

MINUTES
OF THE BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY

May 10, 1994

AGENDA ITEM 1 - Call to Order

Required statutory notice having been given, the second quarterly meeting of the Board of Regents of Western Kentucky University was held in the Regents Conference Room of the Wetherby Administration Building. The meeting was called to order by Mr. Burns Mercer, Chair, at approximately 10:15 a.m. CDT, following an Executive Session called during the Finance Committee.

Chairman Mercer stated "during the closed session, the Board discussed only matters within the scope of the motion, took no formal action and made no decisions."

AGENDA ITEM 2 - Invocation

The meeting opened with an invocation by Dr. Charles Anderson, Assistant Vice President for Finance and Administration.

AGENDA ITEM 3 - Roll call

The following members were present:

Mrs. Kristen Bale
Mr. C.C. Howard Gray
Mr. Monnie Hankins
Mrs. Peggy Loafman
Dr. Raymond M. Mendel
Mr. Burns Mercer
Mr. Fred N. Mudge
Mr. Raymond B. Preston
Mr. Donald Smith

Mr. Earl Fischer was absent from the meeting; however, a written statement submitted by him is included under the Finance Committee report.

Also present were Dr. Thomas C. Meredith, President; Mrs. Liz Esters, Staff Assistant for Special Projects and Secretary to the Board of Regents; Dr. Jim Ramsey, Vice President for Finance and Administration; Dr. Robert Haynes, Vice President for Academic Affairs; Mr. Robert M. Rutledge, Vice President for Institutional Advancement; Dr. Jerry Wilder, Vice President for Student Affairs; Dr. Randell Capps, Parliamentarian and Mr. Fred Hensley, Director of University

Relations. Ms. Deborah Wilkins, Attorney-at-law, from Campbell, Kerrick & Grise was also present.

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.

AGENDA ITEM 4 - Disposition of minutes of the regular meeting of February 25, 1994.

The minutes were presented by Chairman Mercer. Motion was made by Mrs. Bale and seconded by Mr. Mudge to approve the minutes as submitted inasmuch as copies had been mailed to Board members prior to the meeting. The motion carried.

AGENDA ITEM 5 - Committee Reports:

5.1 - Academics Committee, Mr. Fred Mudge, Chair

Chairman Mudge reported that the Committee met earlier in the morning to consider the recommendation that follows and to hear an interim report from Dr. Robert Haynes on the MBA Program.

5.1.1 RECOMMENDATION

President Thomas C. Meredith recommends approval of a Proposal to Change the Requirements for Admission to the Major in Social Work

Background:

For several years the faculty of the Social Work Program experimented with the reduced cumulative grade point average requirement for admission of 2.0. In order to now ensure that students have attained appropriate mastery of basic skills, the faculty propose to reinstate the cumulative grade point average admission requirement of 2.5. The grade point average requirement in the pre-professional core will continue to be 2.5.

In implementing the revised admission requirements, the faculty of the Social Work Program emphasize that they will continue to evaluate applications on an individual basis taking into account all pertinent circumstances that may infringe on the admission decision.

Current Admission Requirement:

Cumulative grade point average of 2.0; grade point average in pre-professional core of 2.5.

Proposed Admission Requirement:

Cumulative grade point average of 2.5; grade point average in pre-professional core of 2.5.

Budget Implications:

There will be no budget implications.

With the concurrence of the Academics Committee, Mr. Mudge moved approval of the recommendation to change the requirements for admission to the major in social work. The motion was seconded by Mr. Smith and carried.

5.1.2 - Interim report on the MBA Program

Dr. Robert Haynes, Vice President for Academic Affairs, reported to the Academics Committee that he had contacted the Provost's office at the University of Louisville about the possibility of pursuing a cooperative MBA degree with Western

Kentucky University. The Provost was receptive to discussing the possibility and they agreed that, as a first step, the deans of the two Colleges of Business Administration should begin discussing to see if a cooperative program is feasible and in the best interests of the two colleges and universities. Dr. Haynes will arrange for Dean Michael Brown to meet with Dean Taylor at the appropriate time.

5.2 - Finance Committee, Mr. Fischer, Chair

In the absence of Earl Fischer, Howard Gray presided over the Finance Committee meeting. Mr. Mudge made a motion for the Finance Committee meeting be held with the Board as a whole. The motion was seconded by Mr. Mercer and carried. Mr. Gray read the following statement that was submitted by Mr. Fischer.

"As you are aware, I wish very much that I could join you today for this important meeting of the Board of Regents. Given my inability to attend the meeting, I thought it would be appropriate to send to you a statement from me as chair of the Finance Committee. First, I appreciate President Meredith and the staff for providing a detailed and comprehensive review of the proposed budget. Second, I have reviewed the proposed budget and the summary information provided to me. As a result, I endorse the budget plan presented to the Board of Regents, and if I were able to attend today's meeting, I would vote to adopt the budget as proposed."

"I believe that President Meredith has done an outstanding job ensuring that the scarce dollars available to the institution have been allocated in accordance with the priorities established by the Board of Regents and Western XXI. I am pleased that we have been able to follow through on our commitment to faculty and staff salaries. I realize that a significant reallocation of resources was required within the University to ensure this commitment. As we move forward, we must evaluate the progress that we have made to date and analyze our total funding needs as we develop our budget priorities for next year."

Again, I apologize for not being able to join you today, and I emphasize my total support for the budget as proposed." /s/ Earl Fischer

5.2.1 - RECOMMENDATION:

President Thomas C. Meredith recommends that the Board of Regents provide a preliminary approval of Western Kentucky University Combined Budgets 1994-95 as presented to the Board of Regents.

Background:

Based upon the budget priorities established by the Board of Regents on October 22, 1993, and the University's commitment to its strategic plan, Western XXI, the University Budget Committee working with the Executive Officers and the President have prepared the Combined Budgets 1994-95 for approval by the Board of Regents. The recommended budget continues the University's commitment to enhanced salaries for faculty and staff. Other priorities addressed in the budget include the University's commitment to affirmative action; the University's commitment to "networking" the campus; and, an effort to enhance spending on maintenance and operations.

The Combined Budgets consist of three sections: the Operating Budget which includes the Educational and General Budget and the Auxiliary Budget; the Development Budget; and the Capital Construction Budget. This is the first year that a Capital Construction Budget has been prepared and submitted to the Board of Regents for review and approval.

The Board of Regents is requested to provide a preliminary approval of the Combined Budgets since the Budget of the Commonwealth was not adopted during the Regular Session of the 1994 General Assembly. The proposed budget is based on an anticipated two percent increase in state

appropriation. If the Budget of the Commonwealth adopted during a Special Session does not change funding for Western Kentucky University, no further action will be required of the Board of Regents. If funding for Western Kentucky University is different than the two percent assumed, final approval will be required of the Board of Regents at a future date.

Mr. Gray made the following comments, "The main thing we have to discuss as a Board today is the Budget. I have a few observations I would like to make to the Board. We have all received a detailed overview of the Budget. The President and Vice President have met with us individually to go over it, and there are a few points I would like to go over before we get into it. First, that today's actions are dependent upon the General Assembly and what it does in its infinite wisdom. We think they will be called back into session sometime in June. The Budget has been prepared with a 2% increase in state appropriation. If that changes, then we will have to come back together as a Board and made the changes necessary. I know that the President and the administration that worked with him on this budget have talked with various members of the General Assembly, and they feel fairly confident that the 2% at this time will be approved. I, as well, have talked with some members of the General Assembly and feel that is what will happen also; however, none of us know what will happen."

"We have responsibilities, as a Board, to establish priorities and the policies for Western Kentucky University. In October of 1993, we did establish some priorities for this Board as it was preparing for the budget discussions that we are talking about today. The first thing that we talked about in October, 1993, was that there would be a **compensation increase for the faculty and staff**--that was a priority item. The second priority item was that there would be **increased minority student, faculty and staff at the University**; the third priority was **technology increases**; and, the fourth priority added was that this Board is concerned about the **maintenance of the physical plant**. All of these priorities have been addressed in this budget. All of these things have come at the time when the University, not only this University but all of the state universities, are receiving less money than previously received from the State."

"The third thing I would like to discuss before we get into it is that in the past few years, we have seen decreasing funding coming to state universities. The results are that there have been program reductions at this University; there have been elimination of positions here; and there have been reallocated resources gone throughout the campus. Yet, during all of these things; this is the second year that the University has proposed an increase in compensation. To do all of this has required additional reductions this year including the elimination of positions and reallocation of resources. All of that points out very much the need for the establishment of the support of the Western Kentucky University Foundation which has been created, and I think we need, as members of this

Board, to support the Foundation--we need to encourage all of the friends of this University to support the Foundation because we are living in a different world today than what we've seen for universities. It is going to be extremely important for that Foundation to be a success in order for this University to be a success because there are less dollars coming to this University from the State, so I encourage us to strongly support the Foundation."

"The fourth item that I want to discuss is that the President today will propose a new budgeting method for athletics' revenue and expenditures. This proposal will help the campus better understand the allocation of university resources for the athletic programs. Finally, in this budget, there is a capital construction budget included in the combined budget. This is a strong effort at focusing our attention on maintaining the physical plant and planning for the future. I am glad to see that the President and his staff have included that in this budget this year. I think the priorities that we established as a Board in October of 1993 have been addressed."

Mr. Gray requested President Meredith to discuss the summary and overview of the budget prior to the Board voting on the recommendation.

President Meredith noted "The Budget before you today is a culmination of a number of months of work and is really a follow up to the priority settings established by Western XXI in January of 1991. The Budget Committee, the budget staff, and the Vice Presidents worked diligently to try to provide a budget that addresses the priorities established by the Board. The recommended budget does not deviate from Western XXI and what it calls for. We have tried to provide avenues for input from faculty and staff on this campus regarding this budget. The Budget Committee has addressed each concern brought before it; agreed with some and disagreed with some before the final recommendation was made. "

Dr. James Ramsey, Vice President for Finance and Administration, and Dr. Cecile Garmon, Assistant Vice President for Finance and Administration, were asked to make presentations to the Board that would summarize the recommended budget.

Board members were given a Budget Summary, and the narrative from the Executive Summary of the recommended 1994-95 Combined Budgets follows:

Executive Summary

The recommended Combined Budgets of Western Kentucky University for 1994-95 consists of three separate budgets--the Operating Budget, the Development Budget, and the Capital Construction Budget. In recent years the Combined Budgets has included only the Operating Budget and the Development Budget. This year a capital construction budget is included in the Combined Budgets in order to provide a listing of

construction and major renovation projects that are currently in process on campus. The Capital Construction Budget also provides project descriptions, funding sources for projects, and projected completion dates. Capital projects are assets with a multi-year life and the separate identification of these projects provides additional budgetary information on Western Kentucky University.

The Board of Regents identified the priorities for the development of the recommended Combined Budgets. The priorities identified by the Board of Regents were:

- **continued enhancement of faculty and staff compensation;**
- **enhanced expenditures on minority support;**
- **a continuation and expansion of the University's technology and computer networking activities; and**
- **enhanced maintenance and operations expenditures.**

The Budget Committee of Western Kentucky University was guided by these priorities in the development of its revenue and expenditure recommendations. As a publicly supported institution, Western Kentucky University is dependent upon state appropriations for approximately 45 percent of total revenues. The Kentucky General Assembly met in Regular Session in 1994 to adopt a Biennial Budget for the Commonwealth of Kentucky for July 1, 1994 - June 30, 1996. Significant policy debate and discussion took place among the Executive and Legislative Branches and between the House of Representatives and the Senate within the Legislative Branch. At the time of this writing, the General Assembly has not adopted the Biennial Budget for 1994-96. These discussions complicated the development of the Operating Budget for Western Kentucky University due to the significance of state appropriation as a revenue source. Further, the budget adopted by the General Assembly marks a significant departure in the funding methodology for higher education for Kentucky, historically based upon an enrollment driven formula. State funding for higher education in 1994-96 represents a movement away from the enrollment driven formula, toward a performance-based funding methodology.

The following sections of the Executive Summary briefly describe each of the separate budgets contained in the 1994-95 Combined Budgets of Western Kentucky University.

Operating Budget

The Operating Budget of Western Kentucky University consists of the Educational and General (E&G) budget and the Auxiliary budget. The E&G budget includes state appropriations, tuition and fees, governmental grants, and other

miscellaneous revenue sources that support the teaching and learning mission, the institutional support function, the student services function, and public service function of the University. The Auxiliary budget is a self-supporting budget representing enterprises of the University which generate revenues sufficient to cover associated costs of the auxiliary enterprises. The combined E&G and Auxiliary budgets represent the Operating Budget of the University.

Recommended to the Board of Regents is a balanced budget; i.e., projected revenues equal projected expenditures. A surplus or a budget reserve trust fund is not budgeted in the Operating Budget. Conservative, yet realistic, revenue and expenditure projections are utilized in the preparation of the budget and then, through prudent management of revenues and expenditures during the fiscal year, it is possible that a budget surplus might be realized at the end of the fiscal year. Any such surplus that may occur becomes part of the University's fund balance. Policy decisions as to the appropriate level of the fund balance and expenditures from fund balance are addressed by the Board of Regents.

Revenue

Figure 1 shows the composition of the revenues for the Operating Budget. As shown in Figure 1, the primary single revenue source to Western Kentucky University is state appropriation (45 percent). As noted earlier, state appropriations are determined by the Kentucky General Assembly on a biennial basis. Figure 2 shows the percentage of Western Kentucky University's operating budget derived from state appropriations and the continued decline in state support as a percentage of the operating budget.

The second largest source of revenue for the operating budget is the tuition and fee component of the budget. Tuition rates for public universities in Kentucky are established by the Council on Higher Education (CHE). The CHE-adopted tuition increase for in-state undergraduate students for 1994-95 is 5.4 percent for Western Kentucky University. (A detailed tuition schedule is provided in a latter section of the Executive Summary.) The tuition rates set by the CHE are based upon an analysis of tuition rates at CHE-identified benchmark institutions and an analysis of personal income growth in Kentucky. As a result, tuition changes for Western reflect tuition rates at similar colleges and universities, while also attempting to reflect the "ability to pay" of Kentucky residents. Figure 3 shows the percentage of Western's budget provided from tuition and fees. As shown in Figure 3, tuition and fees have increased as a percentage of the operating budget. It is interesting to note that Kentucky's General Fund revenues have increased by 65 percent from 1988 through 1995. During this period of time, the percentage of Western Kentucky University's operating budget supported from state

appropriation has declined by 9.4 percent. Mandatory fees are included as a component of the tuition and fee revenue category. Mandatory fees are determined by the Board of Regents and it is recommended that mandatory fees for 1993-94 increase by approximately 4.8 percent. (A detailed listing of these mandatory fees is provided later in the Executive Summary.)

Revenues for the Auxiliary component of the operating budget are derived primarily from residence hall fees. This budget includes a recommendation to increase residence hall fees for 1994-95 by 4.4 to 5.5 percent, depending upon the specific residence hall and the services provided in each hall. Other Auxiliary revenues include food services, vending, bookstore, etc.

Expenditures

Figure 4 shows the expenditures for the E&G portion of the Operating Budget. A full description of each of these expenditure categories is provided in the Program Classification Structure at the end of the Executive Summary. Western Kentucky University allocates its resources in accordance with both the annual budget priorities established by the Board of Regents and with the long-term strategic directions identified in the University's strategic plan, Western XXI. As shown in Figure 4, the Teaching and Learning mission of Western Kentucky University receives the largest percentage expenditure of resources. While the percentage allocation to Teaching and Learning declines from 1993-94 to the proposed 1994-95 budget, Instruction as an expenditure category is projected to increase. The decline in Teaching and Learning is attributable to the decline in expenditures on Student Financial Assistance.

Consistent with the Teaching and Learning mission of the University, the Board of Regents established as a budget priority for 1994-95 the continued enhancement of compensation for faculty and staff at Western. The Operating Budget recommends an average five percent salary and wage adjustment for university employees. The recommended average increases for faculty are: full professors six percent; associate professors five percent, assistant professors three percent, and instructors two percent. This allocation is based upon a comparison of Western faculty salaries with faculty salaries for benchmark institutions. Individual faculty salary adjustments are determined by individual performance evaluations. For non-faculty, the compensation increase is recommended to be an average five percent; individual staff salary adjustments reflect performance evaluations and a comparison of cohort salaries at benchmark institutions or with other comparable salary data where available.

The Operating Budget reflects a continued commitment to funding the recommendations of the Minority Action Task Force. New funding was provided for the

University's commitment to technology enhancement and campus networking. New funding is recommended in the budget for maintenance and operating increases. Further, budget reductions in the Facilities Management Department were minimized to the extent possible.

Development Budget

The Development Budget shows private gifts and contributions to Western Kentucky University for recent years and the projections for 1994-95. These private gifts and contributions consist of current funds, both unrestricted and restricted, and endowment funds. These revenues are spent throughout the year. It is significant to note that the Western Kentucky University Foundation has been created to more actively seek private gifts and donations to be utilized on behalf of the Teaching and Learning mission and other goals of Western Kentucky University. It is anticipated that all development gifts of the University will eventually be directed to the Western Kentucky University Foundation for investment management and expenditure purposes. Still, these funds are included as a component of the combined budget of the University for 1994-95.

Capital Budget

Finally, the 1994-95 Combined Budgets presents a new section from prior years. For the first time, this budget contains a capital construction budget of the University. Capital projects are defined as those expenditures that create assets with a multi-year life. These capital projects will have a useful life that extends beyond the 1994-95 operating budget year. As a result, it is appropriate to budget these capital construction projects separately by providing a description of these projects, by identifying the source of funds for projects, and by identifying the projected completion dates. The fund sources utilized for capital construction projects include bond funds, investment income earned on capital construction accounts maintained by the State Treasury, and allocations of the University's fund balance. All capital construction expenditures that exceed \$200,000 must be authorized by the Kentucky General Assembly. In addition, all bond-financed projects must be authorized by the General Assembly. Other major capital construction projects are approved by the Board of Regents.

At the time this budget was prepared, Western Kentucky University has not been authorized any new capital construction projects by the 1994 General Assembly. The General Assembly did authorize the issuance of \$15 million in bonds by the Kentucky State Property and Buildings Commission to be used by the state for life safety projects at the public universities. Western will be required to apply for these bond proceeds through the Council on Higher Education. Western Kentucky University has approximately \$1.6 million in investment income that has accrued over time on capital

construction projects. These resources will be available for projects identified by the Board of Regents during the budget year. Such projects must be under \$200,000 in project scope, and these funds must be utilized for projects that have been previously funded with bond proceeds. Finally, it is noted that the Board of Regents may identify additional capital projects during the budget year to be financed from the fund balance which may be available after June 30, 1994. It is also noted that the Operating Budget again provides for a \$100,000 for the Facilities Management Pool to finance renovation and minor capital construction projects as identified through the course of the budget year by the President.

The 1994-95 Combined Budgets continues several features from previous budgets. A continued effort is made to move some business related activities to a self-supporting status. The budget indicates with a footnote those budget units whose expenditures are tied directly to specific revenue production.

The 1994-95 Combined Budgets provides the following information: this Executive Summary, a revenue summary, an expenditure summary, the operating budget by pools, a detailed line-item budget for each expenditure unit on campus, the development budget, the capital construction budget, and an index to the expenditure units by alphabetical and another index by number.

Dr. Ramsey used the following overheads in reviewing the revenue part of the recommendation:

- WKU Budget Background
- WKU Budget Process
- Revenue - Comparison of 1993-94 with 1994-95
- Semester Tuition Increases
- Semester Mandatory Fees
- Semester Tuition and Mandatory Fees
- Semester Residence Hall Rates
- Additional Revenue/Resources

Secretary's Note: Copies are attached to the minutes as Exhibit I.

Dr. Ramsey noted that in the category of Intramural facilities (1994-95), four years ago the students voted a \$5 fee for a four-year time period to help defray costs associated with building and equipping the Preston Center. The four-year time period will lapse this year. The Student Government Association voted to continue with the \$5 fee but to have its use changed from the Preston Center to helping renovate, and make much more useable and attractive the intramural facilities that are off campus.

President Meredith noted that the chart indicates the \$5.00 fee to be charged for only 1994-95. The President proposed as a recommendation to the Board that the institution be allowed to draw from the University Reserve Fund an amount up to

\$350,000 to complete the renovation of the intramural facilities at his time. The student fee would then be accessed long enough to pay back the \$350,000 into the University Reserve Fund. (See 5.2.6) This allows the intramural facilities to be completed so the students can be using them now. Dr. Ramsey noted that this project has been authorized by a prior session of the General Assembly in the amount of approximately \$350,000.

Mr. Smith noted that when the Student Government voted, it voted for another four-year period to go ahead and complete the project. With the Preston Center fee, students were paying for four-years without the benefit of using the facility; and with the fee for the intramural facilities, students will have the benefit of using the intramural facilities during the four-year period when it is being assessed. The students voted to approve the fee for four years so the project could be completed at one time. The fee will stop when the \$350,000 is repaid.

Dr. Garmon used the following overheads in summarizing the expenditures side of the recommendation::

- Required Expenditure Increases
- WKU Budget Overview
- Reallocation/Reductions Required

Secretary's Note: Copies of these overheads are attached to the minutes as Exhibit II.

Following the presentation by Drs. Ramsey and Garmon, Mr. Gray, as Acting Chair of the Finance Committee, made a motion to approve the 1994-95 Combined Budgets as submitted with the addition of \$125,000 for the 1994-95 salary for President Thomas Meredith. The motion was seconded by Mr. Preston.

Under discussion, Chairman Mercer allowed Associate Professor Wieb Van Der Meer, Department of Physics and Astronomy, to address the Board regarding the impact of closing of the Science Library. Professor Van Der Meer also presented a petition to Chairman Mercer with signatures of faculty members who objected to closing the Science Library.

Dr. Mendel, supporting the Science faculty's request, indicated that more time to compute the costs of renovation would be helpful in making a prudent decision. On the budget more generally, Dr. Mendel indicated that he would vote against acceptance of the budget because he felt the budget insufficiently addressed the teaching and learning needs of the University. Dr. Mendel felt there should be serious consideration given to restructuring and reallocation that will allow spending the very limited resources in a much more targeted fashion than is presently the case.

Mr. Gray commended Dr. Mendel for the many hours of research he has put into the budget process. "I would like to work with him during the course of the next year to adequately address the things that are concerns to him, and I think that he can present this

in a fashion to the Board at an earlier date, but I think if we address it, Mr. President, between you and Dr. Mendel and the Chairman, that we can look at these items; and if they do need to be addressed, then we can address them earlier."

Mr. Mercer stated, "It gives no one pleasure to even be thinking about closing this Science Library. That is certainly not anything that this Board wanted to do--wants to do. I am sure the Budget Committee did not want to recommend that; unfortunately, with the budget situation with which we find ourselves and the decreasing amount of State support, this is probably the first of many budget cuts and deliberations that this Board is going to be faced with over the next few years, and we are going to have to reallocate a lot of our resources. From my standpoint, it gives me no pleasure to vote for the closing of the Science Library."

Hearing no other discussion, Mr. Gray's motion for approval of the 1994-95 Combined Budgets including the 1994-95 salary of \$125,000 for President Meredith carried with Regent Mendel voting nay.

5.2.2 - RECOMMENDATION:

President Thomas C. Meredith recommends to the Board of Regents the acceptance of the Third Quarter Report of Revenues and Expenditures. The University provides to the Finance Committee and the Board of Regents a quarterly report of revenues and expenditures as a matter of information. The quarterly report format presented follows the format accepted by the Board for previous quarters for the current fiscal year.

Background

Copies of quarterly reports for the period ending March 31, 1994 and March 31, 1993 were provided to the members of the Board, (and are filed in the Board's official files).

The quarterly report for March 31, 1994, shows total operating revenues are 85.6 percent of the revised budget. The corresponding percentage for 1993 was 85.46 percent. Total expenditures for the first nine months of the fiscal year are 75.05 percent of the revised budget. Departmental accounts are currently being reviewed to determine areas for special consideration.

Dr. Garmon reviewed the highlights of the third quarter report.

5.2.3 - RECOMMENDATION:

President Thomas C. Meredith recommends that the Board of Regents approve the revised budget as presented for the quarter ending March 31, 1994.

Background:

As discussed at previous meetings of the Finance Committee and the Board of Regents, a determination has been made that the Board of Regents should formally adopt revisions in the University budget throughout the fiscal year. The revised budget for the quarter ending March 31, 1994 was given to the Board, and a copy is filed in the official files of the Board.

The primary revision requested at this period includes an increase of \$1,300,000 for externally-funded grants which the University has received for public service.

Every year the operating budget projects an anticipated receipt of externally-funded projects. In 1993-94 total grant funds were projected at \$7,400,000. Amounts anticipated in public services totalled \$4,430,000. Actual receipts during 1993-94 indicated that this projection will fall short by approximately \$1,300,000, particularly in the area of public service.

This requested increase relates only to external funding; it does not require any increase in allocation of University share.

Following a review by Dr. Garmon, Mr. Gray moved approval of the revised budget as presented for the quarter ending March 31, 1994. The motion was seconded by Mr. Mudge and carried.

5.2.4 - RECOMMENDATION:

Regents **President Thomas C. Meredith recommends to the Board of the approval of the Capital Construction Project outlined below. The source of funding for this project will be investment earnings on capital construction funds maintained with the State Treasury.**

Background:

Six acid dilution pits are in need of cleaning and, in some cases, replacement. These pits are primarily located at the Thompson Complex Central Wing and Thompson Complex North Wing. The pits were designed as part of the sewage sanitation system and were intended to dilute or buffer laboratory waste before introduction into the sewer system. These pits have worked well over the life of the buildings. However, after a period of 25 to 30 years, the pits currently need to be cleaned and, in some cases, replaced.

The materials in the pits have been sampled and analyzed to determine the heavy metal content that is being discharged into the city's waste water system. The cleansing and replacement of the pits will bring them into compliance with EPA hazard waste limits. Further, due to the contamination levels in the pits, it is necessary to sample soil surrounding the pits to test for contamination.

This work is beyond the capabilities of the Facilities Management staff. Proposals are being sought from private contractors for the work. A preliminary estimate of the cost of the work is from \$30,000 to \$50,000.

Since these facilities were financed with bonds, we recommend seeking approval from Frankfort to utilize interest income monies on capital construction accounts to pay for the work.

Other projects will be identified throughout the year from these capital construction monies

However, due to the urgent nature of this project, Board approval is sought at this time.

Dr. Ramsey noted that the project is being recommended at this specific time because of the urgency of the project and stated that the source of funding for this particular expenditure is investment income on state funds that are held in Frankfort. These are nonrecurring dollars, so it would not be prudent to use these dollars for recurring expenditures.

Mr. Mudge moved approval of a capital construction project at Thompson Complex with the stipulation that the Executive Committee of the Board review the project if the required expenditure exceeds \$50,000. Mr. Gray seconded, and the motion carried.

5.2.5 - RECOMMENDATION:

President Thomas C. Meredith recommends that the Board of Regents approve the one-time use of reserve dollars for essential instructional equipment in the maximum amount of \$375,000. Recent budget cuts have prevented the institution from adequately funding instructional equipment needs in the university. This infusion of this one-time expenditure will make a dramatic impact on the institution's instructional needs.

Motion for approval was made by Mrs. Loafman, seconded by Mr. Preston and carried.

Chairman Mercer noted that for the next budget preparation, "I would like to see us conduct a study of reserves of benchmark institutions to see where we are in relation to benchmarks."

5.2.6 -RECOMMENDATION:

President Meredith recommends that the Board of Regents authorize an expenditure from the University Reserve Fund in an amount necessary to complete renovation of the intramural fields.

Background:

The Student Government Association has voted to continue the mandatory fee of \$5.00 per semester which had previously been allotted to building and equipping the Preston Center. This fee beginning, in fall 1994, would be used for renovating the intramural fields. In order to complete the renovation in a timely fashion, President Meredith recommends that the Board of Regents authorize an expenditure from the University Reserve Fund to accomplish this renovation. The mandatory fee would continue to be charged and used to reimburse the University Reserve Fund until reimbursement is completed. State authorization for this project is \$350,000.

Motion for approval was made by Mr. Mudge, seconded by Mrs. Bale and

carried.

5.2.7 - RECOMMENDATION:

President Thomas C. Meredith recommends the award of the University Audit Contract to the accounting firm of Baird, Kurtz &

Dobson (BKD).

Background:

The University elected to rebid the University's audit contract. Bid specifications were developed by professional staff in the Department of Accounts and Fiscal Services and the Department of Purchasing. Three firms responded to the invitation to bid. The bid and technical scores assigned by the Evaluation Committee are presented below:

- Arthur Andersen & Company; bid \$53,000, evaluation 89
- Coopers and Lybrand; bid \$52,000, evaluation 93.5
- Baird, Kurtz & Dobson; bid \$46,050, evaluation 95

It should be noted that the price bid was one of the components of the technical score. The lower price bid by BKD was a factor in their obtaining the highest technical score. Based upon this bid, it was the recommendation of the professional staff that the contract be awarded to BKD. All three firms who submitted bids are professionally capable of performing the University's audit work. Based upon the past experience with BKD and the price bid, it is recommended that the contract be awarded to BKD.

Dr. Ramsey reported that the contract with Baird, Kurtz & Dobson was up this year, and the bid process was utilized in selecting the auditor for the coming year. The recommendation made to the Board was to award the bid to the firm of Baird, Kurtz & Dobson. The Internal Auditor was asked to review the process in detail, and he did so with the following items noted:

- 1) There was a \$50 mistake in the price bid by Baird, Kurtz & Dobson. The bid was \$46,050. (This correction has been made in the recommendation outlined in the minutes.)
- 2) The evaluation scores presented in the recommendation were the evaluation scores by the Purchasing Department. There were a second set of independent evaluations done by Tom Harmon and his staff. They are consistent with the evaluation scores presented to you.
- 3) The last paragraph, second sentence, "The lower price bid by BKD was a *major* factor..." In scoring, there was a 100 points scoring system; 25 points were awarded based on cost or the price bid; the other 75 points were experience, quality of the firm, the number of professionals assigned to the audit, etc. Although the price did make the difference, the price was 25 points out of 100 points; and this should be noted. (Note: "Major" has been deleted in the above recommendation.)

Mr. Mudge moved approval of the award of the University Audit to Baird, Kurtz & Dobson. the motion was seconded by Mrs. Bale and carried.

AGENDA ITEM 6 - Recommendation for approval and endorsement of the Mission Statement of the Western Kentucky University Foundation

RECOMMENDATION:

President Thomas C. Meredith recommends that the Board of Regents approve and endorse the Mission Statement of the Western Kentucky University Foundation and to further call on the Board of Directors of the Foundation to develop a Strategic Plan for Western Kentucky University's first Major Gift Campaign and to proceed as quickly as possible with this plan.

MISSION STATEMENT WESTERN KENTUCKY UNIVERSITY FOUNDATION

The Western Kentucky University Foundation, a Corporation, (the "Foundation") is a non-profit charitable and civic-improvement tax-exempt 501(c) 3 corporation established for the purpose of operating exclusively for the benefit of Western Kentucky University and its students, alumni, faculty and staff, and to this end, to promote, encourage and assist all forms of teaching, educational, scientific, literary research and service activities provided by said University, all for the public welfare.

In support of this mission the Foundation shall:

- Be the primary support foundation for Western Kentucky University and in such role shall plan, coordinate, and implement fund-raising activities on behalf of Western Kentucky University;
- Professionally manage assets (both endowed and non-endowed) given from private sources for the benefit of Western Kentucky University. (The Board of Directors of the Western Kentucky University Foundation realizes the history and tradition of the College Heights Foundation and Hilltopper Athletic Foundation and the past and present value to Western Kentucky University. The Western Kentucky University Foundation shall offer its asset management and other services to these Foundations as their respective Boards of Directors so desire.)
- Act in any other capacity in support of the Articles of Incorporation and By-laws of the Foundation and the desires of Western Kentucky University.

The Chairman of the Western Kentucky University Foundation, Mr. Steve Catron, was in attendance and made the following comments.

"I heard the comments earlier in reviewing the budget that certainly emphasize the absolute necessity of the success of this Foundation. Some of the Board members were present last week for our Foundation Board meeting in Nashville that was very successful in planning the future of this foundation to make a very, very profound difference in the future of Western Kentucky University and to help in many ways solve some of the problems that you are confronted with in the budget process. I appreciate the Board's support. We are extremely excited about the future of this Foundation and the work to help Western."

Dr. Mendel asked for a slight modification in the wording in the first paragraph of the Mission Statement that reads *"...to promote, encourage and assist all forms of educational, scientific, literary research and service activities provided by said University, all for the public welfare."* to include "teaching." Mr. Catron felt there would be no problem with the Foundation Board, and he would ask them to ratify the addition.

Dr. Mendel moved that "teaching" be added to the statement to read "...to promote, encourage and assist all forms of teaching, educational, scientific, literary research and service activities provided by said University, all for the public welfare." The motion was seconded by Mrs. Bale and carried.

Secretary's Note: This addition has been included in the Mission Statement that is recommended.

Mr. Catron added, "The significance of what Bob Rutledge is doing for us and the

leadership he is providing is extremely significant. We brought into that retreat the Director of Clemson University Foundation who is a Western alum. We also brought into that meeting the President of the Indiana University Foundation as we are looking to the highest level of fund raising. We are not setting our sights low, they are very high for this University. We think we can make a genuine difference in its future. Bob's involvement in that process and the respect that he has among his peers across the country is extremely significant and provides a high degree of credibility for a start-up foundation, and it has and will make a genuine difference."

President Meredith complimented Bob Rutledge for the work he is doing and the expertise he is bringing to the Foundation and also complimented Mr. Catron and members of the Foundation Board. He stated, "It's been fun to watch this come to fruition, and now to watch the kind of work that is going on. It's just a very rewarding time for this Institution."

AGENDA ITEM 7 - Presentation of personnel actions since February 25, 1994

RECOMMENDATION:

President Thomas C. Meredith recommends that the Board of Regents approve the recommended personal changes which have transpired since the meeting of the Board on February 25, 1994:

(The recommended personnel changes are reflected in the next 20 pages.)

Motion for approval of the recommended personnel actions was made by Mr. Preston, seconded by Mrs. Loafman and carried.

AGENDA ITEM 8 - Report by the President

The President's report included:

- **An introduction of Mrs. Catherine Ward, Professor of English** and Director of the Women's Studies Program, has been a member of Western's Faculty since 1971.

She has an outstanding record as a teacher and is an active scholar on an international level, having done extensive research and publishing in the area of Irish Studies. But Professor Ward's greatest contribution is probably in the area of service.

She was the initiator and faculty advisor of the campus organization WIT, Women in Transition, a student-run support group for women students over the age of 25 who are beginning college for the first time or are now returning to their studies. This group has greatly expanded its efforts since its formation in 1988 and has had a tremendous impact on that community of WKU students.

Mrs. Ward was chair of the President's Child Care Committee. Numerous programs for the campus child care center were funded as a result of grant proposals based on data supplied by that Committee's report.

Both the Women's Studies program and the annual Women's Studies Conference have flourished largely due to her leadership. A minor in Women's Studies has become a part of Western's program offerings. Each year for the past seven years, hundreds of people from all over the United States and Canada attend Western's Women's Studies Conference.

As one of her English colleagues recently wrote of her, "I truly believe that Katie Ward is one of the hardest-working individuals I ever observed. She works hard and she gets things done. She is well-organized, savvy, and always miles ahead of everybody else in considering long-range implications. Her public service has made a real difference at this university."

- **Recognition of the National Concrete Canoe Competition** - Every year, the American Society of Civil Engineers sponsors a competition called the National Concrete Canoe Competition. The competition is open to all schools with a civil engineering or civil engineering technology program. The competition is primarily an academic competition with points also being awarded in actual canoe races. Hundreds of schools compete in 20 regions with the champion of each region moving on to the national championships. Schools that typically qualify for the national championships include Berkeley, Michigan, Maryland, Michigan State, Texas, and other large schools.

Last year, new assistant professor Matthew Dettman in the Civil Engineering Technology Department had the students in one of his classes construct a concrete canoe and enter the competition. WKU's maiden voyage resulted in a 5th place finish in the Ohio Valley region. This year, they tried again and won the competition to qualify for the national championships in New Orleans. Some of the schools that Western Kentucky University beat out included Kentucky, Louisville, Ohio State, Cincinnati, Purdue, and Dayton.

Professor Dettman noted that Western Kentucky University is the first Engineering Technology School to ever qualify for the nationals.

- **Western Kentucky University - Moving to a New Level While Keeping Old Tradition** - This discussion paper, which was prepared by the President, has been fully distributed on-campus and off campus as requested. It is under discussion within departments and will be so until September 16, 1994, and then it will move on to other levels, and hopefully some final recommendation will come to the Board before the

first semester is over.

- **Facilities Management** - President Meredith asked Dr. James Ramsey to comment. He told the Board that the University is going through a process of hosting a series of private contracting firms who have expertise in management of facilities at colleges and universities, hospitals, and other organizations. A total of five companies are going to visit the university and are looking at all of the facilities and the current budget, procedures, etc. The process is a two-step process: (1) firms will convey any ideas that they have on how Western might do things better; how it might save money; how it might be more efficient, and (2) a group on-campus will review the responses that are due June 3 and develop a request for proposal; then the University will issue the request for proposal. Dr. Ramsey noted that this process is different from the process the University went through when it privatized the food services. This effort is to enter into a partnership rather than to privatize. Current employees in Facilities Management would continue to be Western Kentucky University employees. The University is hoping to purchase expertise that these firms have from working on different campuses and working with different companies throughout the United States. Dr. Ramsey feels that "this will help us do our job better."
- **Complimented Dr. Ramsey** for recent reappointment by Governor Jones to the Governor's Economic Roundtable consisting of business and university economists who advise the Governor on economic and tax policy issues.
- **Recognized newly-elected Student Government President**, Rob Evans who will take office as student regent in July.
- **Staff Regent Election** process is well under way. Nominations will close on May 13. The Staff Council put together the process, and the new staff regent will be elected before the month is over. The staff regent will also take office in July.
- **Affirmative Action Report** will be postponed until a later date.

With no further business to come before the Board, motion for adjournment was made by Mr. Gray and seconded by Mrs. Bale and carried. The meeting adjourned at 12 noon.