

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

**January 27, 1997**

**AGENDA ITEM 1 - Call to Order**

Required statutory notice having been given, the Finance Committee of the Board of Regents of Western Kentucky University was held via interactive television from Room 212 in the Academic Complex on the Western campus; KET Studios in Lexington, and Room 106 on the Owensboro Campus. The meeting was called to order at 10 a.m., CST, by Mr. Burns Mercer, Chair.

**AGENDA ITEM 1 - Roll Call**

Mr. Robert Earl Fischer (Owensboro campus)  
Mr. C.C. Howard Gray (KET-Lexington)  
Mr. Cornelius A. Martin  
Mr. Burns E. Mercer

Committee member Raymond B. Preston was absent.

In addition, Regents Gramling and Mendel attended.

Others present were Dr. Thomas C. Meredith, President; Mrs. Liz Esters, Staff Assistant and Secretary to the Board of Regents; Dr. James Ramsey, Vice President for Finance and Administration; Dr. Charles Anderson, Vice President for Information Technology, Mr. Fred Hensley, Vice President for Institutional Advancement, Dr. Jerry W. Wilder, Vice President for Student Affairs, Ms. Deborah T. Wilkins, University Counsel, Ms. Ann Mead, Director, Budget and Management Information, and Mr. Tony Glisson, Director, Human Resources.

**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 to members of the Board.**

**AGENDA ITEM 3 - Disposition of minutes of October 21, 1996 meeting of the Finance Committee**

Minutes were mailed to all members of the Board on December 5, 1996. Motion

for approval was made by Mr. Martin, seconded by Mr. Fischer and carried.

**AGENDA ITEM 4 - Recommendation for acceptance of Second Quarter  
Financial Statement for 1996-97 and recommendation for approval of the revised  
budget for the Second Quarter Fiscal Report**

**BACKGROUND:**

On a quarterly basis the Board of Regents' review revenues and expenditures for the most recently completed quarter. Attachment A shows a summary of revenues and expenditures for quarter ending December 1996. A detailed analysis by staff of both revenues and expenditures indicates that variances for revenues and expenditures are within budgeted norms. This is an information item only.

Total realized Educational and General (E&G) and Auxiliary Enterprises (e.g., housing) revenue, as a percent of the budget, is comparable to the 1995-96 second quarter. The Tuition and Fees revenue appear to be slightly ahead of last year, but this is accounted for by the posting of a portion of the spring fees in December rather than in January.

Pending a limited number of uncollectables, the tuition for the fall semester exceeded the fall projection by approximately 1.5 percent or \$200,000. Part of this amount may be due to increased scholarship activity. In the accounting system, scholarship expenditures are payments which then are recognized as revenue to the University (e.g., tuition, fees, housing). Analysis of current year collections is an important component of setting next fiscal year's revenue estimate.

According to Dr. Phillip Myers, Director of Sponsored Programs, it appears that last year's grant and contract activity was exceptional and we may not reach the 1995-96 level in the current fiscal year. Grant and contract awards are approximately \$1.4 million less this year in comparison to awards through the second quarter of 1995-96. Indirect cost recovery, however, is ahead of last's year's second quarter total.

In regard to the increases reflected in the Revised Operating Budget through the second quarter, Attachment B summarizes the revenue and expenditures budgets. The Tuition and Fees budget revision was for the allocation of course-specific fees to the respective departments, and other unrestricted revenue includes revenue allocated to revenue-dependent programs, and the sale of the Facilities Management sanitation truck.

Approximately \$2.9 million of the \$3.1 million increase in the budget is due to the allocation of fund balances as approved by the Board of Regents.

Following a review of this item by Ms. Mead, motion for approval was made by Mr. Fischer, seconded by Mr. Martin and carried.

**AGENDA ITEM 5 - Recommendation for approval of Bond Resolution,  
Western Kentucky University Consolidated Educational Buildings Revenue  
Refunding Bonds, Series M in the approximate amount of \$6,625,000  
(may be increased or decreased by \$600,000).**

**BACKGROUND:**

Western Kentucky University issued Consolidated Educational Building Revenue Bonds, Series I, dated November 1, 1986, in the principal amount or \$8,450,000. The original bond issue was to pay renovation costs of Chemistry labs, replacement of coal-fired boilers, agricultural multipurpose facility, replacement of steam and electrical distributions lines, life safety improvements, roof replacement, asbestos abatement, replacement of air-conditioning units, humidity control projects for two different buildings, and structural repairs for two different buildings. The Board of Regents is being asked by the Commonwealth of Kentucky, at this time, to approve the refinancing of the Series I Bonds. It has been estimated by the Commonwealth and their financial advisors that a refunding of this issue would result in a cumulative savings of approximately \$483,000 with the present value savings totaling approximately \$389,000.

The attached resolution approves the refinancing of these bonds and allows Western's staff to work with the State to prepare the refinancing bonds for market. It is also authorized that the final sale of the bonds would be approved by the Executive Committee of the Board of Regents. It is anticipated that an Executive Board meeting would be needed in February or March to accept the final bid on the bonds.

Motion for approval of the of the Bond Resolution was made by Mr. Martin, seconded by Mr. Gray and carried.

**AGENDA ITEM 6 - Recommendation for approval of Auxiliary Enterprises fund balance allocation in the amount of \$175,000, to finance a Point-of-Sale (POS) System as part of the University Bookstore renovation project.**

**BACKGROUND:**

The University Bookstore is preparing a major renovation project which will result in a revitalized and improved program beginning with the fall 1997 semester. This allocation, from the Auxiliary Enterprises fund balance, will be repaid by the University Bookstore out of future sales. The purchase of Point-of-Sale (POS) System will significantly advance the technological capabilities of the store's performance. The computerized system will provide bar code scanning capabilities at all checkout locations, a real-time perpetual inventory management capability, and improved customer service through faster point-of-sale checkout and buy back of used books.

Motion for approval was made by Mr. Gray, seconded by Mr. Fischer and carried.

**AGENDA ITEM 7 - Recommendation for acceptance of "Independent Accountants' Report of Application of Agreed-Upon Procedures, as required by NCAA Bylaw 6.2.3.1**

**BACKGROUND:**

Annually, as part of the University's audit contract with Baird, Kurtz & Dobson, an independent accountants' report on the Application of Agreed-Upon Procedures is performed to assist the University in compliance with NCAA Bylaw 6.2.3.1. Baird, Kurtz & Dobson reviews revenues and expenditures of the Athletics Department, reviews the internal control structure of the Athletics

Department, and performs other accounting tests on the financial information of the Athletics Department.

Baird, Kurtz & Dobson's review does not constitute an audit, rather provides information intended for use of the Board of Regents, management of Western Kentucky University, and any authorized representative of the National Collegiate Athletic Association solely for reporting with respect to procedures described within the report.

Ms. Sherri Stokes of Baird, Kurtz and Dobson, pointed out that all procedures performed by her firm are outlined in the report, starting with page 7. Any findings they had are documented within the report.

Motion for approval was made by Mr. Martin, seconded by Mr. Gray and carried.

**AGENDA ITEM 8 - President Thomas C. Meredith recommends that the Board of Regents accept the "Independent Accountants' Report on Application of Agreed-Upon Procedures," as required by the Kentucky Auditor of Public Accounts.**

**BACKGROUND:**

Western Kentucky University's audit of its annual financial statements and system of internal controls was completed September 7, 1996. This audit was accepted by the Board of Regents at the Board's October 25, 1996 meeting. The Commonwealth of Kentucky's Annual Financial Statement was completed December 16, 1996. Since Western's financial statements are incorporated into the financial statements of the Commonwealth, the Auditor of Public Accounts requires a subsequent events letter from Western indicating, from the period of time that Western's audit was completed until the time that the State's annual financial report are completed, that there were no significant changes in the financial condition of Western Kentucky University.

The "Independent Accountants' Report on the Application of Agreed-Upon Procedures" indicates that no adjustments or additional disclosures are required for Western's audited financial statements.

Following an explanation of the recommendation by Dr. Ramsey, motion for approval was made by Mr. Gray, seconded by Mr. Martin, and carried.

**AGENDA ITEM 9 - Status Report: Development of 1997-98 Operating Budget**

Committee members received revised copies of earlier distributed discussion materials. (Copies have been mailed to all Board members.) The revised materials follow:

**DEVELOPMENT OF 1997-98 OPERATING BUDGET**

(Revised 1-27-97)

**INFORMATION:**

The Administration has started developing the 1997-98 operating budget. The budget process includes identification of funding requirements such as:

- Fixed or unavoidable costs (e.g., utilities, FICA adjustments in pay range),
- Policy implementation (e.g., degree completions policy developed as part of Corroon Compensation Study),
- Faculty/staff compensation (merit pools and fringe benefit adjustments),
- Athletics (General Fund formula),
- Scholarships, and
- Implementation of the “Operational Plan.”

The budget process includes identification of revenue for next fiscal year. The two most significant revenue sources are state appropriations and tuition. The state appropriation increase is known based on the 1996-98 enacted budget. Significant discussions are occurring in Frankfort on the topic of postsecondary education reform. Governor Paul Patton has said that he will call a Special Session of the General Assembly in probably April. Given the uncertainty of the outcome of the Session, it is not advisable that any different revenue assumptions be included as part of this budget process.

The tuition revenue increase has been estimated based on the Fall 1996 enrollment level. This estimate will be revised in mid-February based on projections of the entering freshmen class. The Office of Budget and Management Information has received 1997-98 departmental revenue estimates (e.g., Student Health Service user fees) from the vice presidents.

The next step in the process will include a review of funding needs in the context of revenue anticipated and the outcomes we want to achieve in 1997-98. (The vice presidents, however, have developed priority lists of unfunded needs based on the Operational Plan and these lists will be very important should additional financial resources be allocated to Western.)

- Attachment 1 is the budget development calendar.
- Attachment 2 summarizes anticipated resources.
- Attachment 3 lists estimated funding needs which historically have been funded through the budget process;
- Attachment 4 specifies Operational Plan goals and highest priority outcomes anticipated to be achieved in 1997-98 and which require new funding.

[ATTACHMENT 1]

**Timetable for 1997-98 Budget Development**

November 22	Faculty/Administrative Evaluations distributed
November 25	Revenue estimates are distributed
December 6	Evaluation-returned to Budget & Management Information (BMI)
January 10	Revenue estimates are due in (BMI)
January 27	Board of Regents Finance Committee meeting - update on budget
January 31	Board of Regents meeting - update on budget
February 3	Staff evaluations are distributed.

February 7	Budget Narratives/Mission Statements due from VP's
February 12	Evaluations summarized and returned to Deans, Departments and Faculty
February 26	Distribute guidelines to all budget unit heads, including estimated revenue and distribution of performance increase pool to each vice president
February 21-28	Opportunity for vice presidents to reallocate among operating budgets in their area
March 7	Staff evaluations are to be completed
March 10-	Salary adjustments will be entered on following timetable:
March 28	
March 10 - 14	Department Heads
March 17 - 21	Deans
March 24 - 28	Vice Presidents
March 31	Access to BDS closed - No more revisions, excluding fringe benefits and budgets are balanced
March 31-April 28	BMI analyzes for technical compliance, works with VP's to verify data, and completes narrative and budget summaries
Late April	Board of Regents Finance Committee meeting - update on budget
April 29	Board of Regents meeting - update on budget
April 30-May 11	BMI formats document
May 12	Budget goes to print
May 23	Budget distributed to Board of Regents
June 6	Board of Regents meeting

[ATTACHMENT 2]

### SUMMARY OF MAJOR RESOURCES

	<u>Additional Resources Estimated</u>
Increase in State Appropriations	\$1.1 million
Estimated Increase in Degree Credit Tuition	1.0 million
Estimated Increase in Interest Earnings	.2 million
Subtotal	\$2.3 million
Proposed Increase in Mandatory Student Fees*	? (policy decisions)
Reallocations	? (policy decisions)

A significant amount of the departmental revenue is for programs classified as "revenue dependent" and, thus, these programs receive their revenue increases in lieu of any increase from state appropriations or degree credit tuition (e.g., Student Health Service).

The tuition estimate is based on the same number of students enrolled in fall 1996 and estimated as enrolled in spring 1997. The estimated increase may be revised as

projections of the entering freshmen class are completed. As a point of reference, an increase of 100 full-time, Kentucky resident students would generate \$90,000 per semester.

\* A majority of the mandatory student fees are dedicated to specific programs.

**PRELIMINARY ESTIMATES OF FUNDING NEEDS BASED ON HISTORICAL BUDGET ALLOCATIONS/PRACTICES**

<b><u>Item</u></b>	<b><u>Estimated Funding Requirement</u></b>
<b><i>UNAVOIDABLE COSTS AND POLICY DECISIONS:</i></b>	
Utilities-Will be reviewed based on January projections	
<b>FICA Increase in Pay Range/Change in Handling of Graduate Courses</b>	<b>\$17,000</b>
-Change in laws have increased the FICA pay range	
-Graduate Courses taken by University Employees are now regarded as taxable income.	
<b>Health Insurance</b>	<b>50,000</b>
-Reflects 3.5% increase (estimated based on medical CPI)	
<b>Facilities Management Marriott Contract</b>	<b>20,000</b>
-The Marriott Facilities Management Contract has an annual increase for inflation.	
<b>Degree Completions and Faculty Promotions</b>	<b>62,000</b>
-\$22,000 for staff degree completions and \$40,000 for faculty promotions	
<b>Athletics Increase Based on Formula</b>	<b>65,000</b>
-Reflects 3.4% increase	
<b>Scholarship and Fellowship Budgets</b>	<b>307,000</b>
-3.4% increase in tuition, 4% increase in housing, 3% increase in food and books.	
-Incentive Grant Policy revision for academically outstanding students	
<b>Subtotal</b>	<b>\$521,000</b>
<b><i>OTHER CONSIDERATIONS:</i></b>	
<b>Merit pools for faculty and staff</b>	<b>523,000 per one percent increase</b>
-Including overtime.	
-Does not include Revenue Dependents and vacant positions in E&G.	
<b>Distinguished Professor Program Commitment</b>	<b>9,000</b>
-Full funding for Board Approved Commitment	
<b>Libraries</b>	<b>112,000</b>
-Inflationary increase	
<b>Minimum Wage Increase (Student Workers)</b>	<b>\$132,000</b>
-\$.40 per hour increase only (first increase in Oct. 1996 handled by reallocation)	
<b>Increase in Funding for Vacant Positions</b>	<b>\$39,000 per one percent increase</b>
<b>Implementation of Phase II of Corroon Study</b>	<b>500,000</b>
<b>Subtotal</b>	<b>\$753,000</b>
<b>Total</b>	<b>\$1,274,000</b>

**-----IMPORTANT-----**

The table below reflects funding needs which historically have been funded through the budget process. The estimate from the “Operational Plan” (see Attachment 4) is approximately \$1.8 million (excluding reallocations and fund balance allocations) and is **NOT INCLUDED IN THE TOTALS PROVIDED.**

<i>ESTIMATED FUNDING NEEDED*</i>	<i>Total**</i>	<i>Resource Balance Avail.***</i>
Total Based on <u>No</u> Salary Pools	1,274,000	1,026,000
Total Based on 1 Pct Salary Pools	1,836,000	464,000
Total Based on 2 Pct Salary Pools	2,398,000	(98,000)
Total Based on 3 Pct Salary Pools	2,960,000	(660,000)

\*Excludes items to be funded by reallocation and fund balances.

\*\*Total includes only the funding needs which historically have been funded through the budget process. This column does not include implementation of the Operational Plan.

\*\*\*Difference between major resources available (Attachment 2) and the preliminary funding needs based on historical budget allocations (Attachment 3).

Note: We may have to fund the implementation of HB 709 - KTRS Contribution Revision at an estimated cost of \$130,000. There is a question on when implementation will be required.

[ATTACHMENT 4]

**1997-98 OPERATIONAL PLAN**

**ANNUAL GOAL: Improve Recruitment and Retention of Students**

**Outcomes:**

- Increase overall enrollments by 3% (440 students = 326 FTE = +2.8%)  
Baseline F '96 = 14,613 F '98 = 15,053

Included in overall increase:

- Increase total minority\* enrollment by 5%
- Increase retention of FTFTF\*\* annually by 1.5%
- Increase Governor’s Scholars by 20% (now 28)
- Where other increases occur:
  - Community College
  - Graduate Students - increase by 4%
  - International Students - increase by 10%
  - Additional new students

\* A diverse student body addresses all minorities, with special emphasis on Kentucky’s minorities

\*\* FTFTF = First-time, full-time freshmen

**Examples of Key Activities:**

Creation of Enrollment Management Services Office; Dept./Univ. enhanced efforts/advertising in recruitment and retention; improved graduate assistant stipends; new FT faculty positions for WKUCC; MBA Program Director; advising support at Owensboro Campus; university college implementation; and licensed staff psychologist.

**Total Budgetary Impact:** \$571,000

**ANNUAL GOAL: Increase Quality of Learning, Learning Effectiveness, and Resource Efficiency****Outcomes:**

1. Student success in intro. math courses increased from 43% pass rate to \_\_\_\_%
2. Achieve 75% participation in faculty development (emphasis on use of new technologies\*, outcomes assessment, recruitment/retention, advising, alternative delivery strategies; fac. instr. tech consultants in 1/3 departments)

See Technology use goal for related activities.

3. Expand implementation of MNL plan for improving fac. perf. eval. system thru:
  - Training for all administrators in faculty performance evaluation/assessment
  - Developing measures for unit productivity
  - Developing protocols for faculty portfolios
  - Determine ways to improve evaluation instrument to support both development and evaluative needs
4. Improve quality and efficiency of learning as evidenced by:
  - Regular courier service to all campus sites (one-day turnaround)
  - Develop baseline data on effectiveness/efficiency of various teaching/learning strategies and faculty workloads
  - Increase student use of computer technologies (see Technology use goal (#3) for related activities)
5. Improve student support services quality as evidenced by:
  - All freshmen in University College have one contact (minimum) with Career Services Center staff
  - Increase by 25 percent number of student leadership and development seminars (base: 90)
  - Complete Student Affairs Outcomes Assessment Plan with one year's data collected to determine student learning in programs offered
6. Increase campus involvement in international education
  - Twenty (20) percent increase of students engaged in work/study abroad (base: 55 to 66)
  - Five (5) percent increase in faculty with significant international experience (base: 20 percent to 25 percent)

**Examples of Key Activities:**

Full-time off-campus courier service; faculty resources specialist; teaching and graduate assistants for math; "Western in the World" scholarships; WKUCC science lab, student workers, software and two portable multimedia stats for WKUCC Learning Assistance

Center; Infotrack and First Search electronic databases; and CTL faculty development fellowships/incentives, expansion of leadership program; and telephone surveys.

**Total Budgetary Impact:** \$334,000

### **ANNUAL GOAL: Effective Use of Technology**

#### **Outcomes:**

1. Twenty (20%) increase in the use of information technology in student learning by the end of the fall 1998 semester, as measured by fall 1988 and fall 1996 faculty questionnaires
2. Student use of general access computer laboratories increased by 25% (baseline 320,000 hours annually). (Also related to the annual goals on quality of learning, learning effectiveness, and resource efficiency.)
3. The number of networked student computers in the residence halls increased from 427 (fall 1996) to 800 (fall 1997) and improved installation time (from 90 days to 30 days, and help desk support

#### **Examples of Key Activities:**

Support and increase use of technology in instruction by faculty through a technology fund for software purchase and development, employment of an instructional design specialist in the Center for Teaching and Learning and an instructional technology specialist in the Center for Instructional Technology, and the construction of at least one electronic classroom annually. Increase student use of computing resources through expansion, enhancement and consolidation of student computer laboratories (increase number of general access computers to a ratio of 1:25 from the current ratio of 1:37). Establishment of a general access computer laboratory at the new Community College facility, provide one 24-hour laboratory, and increase staff support for student computer users.

**Total Budgetary Impact:** \$595,000

### **ANNUAL GOAL: Enhance our Institutional Assets - - Recruit and Retain Quality Faculty and Staff and Improve our Physical Resources**

#### **Outcomes:**

1. Salaries for part-time faculty increased by 20 percent as initial step toward benchmarks
2. Formalized employee training and development program established which is consistent with the Department of Human Resources' commitment to implementing "New Level."
3. Completion of comprehensive employee benefits program review to include decision on self-insurance.

#### **Examples of Key Activities:**

Part-time faculty salaries will be increased by 20 percent. A full-time, temporary employee will be hired to develop the employee training and development program, conduct needs assessments, and conduct focus groups to communicate and monitor how well the program is serving the needs of employees.. An employee benefits consultant will be hired to complete the program review and assist us in modifications to the existing

program.

**Total Budgetary Impact:** \$280,000

Dr. Ramsey referred the Committee to page three of the revised document that was distributed earlier in the day to get any policy direction the Committee might have. Looking at the resource side, a summary of major resources, additional resources include an increase in State Appropriation of \$1.1 million; estimated increase in degree credit tuition of \$1.0 million; and an estimated increase in interest earnings of .2 million for a total of \$2.3 million. Proposed increase in mandatory student fees and reallocations are both policy decisions.

With reference to the expenditure side, items listed as unavoidable costs and policy decisions totaling \$521,000 were listed on page 4 of the handout. Other considerations including merit pools for faculty and staff (\$523,000 per one percent increase-- not included in the sub-total and total); Distinguished Professor Program commitment (\$9,000); Libraries (\$112,000); Minimum Wage Increase (Student Workers) (\$132,000); increase in funding for vacant positions (\$39,000 per one percent increase); and implementation of Phase II of Corroon Study (\$500,000) totaled \$753,000 for a grand total of \$1,274,000 for estimated funding requirement.

**Mr. Gray suggested that the Board approved 3.4% athletics increase, based on formula, should be revisited by the Board.**

President Meredith pointed out that athletics actually get a percent of whatever increase the University gets. Out of that, they have to give all of their raises, scholarship increases and other costs in athletics. No other units on campus get a percentage of the budget. This was the Board's effort to get a solid handle on how much is being spent on athletics. It is locked into a certain portion of the budget each year. Dr. Meredith commented that the administration is comfortable with this percentage; however, stands ready to revisit this issue at the Board's pleasure.

Mr. Mercer suggested that in a planning session, the Board should address athletics again. Mr. Gray felt it should be addressed before the budget is finalized; however, given the time constraints, it is noted that the administration is looking to the Finance Committee and the Board for specific guidance to develop the budget, and

addressing the issue of athletics can't be done this quickly.

Mr. Fischer commented, "In view of what we hopefully end up with, an increase in overall budget for all universities, as the Governor has touched on, I think we really have to review the formula based on that. Those monies may or may not be thrown out there for those purposes; but yet, if you lock into a percentage of the overall budget, it could drastically affect that. That's a longer range type thing, but in review of that as a specific percentage, we may ought to have that much in mind."

Mr. Mercer noted that if there is a special session and more money is allocated to all universities, the Board would have a follow-up session on the budget.

Dr. Ramsey reviewed the funding needs which historically have been funded through the budget process. The estimate from the "Operational Plan" (Attachment 4) is approximately \$1.8 million (excluding reallocations and fund balance allocations) and is not included in the totals provided.

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<i><b>ESTIMATED FUNDING NEEDED*</b></i>	<i><b><u>Total**</u></b></i>	<i><b><u>Resource Balance Avail.***</u></b></i>
Total Based on <b>No Salary Pools</b> (Total of pages 4 & 5)	1,274,000	1,026,000
Total Based on <b>1 Pct Salary Pools</b>	1,836,000	464,000
Total Based on <b>2 Pct Salary Pools</b>	2,398,000	(98,000)
Total Based on <b>3 Pct Salary Pools</b>	2,960,000	(660,000)

\* Excludes items to be funded by reallocation and fund balances.

\*\* Total includes only the funding needs which historically have been funded through the budget process. This column does not include implementation of the Operational Plan.

\*\*\* Difference between major resources available (Attachment 2) and the preliminary funding needs based on historical budget allocations (Attachment 3).

**Note:** We may have to fund the implementation of HB 709-KTRS Contribution Revision at an estimated cost of \$130,000. There is a question on when implementation will be required.

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Mr. Mercer felt the material presented gives the Board what is needed from which to make informed decisions. Mr. Mercer stated, "**There is very little that the Finance Committee today can do at this point. I would urge all of you to review the material**

**before Friday's meeting. I hope the full Board, then, will have an opportunity to discuss these items and give the budget staff some direction about where to go with regard to merit increases, what kind of percentage we're talking about; funding the Operational Plan, if we're going to do that; how we're going to go about funding the Operational Plan and coming back with some program on reallocation just to see what could be done in one year and how much of the Operational Plan we could do in a one-year time. These are issues that we are going to have to grabble with Friday."**

Mr. Martin suggested that some direction the Committee might give would be to take the cost of living increase in merit pay, 3 to 3 ½ percent, and have the administration come back with some options of where the money would come from.

Mr. Fischer asked what percent increase would \$500,000 (implementation of Phase II of Corroon Study) be for those employees included that pool. This information was not available but will be available at the Board meeting. Mr. Mercer also requested the administration to provide the Board with information for its meeting on the various options available.

Mr. Martin asked about employee expectations regarding implementation of Phase II of the Corroon Study. Dr. Ramsey stated there is an expectation by a lot of people with more years of service who would benefit from the second phase. Mr. Glisson, Director of Human Resources, felt there is general expectation that there will be an adjustment this year related to this. There is a general expectation that there be movement; he was not sure about the expectation of it being fully funded. Different scenarios are still being explored for implementation.

President Meredith assured the Committee that the administration would begin a review of the 3.4% increase based on formula for athletics that was previously approved by the Board.

The next regularly scheduled on-campus Budget Committee is scheduled for Wednesday, February 5. The Budget Committee is a campus-wide group that has been used as an advisory group on numerous issues. These issues will go to the Budget Committee to solicit their advice, guidance, and input.

Mr. Mercer commented that the administration will be looking for direction from the Board on Friday at the full Board meeting as to the priorities of the Board and where the money come from whether it is a drastic reallocation of funds or from student fee increases.

**AGENDA ITEM 10 - Status Report: “Rebid” of Food Services Contract**

Dr. Ramsey updated the Committee on the rebid of the food services contract which expires June 30. The contract will be rebid with new specifications which will include some changes that will make the food services more customer driven with expanded hours and services, offering a convenient store on campus, bringing in a brand-name hamburger outlet, etc. These are things the students have indicated an interest in having. This process is underway; the recommendation will come forward to the Board at the April meeting for final approval of the contract.

**AGENDA ITEM 11 - Other Business**

President Meredith noted that in 1987 there was an economic impact study done concerning Western on the Bowling Green-Warren County economy. It’s been used a lot in quoting figures; it’s now ten years old and time for an update. The President has commissioned a group to do another study which will be even more comprehensive than the first. The information that comes out will be very helpful in a lot of different ways. Preliminary information will be available at the end of May with a comprehensive report by next fall.

Mr. Martin moved the Committee go into closed session for discussions on deliberations on the future acquisition or sale of real property as authorized by KRS 61.810(a). The motion was seconded by Mr. Gray and carried.

The Committee, Regents Gramling and Mendel, accompanied by President Meredith, Ms. Esters, Dr. Ramsey, and Ms. Wilkins went into closed session at approximately 11:35 a.m.

Upon returning from closed session at approximately 11:45 a.m., Mr. 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.”

Motion for adjournment was made by Mr. Fischer, seconded by Mr. Martin and

carried. The meeting adjourned at approximately 11:45.