. Western XXI was followed closely. The amount of the reduction for each of the four major areas was determined by calculating a zero percentage reduction for Prominent areas, one percent for Essential and To Be Enhanced, two percent for Desirable, three percent for instructional Non-Essential and support Essential, and four percent for support Desirable. All other units, including administrative, were calculated at three percent. The resulting amount and percentage for each of the four areas is as follows:

Academic Affairs	\$ 37,113	29.1%
Administration and Technology	50,377	39.5%
Student Affairs	10,331	8.1%
President's Area	<u>29,716</u>	<u>23.3%</u>
	<u>\$127,537</u>	<u>100.0%</u>

The calculated sum for each area will be given to each respective vice president and my area. They will be charged with effecting the reduction of the required amount in their divisions. They must follow Western XXI as a guide, make every effort to maintain student workers, and protect the classroom instructional activities at all costs. The full Budget Committee will review the reductions taken in each area.

As you know, we have recommended conservative budgets each year. The last two were in anticipation of possible budget reductions. The bulk of the reduction in our recommendation would come from a series of categories. The institutional reserve would produce \$200,000 from the \$2.2 million there now. The fund balance sheet for 1990-91 is enclosed with our recommendation. If that recommendation is followed, approximately \$1 million of the \$1.1 million unallocated fund balance would be used toward the budget reduction. Record enrollments for the summer and fall produced \$500,000 in unbudgeted revenue, and we anticipate another \$270,000 for the spring semester. We are

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recommending that \$425,000 of this total amount be used for the reduction. The amount not used would be held in anticipation of another budget cut.

In addition, we are recommending that \$218,000 be used from the \$918,000 institutional contingency. The new reciprocity agreement with the state of Tennessee releases \$100,000 we had budgeted for the three incentive grant counties across our border. Summer school expenditures for 1991 were \$50,000 less than budgeted, and this amount can be used. Lapsed salary dollars from non-faculty positions that have been vacant for all or part of this budget year to date total \$241,700 and are recommended to be used for the reduction. University operating budgets will be deducted according to Western XXI and as described above for a total of \$127,537.

All of the items displayed above total the required \$2,359,904.

We are also asking all budget directors on campus to withhold an additional ten percent of their remaining operating budget until March 1, 1992. This will provide an emergency cushion in the event of a second budget cut. If the second budget cut does not appear to be forthcoming at that time, the ten percent or a portion of it would be released.

As we have discussed on a number of occasions, the departmental operating budgets on this campus are far too low. We felt that they had to be protected as much as possible. Although we had several suggestions calling for a reduction in salaries through days off, we did not pursue that route because our salaries are already below where we think they should be.

The Budget Committee is already hard at work on the preliminaries for building the 1992-93 budget for the University.

On behalf of the Budget Committee, I want to thank Regent Catron for his participation, advice, and counsel in the preparation of the enclosed recommendations regarding the budget reduction and the use of the unallocated fund balance.

Please contact my office if you have any questions regarding the enclosed. I would be pleased to visit with any of you on this matter.

TCM:lf

Enclosures
cc: Budget Committee

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WESTERN KENTUCKY UNIVERSITY
BUDGET REDUCTION PLAN
1991-92

1. Raise projected tuition revenues	\$ 425,000
Summer - 100,000	
Fall - 200,000	
Spring - 125,000	
2. Reduce expenditures	737,237
Contingency - \$218,000	
Incentive Grants - 100,000	
Summer School - 50,000	
Unit Budgets - 127,537	
Vacant Positions - 241,700	
3. Reduce Reserve - Fund Balance by	1,197,667
	<hr/>
TOTAL	\$2,359,904

11/20/91

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WESTERN KENTUCKY UNIVERSITY
BUDGET REDUCTION TOTALS BY ADMINISTRATIVE AREA
1991-92

Academic Affairs	29.1%	\$ 37,113
Admin. & Technology	39.5%	50,377
Student Affairs	8.1%	10,331
President's Area	23.3%	<u>29,716</u>
TOTAL		\$127,537

11/20/91

RECOMMENDATION

President Meredith recommends the allocation of the 1990-91 fund balance as outlined below.

Fund Balance 1990-91

The fund balance at the end of fiscal year 1990-91 was \$5,828,327 compared to a fund balance of \$4,228,325 at the beginning of that year. The \$4,228,325 included an unallocated reserve of \$2,211,123.

There is a committed distribution of \$1,658,141 (change funds, inventories, encumbrances, Center of Excellence, development funds, interest on development funds, and faculty research grants) from the \$5,828,327 which leaves \$4,170,186. It is proposed that \$784,562 of these funds be used for the following:

Departmental carry forwards ¹	\$ 88,117
Library Books ²	54,156
Additional Budgetary Items ³	264,500
Auxiliary Reserve (continued from 1990-91) ⁴	377,789

¹At the end of each fiscal year, some departments have funds remaining in their accounts which they had planned for activities which, for various reasons, they had not been able to carry out before the close of the year. Frequently, they request that we carry forward some of these resources so that they can complete the projected activity; this year some of those requests relate to equipment purchases, others are tied to different kinds of expenditures. I recommend that we carry forward the \$88,117 for activities in Academic Affairs.

²The library reported encumbrances for books and serials amounting to \$54,156 as of June 30, 1991.

³The University Budget Committee recommended that fund balances be used to fund expenditures that could not be included in the 1991-92 Operating Budget. The total proposed expenditures from the fund balance amount to \$264,500. The specific items and amounts are:

Postage	\$15,000
Teacher Education (Two advisors, support for supervisors, and cooperating teachers)	88,000
Equipment-Independent Study	1,500
Student Employees-Physical Plant	40,000
Accreditation Fees-Academic Programs	10,000
Employee Dependent Child Grant	65,000
Return of Grant overhead to Academic Departments	45,000

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⁴The Auxiliary Reserve was established in 1990-91. At the time the reserve was established, it was indicated that the funds would be needed in conjunction with the new residence halls. Some of these funds will be needed to provide communications lines for the halls, to assist with the completion of the construction project, and possibly to assist with the debt service payments in the first year. Any unused funds will remain in the auxiliary reserve.

The sum of \$1,658,141 which is committed and the \$784,562 which is described above total an allocation of \$2,442,703. If this recommendation is approved, the unallocated fund balance from 1990-91 will be \$1,174,501.

I endorse the recommendation that \$1 million from the unallocated fund balance from 1990-91 be used in meeting the reduction in the operating budget. I also endorse the Budget Committee's recommendation that \$197,667 be taken from the institutional reserve to meet the total required reduction of \$2,359,904.