

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

**June 18, 2004**

**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 in the Cornelius A. Martin Regents Room of the Mass Media and Technology Hall on the Western campus.

The purpose of the special called meeting was to approve the 2004-05 Combined Operating Budgets and Faculty and Staff Compensation Report, FY 2004-05. The meeting was called to order by Vice Chair Martin at approximately 1 p.m., CDT.

**AGENDA ITEM 2 - Roll Call**

The following members were present at the location indicated:

Ms. Kristen T. Bale  
Mr. John V. Bradley  
Dr. Robert L. Dietle  
Ms. Pat Jordan  
Mr. Cornelius A. Martin  
Ms. Forrest Roberts  
Ms. LaDonna Rogers  
Mr. James B. Tennill, Jr.

Ms. Gray, Mr. Fischer, and Mr. Sheffer were absent.

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; Mr. Michael Dale, Assistant Vice President for Academic Budget and Administration, Mr. Tony Glisson, Director of Human Resources; Mr. Tom Hiles, Vice President for Institutional Advancement; Dr. Luther Hughes, Associate Vice President for Enrollment Information; Dr. Wood Selig, Director of Athletics; Ms. Robbin Taylor, Assistant to the President for Governmental Relations; and Dr. Gene Tice, Vice President for Student Affairs.

**AGENDA ITEM 3 - Recommendation for approval of the 2004-05 Combined**

**Budgets and Faculty and Staff Compensation Report, FY 2004-05**

**REQUEST:** Approval of the 2004-05 Combined Budgets and Faculty and Staff Compensation Report, FY 2004-05.

**FACTS:** The *Western Kentucky University 2004-05 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 *Western Kentucky University 2004-05 Combined Budgets* is the University's financial plan for the fiscal year beginning July 1, 2004 and ending June 30, 2005. The 2004-05 Operating Budget and the dollar and percent increases, over the original 2003-04 budget, are distributed as follows:

	2004-05 Budget	Dollar Increase	Pct Increase
Total Budget	\$242,280,000	\$30,492,000	14.4%
Total E&G	225,470,000	29,342,000	15.0%
Unrestricted E&G	170,924,000	22,300,000	15.0%
Restricted E&G	54,546,000	7,042,000	14.8%
Total Auxiliary Services	16,810,000	1,150,000	7.3%

#### 2004-05 Strategic Budget Priorities

Western Kentucky University's 2004-05 Operating Budget reflects the following strategic budget priorities (*not in priority order*) for the allocation of unrestricted funds:

- 1. Recruit and retain quality faculty and staff. (Strategic Plan Goal 3)** Funds are needed to provide salary increases in recognition of outstanding performance and to improve the market competitiveness of the University's salaries and benefits.
- 2. Assure academic quality, particularly in addressing enrollment growth. (Strategic Plan Goals 1, 2, and 4)** Funds are needed for additional faculty and staff positions and for operational costs to address program and student support needs resulting from enrollment growth.
- 3. Improve our physical resources. (Strategic Plan Goals 4 and 5)** 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 science building.
- 4. Provide permanent funding for needs that have been met routinely by nonrecurring allocations. (Strategic Plan Goal 5)** 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 items for which no permanent funding has been identified in previous budgets.

These priorities and other Strategic Plan priorities are to be achieved through the allocation of projected increases in tuition and fees revenue, self-generated departmental 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.

## Revenue Highlights

The largest source of revenue to Western Kentucky University is tuition and fees. The Operating Budget includes the projected revenue based on the 2004-05 tuition and fees rates and actual enrollment from fall 2003. Tuition and fees also include Correspondence Study Course Fees and Course-Specific Fees that are returned to the respective units. The budget includes total Educational and General tuition and fees totaling \$81,651,000 which is an increase of \$17,207,000 over budgeted 2003-04. Included in this increase is the Academic Quality (Phase I) restricted tuition revenue approved by the Board of Regents and implemented in spring 2004. Within the Auxiliary Enterprises revenue, the budget also includes restricted tuition of \$1,569,000 (an increase of \$52,000) for Student Centers.

Budgeted tuition does not include an estimate for Academic Quality (Phase II) based on the approved increase in tuition rates for spring 2005. A revision to the budget will be submitted to the Board of Regents based on fall 2004 enrollment and historical fall-to-spring retention rate.

The second largest source of funding for Western Kentucky University is from the Commonwealth of Kentucky. The 2004 General Assembly adjourned without passing a biennial budget. It is anticipated that Governor Fletcher will implement an emergency spending plan, if there is no budget for the start of the fiscal year. Given the current State fiscal outlook, the University's FY 05 budget includes no increase in state appropriation.

State appropriation will account for 30.5 percent of total E&G budget and 40.3 percent of the unrestricted E&G budget of the University. Tuition and fees revenue will account for approximately 36.2 percent of the total E&G budget and 47.8 percent of the unrestricted E&G budget of the University.

The proposed 2004-05 Operating Budget includes the following projected tuition revenue available for allocation:

Projected Tuition Revenue Increase	\$17,130,000
Less:	
State Appropriation Decrease Not Covered by Base Reduction	(1,900,000)
Projected Investment Income Decrease	(145,000)
Total Increases Available for Allocation	\$15,085,000

## Proposed Allocations of Tuition Revenue Increase

The proposed allocations are summarized by budget priority and the Strategic Plan Goals addressed within *Challenging the Spirit*. Some items could fit under more than one budget priority or Strategic Plan goal, but each funding item has been placed in one category only.

- 1. Recruit and retain quality faculty and staff. (Strategic Plan Goal 3: Assure high-quality faculty and staff)** In order to attract and retain faculty and staff, funds are needed to provide salary increases in recognition of outstanding performance and to improve the market competitiveness of the University's salaries and benefits.

Health Insurance Program	\$331,000
Workers Compensation Rate Increase	230,000
Three Percent Merit Pool and Three Percent Increase for Pool Budgets and Vacant Positions	2,600,000
Police Market Equity Adjustments	135,000
Quarterly Advertising, Vacant Positions	12,000
Faculty Promotions	37,000
KTRS/Optional Retirement Program, University Contribution	150,000
Purchase of Sick Leave for Retirement Service Credit, KTRS	50,000
Development Officer, College of Health/Human Services	38,000
Subtotal	\$3,583,000

2. **Assure academic quality, particularly in addressing enrollment growth. (Strategic Plan Goal 1: Increase student learning, Strategic Plan Goal 2: Develop the student population, and Strategic Plan Goal 4: Enhance responsiveness to constituents)** In order to assure academic quality, particularly in addressing enrollment growth, funds are needed for additional faculty and staff positions and for operational costs to address program and student support needs resulting from enrollment growth. Funds are needed to meet the needs of new student populations especially through on-line learning.

Summer School Program	285,000
Engineering Faculty Positions (permanent funding)	239,000
Faculty Positions (permanent funding)	190,000
Restricted Tuition Allocations	6,591,000
International Graduate Students Tuition Fellowships	71,000
Scholarships/Grants-in-aid	1,330,000
Division of Extended Learning and Outreach (DELO)	1,287,000
Owensboro Extended Campus, Modular Units Lease	38,000
Disabled Student Services Program	54,000
Reduction of Phonathon Charge to 10 Percent	28,000
Subtotal	10,113,000

3. **Improve our physical resources. (Strategic Plan Goal 4: Enhance responsiveness to constituents and Strategic Plan Goal 5: Improve institutional effectiveness)** In order to ensure timely and successful utilization of a major new academic (science) building, funds are required for facilities maintenance and utilities associated with the new building. As part of University's major effort to improve campus 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.

Parking and Transportation Plan Implementation	58,000
Facilities Reserve	19,000
Utilities Rate/Utilization Incrs/Open Science Complex (six mths)	498,000
Carlisle Property Payments	14,000
Construction Management Staffing (permanent funding)	150,000
Subtotal	739,000

4. **Provide permanent funding for needs that have been met routinely by nonrecurring allocations. (Strategic Plan Goal 5: Improve institutional effectiveness)** Funds are needed for inflationary cost increases and continued implementation of selected items that are in the University's *Strategic Plan*. These funds will provide permanent funding for needs that have been met routinely by nonrecurring allocations.

Loan Servicing System and International Tax Reporting	11,000
Washington Contract	175,000
Workstudy Funding	283,000
Shipping/Receiving, Moving Expenses	20,000
General Institutional Expenses (central)	161,000
Subtotal	650,000

Total Proposed Allocations from Projected Tuition Revenue Increase      \$15,085,000

### **Capital Budget**

The Capital Budget includes anticipated capital projects that will be under way next year or are currently under way including the source of funding, estimated cost, and the status of each respective project. These authorized projects will address many of the projects identified in the University's Six-Year Capital Plan and the Deferred Maintenance Plan.

At the time of budget development, the 2004 General Assembly had not enacted a biennial budget. The Capital Budget includes projects planned in anticipation that bonds will be authorized during 2004-05.

**Capital Budget Highlights**

The following high-priority capital projects were included in Governor Fletcher’s proposed 2004-06 Biennial Budget. These projects may or may not be initiated depending upon the final version of the 2004-06 Budget.

**Pending Legislative Authorization:**

<b>State General Fund Bond</b>	
Renovate Science Campus, Phase II	\$27,000,000
<b>State General Fund Bond/University Funds</b>	
Capital Renewal and Maintenance	3,269,000
Math and Science Academy	10,000,000
<b>Agency Bonds</b>	
South Campus Improvements	11,500,000
Student Health Services Clinic	4,000,000
<b>Total</b>	<b>\$55,769,000</b>

**RECOMMENDATION:** President Gary A. Ransdell recommends that the Western Kentucky University Board of Regents approve the *2004-05 Combined Budgets* and Faculty and Staff Compensation Report, FY 2004-05.

Motion to approve the 2004-05 Combined Budgets and the 2004-05 Compensation

Report was made by Ms. Bale and seconded by Mr. Tennill.

President Ransdell summarized the budget recommendation and answered questions from the Board. Dr. Dietle inquired about the total amount of the university’s long-term debt once this budget is approved. Although the answer to this question couldn’t be immediately given, President Ransdell indicated that Western is one of the few universities in the nation that, year before last, Moody’s raised debt rating because of the growing enrollment and the successful capital campaign.

A response will be provided to Dr. Dietle’s question.

Ms. Bale’s motion for approval passed unanimously.

With no further business on the agenda, motion for adjournment by Mr. Tennill, seconded by Ms. Bale. The meeting adjourned at approximately 1:20 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 a special rly meeting held June 18, 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*  
Elizabeth W. Esters  
Secretary

*CAM (c)*  
Cornelius A. Martin  
Vice Chair  
July 30, 2004

*Elizabeth W. Esters*  
Elizabeth W. Esters  
Secretary  
July 30, 2004