

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

**February 13, 2004**

**AGENDA ITEM 1 - Call to Order**

Required statutory notice having been given, a called meeting of the Board of Regents of Western Kentucky University was held in the *Cornelius A. Martin Regents Room* in Mass Media and Technology Hall on the Western campus. The meeting was called to order by Vice Chair Martin approximately 9:10 a.m.

The specific purposes for the called meeting were to (1) approve the Budget Reduction Plan, and (2) finalize the plans for a new parking structure.

**AGENDA ITEM 2 - Invocation**

The invocation was provided by Dr. Luther Hughes, Associate Vice President for Enrollment Management.

**AGENDA ITEM 3 - Roll Call**

The following members were present:

Ms. Kristen T. Bale  
Mr. John V. Bradley  
Dr. Robert L. Dietle  
Mr. Earl Fischer  
Ms. Pat Jordan  
Mr. Cornelius A. Martin  
Ms. LaDonna G. Rogers  
Mr. Ronald G. Sheffer

Ms. Gray, Ms. Roberts, and Mr. James B. Tennill, Jr. were absent; however Ms. Gray and Mr. Tennill participated via teleconference from Florida.

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; Dr. Barbara Burch, Provost and Vice President for Academic Affairs; Mr. Tom Hiles, Vice President for Institutional Advancement; Dr. Richard Kirchmeyer, Vice President for Informational Technology; Ms. Ann Mead, Chief Financial Officer and Assistant to the President for Economic Development; Dr. Gene Tice, Vice President for Student Affairs; Mr. John Osborne, Associate Vice President for Campus Services; Dr. Wood Selig,

Athletics Director; and Ms. Robbin Taylor, Assistant to the President for Governmental Relations.

**In keeping with the policy of the Board, the agenda for the meeting and information and materials pertinent to items thereon had been mailed in advance of the meeting by the President to members of the Board.**

**REQUEST: Approval of the Budget Reduction Plan including twenty-five policy changes and the twenty-one actual expenditure reductions as outlined.**

**FACTS:** Western Kentucky University's share of the State's budget reduction plan is \$5,610,200. Of this amount, \$3,228,600 is recurring, and the balance of \$2,381,600 is non-recurring.

**BACKGROUND:** The process the University has been through to extract these amounts from the University's budget is described in the eleven-page document that is before you.

**RECOMMENDATION:** President Gary A. Ransdell recommends approval of the Budget Reduction Plan including twenty-five policy changes and the twenty-one actual expenditure reductions as outlined.

The process of cutting \$5,610,200 from our budget has been most difficult. Countless hours have been devoted to reviewing every aspect of our University budget and assessing how we might best make a reduction of this magnitude. The most difficult aspect of this process has been trying to determine how we will find \$5.6 million with only five months left in the current fiscal year. Nearly two-thirds of the University's budget has already been spent this year, yet the total cut must be achieved before June 30. Of the \$5,610,200, \$3,228,600 is a recurring cut and must be taken from our base budget on a permanent basis. The non-recurring cut is needed to balance the state's books this fiscal year. The recurring cut is needed to reduce the total state budget.

As Regent Earl Fischer reminded me, however, the spirit of Western has been built on numerous constructive institutional responses to difficult challenges. With that in mind, it is appropriate that I describe for you the objective process we have followed. Three weeks ago, I met with the Vice Presidents, Division Heads, and Deans and their respective budget personnel to begin the process of making reduction decisions. At the outset, I described my desire to avoid across-the-board cuts and to protect our core academic programs and the physical integrity of our campus. I also pledged to protect all spending in the academic quality initiative which the Board approved last fall. As the process moved along, I added an additional intent which was to limit each division's cut to an amount not to exceed that division's percentage share of the total University unrestricted budget. Even as decisions have become more difficult, we have been able to accommodate these objectives.

At my first meeting with campus leadership, I distributed to everyone present a list of all campus education and general expenditures and the amount of money budgeted throughout our various academic and administrative departments. I asked each of the participants to take the rest of that week to identify functions, programs, and operations which could be reduced or eliminated and to achieve a total University reduction of \$7 million. I stressed the importance of objectivity in this exercise. Upon receiving written recommendations, I tabulated the responses in an attempt to find a degree of consensus regarding targeted functions. After ruling out academic majors and minors, I returned to the group a list of targeted areas which they collectively had produced. We spent many hours going through these potential cuts before settling on the items included in this document.

While these discussions failed to identify program reductions and eliminations sufficient to achieve our total budget cut requirement, we were able to get nearly halfway there in both non-recurring and recurring dollars. Perhaps more importantly, however, we were also able to identify a series of policy changes which will allow us to operate as a more efficient university and to generate additional dollars to fund future institutional priorities.

When it was determined that we had achieved as much consensus as possible with regard to centralized university-wide cuts and policy changes, we then turned to the divisions to make

reduction decisions equal to a proportionate share of the remaining dollars needed. Before going into the list of reductions, it is important for the campus to understand the need for efficiency in areas which were not reduced. We chose not to simply apply across-the-board cuts to college or departmental budgets or accounts within departmental budgets. Our primary intent was to identify programs that we could reduce or eliminate, thereby protecting as much of the operating capacity for our priority programs as possible. It is essential for all departments to be exceedingly thoughtful with travel and other operating expenses. There are six areas, however, that need specific departmental attention.

The first area is organizational dues and subscriptions. Much of our annual investment in dues and subscriptions are in Library budgets which is to be expected. Most departments, however, also spend significant sums on dues and subscriptions. We will eliminate \$42,000 in organizational dues which have historically been paid out of general institutional expenses. I would encourage all departments to review your total budgetary expenditures for dues and subscriptions and see if there are some memberships or publications you can live without.

A second area relates to food and departmental dining expenses. It is impossible to make administrative decisions regarding efficiencies related to food without knowing the departmental needs and intentions with each expenditure. We do, however, spend a lot of money each year on food and dining expenditures. While no reductions were made to these budgets, I would encourage all department heads to closely review dining-related expenditures and see where efficiencies might be achieved. I would also encourage as much on-campus dining as possible as WKU auxiliary programs receive revenue from campus food services which is in turn invested in improved campus dining facilities.

The third area that received considerable discussion but no specific action relates to wireless telephone usage. Many departments have already exceeded their budget allotments for telephone service with nearly half the year remaining. I would encourage all department heads to review their approved cell phone list and decide who needs a cell phone to effectively address University duties and who does not.

The fourth area of concern and an area which will be monitored closely in the future is the matter of postage expenses throughout our departments. It was determined that each department should curtail (except in emergency situations) home delivery of departmental mail for employees. All units are encouraged to use campus mail delivery.

The fifth expense which departments are being asked to reduce relates to advertising for vacant positions. We can dramatically reduce our campus expenditures for ads in commercial papers. Evidence shows that ads in commercial newspapers are the least productive method for producing candidates for faculty and senior administrative positions. Restrict your search communication, whenever possible or practical, to web-based methods and professional journals related to the position and the discipline. Office associates, skilled trades, and facilities positions, which rely on the local job market, may need local advertising. The Office of Human Resources can assist in such decisions.

The sixth area which needs departmental scrutiny is printing expenses. Departments are encouraged to review the quantity and frequency of publications. Set strategic priorities and use electronic methods when practical.

All of these departmental expenditures (dues and subscriptions, dining, cell phones, postage, newspaper advertising, and printing) can be reduced. Funds saved in these areas will not be captured by any central budgeting process. All savings from reduced activity in these areas will accrue to the benefit of the department which has identified the savings. Therefore, each department has the incentive to achieve savings in these areas.

### Energy Consumption

Another area which received considerable discussion is the matter of energy consumption and utility-related expenditures. Our utility costs are going up each year. We engaged in considerable debate as to whether to reduce utility budgets and force savings or try to achieve efficiencies to minimize year-end deficits in utility accounts. We chose the latter. In order to reduce our

expenditures on utilities (and minimize the need for increased utility expenditures in FY 04-05), we will immediately implement the following utility savings measures.

**Electricity:** With campus safety being our guide, we will reduce unnecessary interior and exterior lighting. Electricity represents 65 percent of our total utility expenditure and lighting represents 30 percent of our electrical use. We will immediately implement the following actions:

- remove a third of the bulbs from corridor lights in office and classroom buildings which have not been retrofitted with energy efficient lights;
- work with Athletics and Recreation to ensure that exterior field lights are on only when fields are actually in use;
- work with Housing and Residence Life to reduce lighting in common/community areas when not in use and encourage residents to turn off room lights when not in the room;
- request all faculty and staff to turn off lights and other equipment when not in use, especially nights and weekends;
- except for areas experiencing ongoing HVAC problems, suspend the use of electric space heaters in offices; this is a safety as well as an energy concern;

**Gas and Steam:** Reduce building air and water temperatures especially during off hours, i.e., nights and evenings. Specific actions include:

- extend building setback hours for buildings currently being setback by adding two hours to the setback schedule in the morning and evening (estimated savings \$10,000);
- add ten additional buildings to the building setback list (Fine Arts, DUC, Garrett, Thompson Complex, Preston, Potter, MMTH, Diddle, and South Campus) for evenings and weekends. Specific times will be discussed with Building Coordinators.

**Water and Waste Water:** Explore low cost/no cost solutions for reducing water usage and negotiate credits for water not entering the municipal sewer system. Specific actions include:

- extend cycle time of cooling water so that the amount of make-up water needed is reduced;
- negotiate with BGMU for evaporation credits for water used in cooling towers and sprinkler systems;
- ask building maintenance staff and occupants to be vigilant in turning off water faucets and reporting leaks promptly;
- begin stocking low water usage fixtures for replacements and repair projects when needed;
- investigate possibilities for using recycle water for irrigation purpose as we move into spring.

## **POLICY CHANGES**

The following action will be presented to the Board of Regents at a called meeting tomorrow, Friday, February 13. The Board will be asked to take action on a series of institutional policy adjustments which will affect our capacity to maintain a stable budget, particularly over the next two years. These matters become even more important now that we know there will be little, if any, additional state funding in the coming biennium. Some of these policy changes result in efficiencies which help meet our recurring or non-recurring budget reduction target. Others are being implemented to provide future central revenue or future departmental revenue. A few are intended to reduce bureaucracy and a growing volume of costly transactions.

### **1. New Budgeting Format**

One of the most important changes coming out of this process will be a new budgeting format. Our current budget does not lend itself to accurate tracking of expenditures. Many departments are using lapsed salary dollars to fund departmental operations and using operating dollars to fund personnel expenses. Before the FY 04-05 budget is complete, we will create specific account titles and require that money in those specific accounts be used for the purposes for which it was intended. In this way, we will be better able to track where our money is appropriated, how it is spent, and, specifically, how the university's needs are being met from a financial standpoint.

### **2. Carry Forward Money**

For the last five years, we have been allowing each division to retain all of its carry forward dollars from one year to the next. Even though nearly all of it is designated for specific

purposes, it was an easy target for a state budget-balancing action. Beginning in FY 04-05, a new carry forward policy will be followed. Divisions will be able to retain 50 percent of their fund balance at the end of the fiscal year and 50 percent will be forwarded to the central fund balance. The central fund balance will then be allocated and spent on university priorities. Requests from divisions to earmark dollars being sent forward to the central fund balance will be considered. Revenue-dependent and grant/contract accounts will be excluded from this policy.

### **3. Vacation Day Accrual**

Effective immediately, WKU is reducing its unused vacation day carry forward policy. The number of unused vacation days an employee can carry from one fiscal year to the next is being reduced from 24 days to 20 days with any excess being converted to sick days on June 30. Our current vacation day carry forward policy is an unbudgeted expense to the university of some \$255,000. The new policy will produce a one-time savings of approximately \$50,000 and will reduce the University's unbudgeted expenses.

### **4. Credit Card Charges**

The University has been paying the bank charges when families charge tuition and fees to a credit card. A Request for Proposal (RFP) will be issued as soon as possible to contract with a third-party vendor through which tuition may be charged to a credit card. The third-party vendor will charge the appropriate credit card usage fees to the consumer who chooses a credit card method for the payment of tuition. Credit card payment is a consumer convenience and the consumer often receives benefits from credit card companies. By creating a third-party partner for these transactions, we will no longer have to pay service charges. This will produce a savings of approximately \$200,000.

### **5. Tuition Payment Plan**

We will initiate a Request for Proposal (RFP) process to select a third-party payment plan partner for students and families who seek an option to spread tuition payments over a monthly, quarterly, or semi-annual payment plan. It is impossible to predict the financial efficiencies which this policy will provide, but it is predicted that it will reduce our collections expense and default rate. It will also provide a more convenient payment option for many families who have difficulty paying tuition all at once at the beginning of a semester or summer term.

### **6. Vacant Positions and Fringe Benefits**

Vacant positions must be filled within two years of coming open or lose the dollars in the position salary line. This will not produce specific dollars to meet our budget cut, but it will do two positive things. First it will allow departments which are currently using personnel dollars for operating expenses to transfer those dollars into a true operating account. It will also force departments to move searches along in a more expedient manner or determine that a specific position is not needed. We will also cease to allocate fringe benefit money to vacant positions. When the positions are filled, the fringe benefit money will be added to a salary line. When a position is vacated, it will be withdrawn. Fringe benefit money will only be reallocated for employee fringe benefit purposes. The intention here is to more accurately reflect accrual of personnel costs and expenditures. This policy will be evaluated over time.

### **7. Medical Insurance on Flexible Benefits Positions**

Effective immediately, we will change one policy related to university contributions to the self-insured medical insurance fund. When an employee waives medical coverage two things happen. First, \$191 is directed into a flexible spending account for use by that employee during the fiscal year. Second, the rest of the university's contribution, \$190, is deposited into the medical insurance plan. In years when revenues exceed expenses, this deposit adds to the medical insurance reserve fund. We will discontinue the \$190 deposit into the medical insurance plan. With 180 employees (including Auxiliary) in our flex program, this will result in a savings of \$34,200 per month, a non-recurring savings of approximately \$385,000. Our

health insurance program is currently stable and has accumulated a sufficient reserve fund. This action will not affect any current premium rates or health insurance coverages.

#### **8. Unrestricted Annual Gifts**

Since creating the WKU Foundation several years ago and building a development program, the university has allowed most unrestricted annual gifts to be spent by the Development Office as an investment in a growing development program. In the future, all unrestricted annual gifts from university donors will be forwarded to the University for budgeting purposes where the need is greatest. This will not help meet the current budget cut, but it will produce future revenues which can be budgeted by the University.

#### **9. Overtime**

The University's 03-04 budget includes \$251,163.50 for overtime costs. So far this year, we have spent \$364,324.44, and last year we spent \$632,283.18 on overtime expenses. We must reduce our expenditures for overtime costs. We can no longer afford such significant budgetary deficits. A new policy states that overtime expenses are to be incurred only on an emergency or must-happen basis. Any overtime charges must be accrued by the department creating the overtime and all overtime budgets will be reduced by one third, saving approximately \$83,000 per year.

#### **10. Vesting Period for Optional Retirement Program Employees**

Beginning July 1, 2004, we will implement a "vesting" period of five years for new employees who select the optional retirement program. While this will not produce savings to meet the current budget cut, it will produce approximately \$240,000 within five years and approximately \$50,000 in University savings each year thereafter.

#### **11. Service Fee on Revenue-Dependent Accounts**

Beginning this fiscal year, we will begin charging a service fee on revenue-dependent accounts at a rate of three percent on revenues generated. Heretofore, revenue-dependent accounts have been able to keep and carry forward all of their unspent revenues. All revenue-dependent programs benefit from their affiliation with the University—some from use of facilities, some from university-salaried employees, and all from the overall image, reputation, and familiarity of the University as it relates to a program's customer base. It is reasonable that these programs pay a modest service fee in return for the value addedness of being part of the University community. A three percent service fee will produce approximately \$115,000 per year.

#### **12. Restricted Tuition Accounts and Fees**

Effective immediately, we will change the policy through which restricted tuition accounts and fees generate additional money from tuition. Approximately 10% of tuition revenue is restricted to specific university functions which at one time were financed through dedicated student fees. When fees were rolled into base tuition, these became restricted tuition accounts (RTAs). The only true fee currently in place is the athletics fee—which is required by the City and by the bond companies to be dedicated to the debt service for the Diddle Arena renovation. Currently, the RTA's receive an annual increase equal to the Higher Education Price Index (HEPI), a higher education inflationary calculation. The RTA's also benefit when enrollment goes up and more students are paying tuition. In the future, we will calculate the HEPI increase for each RTA and fee. If enrollment growth produces an increase in revenue to the RTA's equal to or greater than the HEPI increase, then we will forgo the HEPI increase for that year. If enrollment growth produces revenue for RTA's and fees which are less than the HEPI increase, then we will forgo the enrollment growth increase. Either way, RTA's and fees will benefit from either the HEPI or enrollment growth (but not both), whichever is greater. The unused variable reverts to the University's contingency fund. RTA's and fees will return the HEPI increase for the current fiscal year to help meet the current nonrecurring cut. This will produce approximately \$393,100 toward the nonrecurring cut requirement.

### **13. Alumni Grants**

Our current policy for alumni grants is to allow alumni who reside out of state to send their sons and daughters to Western for in-state rates. The policy will be changed to match our tuition incentive program (TIP) rate structure for students in selected counties in bordering states. The TIP policy, and now the alumni grant policy, calls for the in-state tuition rate plus 25 percent. This will allow a reduction in University expenses for the alumni grant program of some \$80,000 per year.

### **14. Part-time Employee Scholarships**

Effective this summer, we will eliminate central funding for the faculty/staff scholarship privilege for part-time employees. Part-time employees will, therefore, be required to pay part-time or full-time rates for courses they take. This will produce savings in the University budget of approximately \$20,000. Departments which hire part-time faculty or staff and wish to provide a scholarship benefit to its part-time employees may do so at departmental expense.

### **15. Faculty-Staff Athletic Ticket Discount**

The faculty-staff discount on athletic tickets is being eliminated. The University is currently spending approximately \$50,000 per year to cover the costs of the faculty-staff discount for athletic tickets. This has been a good benefit for employees over the years but when forced to cut such a significant amount from our budget, we can no longer afford to cover the cost of this benefit for employees.

### **16. Retroactive Salary Actions**

Effective immediately, we will stop "retroactive" salary and stipend action. Henceforth, additional compensation follows final presidential action in all existing or new positions. It is also understood that presidential action is followed by recommendations to the Board of Regents and the governing board can reverse a personnel action at any time.

### **17. Benefits Effective Date on New Hires**

Effective immediately, all employee benefits for new hires will be effective on the first day of the first full month of employment. This change will reduce benefit costs and contribute \$80,000 toward the permanent budget reduction. This policy will be studied closely this year especially as it relates to faculty appointments at the beginning of the academic year. If the hiring of new employees is compromised, then the policy may be further adjusted.

### **18. Insurance Management**

We will immediately issue a request for proposal (RFP) for an insurance program manager which will, at the selected insurance agency's expense, shop all university insurance policies and monitor market pricing and efficiencies in our overall insurance management program. This will allow us to eliminate the operating expenses for our Office of Risk Management.

### **19. Tuition Refund Policy**

The tuition refund policy will be changed to allow Western's refund policy to be more in line with other Kentucky universities and reduce the length of time in which a student can withdraw and receive a full or partial refund. A student may currently go through the eighth week of classes and still receive a refund of up to 25 percent. A new policy will allow a student to withdraw in the first six days of classes and receive a 100 percent refund; at the end of the second week, a 50 percent refund; at the end of the third week, a 25 percent refund; and then after the third week, zero dollars will be refunded. This will generate approximately \$450,000 in additional revenue next year.

## **20. Transcripts**

All official hard-copy transcripts will cost \$4 each when retrieved in person and \$6 each when received through the mail.

## **21. Graduation Fee**

The graduation fee will be increased from \$30 to \$35 with the additional revenue being used to offset the cost of two commencements each year.

## **22. Drop/Add Fee**

A \$20 charge per class will be levied when classes are added or dropped after the sixth day of classes in each term. Western has an unusually large number of class enrollment additions and withdrawals each semester. This fee will generate modest revenue (approximately \$20,000), but its primary intent is to reduce the number of class changes during the early weeks of each semester.

## **23. Per-Credit-Hour Rate for Course Loads Over 18 Hours**

Our current tuition policy provides for a full-time rate and a part-time per credit hour rate. Full-time status is achieved when a student is enrolled in 12 or more hours. Therefore, students do not pay additional tuition for extra hours above the full-time rate. Effective this summer, students will begin paying an extra per-hour rate for enrolled hours greater than 18. This means full-time students will be allowed to take two free courses over the 12-hour full-time load but will have to pay the per-credit-hour rate (currently \$169 per hour) for all hours over 18. This policy is based on equitable treatment for students and it is intended to reduce the number of students who sign up for more courses than they intend to complete. This practice has led to an excessive and expensive quantity of class withdrawals. Part of this policy also limits the benefits for students on a full academic scholarship at 18 hours; i.e., students on full-tuition scholarships will also need to pay the per-credit-hour rate for enrolled hours above 18.

### **ACTUAL EXPENDITURE REDUCTIONS**

1. Allocate unbudgeted tuition revenue currently frozen in anticipation of a recurring cut--\$1,450,000 recurring
2. Reduce charge card expenses--\$200,000 recurring
3. Reduce central payment of dues to various organizations--\$42,000 recurring
4. Charge a service fee to revenue-dependent accounts of three percent--\$115,000 recurring
5. Change alumni grant to in-state rate plus 25 percent--\$80,000 recurring
6. Eliminate central funding of tuition benefits for part-time faculty and staff--\$20,000 recurring
7. Reduce budgeted overtime costs by 33 percent--\$83,000 recurring
8. Eliminate central funding of 50 percent discount for faculty-staff athletic tickets--\$50,000 recurring
9. Eliminate operating budget for Office of Risk Management--\$8,000 recurring
10. Eliminate budget for the Board of Advisors and most of the funding for the annual President's Circle Gala--\$38,100 recurring
11. Eliminate university subsidy for the Institute for Economic Development--\$83,000 recurring
12. Fund benefits for new hires on the first day of the first full month of employment--\$80,000 recurring
13. Reduce general fund support for Preston Center--\$50,000 recurring
14. Reduce the CPE-appropriated "action agenda" budget--\$275,000 non-recurring and recurring
15. Eliminate the University's contribution to the health insurance fund based on employees who waive participation in the health insurance program and receive the flex benefit contribution--\$385,000 non-recurring.

16. Reduce budget for Center for Excellence in the College of Education--\$30,000 recurring, \$20,000 non-recurring
17. Reduce vacation day accrual policy from 24 to 20 days--\$50,000 non-recurring
18. Change the annual budget enhancement policy for restricted tuition accounts and fees—eliminating the lower of the HEPI or enrollment growth revenue enhancements--\$393,100 non-recurring, future revenues to be devoted to University contingency funds
19. Draw from the University's emergency reserve fund--\$1.2 million non-recurring
20. Reduce on a one-time basis revenue from 2003 summer school--\$354,900 non-recurring
21. Charge a service fee to auxiliaries of 2.7 percent --\$362,900 non-recurring; and, 0.8 percent--\$107,800 recurring

### OTHER DIVISIONAL CUTS

1. Academic Affairs' budgets are collecting non-recurring funds from revenue-dependent accounts, the Provost's office budget, lapsed salaries from vacant positions, Action Agenda funds, general instruction, and carry forward funds from colleges and departments. Recurring cuts are being applied to the elimination of some vacant positions and central funds for academic instruction and operations.
2. Student Affairs and Campus Services' budgets are contributing non-recurring funds from auxiliary revenue, carry forward money, lapsed salaries in vacant positions, reduced travel, Preston Center reserves, and energy savings. Recurring cuts will come from revenue-dependent fund contributions and overtime reductions.
3. Cuts in Information Technology are coming from carry forward funds devoted generally to departmental services and training support and cuts to travel. IT recurring cuts are being made to travel budgets, computer replacement funds, and reduced hours for computer labs.
4. Athletics non-recurring cuts will come from operating fund balance reductions, deferral of equipment purchases, marketing funds, and team travel. Recurring cuts will come from permanent reduction of operating budgets and the elimination of the cost of city police traffic control before and after games.
5. Institutional Advancement's cuts include reductions to the University advertising budget, a planned giving newsletter, and travel.
6. The President's Office, Governmental Relations, General Counsel, and Chief Financial Officer are absorbing general recurring and non-recurring cuts to basic office operations including travel, supplies, etc., reductions in carry forward funds, and President's Home expenses.

### RESULTS

This budget reduction process, while difficult, has led to significant policy changes which will allow Western to be a more efficient and effective campus in the future. Our budgeting process in the future will have more clarity and preciseness. Our dollars will be easier to track and monitor. We will be more efficient in our enrollment and course management programs.

We were able to preserve most employee benefits. No employees lost their jobs, and only a few vacant positions were eliminated. No students will be forced to pursue a different major or transfer to another institution because a particular field of study has been reduced or eliminated. We will continue to maintain our buildings and grounds and continue to rebuild our campus. We have dealt with this process in a thoughtful, thorough, and strategic manner. We now put it behind us and move on to future opportunities and progress.

**Note:** A chart reflecting the 2003-04 Reductions is included as **Attachment A** on the following page.

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2003-04 Reductions

		Nonrecurring	Recurring
1	Change Carryforward policy. Policy #2		
2	Eliminate centrally-funded charge card expenses. Policy #4		200,000
3	Reduce central payment of dues to various organizations.		42,000
4	Reduce Action Agenda	275,000	275,000
5	Capture 1/2 of benefits budgeted on positions with employees choosing flex benefit (no impact on employee) Policy #7	385,000	
6	Reduce vacation day accrual by capping at 20. Policy #3	50,000	
7	Service fee on revenue dependent accounts of 3 percent. Policy #11		115,000
8	Reduce campus subscriptions Savings would occur in divisions		
9	Reduce alumni grant to in-state plus 25 percent. Policy #13		80,000
10	Direct unrestricted annual gifts to university. Policy #8		
11	Eliminate central funding of benefits for part-time faculty and staff. Policy #14		20,000
12	Reduce overtime costs and capture half of budget. Policy #9		82,800
13	Devote unbudgeted tuition revenue to recurring cut.	-	1,450,000
14	Eliminate faculty/staff athletic tickets 50% discount as centrally budgeted expense Policy #15		50,000
15	Eliminate operating budget for Risk Management. Policy #18		8,000
16	Reduce postage/post office expenses.		
17	Reduce food costs/eliminate off-campus, in-town dining.		
18	Establish an ORP "vesting" period of five years. Policy #10		
19	Charge additional tuition for hours above 16, 17, or 18. Policy #23		
20	Eliminate budget for Board of Advisors.		38,100

		Nonrecurring	Recurring
21	Reduce budget for College of Education Cost Sharing (Former CPE Ctr for Excellence)	20,000	30,000
22	Reduce or eliminate newspaper advertising for position searches. Create more effective utilization of Internet and professional journals.		
23	Redirect an appropriate level of revenue from summer school to general university expenses. Carryforward unbudgeted revenue	354,900	
24	Indirect cost assessment for auxiliaries at 5%.	236,000	-
25	Eliminate General Fund support for Institute for Economic Development. (i.e. 100% revenue dependent)		83,000
26	Delayed benefits for new hires in health. Policy #17		80,000
27	Allocate from emergency reserve fund	1,200,000	
28	Reduce general fund support for Preston Center to be offset with self-generated revenue		50,000
29	Change the restricted tuition account policy. Eliminate the lower HEPI or Enrollment Growth Policy #12	393,100	-
30	Change Refund Policy. Policy #19		450,000
31	New Budgeting Format Policy #1		
32	Tuition Payment Plan Policy #5		
33	Vacant Positions and Fringe Benefits Policy #6		
34	Transcript Charges Policy #20		
35	Graduation Fees Policy #21		
36	Drop/Add Fee Policy #22		
37	President's Areas	16,000	5,800
38	Provost/Vice President for Academic Affairs	1,885,800	218,600
39	Chief Financial Officer	28,300	11,400

		<b>Nonrecurring</b>	<b>Recurring</b>
40	Vice President for Information Technology	164,300	55,400
41	Vice President for Student Affairs	166,200	(30,100)
42	Facilities Management	79,800	27,900
43	Vice President for Institutional Advancement	73,700	(16,200)
44	General Counsel	400	2,700
45	Athletics	52,200	7,900
46	Governmental Relations	8,000	800
47	University Wide Unrestricted	158,300	(217,300)
48	Auxiliary Enterprises	63,200	107,800
	<b>TOTAL</b>	<b>5,610,200</b>	<b>3,228,600</b>

Motion to approve the Budget Reduction Plan including twenty-five policy changes and the twenty-one actual expenditures as outlined, was made by Mr. Fischer and seconded by Mr. Sheffer.

President Ransdell gave the Board a recap of the process used in recommending this action (outlined in the narrative above) noting the overriding objectives were to avoid across-the-board cuts; not reduce direct budgets for academic majors and minors; protect the investment in the physical plant; and achieve a final outcome where no division or budget unit had to experience a cut greater than their percentage of the total institutional budget.

Specific questions from members of the Board were addressed:

Mr. Fischer applauded the administration for being able to produce a plan for this reduction that affected employee benefits minimally; he felt this was a monumental accomplishment.

Mr. Bradley commented, "These are somewhat permanent solutions to temporary problems related to state funding; these specific items could eventually affect campus negatively." He felt it would be appropriate to establish some time limits on Items 3, 12, 13, 14, 15, and 17 in the narrative below indicating "that in a few years we would not have the same problem being faced today."

**\*First Amendment to motion to adopt:**

Motion by Mr. Bradley, seconded by Ms. Bale to amend the motion to include "**The Board requests the administration to review the Budget Reduction Plan at the end of the 04-06 biennium and make decisions for restoration as appropriate.**" The amendment to the motion carried unanimously.

The amended motion states: *Approval of the Budget Reduction Plan including twenty-five policy changes and the twenty-one actual expenditure reductions as outlined, and the Board requests the administration to review the Budget Reduction Plan at the end of the 04-06 biennium and make decisions for restoration as appropriate.*"

Ms. Bale expressed her concern on energy consumption related to the safety and welfare of the students, faculty, and staff. The President noted that the ongoing Safety Task

Force will monitor all aspects of the campus including the variables that deal with lighting or anything else. He stated, "We're not going to jeopardize the safe conditions across our campus for the expense of saving a few dollars."

Dr. Dietle asked if Policy Change #2 related to carry forward money included Athletics. The response was affirmative. He elaborated on how this policy hits the academic units the hardest. President Ransdell commented, "If a department or division makes a strong case for earmarking carry forward money that case will carry a lot of weight when carry-forward decisions are made."

Policy Change #8 - Unrestricted Annual Gifts - Dr. Dietle asked how many dollars this policy change would possibly generate. Dr. Ransdell felt the potential for growth in unrestricted giving will increase because of the policy when donors can be assured that unrestricted gifts are used where the University's need is greatest; whereas, now most of those monies have been used to support an emerging development program. There was approximately \$160,000 in unrestricted giving in last year's giving.

Policy Change #15 - Dr. Dietle indicated he was surprised to find that the E & G Budget had been covering approximately \$50,000 per year of costs for the faculty-staff discount on athletic tickets. He also expressed a hope that the Athletics Department could find a way, somehow, over the years to restore a portion of the discount.

Dr. Dietle expressed a real concern over Policy Change #17- Benefits Effective Date on New Hires. He felt this will have a very negative impact on the ability to hire new faculty.

Most faculty contracts begin in mid-August; during the two weeks of August, new faculty are expected to be on campus for ceremonies and to teach classes. Most new faculty hires are probably right out of graduate school, this is their first job, and they're coming in mid-August but their benefits would not start until September 1.

This point was discussed extensively by members of the Board and the administration.

**Second motion to amend (later withdrawn):**

Dr. Dietle made a motion to amend the motion by striking Item #17 in Policy Changes of the Budget Reduction as stated below. The motion was seconded by Mr. Bradley.

*17. Benefits Effective Date on New Hires*

*Effective immediately, all employee benefits for new hires will be effective on the first day of the first full month of employment. This change will reduce benefit costs and contribute \$80,000 toward the permanent budget reduction. This policy*

*will be studied closely this year especially as it relates to faculty appointments at the beginning of the academic year. If the hiring of new employees is compromised, then the policy may be further adjusted.*

Dr. Ransdell, after conferring with Ms. Mead, Chief Financial Officer, offered a suggestion that would continue the reduction from the central budget and allow the department to pick up the funding of the benefits until the person's first full day of the full month arrives.

Dr. Burch commented, "I may be able to suggest a solution and it's piggybacking on Ann's because the difference, as Dr. Dietle has indicated, really is with new faculty. Most new faculty are fresh out of graduate school and do not have insurance, or they've been paying a University for insurance, and it's not something they carry with them; so it's not like you're insured somewhere else. The anomaly is that new faculty actually do come on kind of a strange time table. Their contract, technically, runs beginning August 15; they are paid on a twelve-month basis, but they

are expected to be here before August 15. *"If we have the latitude, that Ann has suggested, where we can use benefit dollars to deal with benefits for new faculty, I think there are ways we could make it work.* We are already asking them to come prior to the 15<sup>th</sup>, and we could start those contracts on August 1 in a way that would not change their pay base, it would just enable us to use the benefit dollars, as Ann suggested, to pay the benefits. If you could do that on new faculty hires, that would solve the problem. It would still have the savings over all, that wouldn't mess up the differentiated benefits system. I'm assuming, if I understood what Ann meant, right now we're moving toward a system where benefits have to be used for benefits; so, if you don't have anybody hired in that slot, you wouldn't be able to pay benefits for it. We can adjust hire dates on new faculty without changing their pay base. They are already paid for twelve months, and we have a variable schedule, as you know. They do come in before the 15<sup>th</sup>; but then they have a day or two they don't work. I think we can make that work for this coming year in a way that does not damage our ability to support new faculty. We would be using benefit dollars for benefits; and it would at least give us a year to see if we can't make it work. This would not change the policy—it would allow this to go on as it is, but it just acknowledges the flexibility to use benefit dollars to deal with those situations where it could affect our capacity to get a new faculty hired. It would give us the latitude to deal with those situations like new faculty hires where it could damage our capacity; and in the meanwhile, we will do our benchmark assessment. Item 17 would not need to be changed or altered so long as we understand we have the latitude to make the administrative judgments the President has referenced to deal with not letting it impact our new

hires of faculty. I think for new faculty hires, especially, first-time jobs out of graduate school, this is very real.”

**Withdrawal of second motion to amend:**

Dr. Dietle and Mr. Bradley withdrew the motion to amend the motion to strike Item #17 in the narrative.

**Second amendment to adopt:**

**Dr. Dietle moved the motion be amended to adjust Item #17 to insert the wording that is bolded and underlined below:**

17. *Effective immediately, **central funding of all employee benefits for new hires will be effective on the first day of the first full month of employment. This change will reduce benefit costs and contribute \$80,000 toward the permanent budget reduction. This policy will be studied closely this year especially as it relates to faculty appointments at the beginning of the academic year. If the hiring of new employees is compromised, then the policy may be further adjusted.***

**Motion with amendments:**

*Approval of the Budget Reduction Plan, including twenty-five policy changes and the twenty-one actual expenditure reductions, and the Board requests the administration to review the Budget Reduction Plan at the end of the 04-06 biennium and make decisions for restoration as appropriate (**amendment #1**).* Item 17 in the narrative is modified to include the words that are

bolded: 17. *Effective immediately, **central funding of (amendment #2) all employee benefits for new hires will be effective on the first day of the first full month of employment. This change will reduce benefit costs and contribute \$80,000 toward the permanent budget reduction. This policy will be studied closely this year especially as it relates to faculty appointments at the beginning of the academic year. If the hiring of new employees is compromised, then the policy may be further adjusted.***

Roll call vote on motion by Fischer and Sheffer as amended follows:

Aye: Bale, Bradley, Dietle, Fischer, Jordan, Martin, Rogers, Sheffer,

Nay: None

**Secretary's Note:** Although Ms. Gray and Mr. Tennill participated by teleconference, by Statute, they were not permitted to vote.

Mr. Fischer commented, “I’m very sensitive on the emergency fund, and this is an emergency fund. It’s been used before to cover air conditioning failures and that type thing, and I fully agree that we’re expanding, and should expand, the meaning of emergency fund. This is an emergency declared by the state, and my only point here is the sensitivity of rebuilding the

emergency fund as such time as we can do it and as quickly as we can--this almost needs to go unsaid."

Dr. Ransdell responded, "I agree, we started out drawing \$700,000 from the emergency reserve; then when we could not meet the entire budget cut--the centrally-funded actions and policy adjustments--when we had to go to the divisions, what we ended up finding was that some divisions--in order to maintain our discipline so that no division would take a cut greater than their percent of the total budget, some divisional cuts were greater than 100% of their operating money because they are 80-90 % personnel with very little operating funds. We either had to truly terminate employment for people or draw further from the reserve to balance some of those divisions whose cuts were greater than the total extent of their operating capacity. That's when we ended up going back and drawing--we started out with an additional \$200,000 and we ended up going back for an additional \$500,000 from the reserve fund. *We will come back to you in the meeting in which we approve the budget for next fiscal year, one of the things we will ask you to approve is a proviso to allow Auxiliaries lead way on \$400,000 of their payback to the reserve--they owe the reserve \$1.2 million by June 30,2004. When you approve the next fiscal year's budget, we're going to ask that you allow Auxiliaries an additional year to pay back the full \$1.2 million; require that they pay back \$800,000 by June 30, 2004, and the remaining \$400,000 the next fiscal year (June 30, 2005) because they're taking a significant cut to meet the recurring obligations here out of current revenues which are the very revenues reflecting to pay the reserve fund back for money they borrowed to renovate Phase I of the Downing University Center.* That will be a part of our 04-05 Budget recommendation that you will receive later this spring.

Mr. Martin thanked the President and his staff for the efforts put into the process saying, "It's never an easy process anytime you cut a budget; I know a lot of people put a lot of thought into it; and I think everyone is affected equally. It's something that no one likes to do, but unfortunately, in today's environment, it's something you have to do."

Mr. Fischer commented, "I do hope you will express to the employees of this University that the Board was very concerned about taking a position of not terminating jobs or impacting the benefits of the people associated with this institution."

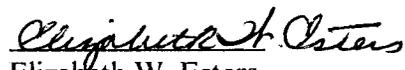
**AGENDA ITEM 2 - Parking Structure**

As a follow up to the January 23, 2004, Board of Regents meeting, Mr. Charles Barnhart of Sherman, Carter, Barnhart, reviewed the Parking Deck Options Analysis dated February 11, 2004. Board members had requested further information before moving forward on the location for the new parking deck. These new materials, supporting Option D in the Analysis, were mailed to Board members for their review prior to the meeting. Following a period of discussion, Board members were more comfortable with supporting Option D for building a new deck between L.T. Smith Stadium and Diddle Arena. See Attachment B to the minutes.

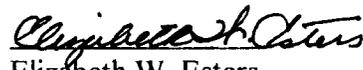
With no further business on the agenda, motion for adjournment was made by Mr. Martin, seconded by Ms. Bale and carried. The meeting adjourned at approximately 11:50 a.m.

**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 February 13, 2004, in the Cornelius A. Martin Regents Room in Mass Media and Technology Hall on the Western campus, and 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  
April 30, 2004

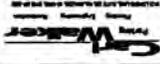
  
Elizabeth W. Esters  
Secretary  
April 30, 2004

**Parking Deck Options Analysis**  
**2/11/2004**

	Option A	Option B	Option C	Option D
Construct Structure (Elevated and Grade Spaces)	\$16,420,000	\$8,638,200	\$8,768,200	\$7,580,000
Construct Offsite Spaces/Existing Deck Maintenance	\$0	\$510,000	\$680,000	\$550,000
Demolish Existing Structure	\$1,390,000	\$0	\$0	\$0
Demolish South Helix	\$0	\$98,000	\$0	\$0
Demolish South Flat Deck	\$0	\$84,000	\$0	\$0
Relocate Public Safety	\$300,000	\$300,000	\$0	\$0
Relocate EH&S	\$227,500	\$42,000	\$0	\$0
Relocate Mechanical Room	\$55,000	\$0	\$0	\$0
Relocate Facilities Offices	\$435,000	\$0	\$0	\$0
Relocate Facilities Shops	\$2,100,000	\$0	\$0	\$0
Realign Dogwood	\$0	\$0	\$100,000	\$0
Modify Steam Plant	\$0	\$0	\$100,000	\$0
Diddle Lot Improvements	\$680,000	\$680,000	\$680,000	\$200,000
Subtotal	\$21,607,500	\$8,332,200	\$8,328,200	\$8,330,000
Soft Cost & Contingency (20%)	\$4,321,500	\$1,666,440	\$1,665,840	\$1,666,000
Total	\$25,929,000	\$9,998,640	\$9,993,840	\$9,996,000
Net Spaces	822	742	783	750
Cost/Space	\$31,544	\$13,475	\$12,764	\$13,328

		New Deck Capacity	(+) Offsite Spaces	(-) Lost Spaces	(=) Net Spaces
Option A	Demolish existing deck and build a new deck	1819	0	997	822
Option B	Add to the existing deck towards Diddle Arena (South)	590	152	0	742
Option C	Add to the existing deck towards Dogwood Drive (North)	610	173	0	783
Option D	Build new deck between LT Smith and Diddle	824	207	281	750

WESTERN KENTUCKY UNIVERSITY  
PARKING STRUCTURES  
BOWLING GREEN, KENTUCKY



SCHEME 3

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DATE	NOV 14 2007
SCALE	AS SHOWN
PROJECT NO.	07-001
CLIENT	WESTERN KENTUCKY UNIVERSITY
LOCATION	BOWLING GREEN, KY

NO.	DATE	REVISION

SC-3

