

MINUTES
OF THE BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY

May 21, 1999

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 Administration Building of the Elizabethtown Community College. The meeting was called to order at approximately 2 p.m., EDT, by Mr. Cornelius A. Martin, Chair.

AGENDA ITEM 2 - Invocation

The invocation was given by Mr. John Wright, Manager, Electronic Services, Division of Public Affairs.

AGENDA ITEM 3 - Roll Call

The following Board members were in attendance:

Ms. Kristen Bale
Ms. Stephanie L. Cosby
Mr. Robert Earl Fischer
Ms. N. Joy Gramling
Ms. Lois W. Gray
Ms. Peggy W. Loafman
Mr. Cornelius A. Martin
Professor Mary Ellen Miller

Ms. Sara Hulse, Mr. Ronnie Sheffer, and Mr. James Tennill were absent.

Mr. Martin read the following letter of resignation from Ms. Sara Hulse:

*Mr. Cornelius A. Martin, Chair
Board of Regents
Western Kentucky University*

Dear Cornelius and fellow Board Members,

Serving with this Board and working individually with each of you has been a challenging and rewarding experience. You have my greatest respect for the work that we have accomplished together. There have been difficult decisions, and this Board has risen to the occasion with dedication and insight. The collective knowledge has enabled us to choose an outstanding President and is moving the University to an enviable position among its peer institutions. I am very proud to have had the opportunity to be a participant at this exciting time.

I regret that my personal lifestyle has changed dramatically since my appointment, and it is increasingly difficult to be available for meetings. It is unacceptable to serve on a board and not be able to participate in ALL the activities; therefore, I must tell you that it is with great sadness that I have asked the Governor to release me from my responsibilities as a member of the Western Kentucky University

Board of Regents. Please accept my heartfelt thanks for your many kindnesses during my tenure. I will always be a supporter of Western--it left its mark on me long ago; I can only hope that I have made some small difference.

I extend my personal best wishes to each of you as collectively you work with President Ransdell to elevate Western Kentucky University to new levels in the 21st century.

Sincerely,

*/s/ Sara L. Hulse
4117 Mason Woods Lane
Owensboro, KY 42303*

Mr. Fischer made a motion, seconded by Ms. Bale, that a resolution of appreciation be prepared from the Board to recognize the service of Ms. Hulse. The motion carried.

Others present were President Gary A. Ransdell; Dr. Barbara G. Burch; Provost and Vice President for Academic Affairs; Mrs. Liz Esters, Staff Assistant and Secretary to the Board of Regents; Mr. Fred Hensley, Executive Assistant to the President for Public Affairs and Governmental Relations; Mr. Tom Hiles, Vice President for Development and Alumni Affairs; Ms. Ann Mead, Chief Financial Officer; Mr. John Osborne, Assistant Vice President for Student Affairs; Dr. Jerry W. Wilder, Vice President for Student Affairs; and Ms. Deborah Wilkins, General Counsel.

AGENDA ITEM 4 - Disposition of minutes of January 29, 1999

The minutes were mailed prior to the meeting and were presented for approval by Chair Martin. Motion for approval was made by Ms. Loafman, seconded by Mr. Fischer and carried unanimously.

Introduction of Special Guests: President Ransdell introduced Dr. Gordon Davies, President, Council on Post Secondary Education who addressed the Board and thanked Dr. Ransdell for accomplishments at Western Kentucky University.

Dr. Davies noted good progress on things such as the regional postsecondary education centers indicating Western was the first to establish a plan with the new Kentucky Community and Technical system for not one but two regional postsecondary education centers. The document Western drew at that time became the template for all five centers, and the agreements now look very much like the first ones. The other incentives that were put out to higher education in the 1998 budget have by and large

been used and used effectively. Dr. Davies noted that Western in the past year has been spectacularly successful in meeting the research endowment challenge--the dollar-for-dollar match in raising endowment money. Dr. Davies plans to recommend to the Council not only to continue it but to increase the endowment amount for the comprehensive universities like Western and its sister institutions so as to reflect and reward this kind of effort. Dr. Davies stated, "I must say you might have caught your colleague institutions a little bit asleep at the starting gate, because you came out so quickly, and I think that is good. I think that creates the kind of environment in which everybody got a wake-up call. You just did a spectacular job."

The Council is currently working on a plan--a set of actions for the years 2000-2004; which will be finished in the fall. This set of actions will be used to say to the General Assembly and to the Governor, "Here's what we think we need in terms of financial resources, and here's what you'll get in return. This set of actions are directed toward the year 2020. The Council is going through this action plan and will throw it back to you as a Board. This set of challenges will be in three areas:

- (1) How are you going to help Kentucky increase the college-going and college success rate, neither of which are very good, as you know; how are you going to provide more opportunities;
- (2) How are you going to engage yourselves in the communities and with the people you serve and engage their lives in yours making sure that the barriers/boundaries of this fine University are permeable and you intertwine yourselves in the lives of people who are around you?
- (3) How, among six comprehensive universities, are you going to differentiate yourselves clearly from the others.

Dr. Davis discussed the work which remains to be done in enrollment growth, commenting, "If the graduating population doesn't go to college, and they don't get trained, and they don't have the benefits of advanced education, they don't climb the economic ladder and have some sense that learning is important in their lives, the chances are that their children will grow up without that sense. "Education Pays" is a great slogan--it's a great idea. We have a lot of work to do to get beyond that, so we need to create more technically-skilled and knowledgeable people, and then we need to create jobs for them because if we don't create jobs for them, the sound of marching feet we hear will be the sound of people leaving for Ohio and Indiana, and that's it. That's the other part of this equation, and they both have to happen at the same time."

Other introductions: Dr. Luther Hughes, Associate Vice President for Enrollment Management, introduced two area students who have been awarded scholarships to attend Western in the fall. Mark Melloan, from Elizabethtown High School was introduced; he has a 30 ACT and a 3.95 GPA. Ms. Ashley Stein from Central Hardin was also introduced; she has a 28 ACT and a 3.95 GPA.

AGENDA ITEM 5 - Committee Reports:

5.1 Executive Committee

5.1.1 REQUEST: Approval of purchase of property at 255 E. 14th Street.

FACTS: This property consists of a stone duplex and lot located immediately adjacent to the Kentucky Museum. The property is surrounded by other University-owned property. Although the purchase price slightly exceeds the property's appraised value, the location of the property makes its acquisition necessary for future University planning and growth.

RECOMMENDATION: The President recommends that the Board approve the purchase of property located at 255 E. 14th Street, Bowling Green, Warren County, Kentucky, and that the purchase price of the property (\$100,000) and related closing costs be approved as an allocation from the University Reserve.

ADDENDUM TO ACTION ITEM 5.1.1 (*This item was not presented to or reviewed by the Executive Committee at its May 19, 1999, meeting.*)

REQUEST: Approval authorizing the President to take action to enter into and fulfill an agreement with the City of Bowling Green concerning the transfer of property on the University farm for construction of a fire department substation in exchange for extension of 14th Street.

FACTS: The University has been approached by the City of Bowling Green concerning acquisition of approximately one (1) acre of land on the University Farm. The City proposes to use the land for construction of a new Fire Department substation, which will benefit not only the University's farm, but the surrounding citizens and businesses (industrial park) in that area.

The University recently purchased property on 14th Street, adjacent to campus, which had houses that have since been demolished. WKU has approached the City about extending 14th Street across this property, which would facilitate the flow of traffic around campus consistent with the University's Master Plan and which would benefit the future planned use of the property by WKU.

In order to facilitate both of the needs of the University and those of the City, both parties propose to enter into a Memorandum of Agreement wherein WKU will transfer property to the City for its use in the construction of the fire substation, and, in turn, the City will construct the requested street extension across our property and be responsible for all costs associated therewith. The property proposed for the fire substation site has been appraised at \$100,000.00, which is equal to the costs that will be borne by the City in extending 14th Street.

RECOMMENDATION: The President recommends that the Board authorize him to take appropriate steps to effectuate the terms of the Memorandum of Agreement, including the transfer of real property.

Motion for approval of the purchase of property at 255 E. 14th Street, Bowling

Green, Ky, and the allocation of \$100,000 from University Reserve to cover the cost; and approval of authorization to the President to take appropriate steps to effectuate the terms of the Memorandum of Agreement, including the transfer of real property was made by Mr. Fischer, seconded by Ms. Bale, and carried unanimously.

5.1.2 REQUEST: Issuance of a Board Resolution authorizing the University to submit new academic programs under its Kentucky Plan qualitative waiver status.

FACTS: The University is qualified to seek a quantitative waiver for new academic programs as provided in the 1997-1999 Kentucky Plan for Equal Opportunities in Higher Education. The University's request to the CPE for approval of new programs must be accompanied by a Resolution of its governing Board authorizing it to do so.

RECOMMENDATION: President Gary A. Ransdell recommends approval of the following resolution:

WHEREAS, the University has advised the Board that it has one or more new academic programs its wishes to submit to the Council on Postsecondary Education for approval for calendar year 1999; and,

WHEREAS, the University is qualified, under the provisions of the Kentucky Plan and 13 KAR 2:060 to exercise its option to submit new programs for the calendar year 1999;

WHEREAS, on April 29, 1999, the Executive Committee of the Board of Regents gave preliminary approval of and forwarded to the full Board a recommendation from the President that this resolution be adopted;

NOW, THEREFORE, the Board of Regents of Western Kentucky University hereby unanimously resolves and authorizes the University, by and through its President, Gary A. Ransdell, to elect to exercise its option to submit added programs for calendar year 1999 to the CPE for review and approval under the quantitative waiver status as prescribed in 13 KAR 2:060.

This the 21st day of May, 1999.

Cornelius Martin
Chair, Board of Regents
Western Kentucky University

Attested:

Elizabeth Esters
Secretary, Board of Regents
Western Kentucky University

Motion for approval of the recommended resolution was made by Ms. Bale, seconded by Ms. Gray, and carried unanimously.

5.1.3 Closed session for discussion pertaining to an individual employee matter, as provided under KRS 61.810(1)(f).

Ms. Cosby moved the Board go into closed session for a discussion pertaining to

an individual employee matter, as provided under KRS 61.810(1)(f). The nature of the business to be discussed is the evaluation of a specific employee, which is a confidential personnel matter pertaining to an individual employee, and the reason for the closed session is the privacy considerations with respect to the individual employee. The motion was seconded by Ms. Bale and carried unanimously.

The Board, accompanied by President Ransdell and Ms. Esters, went into closed session at approximately 2:45 p.m.

Returning from closed session at approximately 3:15 p.m., Chair Martin stated, “The Board is now returning to open session. The subject of the discussions and deliberations during closed session were restricted to those in the motion and no formal action was taken by the Board in closed session.”

5.2 Academics and Student Affairs Committee, Ms. Lois Gray, Chair

5.2.1 REQUEST: Approval of a Minor in International Business

FACTS: With the globalization of the economy and the workforce, it is increasingly important that students have the opportunity to prepare themselves to compete in the international arena. This minor will allow students who major in one of the fields of business studies or in a field in the arts and sciences to add a concentration in international business to their academic program. This new minor will be supported by courses offered through the Gordon Ford College of Business, through the Potter College of Arts, Humanities and Social Sciences, and through the Ogden College of Science Technology and Health. Creation of this minor will advance goals included in both the state and the university strategic plans. Specifically, **Strategic Goal 1: Increasing Student Learning** in Western’s Strategic Plan calls for the university to “Promote learning that fully develops individual potential and produces nationally and globally competitive graduates for the workforce.” Since the minor will draw on existing courses and faculty, no additional costs are anticipated to implement this program.

RECOMMENDATION: President Ransdell recommends the establishment of a Minor in International Business at Western Kentucky University.

Motion for approval of a Minor in International Business, *effective with the Fall 1999 semester*, as recommended was made by Ms. Gray, seconded by Professor Miller, and carried unanimously.

5.2.2 REQUEST: Approval of a Joint Associate Degree in Respiratory Care Technology (with Bowling Green Technical College).

FACTS: Western has been seeking to build cooperative linkages with the institutions of the new Kentucky Community and Technical College System (KCTCS). In this region of the state two of the KCTCS institutions are the Bowling Green Technical College and the Kentucky

Advanced Technology Institute. The proposed Joint Associate Degree in Respiratory Care Technology reflects this cooperative approach and will be the first program of its kind in Kentucky.

Under the proposed joint program, the Bowling Green Technical College will offer specialized course work and training in respiratory care. Western will recognize that work by awarding a block credit of 39 semester hours to each student when that student successfully completes the national board examination in Respiratory Care. To fulfill requirements for the Associate Degree, students will complete at least 25 semester hours of credit in general education at Western. No additional costs are anticipated with adoption of this program since it will rely on existing courses and faculty.

Adoption of this program will address, among other things, **Strategic Goal 4: Enhancing Responsiveness to Constituents**, in Western's Strategic Plan which calls for the university to "Support appropriate collaborations and partnerships with other educational institutions...". Additional cooperative and joint programs with KCTCS institutions are anticipated in the future.

RECOMMENDATION: President Ransdell recommends the establishment of a Joint Associate Degree program in Respiratory Care Technology.

Motion for approval of a Joint Associate Degree program in Respiratory Care Technology, *effective with the Fall 1999*, semester as recommended was made by Ms. Gray, seconded by Professor Miller, and carried unanimously.

5.2.3 REQUEST: Approval of creation of a School of Journalism and Broadcasting within the Potter College of Arts, Humanities, and Social Sciences.

FACTS: The School of Journalism and Broadcasting will be based on a merger of all programs now offered through the Department of Journalism and the Broadcasting Program now offered through the Department of Communication and Broadcasting. The Department of Communication and Broadcasting will be retitled as the Department of Communication.

Faculty and administrators in the programs that would make up the new school have already cooperated in developing a proposal for a Program of Distinction in Journalism and Communication and have been working together in planning for the new building that will house all of these program areas in the future. Combining these related program areas into a single administrative unit will build on the considerable existing strengths of each and will allow them to reach even greater levels of achievement. The establishment of this new School is expected to further enhance the national prominence of the programs in this area and is responsive to **Strategic Goal 1: Increasing Student Learning** in Western's Strategic Plan which calls for "Building programs that are recognized for their excellence, with selected programs recognized as nationally prominent". Minimal costs are anticipated in connection with the creation of this School and those costs will be absorbed within existing department and college budgets.

RECOMMENDATION: President Ransdell recommends the creation of a School of Journalism and Broadcasting within Potter College of Arts, Humanities, and Social Sciences.

Motion for approval of creation of a School of Journalism and Broadcasting at Western Kentucky University, *effective July 1, 1999*, was made by Ms. Gray, seconded by Ms. Bale, and carried unanimously.

Mr. Fischer noted that one of the major strong points early on in the Governor's Postsecondary Education Program was for universities to review courses on an ongoing basis, not only to add courses but to look at the courses that don't have many students enrolled. Mr. Fischer requested that at the next meeting or at the Board Retreat the Board be given a review of the process to evaluate academic programs for continuation or elimination.

5.2.4 REQUEST: Approval to award honorary degrees to Ms. Joy Bale Boone and to Dr. Nicholas Kafoglis at the 1999 Spring Commencement.

FACTS: The University's Honorary Degrees Committee reviewed the credentials of several outstanding candidates for honorary degrees and has recommended that two such degrees be awarded at the 1999 Spring Commencement. One will be to Ms. Joy Bale Boone, widely respected poet and community leader and current Poet Laureate of Kentucky who currently resides in Glasgow, Kentucky. The other will be to Dr. Nicholas Kafoglis, a long-time and prominent physician in Bowling Green and a former Kentucky State Senator. Each of these individuals is well-qualified for this recognition.

RECOMMENDATION: President Ransdell recommends that Ms. Joy Bale Boone and Dr. Nicholas Kafoglis be awarded honorary degrees at the 1999 Spring Commencement at Western Kentucky University.

Motion for approval of honorary degrees for Ms. Joy Bale Boone and Dr. Nicholas Kafoglis was made by Ms. Gray, seconded by Mr. Fischer, and carried unanimously.

5.2.5 REQUEST: Approval of the appointment of Dr. Marion Lucas and Dr. Sam McFarland as Distinguished University Professors.

FACTS: In 1996 the Board of Regents established the category of Distinguished University Professor to recognize those faculty members who had given long and distinguished service to the university and had been productive in effective teaching, research and scholarship, and public service. No more than two individuals can be appointed to this status each year and appointments are for a five year term.

For the term beginning in 1999-2000, Dr. Marion Lucas from the Department of History and Dr. Sam McFarland from the Department of Psychology are recommended for this honor. Both have been recommended by the Distinguished University Professor Committee and by Provost Barbara Burch and are well-qualified for this recognition.

These appointments are consistent with **Strategic Goal 3: Assuring High Quality Faculty and Staff** which calls for "Linking ongoing faculty and

staff evaluation to strengthen individual performance and appropriate rewards system.”

RECOMMENDATION: President Ransdell recommends appointment of Dr. Marion Lucas and Dr. Sam McFarland as Distinguished University Professors for five year terms effective with the 1999-2000 academic year.

Motion for approval of Distinguished University Professor appointments for Dr. Marion Lucas and Dr. Sam McFarland was made by Ms. Gray, seconded by Ms. Loafman, and carried unanimously.

5.2.6 REQUEST: Establish a Residency Appeals Process at Western Kentucky University.

FACTS: The Kentucky Council on Postsecondary Education has decided to delegate the responsibility for handling student appeals regarding residency classification to each of the public institutions of higher education in the state. Western is therefore required to create such a process, based on guidelines that will be provided by the Council.

RECOMMENDATION: President Ransdell recommends approval to establish a Residency Appeals Process at Western Kentucky University.

Motion for approval to establish a Residency Appeals Process at Western Kentucky University was made by Ms. Gray, seconded by Ms. Miller, and carried unanimously.

5.3 Finance and Budget Committee, Mr. Earl Fischer, Chair

5.3.1 (1) REQUEST: Acceptance of the Accountants’ Report On Application of Agreed-Upon Procedures (Kentucky Auditor of Public Accounts).

RECOMMENDATION: President Gary A. Ransdell 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 financial statements and system of internal controls was completed August 27, 1998. This audit was accepted by the Board of Regents at the Board’s January 29, 1999 meeting. The Commonwealth of Kentucky’s Annual Financial Statement was completed January 22, 1999. 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 time that Western’s audit was completed until the time that the State’s annual financial report is 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.

(2) REQUEST: Acceptance of the Accountants’ Report and Financial Statements, WKYU-TV AND WKYU-FM RADIO

RECOMMENDATION: President Gary A. Ransdell recommends to the Board of Regents the acceptance of the accountants' report and financial statements, for WKYU-TV and WKYU-FM Radio for the year ended June 30, 1998. (Reports are enclosed as separate documents.)

Background: Annually, Western Kentucky University contracts with Baird, Kurtz & Dobson (BKD) to provide an audit of the financial statements for WKYU-TV and WKYU-FM Radio. The separate audits are required under the contractual funding arrangements of Western with the Corporation for Public Broadcasting. The financial statements present fairly, in all material respects, the financial position as of June 30, 1998 and results of operations and cash flows for the year then ended. Both of the financial statements received unqualified opinions.

(3) REQUEST: Acceptance of the Accountants' Report on Application of Agreed-upon Procedures (NCAA Compliance)

RECOMMENDATION: President Gary A. Ransdell recommends that the Board of Regents accept the "Independent Accountants' Report on Application of Agreed-Upon Procedures," as required by NCAA Bylaws.

Background: Annually, as part of the University's audit contract with Baird, Kurtz & Dobson, an independent accountant's report on the Application of Agreed-Upon Procedures is performed to assist the University according to NCAA Bylaw 6.2.3.1. Baird, Kurtz & Dobson reviews revenues and expenditures on the Athletics Department, reviews the internal control structure of, and performs other accounting tests on the financial information of the area.

Baird, Kurtz & Dobson's review does not constitute an audit, rather provides information intended for use by 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.

Motion for approval of the three audits listed above, as approved by the Finance and Budget Committee, was made by Mr. Fischer, seconded by Professor Miller, and carried unanimously.

5.3.2 REQUEST: Approval of revisions to the 1998-99 Budget

RECOMMENDATION: President Gary A. Ransdell recommends that revisions to the Western Kentucky University 1998-99 Combined Budget, totaling \$24,300, for Educational and General be approved.

Background: The proposed revisions to the Western Kentucky University 1998-99 Combined Budget are listed below and a narrative explaining the revisions follows:

<u>Source</u>	<u>Proposed Revisions</u>
<u>Educational and General</u>	
Other Sources	\$12,100
Other Sales and Services	2,200
Total	\$ 24,300
<u>Use</u>	
Endowed Professorships	\$ 8,400
Program of Distinction Professional Services	12,200

Intramural and Recreational Sports	3,000
Insurance Reimbursement	700
Total	\$24,300

Narrative Revised Budget

The budget revisions include: the endowed professorships (Wood Professorship, L.D. Brown Professorship and Ward Sumpter Professorship) whose funds are managed by the College Heights Foundation and a check is prepared to the University on the interest earnings. The funding for the Program of Distinction in Applied Research and Technology is generated by the respective units in order to enhance the program. Intramural and Recreational Sports is being reimbursed for surplus items sold by the University. The insurance reimbursement is for items that were damaged due to an outside contractor; these dollars are reimbursed from the company's insurance.

Motion for acceptance of the revisions to the 1998-99 Budget, as approved by the Finance and Budget Committee on April 29, was made by Mr. Fischer, seconded by Ms. Bale, and carried unanimously.

5.3.3 REQUEST: Acceptance of the Quarterly Financial Report for the third quarter of 1998-99.

RECOMMENDATION: President Gary A. Ransdell recommends that the Board of Regents accept the Quarterly Financial Report which includes previously approved budget revisions for the third quarter of 1998-1999.

Background: Total realized Educational and General (E&G) revenue, as a percentage of the budget, are comparable to the 1997-98 third quarter revenue. The tuition revenue has increased slightly due to an increase in enrollment which has lead to an over realization of revenue.

The Program of Distinction for Ogden College has created additional activity in Restricted Grants and Contracts. This has resulted in an increase in the revised budget as well as a slight increase in the overall percentage of grant activity. In addition, Student Financial Aid has increased for Restricted Grants and Contracts.

The Auxiliary Enterprises is relatively comparable to third quarter 1997-98.

The increase in the revised budget for the third quarter of 1998-99 was due to fund balance allocations based on prior Board of Regents' approval.

With approval of the Finance and Budget Committee on April 29, Mr. Fischer moved approval by the Board. Motion was seconded by Professor Miller and carried unanimously.

5.3.4 Approval for Fund Balance Allocation

RECOMMENDATION: President Gary A. Ransdell recommends that \$28,500 in the Educational and General (E&G) Fund Balance be reallocated from the Records Management project to help fund the Banner Implementation project.

Background: At the October 25, 1996 Board of Regents meeting, the Administration presented an allocation of the E&G Fund Balance in the amount of \$183,000 for records management. This project has been completed and we are asking that the balance of \$28,500 be reallocated to help fund the new Banner

(Human Resources and Financial) implementation. These funds will be used for training individuals for implementation of software.

Approved by the Finance and Budget Committee on April 29, Mr. Fischer moved approval by the Board. The motion was seconded by Ms. Loafman and carried unanimously.

5.3.5 REQUEST: Approval of the 1999-2000 Combined Budgets

RECOMMENDATION: President Gary A. Ransdell recommends that the Board of Regents approve the 1999-2000 Combined Budgets. (Budget document is filed with the Board’s official files.)

Background: The Budget and Finance Committee of the Board met on April 29, 1999 and discussed the status of the operating budget development and the Administration’s proposed budget priorities. Through the allocation of projected increases in tuition and state appropriations revenue, Western’s 1999-2000 Operating Budget will reflect how the following institutional priorities were addressed.

- **Implement the Strategic Plan.** Funds are allocated to achieve selected performance indicators of the *Strategic Plan*.

Faculty development/travel	\$ 20,000
Wage increases for Graduate Assistance	45,000
Rate increases for institutional scholarships	135,000
University web site manager	40,000
Library subscriptions/data subscriptions	40,000
University Risk Management Program support	30,000
African American students tutoring support	30,000
TVA rate increase (partial funding)	50,000
Enrollment Management Admissions position	24,000
Env. Health/Safety technician and support	40,000
University contribution to Athletics (formula)	144,000
SUBTOTAL	\$598,000

- **Recruit and retain quality faculty and staff.** Funds are allocated to provide salary increases in recognition of outstanding performance and to keep or improve the market competitiveness of salaries.

3.5 percent merit pool increase	\$2,028,000
Year Two: faculty market adjustments	400,000
One percent inflationary increase vacant positions	44,000
Faculty promotions	35,000
Summer Stipends	218,000
New policy: shift differential	70,000
SUBTOTAL	\$2,795,000

- **Improve our physical resources.** Funds are allocated to address campus maintenance and to protect the University’s investment in plant.

Marriott Contract	\$24,000
Preventive Maintenance program (partial funding)	75,000
SUBTOTAL	\$99,000

- **Identify permanent funding for needs which have been met routinely by**

nonrecurring allocations such as fund balances. Funds are allocated for selected items which are consistent with the University's *Strategic Plan* and for which no permanent funding has been identified in previous budgets.

University share Internet cost	\$ 20,000
Permanent funding Development/Foundation staff	334,000
Permanent funding Construction Management staff	211,000
Permanent funding - Faculty Computer Replacement Fund	72,000
SUBTOTAL	\$637,000
 TOTAL	 \$4,129,000

Western Kentucky University, through the implementation of the 1999-2000 Budget, is taking very important steps in moving the University to the forefront of implementing postsecondary education reform initiatives. In turn, the University is becoming more responsive to the needs of its service area. It is noted, however, the increases in the regular state appropriation (approximately 2.8 percent) and in projected tuition revenue (approximately 89.4 percent) do not provide sufficient funding to accomplish Western's strategic goals. Continued fundraising efforts of the Western Kentucky University Foundation, Hilltopper Athletic Foundation, and the College Heights Foundation will be the key to contributing to the scholarship level desired for our students and the academic excellence aspired to by Western.

The Capital Budget totals approximately \$46,195,180 million and includes the funding for new projects and continuing projects: \$28,295,000 for new construction; \$11,502,750 for capital maintenance on Educational and General facilities and campus improvements; \$1,500,000 for capital equipment; \$1,178,080 for leases, (computers, distance learning, and network improvements); and \$3,719,350 for capital maintenance on Auxiliary Enterprises facilities.

The Board heard a brief presentation on the recommended budget of \$153,623,000 by Ms. Ann Mead, Chief Financial Officer. Ms. Mead noted that the Board will be asked to establish tuition fees at the July meeting.

Professor Miller commented on the faculty salaries stating, "Ninety-eight percent of anything sounds good--that's impressive; that's an A+. I hope that all of the Board members realize that when you say 98-99% that we are talking about average salaries of our comparable institutions. We're not talking about Harvard salaries or Duke salaries or even UK salaries, so I applaud the progress. It is clear that we are making progress here, but I do hope everybody understands that we've got a long way to go."

President Ransdell noted, "For two years in a row, we've had nearly a full percent and a half greater increase for faculty than staff, and that's something that we're committed to, but there's a fine-line period in which we can continue to do that without having problems with staff salaries. I understand that for some time there was perhaps some disparity between staff raises and faculty raises in the opposite direction, but I feel

like we're making up some lost ground there on the part of the faculty. Faculty do represent our priority; we're dedicated to that, but in another year or two, we will have to achieve balance between faculty and staff increases in order for the entire family to make sufficient progress."

Mr. Fischer made a motion, with the approval of the Finance and Budget Committee, for approval of the recommended 1999-2000 Operating Budget including the 1999-2000 recommended salary report. The motion was seconded by Professor Miller.

Ms. Bale stated, *"At the January 29, 1999, meeting of the Board of Regents, Chairman Martin asked me to Chair a three-member committee which he appointed and charged with the responsibility for coordinating and facilitating President Gary Ransdell's 1999 evaluation. This process has been completed with each Board member involved.*

"When Dr. Ransdell was named President on September 12, 1997, this Board of Regents challenged him to set the course to elevate Western Kentucky University to new heights in the Western community, in our Commonwealth, and in the nation. Dr. Ransdell accepted this challenge and quickly assumed those responsibilities. The Board has watched with pride over the past twenty one months the transformation that is truly under way at Western Kentucky University which commands a new respect on our campus as well as in the community and throughout the Commonwealth of Kentucky.

"Two and a half years ago, this Board ranked eighteen items on the criteria list for the position of President. Topping that list were (1) a person of vision; (2) a person who could provide responsible academic and administrative direction, and (3) a person who demonstrates commitment and a willingness to support academic excellence in teaching and learning. President Ransdell, the Board of Regents believes you are that person, and on behalf of the Board, I want to express our genuine appreciation for the solid progress you have made during the past twenty one months. The Board supports you as President and encourages you to continue Western's pursuit of national prominence. Also, the Board encourages and supports your personal involvement in facilitating national, and indeed, international opportunities for our faculty and students.

"The Board believes that you have set a positive course for Western Kentucky

University, and we are very proud to call you our President.”

Ms. Bale made a motion to amend Mr. Fischer’s motion to read:

“The Executive Committee of the Board is charged with also serving as the President’s Review and Compensation Committee and with presenting a recommendation concerning his compensation to the full Board. As a member of that Committee, I move that the Board approve the 1999-2000 Combined Budget, including the 1999-2000 Recommended Salary Report with a 6% increase in President Ransdell’s compensation.”

The motion was seconded by Ms. Loafman.

The amended motion to approve the 1999-2000 Combined Budgets and the 1999-2000 Salary Report to include a 6% increase in the salary of President Ransdell carried unanimously.

Chair Martin noted that Dr. Ransdell has been serving under a one-year contract for the past couple of years and that he will be appointing a committee to address a long-term contract for Dr. Ransdell.

5.3.6 Recommendation for approval of the Six-Year Capital Plan

REQUEST: Approval of the Six-Year Capital Plan

FACTS: Board members were provided a revised Six-Year Capital Plan that we are required to submit to the Capital Planning Advisory Board (CPAB) and the Council on Postsecondary Education (CPE) by April 15. We have indicated to both agencies that this plan is preliminary and has not been reviewed and approved by the Board of Regents. The CPAB is comprised of members representing all three branches of government and has a responsibility under KRS Chapter 7A to biennially develop a comprehensive state capital improvements plan and to make funding recommendations to each branch head as to state spending for capital projects. Additionally, CPE will review these capital spending requests and will make recommendations for Postsecondary Education to the Governor and the General Assembly for the 2000-2002 biennium.

In the development of the Six-Year Capital Plan, we incorporated the priorities contained in our Strategic Plan, solicited input from units across the campus, and integrated our priorities with the capital priorities for higher education as outlined by CPE. You can see by our proposed Six-Year Capital Plan that our highest priority projects place a focus on restoring the architectural integrity of our campus and emphasizes capital renewal, renovation of existing facilities, and upgrading our campus infrastructure. Completion of these projects would actually result in a net reduction in assignable square footage as opposed to adding new space. We believe that the top priority projects are reflective of the priorities for Western and consistent with the direction of postsecondary education in Kentucky.

RECOMMENDATION: President Gary A. Ransdell recommends that the Board of Regents approve the Six-Year Capital Plan which includes the Owensboro Workforce Development Center, although the funding for the Owensboro Building, if approved will come through KTCTS. To have been left

off Western's list would risk the perception in Owensboro of a low-priority at Western, which is not the case.

Mr. Fischer made a motion to approval of the recommended Six-Year Capital Plan. The motion was seconded by Ms. Loafman and carried unanimously.

Mr. Fischer commended President Ransdell for including the Owensboro building on Western's Six-Year Capital Request, noting that the funding, if approved, would come through KTCTS. To have been left off Western's list would risk the perception in Owensboro of a low priority at Western which is not the case.

President Ransdell noted that, "Coming out of the 1998 Legislative Session, we were able to get funding for our Glasgow campus, which was our priority in 1998, and I've said often that our number one off-campus priority for capital construction in the 2000 session will be the facility in Owensboro. The way that that is structured; however, is that it will be a priority in the KTCTS budget pursuit, and funding when approved will come through the KTCTS budget since the building will be located on the Owensboro Community College campus in a partnership with Western, Owensboro Community College, and Kentucky Tech-Owensboro. We'll be proud to put the Western banner on the OCC Campus in a collaborative fashion much like we're doing in Elizabethtown. It would have been a mistake for this Six-Year Capital Request to go forward without including it on our list, because the perception could have then been generated that it wasn't a priority for Western, and that would not have been the case."

President Ransdell stated that work is diligently under way to prepare the most significant item on the list, Thompson Complex Renovation; which will likely require a fund-balance allocation this coming year to create architectural schematics or some type of a visual that can then be used to sell this in the next legislative session. A tentative figure of \$25,000 for the work has been received

Secretary's Note: A copy of the Six-Year Capital Plan is attached to the minutes as Attachment A.

5.3.7 CPE Funding Guidelines were provided to the Board as an informational item, and a copy with attachments is filed in the Board's official records.

Background: Over the last four months, Dr. Gordon Davies, President of the Council on Postsecondary Education (CPE), has discussed with the CPE board and Kentucky's postsecondary education presidents how to fund the postsecondary education system consistent with the expectations of Postsecondary

Education Reform Act (House Bill 1). Kentucky operates under a biennial budget approved by the General Assembly every two years. Thus, CPE is looking to implement new funding guidelines effective with the 2000-02 budget process. CPE will approve funding recommendations to be distributed to the Governor and the General Assembly at its November 1999 meeting. (For the current biennium, higher education institutions were funded basically on base funding plus estimated inflation.)

Among the issues discussed are the following:

- Funding allocations should provide the incentives and rewards for institutional “behavior” (priorities and outcomes) envisioned by HB 1.
- For Kentucky postsecondary education to achieve national recognition, it should be compared to other higher education institutions at the national level, not just within the state or region.
- Should academic performance indicators be incorporated into the funding guidelines?

The Board was provided two agenda items prepared by CPE staff for consideration by the CPE at its April 12 meeting. The first item asks for the CPE to approve the Funding and Tuition Guidelines and the second item is to facilitate continued discussion on academic performance indicators.

Funding and Tuition Guidelines

The proposed Funding and Tuition Guidelines reaffirm the shared funding responsibility for postsecondary education between the state and the consumers (students). In conjunction with approving a funding model, CPE will be asked to approve decentralizing tuition setting to the governing boards of each institution based on the Tuition Guidelines. The proposed Funding Guidelines reflect the shared funding relationship for universities as follows: tuition and fees should generate at least 33 percent of a university’s public funds (state appropriations and tuition and fees) net of debt service and state-mandated programs of research, public service and hospitals (primarily at doctoral universities). Currently, Western’s tuition and fees comprise 39 percent of our public funds.

The Funding Guidelines include three key components: base funding using institutional benchmarks, performance funding, and Incentive Trust funding.

Base Funding Using Institutional Benchmarks

As a result of a cooperative process involving the CPE staff, Western Kentucky University president and administrators, and representatives from the Governor’s Office for Policy and Management and the Legislative Research Commission staff, Western has a set of 20 CPE benchmark institutions (including Western). The selection criteria focused on quantitative and descriptive institutional characteristics with the intent of identifying comparable institutions rather than aspirational institutions. (Western will continue its use of a peer group of institutions which reflects comparable and aspirational universities.)

Attachment B lists the CPE benchmarks which will be included in the calculation of base funding for Western. The next step will be for CPE staff to collect state appropriations and tuition and fees data and the full-time student equivalent enrollment (FTE) from each benchmark. Four of the institutions have medical schools and these data will need to be collected excluding the medical school component. At this point, we believe that this group of institutions will be

financially favorable for Western in that historical data show that the public support per FTE, at many of these universities, is higher than Western. An update will be shared with the Board of Regents as data become available.

Performance Funding

It is anticipated that the CPE will approve a limited number of performance measures to reward institutional outcomes in selected areas (e.g., improvement in retention and graduation rates, enrollment of Kentucky African-American students, and employment of African-Americans).

Incentive Trust Funds

Incentive Trust funds have been described as funding to become the type of institution envisioned by HB 1. It is this component that addresses the aspirational concerns of the institutions. CPE staff indicates that there may be a redirection of the Incentive Trust funds or, perhaps, a new Incentive Trust Fund. At this point, we have no additional information; however, Western has strongly endorsed expansion of the endowment matching funds for the next biennium. We also support continuation, at minimum, and potential expansion of the Programs of Distinction funding.

5.3.8 Reorganization of Financial Affairs (Informational)

With the announcement of two directors, within the Division of Financial Affairs, retiring February 1999, Ms. Ann Mead requested Baird, Kurtz & Dobson (BKD) to generally assess the unit's effectiveness compared to benchmarking data and to make recommendations on how the Division might be reorganized to improve its effectiveness. BKD staff collected data, visited the campus for two days, and met with a majority of the staff to seek their input. The report received was very positive; however, a few concerns surfaced. For example, the increased volume of grants and contracts with no increase in staffing was noted. The report supported the need for a closer working relationship and improved communication between Purchasing and Accounts Payable.

The report was shared with all staff. Observations and recommendations in the report will be evaluated over the next six months with the desired outcome being improved services to the campus.

Based on the BKD report and feedback from all of the managers within Financial Affairs, a Division reorganization went into effect March 1, 1999. This reorganization was possible because of a significant number of well-qualified, mid-management staff. It is anticipated that the reorganization will improve campus services especially pertaining to grants and contracts and purchasing and accounts payable. Additionally, a new unit has been created - Risk Management. The University does not have a centralized risk management program. With the anticipated approval of the 1999-2000 Operating Budget and a specific allocation in the budget, the Risk Management unit will be created.

5.4 Institutional Advancement Committee, Ms. Peggy W. Loafman

Ms. Loafman informed the Board of two important new volunteer groups that are helping build the fundraising efforts. A Major Gifts Cabinet is co-chaired by Don Vitale and Billy Joe Miles and is made up of 15 members who are alumni, friends,

corporate leaders, and they are focused on discussing the top 200 prospects--individuals and corporations. These individuals help develop strategy; and in some cases, solicit individuals. They are primarily identifying prospects who can give at least \$100,000 or over during a five-year period to the University. They've met three times and are working very hard toward that goal.

A President's Circle Club is chaired by John Ridley with twenty members in that group who are mostly alumni and are focusing on encouraging individuals to give between \$1,000 to \$10,000. This committee has met only once.

Vice President for Development Tom Hiles updated the Board on the following items which were included in the packet of agenda materials:

5.4.1 Progress Towards Strategic Plan Goals

- Increasing University's combined endowment to \$50 million
- Providing 25 new endowed faculty positions
- Achieving a level of \$10 million a year in private support
- Reaching a level of \$25 million in deferred gift inventory
- Achieving 20% participation among alumni in the University's annual giving program

5.4.2 Recent commitments/pledges

The listing of major gifts since 7/1/98 included in the packet omitted one anonymous gift of \$500,000.

5.4.3 President's Circle

5.4.4 Quarterly Media Report

Pages 54-56 in the agenda book outline the Media Report for the Division of Public Affairs for the period January 1 - March 31, 1999.

5.4.5 2000 Legislative Priorities

Mr. Hensley reviewed the Legislative Priorities that have been identified for the 2000 Legislative Session. Those priorities are listed on page 57 of the agenda packet.

AGENDA ITEM 6 - Recommendation for approval of personnel recommendations and the addendum requesting naming Mr. Joel Lenoir as the James L. "Bud" Layne Professor in Mechanical Engineering Technology

The recommended priorities are outlined on the next 10 pages.

Motion for approval of the recommended personnel actions, including the addendum, was made by Mr. Fischer, seconded by Professor Miller and carried unanimously.

AGENDA ITEM 7 - President's Report

7.1 Ft. Knox/Elizabethtown Extended Campus Programs - Dr. Ransdell introduced Dr. Ronald Stephens, Director of the Ft. Knox/Elizabethtown Program, who described and reviewed with the Board the programs available through this facility.

7.2 Y2K Update - Mr. Gordon Johnson provided written materials in the Board packet which reviewed the preparations under way that will assure Y2K compliance for Western.

7.3 Girls High School Sweet Sixteen - Reported the tournament will return to Diddle Arena in 2001 and 2002.

7.4 Title IX Compliance Report - A status report and update will be on the agenda for the July Board meeting.

AGENDA ITEM 8 - Other Business

Professor Miller proposed the reinstatement of a former Board Committee known as the International Education Committee under a new banner to be called "Minority, Diversity, and International Issues" that would support the efforts being made in this regard.

Chairman Martin requested that Dr. Ransdell and members of the staff review the area of committee establishment and study the objectives for this committee prior to making a decision.

Ms. Gramling moved that the Board go into closed session pursuant to KRS 61.810(1)(c) for a discussion of pending litigation against the University. The motion was seconded by Ms. Bale and carried.

The Board accompanied by President Ransdell, Ms. Esters., Ms. Wilkins, and Mr. Hensley went into closed session at approximately 5 p.m.

Returning from closed session at approximately 5:30 p.m, Mr. Martin stated, "The subject of the discussions and deliberations during closed session were restricted to those in the motion, and no formal action was taken by the Board during the closed session."

Motion to adjourn was made by Ms. Cosby, seconded by Ms. Bale, and carried unanimously. The meeting adjourned at approximately 5:30 p.m.

