

**MINUTES**  
**OF THE BOARD OF REGENTS**  
**WESTERN KENTUCKY UNIVERSITY**  
**Special Budget Meeting on June 19, 2009**

**1. CALL TO ORDER**

Required statutory notice having been given, the special budget 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 Kentucky University campus. The meeting was called to order by Chair Lois Gray at approximately 3:10 p.m., CDT.

**2. INVOCATION**

The invocation was provided by Mr. Tony Glisson, Human Resources Director.

**3. OATH OF OFFICE**

The Constitutional Oath of Office was administered to Mr. Kevin Smiley, Student Regent, by Ms. Lois Gray, Chair of the Board of Regents. President Gary A. Ransdell presented Mr. Smiley with the official Regent's pin which was designed specifically for members of the Board.

**4. ROLL CALL**

The following Regents were present:

Ms. Lois Gray, Chair  
Ms. Yvette Haskins  
Ms. Judi Hughes

Dr. Patricia Minter, Faculty Regent  
Mr. J. David Porter  
Ms. Forrest Roberts

Mr. Jim Johnson                      Mr. Kevin Smiley, Student Regent  
Mr. Jim Meyer, Vice Chair        Ms. Tamela Smith, Staff Regent

Absent from the meeting was Mr. Larry Zielke.

Others in attendance included the following WKU Administrative Council members:

Dr. Gary A. Ransdell, President  
Dr. Barbara Burch, Provost & Vice President for Academic Affairs  
Ms. Deborah Wilkins, Chief of Staff / General Counsel  
Mr. Howard Bailey, Vice President for Student Affairs  
Dr. Richard Bowker, Vice President for Research & Dean of Graduate Studies  
Mr. Tom Hiles, Vice President for Institutional Advancement  
Dr. Richard Kirchmeyer, Vice President for Information Technology  
Ms. Ann Mead, Vice President for Finance and Administration  
Mr. John Osborne, Vice President for Campus Services and Facilities  
Dr. Wood Selig, Director of Athletics  
Dr. Richard Miller, Associate Vice President for Academic Affairs &  
Chief Diversity Officer

**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.**

## **5. BUDGET APPROVAL**

### **5.1 Approval of 2009-10 Budget**

Ms. Ann Mead, Vice President for Finance and Administration, presented the *2009-10 Budget* to the Board of Regents.

**REQUEST:** Approval of the *2009-10 Budget* including the full-time employees' one-time payment provision and converting it to base salary adjustments effective July 1, 2010.

**FACTS:** The *Western Kentucky University 2009-10 Budget* is WKU's financial plan for the fiscal year beginning July 1, 2009 and ending June 30, 2010, and it includes the proposed Operating Budget and Capital Budget. The proposed Operating Budget totals \$349,445,000. Excluding 2008-10 Contingency Plan projects, the FY 2010 Capital Budget totals \$138,252,300 from all sources of funds.

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 2009-10 Operating Budget and the dollar and percent increases, in comparison to the 2008-09 budget, are distributed as follows:

	2009-10 Budget	Dollar Increase	Pct Increase
<b>Total Budget</b>	<b>\$349,445,000</b>	<b>\$17,005,000</b>	<b>5.1%</b>
<b>Total E&amp;G</b>	<b>328,773,000</b>	<b>16,224,000</b>	<b>5.2%</b>
<b>Unrestricted E&amp;G</b>	<b>262,047,000</b>	<b>10,741,000</b>	<b>4.3%</b>
<b>Restricted E&amp;G</b>	<b>66,726,000</b>	<b>5,483,000</b>	<b>9.0%</b>
<b>Total Auxiliary Enterprises</b>	<b>20,672,000</b>	<b>781,000</b>	<b>3.9%</b>

Included in the budget document are narratives by division that link funding allocations to strategic priorities and intended outcomes for FY 2010.

The Capital Budget includes legislatively-authorized 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. Projects with a scope less than \$600,000 do not require General Assembly approval and are not included in the Capital Budget. Many projects with a scope of less than \$600,000 will address deferred maintenance needs and classroom improvements. These projects will be funded from carry forward funds and the Classroom Improvements and Facilities Management budgets.

The 2008-10 Budget includes authorization to proceed with agency bond-funded projects. Bonds were issued in 2009 and no additional projects will be bonded in 2010. Most of the capital projects reflect legislative authorization; projects started at an amount less than the authorized amount are displayed at the intended scope. Projects authorized but not funded or scheduled for FY 2010 are identified separately.

**2009-10 Projected Revenue**

The Council on Postsecondary Education (CPE), by statute, has the authority to set tuition rates for all public colleges and universities. At its March 6, 2009 meeting, the CPE approved a maximum base tuition (including mandatory student fees) rate increase of 4

percent for all of the comprehensive universities. WKU's recommended Tuition and Fees Schedule was approved by the CPE at its May 22, 2009 meeting and is provided at the end of the Executive Summary.

The Operating Budget includes the projected revenue based on the 2009-10 tuition and fees rates and actual fall 2008 enrollment. Tuition and fees also include graduation fees, Student Athletics Fee, distance learning and contract instruction, independent learning, dual credit courses, and course-specific fees that are returned to the respective academic departments.

Based on Board policy, the Higher Education Price Index (HEPI) is the basis for the increase in the Student Athletics Fee and the Centers Fee. The Restricted Tuition budgets (i.e., Student Technology, Health Services, and Student Government Association and Programming) reflect budget adjustments due to enrollment growth and the HEPI one year change. HEPI increased 3.6 percent in 2008.

The FY 2010 budget reflects minimal interest earnings on overnight deposits, debt service reserve and pooled investments from the Commonwealth of Kentucky. The University's banking contract for overnight deposits states "all collected funds...automatically earn interest at a rate of Federal Funds + .10 percent." The projected total reduction of \$733,000 (FY 2009 and FY 2010) will be offset by growth in tuition revenue.

Restricted Funds, including grants and contracts and student financial assistance, comprise 19.1 percent of the total budget. Grants and contracts include an increase of \$1,203,000 over the FY 2009 budget. The projected revenue for grants and contracts expenditures is projected to increase by five percent across all sources (i.e., federal, state, and private).

An increase of \$4.3 million in student financial assistance reflects actual FY 2009 awards data and projected student eligibility with an increase in Pell Grant maximum awards. The largest projected increases are in the federal programs of Pell Grants (15.7 percent) and Academic Competitiveness Grants (20.0 percent) and the state programs of KEES Program (3.0 percent) and College Access Program (15.6 percent).

The Auxiliary Enterprises 2009-10 revenue estimates are being increased by a total of \$781,000 above the approved FY 2009 budget. The increase is accounted for primarily by the mandatory Student Centers Fee increase of \$2 per full-time student per semester, increased Bookstore sales, and food and vending contract commissions.

**The proposed 2009-10 Operating Budget includes the following adjustments to state appropriations and projected tuition and fees revenue available for budgeting:**

State Appropriation, Operating (Budget Reduction Reserve)	\$ 787,200
State Appropriation, Debt Service (Existing Bonds)	288,100
Tuition, Fall & Spring (Excluding Restricted Tuition)	4,384,000
Tuition, Summer	75,000

Tuition, Professional MBA	206,000
Tuition, EdD Program	300,000
DELO Tuition, Winter	158,000
DELO Online Learning (Fall, Spring, Winter & Summer)	879,000
DELO Contract Learning	84,000
DELO, Other	525,000
Student Athletics Fee	240,000
Restricted Tuition (Fall, Spring & Summer)	140,000
Other Student Fees	190,000
<b>TOTAL INCREASE</b>	<b>\$8,256,300</b>

The 2009-10 budgeted revenue by source is summarized as follows:

Total Budgeted Revenue by Source:

	<u>Amount</u>	<u>Pct of Budget</u>
<b>Tuition and Fees</b>	<b>\$142,338,000</b>	<b>40.7%</b>
<b>State Appropriations</b>		
<b>Operating</b>	<b>77,401,200</b>	<b>22.1</b>
<b>Budget Reduction Reserve</b>	<b>4,012,300</b>	<b>1.2</b>
<b>Debt Service</b>	<b>1,958,100</b>	<b>0.6</b>
<b>Restricted Funds</b>		
<b>Grants, and Contracts</b>	<b>25,319,000</b>	<b>7.2</b>
<b>Student Financial Aid</b>	<b>41,407,000</b>	<b>11.8</b>
<b>Net Asset Allocation (nonrecurring)</b>	<b>15,621,000</b>	<b>4.5</b>
<b>Other</b>	<b>20,716,400</b>	<b>6.0</b>
<b>Auxiliary Enterprises</b>	<b>20,672,000</b>	<b>5.9</b>
<b>TOTAL</b>	<b>\$349,445,000</b>	<b>100.0</b>

## **2009-10 Proposed Expenditures**

Based on the projected state appropriations, investment income, and fall and spring tuition revenue, the following allocations are included in the 2009-10 Operating Budget:

### **UNAVOIDABLE COST INCREASES**

Minimum Wage Increase	\$342,000
Debt Service Increase (State Bonds)	288,000
KERS Rate Increase	135,000
Campus Additions, Maintenance and Operations	742,000
Utility Increase (New and Existing Buildings)	951,000
Employee Educational Benefits (Faculty/Staff and Dependent Child)	77,000
Vehicle, Fire and Tornado Insurance Premium	80,000
Contractual Obligations	
CCTV Police Department	8,000
System Software Contracts Increases	83,000
Chiller Contract	95,000
Sodexo Contract	28,000
Sexual Harassment License Contract	10,000
Owensboro Lease (1/2 Year)	43,000
Subtotal	267,000
CCTV Personnel (Maintain Oversight of Video Surveillance)	56,000
Faculty Promotions	265,000
<b>Subtotal</b>	<b>3,203,000</b>

### **STUDENT FINANCIAL ASSISTANCE**

Undergraduate Scholarships/Grants-in-Aid/Mandated, Offset Rate Increase	582,000
Gatton Academy Scholarships, 2 <sup>nd</sup> Year	157,000
Graduate Assistantships and International Fellowships, Offset Rate Increase	170,000
<b>Subtotal</b>	<b>909,000</b>

### **SALARY/BENEFITS**

Health Insurance (1/2 year funding of approx. 6% University Increase)	260,000
<b>Subtotal</b>	<b>260,000</b>

### **OTHER CAMPUS POLICIES**

Parking and Transportation (Year 8 of 10)	58,000
Restricted Tuition Programs	143,000
State Appropriations Reduction Reserve	787,000
<b>Subtotal</b>	<b>988,000</b>
<b>TOTAL</b>	<b>\$5,360,000</b>

Governor Beshear, has called a Special Session to address the 2010 budget. Based on the anticipated Budget Reduction Order, we are planning for the FY 2009 two percent reduction to be

made permanent. During the spring we developed a reallocation plan equal to a four percent reduction in State funding or approximately \$3.2 million and placed the funding in the Budget Reduction Reserve.

Full-time employees who were hired on or before December 1, 2008 will receive a one-time payment of 1.5 percent of salary with a floor of \$500 and a ceiling of \$1,000. Approximately \$1.6 million will be allocated from the Reserve to fund this one-time payment for budgeted full-time employees. This payment will be included in the last payroll of July 2009. Additionally, based on Governor Beshear's intent that colleges and universities not be reduced below the revised FY 2009 appropriation, we are recommending that the \$1.6 million be recognized as a permanent base salary adjustment effective July 1, 2010.

Programs responsible for generating revenue are allocated the projected revenue increases or decreases. A majority of these programs are called "Revenue Dependent" which identifies them as programs responsible for funding all of their direct programmatic needs. Revenue Dependent programs' budgets are listed separately in the Expenditure Summary as the last listing within the Educational and General Budgeted Expenditures, Unrestricted Funds by Organizational Area.

**The FY 2010 budgeted expenditures, by major classification of expenditure, are summarized as follows:**

**Total Budgeted Expenditures (In Millions)**

<u>Major Classification</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary</u>	<u>Total</u>
Personnel	\$148.2	\$ .8	\$7.0	\$156.0
Operating Expenses	58.6	24.9	9.9	93.4
Budget Reduction Reserve	4.0	0	0	4.0
Utilities	8.9	0	2.5	11.4
Capital Outlay	5.3	0	.8	6.1
Student Aid	22.9	41.0	0	63.9
Debt Service	14.1	.1	.5	14.7
Total	\$262.0	\$66.8	\$20.7	\$349.5

**Personnel expenditures include salary and benefits for approximately 1,900 budgeted, full-time filled positions and 190 budgeted, full-time vacant positions. Also included in personnel costs are pool budgets for part-time faculty and staff, graduate assistants, and student employees.**

**The Restricted Fund budget for grants and contracts are budgeted in pools: instruction, research, public service, and student financial aid. Funds are allocated to specific**

**grants and contracts once awards are made by the respective entities. Thus, the actual distribution of expenditures by major classification will likely be different than the pool budgets.**

Ms. Forrest Roberts stated that, “The narrative section shows significant increase in operating expenses for campus and facilities. We need a more detailed explanation of the reason for those increases.” President Gary Ransdell stated that, “Most of the increases for campus and facilities are due to increased utilities.”

Dr. Patricia Minter stated, “I noticed a discrepancy in the Debt Service amount listed on pages three and five. What is the difference in those two numbers?” Ms. Ann Mead answered, “The amount listed on page three represents the State Debt Service, and the amount listed on page five represents the WKU Debt Service.”

Ms. Tamela Smith stated, “Overall, I think it is a good budget. I would like to see more in terms of items for the staff, such as a computer pool and other resources / needs to help ensure the success of WKU staff.”

**MOTION:** Ms. Judi Hughes made a motion to approve the *2009-10 Budget* including the full-time employees’ one-time payment provision and converting it to base salary adjustments effective July 1, 2010. Motion was seconded by Dr. Patricia Minter and carried unanimously.

## **6. OTHER BUSINESS**

- BOR Retreat – July 30, 2009
- Third Quarterly Board Meeting – July 31, 2009
- Committee Meetings – October 9, 2009
- Fourth Quarterly Board Meeting – October 30, 2009

Dr. Patricia Minter suggested changing the October 9 date for the Board Committee Meetings due to Fall Break. President Ransdell stated that, “We will get back to you with an alternate date.”



**7. ADJOURNMENT**

With no further business, motion to adjourn was made by Mr. David Porter. Motion was seconded by Ms. Yvette Haskins and carried unanimously.