**MINUTES**

**OF THE BOARD OF REGENTS**

**WESTERN KENTUCKY UNIVERSITY**

**June 17, 2003**

**AGENDA ITEM 1 - Call to Order**

Required statutory notice having been given, a special meeting of the Board of Regents of Western Kentucky University was held via teleconference from Grise Hall, Room 137 on the Western campus; ATMOS Energy in Dallas, Texas; Central Regional Postsecondary Education Center in Elizabethtown, Room 509; and South Regional Postsecondary Education Center in Glasgow, Room 164.

The purpose of the special called meeting was to (1) approve the 2003-04 Combined Operating Budgets and Faculty and Staff Compensation Report, FY 2003-2004; and (2) an executive session for the purpose of discussions which might lead to the appointment or dismissal of an individual employee, as provided under KRS 61.810(1)(f). The nature of the business to be discussed is a confidential personnel matter pertaining to an individual employee, and the reason for the closed session is the privacy considerations with respect to the individual employee. The meeting was called to order by Chair Gray at approximately 9 a.m., CDT.

**AGENDA ITEM 2 - Roll Call**

The following members were present at the location indicated:

Mr. Howard E. Bailey (Grise Hall)
Ms. Kristen T. Bale (Glasgow)
Dr. Robert L. Dietle (Grise Hall)
Mr. Earl Fischer (ATMOS)
Ms. Lois Gray (Elizabethtown)
Mr. Cornelius A. Martin (Grise Hall)
Ms. LaDonna G. Rogers (Glasgow)
Ms. Jamie L. Sears (Grise Hall)
Mr. James B. Tennill, Jr. (Elizabethtown)
Ms. Beverly Wathen (Grise Hall)

Mr. Sheffer was absent. Mr. John Bradley, Student Regent-elect was also present.

Others in attendance included: President Gary Ransdell, Ms. Liz Esters, Secretary to the Board of Regents and Staff Assistant to the President; Mr. Robert Edwards, Assistant Vice President for University Relations; Ms. Ann Mead, Chief Financial Officer; and Ms. Robbin

Taylor, Director of Governmental Relations.

**AGENDA ITEM 3 - Recommendation for approval of the 2003-04 Combined Operating Budgets and Faculty and Staff Compensation Report, FY 2003-2004**

**REQUEST:** Approval of the *2003-04 Combined Budgets* and Faculty and Staff Compensation Report, FY 2003-2004.

FACTS: The General Assembly and Governor Paul Patton have been instrumental in advancing postsecondary education, even during very difficult fiscal times. Significant efforts have been made to minimize the fiscal impact of State revenue shortfalls on colleges and universities. Postsecondary education is recognized as a key component for improving Kentucky's economic base and quality of life for its citizens.

The 2003 General Assembly enacted the 2002-04 Biennial Budget (House Bill 269) that includes a 2002-03 budget reflecting a 2.5 percent recurring state appropriation reduction for colleges and universities in comparison to the 2002-03 Executive Spending Plan. The 2003-04 budget includes a planned state appropriation increase of 2 percent for colleges and universities. The budget reduction and planned increase were distributed in a manner that took into account enrollment growth and the funding model of the Council on Postsecondary Education. For Western Kentucky University, the budget includes a state appropriation reduction of 2 percent in the 2002-03 budget and a planned state appropriation increase of 4.4 percent in 2003-04.

The *Western Kentucky University 2003-04 Combined Budgets* contains the proposed Operating Budget and Capital Budget. The Operating Budget includes Educational and General (E&G) and Auxiliary Enterprises revenues and expenditures. E&G revenue consists of unrestricted revenue - - primarily state appropriations and tuition and fees - - and restricted revenue (e.g., federal funds for student financial aid and extramural funding for grants and contracts). Auxiliary Enterprises revenue is derived from the self-supporting activities of the University such as housing (reimbursed costs from the Student Life Foundation), food services, and bookstore operations. The Capital Budget provides a listing of major capital and lease/purchase projects, funding sources, and the current status of these projects.

The *Combined Budgets* includes the following components:

-Revenue Summary;
-Expenditure Summary by Organizational Area (Restricted and Unrestricted) and an Expenditure Summary by Program Classification Structure (PCS);
-Budget Narratives by area that summarize programmatic expectations and financial information;
-Expenditure Detail by account, and
-Capital Budget.

The *Western Kentucky University 2003-04 Combined Budgets* is the University's financial plan for the fiscal year beginning July 1, 2003 and ending June 30, 2004.

**2003-04 Institutional Budget Priorities**

Western Kentucky University's 2003-04 Operating Budget reflects the following institutional priorities (*not in priority order*):

- **Recruit and retain quality faculty and staff.** Funds are needed to provide salary increases in recognition of outstanding performance, to improve the market competitiveness of the University's salaries, and to improve benefits with specific attention given to rising health insurance costs.

- **Assure academic quality in addressing enrollment growth.** Funds are needed for additional faculty and staff positions and for operational costs to support enrollment growth.

- **Improve our physical resources.** Funds are needed on an ongoing basis to address campus maintenance and utilities requirements and to protect the University's investment in plant. Funds are required for facilities maintenance and utilities associated with opening the new Multi Media and Technology Hall.

- **Provide permanent funding for needs that have been met routinely by nonrecurring allocations.** Funds are needed for inflationary cost increases and continued implementation of selected items that are in the University's *Strategic Plan.* Funds are to be allocated for many items for which no permanent funding has been identified in previous budgets.

These priorities are to be achieved through the allocation of projected increases in tuition and state appropriations revenue and through reallocation of existing budgeted funds within divisions.

There are numerous other needs identified for which no funding or inadequate funding is available. Where feasible, additional funding will come from reallocations of budgets within divisions and carry forward funds (prior year balances) allocations.

The Operating Budget totals $211,788,000 with an Educational and General (E&G) budget of $196,128,000 and Auxiliary Enterprises budget of $15,660,000. This represents a total budget increase of 9.6 percent over the approved 2002-03 budget. The Educational and General budget is being increased by 10.1 percent. The Auxiliary Enterprises budget is being increased by 3.0 percent.

Consistent with the 2003-04 budget priorities approved by the Board of Regents, highlights of the budget recommendations include the following:

- The budget recommendations include over $6.4 million in funding for faculty/staff compensation (i.e., salaries and benefits) and new faculty and staff positions identified as needed especially due to enrollment growth pressures. This represents approximately 59.6 percent of the tuition and state appropriation increase projected for 2003-04.

- Funding is being recommended that will allow the University to fully utilize the newly constructed Multi Media and Technology Hall.

- The budget recommendations include a $40/month per full-time employee increase in the University's health insurance contribution. This will make the University's contribution $381/month to be effective January 1, 2004.

- Funds are being provided to increase fellowships, scholarships, and grants-in-aid consistent with approved increases in tuition, mandatory fees, and housing charges, where applicable.

- An average of 3.7 percent in merit pools is being recommended to increase the salaries of full-time and part-time employees, pool budgets (part-time faculty and graduate assistantships), and budget lines for vacant positions.

- In addition to the 3.7 percent increase in the budgeted part-time faculty pool, a modest increase is being proposed to address the market issues surrounding the recruitment and retention of part-time faculty.

- The budget includes a permanent allocation of $842,000 necessary to replace the nonrecurring funds used to balance the 2002-03 Budget.

- A modest increase is proposed for the General Institutional Expenses budget.

The proposed allocations (state appropriations and tuition) by budget priority are as follows:

**Recruit and Retain Quality Faculty and Staff**

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|---|---|
| Estimated cost of a 3.7 percent salary pool (incl. benefits) | $ 3,044,300 |
| Faculty promotions | 36,000 |
| Increase part-time faculty stipends | 150,000 |
| Gender/ethnicity/market adjustments (effective 2002-03) | 310,000 |
| Summer School (incl. distance learning) | 636,000 |
| University health insurance contribution, increase of $40/mth Per full-time employee, effective January 1, 2004 | 541,000 |
| KERS rate Increase | 265,000 |
| Rate increases: workers compensation, unemployment and life insurance | 58,000 |
| Governmental Relations part-time office support position | 15,000 |
| Faculty/staff and dependent child scholarships | 209,000 |
| **Subtotal** | **5,264,300** |

**Assure Academic Quality in Addressing Enrollment Growth**

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|---|---|
| Distance Learning Education Program | 379,000 |
| Restricted tuition allocations | 632,000 |
| Scholarships/grants-in-aid, tuition/fees increase | 966,000 |
| International graduate nonresident tuition fellowships | 1,263,000 |
| Additional faculty positions (fall 2002), permanent funding | 500,000 |
| Additional faculty positions for 2003-04 | 500,000 |
| New position in Billings and Receivables | 27,000 |
| New police officer position in Police Department | 31,000 |
| New network engineer position in Information Technology | 57,000 |
| New counselor position in Counseling Services | 47,000 |
| **Subtotal** | **4,402,000** |

**Improve Our Physical Resources**

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|---|---|
| Utilities budget and maintenance and utilities, Opening MMTH | $ 637,100 |
| Agency bonds, partial funding of debt service | 110,000 |
| Parking and Transportation Committee, Plan implementation | 58,000 |
| Reduction in existing state-supported bonds payments | (181,400) |
| **Subtotal** | **623,700** |

**Provide permanent funding for needs that have been met routinely by nonrecurring allocations**

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|---|---|
| Increase graduate assistantships | 80,000 |
| Recurring payment on IT network upgrade | 50,000 |
| Loan servicing system contract, Bursar's Office | 27,000 |
| Faculty Computer Replacement Fund | 100,000 |
| Internet access and cost increases | 48,000 |
| Software maintenance and contract increases | 14,000 |
| Band scholarships | 55,000 |
| General Institutional Expenses budget cost increases | 125,000 |
| **Subtotal** | **499,000** |
| Total Proposed Allocation | $10,789,000 |

**RECOMMENDATION:** President Gary A. Ransdell recommends that the Western Kentucky University Board of Regents approve the *2003-04 Combined Budgets* and Faculty and Staff Compensation Report, FY 2003-2004.

Motion for approval of the *2003-04 Combined Budgets* and Faculty and Staff Compensation Report, FY 2003-2004 was made by Mr. Martin and seconded by Ms. Bale.

Copies of the Executive Summary of the *2003-04 Combined Budgets* and Faculty and Staff Compensation Report, FY 2003-2004, were mailed to the Board in advance of the meeting, and

copies are filed in the Board's official files.

Following a summary of the proposed $211,788,000 budget by Ms. Ann Mead, Chief Financial Officer, she and Dr. Ransdell responded to various questions by the Board.

A roll call vote on Mr. Martin's motion to approve the motion was unanimous.

**AGENDA ITEM 4 - Executive Session**

Ms. Bale made a motion, seconded by Dr. Dietle for the Board to go into executive session for the purpose of discussions which might lead to the appointment or dismissal of an individual employee, as provided under KRS 61.810(1)(f). The nature of the business to be discussed is a confidential personnel matter pertaining to an individual employee, and the reason for the closed session is the privacy considerations with respect to the individual employee. The motion carried.

The Board, accompanied by President Ransdell and Ms. Esters, went into closed session at approximately 9:45 a.m.

Returning to open session at approximately 10:05 a.m., Ms. Gray stated, *"The Board is now returning to open session. The subject of the discussions and deliberations during closed session were restricted to those in the motion, and no formal action was taken by the Board in closed session."*

Mr. Bailey made a motion, seconded by Mr. Tennill, *"to sustain the recommendation of the Ad Hoc Committee on Noncontinuance as outlined the Committee documents dated June 12, 2003."* The roll call vote follows:

Aye: Bailey, Bale, Fischer, Gray, Martin, Rogers, Sears, Tennill, Wathen

Nay: Dietle

With no further business on the agenda, motion for adjournment was made by Ms. Sears and seconded by Mr. Bailey. The meeting adjourned at approximately 10:06 a.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 a special meeting held June 17, 2003, via teleconference from Grise Hall, Room 137, on the Western campus; ATMOS Energy in Dallas, Texas, Central Regional Postsecondary Education Center in Elizabethtown, Kentucky, Room 509, and Room 164 of the South Regional Postsecondary Education Center in Glasgow, Kentucky. I further certify that the meeting was held in compliance with KRS 61.810, 61.815, 61.820, and 61.825 (enacted as Sections 2, 3, 4 and 5 of House Bill 100, 1974 Regular Session, General Assembly).

Elizabeth W. Esters
Secretary

Lois W. Gray
Chair
August 8, 2003

Elizabeth W. Esters
Secretary
August 8, 2003