

MINUTES
OF THE BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY

October 27, 2000

AGENDA ITEM 1 - Call to Order

Required statutory notice having been given, the fourth quarterly meeting of the Board of Regents of Western Kentucky University was held in the Regents Room of the Wetherby Administration Building on the Western campus. The meeting was called to order by Chair Bale at approximately 10 a.m., CDT.

AGENDA ITEM 2 - Invocation

The invocation was provided by Mr. Alex Downing, President of the College Heights Foundation.

AGENDA ITEM 3 - Roll Call

Mr. Howard E. Bailey
Ms. Kristen T. Bale
Mr. Robert Earl Fischer
Ms. Lois W. Gray
Ms. Peggy W. Loafman
Ms. Cassie F. Martin
Mr. Cornelius A. Martin
Professor Mary Ellen Miller
Mr. James B. Tennill, Jr.
Ms. Beverly H. Wathen

Ms. Bale reported that Mr. Ronald Sheffer who was scheduled to be at the meeting today was in a trial earlier in the week that was continued this morning; therefore his absence. With the Board's approval, Mr. Sheffer asked to participate in the discussion of agenda item 6.2.2 via speaker phone.

Others present included President Gary Ransdell; Ms. Esters, Staff Assistant to the President and Secretary to the Board of Regents; Dr. Barbara Burch, Provost and Vice President for Academic Affairs; Mr. Fred Hensley, Chief Public Affairs Officer; Mr. Tom Hiles, Vice President for Development and Alumni Affairs; Dr. Richard Kirchmeyer, Vice President for Information Technology; Ms. Ann Mead, Chief Financial Officer; Mr. John Osborne, Associate Vice President for Campus Services; Dr. Gene Tice, Vice President for Student Affairs and Campus Services; Dr. Wood Selig, Athletics Director;

Ms. Deborah Wilkins, General Counsel, and Dr. Randall Capps, Parliamentarian.

AGENDA ITEM 4 - Disposition of minutes of the August 3, 2000 meeting

Minutes of the August 3, 2000, meeting were presented for adoption without reading inasmuch as copies were mailed to members of the Board on July 19. Motion for approval was made by Mr. Fischer, seconded by Ms. Loafman, and carried unanimously.

AGENDA ITEM 5 - Appointment of Treasurer and Parliamentarian

Chair Bale appointed Ms. Ann Mead, Chief Financial Officer as Treasurer and Dr. Randall Capps as Parliamentarian.

AGENDA ITEM 5.1 - Special Presentation

A resolution of appreciation passed by the Board of Regents at its August 3 meeting was presented to Ms. Joy Gramling in recognition of her service as the first staff regent.

President Ransdell commented, "Joy, as our first and longest-serving staff regent, set a standard for staff regents for this University of analytical thought and genuine passion for Western. It is something from which future staff regents will have the opportunity to learn much."

AGENDA ITEM 6 - Committee Reports

6.1 *Academics and Student Affairs Committee, Ms. Peggy Loafman, Chair*

Mrs. Loafman presented the following items which were reviewed and approved by the Academic and Student Affairs Committee at its meeting on October 11.

6.1.1 REQUEST: Approval of plan to develop joint baccalaureate degree programs in Electrical, Mechanical, and Civil Engineering with the University of Kentucky and/or the University of Louisville.

FACTS: The Western Kentucky University Board of Regents previously approved a plan to phase out engineering technology programs at the baccalaureate degree level and replace them with professional engineering degrees. This approval was for three engineering programs to be offered solely by Western Kentucky University. As a result of the state-wide plan for engineering education adopted by the Kentucky Council on Postsecondary Education, Western has entered discussions with the University of Kentucky and the University of Louisville to develop joint baccalaureate degree programs in Electrical, Mechanical, and Civil Engineering to be offered on the Western campus. The specific structure of the programs, including curricula, staffing plans, and support services, will be finalized over the next few months so that students may enroll in the programs no later than the fall 2001 semester. The specific program proposals will be submitted to the Boards of Regents of the three participating universities for approval and then forwarded to the Council on

Postsecondary Education for action.

The development of professional engineering programs to serve the citizens of south-central and western Kentucky will address **Strategic Goal 1: *Increasing Student Learning***, and **Strategic Goal 4: *Enhancing Responsiveness to Constituents in the University's Strategic Plan*** as well as the Kentucky Council on Postsecondary Education strategic plan, 2020 Vision.

RECOMMENDATION: President Ransdell recommends that Western proceed with plans to develop joint baccalaureate degree programs in Electrical, Mechanical, and Civil Engineering with the University of Kentucky and/or the University of Louisville.

MOTION: Approved by the Academics and Student Affairs Committee on October 11, 2000, motion for approval to develop joint baccalaureate degree program proposals in Electrical, Mechanical, and Civil Engineering with the University of Kentucky and/or the University of Louisville was made by Ms. Loafman, seconded by Ms. Wathen, and carried unanimously.

6.1.2 REQUEST: Approval of reorganization of the School of Teacher Education and establishment of the Departments of Elementary Education, Middle Grades and Secondary Education, and Special Instructional Programs in the College of Education and Behavioral Science.

FACTS: The School of Integrative Studies in Teacher Education (SISTE) combined all professional teacher education programs under a common umbrella. The College of Education and Behavioral Science now plans to retitle this entity as the School of Teacher Education and divide it into three departments: the Department of Elementary Education, the Department of Middle Grades and Secondary Education, and the Department of Special Instructional Programs. This reorganization is intended to create more efficient and focused units in the College. There are no significant cost implications anticipated from this reorganization.

This plan will contribute to achieving the University's Strategic plan goals, particularly Strategic Goal 4: Enhancing Responsiveness to Constituents, and Strategic Goal 5: Improving Institutional Effectiveness.

RECOMMENDATION: President Ransdell recommends the retitling of the School of Integrative Studies in Teacher Education as the School of Teacher Education and its reorganization into three departments: the Department of Elementary Education, the Department of Middle Grades and Secondary Education, and the Department of Special Instructional Programs effective immediately.

MOTION: Approved by the Academics and Student Affairs Committee on October 11, motion for approval of the retitling of the School of Integrative Studies in Teacher Education as the School of Teacher Education and its reorganization into three departments: the Department of Elementary Education, the Department

of Middle Grades and Secondary Education, and the Department of Special Instructional Programs in the College of Education and Behavioral Science was made by Ms. Loafman, seconded by Professor Miller, and carried with Mr. Bailey voting nay.

Concern was expressed by Professor Miller, shared by Mr. Bailey, about the number of interim department heads involved.

Mr. Bailey expressed his concern relating the University's stand, as one of the institutions in the partnership with the Office of Civil Rights and the Kentucky Plan, with regard to the process for job searches and the diversity mix stating his concern about the number of interim department heads.

6.1.3 REQUEST: Approval of December 2000 and May 2001 Honorary Doctorate Awards to Mr. Terrence W. Wilcutt and Mr. Larry Jones.

FACTS: The University Honorary Degree Committee reviewed the credentials of several outstanding candidates for the honorary degrees and has recommended that two individuals be awarded degrees at the next appropriate Commencement.

Mr. Terrence Wilcutt is a native of Russellville, Kentucky. A graduate of Southern High School in Louisville, Mr. Wilcutt is also a 1974 graduate of Western Kentucky University. After graduation from college, Wilcutt taught high school math for two years prior to entering the Marine Corps. He was commissioned in 1976 and earned his wings in 1978. Following initial F-4 Phantom training, he reported to Kaneohe, Hawaii. While assigned there, Wilcutt attended the Naval Fighter Weapons School (Topgun) and made two overseas deployments to Japan, Korea, and the Philippines. In 1983, he was selected for F/A-18 conversion training and served as an F/A-18 Fighter Weapons and Air Combat Maneuvering Instructor in Lemoore, California. In 1986, Wilcutt was selected to attend the United States Naval Test Pilot School (USNTPS), where he earned the title "Distinguished Graduate." Selected by NASA in January 1990, Wilcutt became an astronaut in July 1991. He was the pilot on space shuttle missions in 1994 and in 1996, and was the mission commander in 1998, logging over 724 hours in space. In September 2000, Wilcutt commanded a seven-man crew on the shuttle with the mission of establishing a permanent base in space.

Mr. Larry Jones, a Bowling Green native, is the founder and president of Feed the Children, a Christian charity devoted to reducing hunger and to providing relief services in times of war and following natural disasters. After witnessing massive hunger in Haiti on a visit in 1979, Mr. Jones and his wife Francis, decided to create Feed the Children. Now over 20 years old, Feed the Children has become America's third largest charity providing global aid. In 1998, Feed the Children distributed more than 69 million pounds of food and supplies; the total value of its food, supplies, and services was more than \$159,000,000. Because of his work with Feed the Children, he has received a number of awards, including ABC News' "Person of the Week" in June 1990 for relief efforts following the Iranian earthquake, Oklahoman of the Year in 1994, and the Humanitarian Award of the National Conference of Christians and Jews in 1995.

RECOMMENDATION: President Ransdell recommends that honorary doctoral degrees be awarded to Mr. Terrence Wilcutt and Mr. Larry Jones.

MOTION: Approved by the Academics and Student Affairs Committee on October 11, motion for approval of Mr. Terrence Wilcutt and Mr. Larry Jones as recipients of the honorary degrees to be awarded at the next appropriate commencement was made by Ms. Loafman, seconded by Mr. Tennill, and carried unanimously.

6.1.4 - Recommendation for approval of a process to designate retired faculty members as Emeritus Professors

FACTS: It is common in institutions of higher education to recognize retired faculty members who had given distinguished service to the university through conferring the title of Emeritus Professor on such individuals. Conferring such a status not only recognizes the contributions these faculty members have made, but also serves as a continuing link between them and the university. Frequently these retired faculty members remain active in scholarship and they often can and do provide continuing service to the university as well.

The status of Emeritus Professor would be conferred by the Board of Regents based on a positive recommendation from their home department, college dean, Provost, and University President. Such recommendations would be based on the record of achievement and service of the faculty member during their career at the university.

Emeritus Professor status would be honorary. Emeritus Professors would continue to be eligible for the variety of benefits from the university accorded to retired faculty members.*

The establishment of Emeritus Professor status would support Strategic Goal 3: Assuring High Quality Faculty and Staff found in the University's Strategic Plan, Challenging the Spirit.

RECOMMENDATION: The President recommends that Western Kentucky University establish a formal process to designate retired faculty members as Emeritus Professors.

APPROVED: Academic and Student Affairs Committee - October 11, 2000

* Including such things as a university identification card, library privileges, computing services, a parking permit, access to university recreational facilities, dental and outpatient medical services which are available to other faculty members, purchase of tickets to academic and athletic events at the prevailing faculty rate, enrollment in university classes under the faculty-staff scholarship plan, purchase of items at the University Bookstore at the prevailing prices for faculty and staff, and eligibility to apply for research grants. Emeritus Professors may also be assigned office space when it is available, may attend meetings of the University Senate, may participate in university academic processions and ceremonial events, may continue membership in the Service One Credit Union, and are eligible to have their names included on faculty lists in the University Catalog Issues.

MOTION: Approval of the establishment of a formal process to designate retired faculty members as Emeritus Professors was made by Ms. Loafman, seconded by Professor Miller and carried unanimously. It was noted by Professor Miller that the

appropriate Senate Committee to establish the guidelines would be the Faculty Status and Welfare Committee.

6.2 Executive Committee, Ms. Kristen T. Bale, Chair

Ms. Bale presented the following items that were reviewed and approved by the Executive Committee :

6.2.1 RECOMMENDATION: To amend provisions and/or language of Article IV of the *Bylaws of the Board of Regents* as reflected below; and that these amendments be proposed to the full Board at the October 27 meeting; and that same be acted upon at the next regular meeting of the Board following the October 27 meeting.

Note: Proposed deletions in current language is marked with ~~strikeout~~.
Proposed additions are bolded and underlined.

ARTICLE IV

1. Committees of the Board of Regents. The standing committees of the Board of Regents shall be the Executive Committee, the Academic ~~and Student~~ Affairs Committee, the Finance and Budget Committee and the ~~Institutional Advancement~~ **Student Affairs** Committee. The Board may from time to time establish such other committees as shall be necessary to carry out its duties and responsibilities.
2. **Executive Committee:** The Executive Committee shall consist of the chairperson, vice chairperson and the chairperson of the three standing committees of the Board of Regents. The Executive Committee will provide guidance to the President on matters that arise in the interim between regular meetings, and shall have authority to review, evaluate and provide guidance on issues relating to **alumni relations**, auditing, athletics, **development, governmental and public affairs**, legal, human resources and ~~governmental affairs~~, **issues related to fund raising and other similar advancement matters**.

The Executive Committee shall also serve as the President's Review and Compensation Committee, and shall present recommendations concerning same to the full Board for vote. The Executive Committee may also perform any and all other functions that may be from time to time assigned by a majority vote of the Board of Regents. The chairperson of the Board of Regents shall serve as the chair of the Executive Committee. The President of the University shall appoint a member of the staff to serve as administrative agent to the committee.
3. **Academic and Student Affairs Committee:** The Academic ~~and Student~~ Affairs Committee shall be responsible for evaluating all recommendations coming to the Board of Regents affecting the academic **and intellectual** affairs of the University, ~~including all matters related to intellectual and student life issues, including facilities, renovation, or new construction related to or associated with same.~~ The Academic ~~and Student~~ Affairs Committee shall consist of a minimum of three and a maximum of five members of the Board. The President of the University shall appoint a member of the staff to serve as administrative agent to the committee.
4. **Finance and Budget Committee:** This Committee will review, evaluate and provide guidance on financial issues, including the biennial budget requests submitted to governmental agencies, the annual operating budget of the University for each fiscal year, adjustments to the annual operating budget from time to time as required by operations of the University, allocation of unencumbered fund balances, proposals for construction of academic, administrative or service facilities, all other financial and budget matters, including facilities and facilities management. If necessary, the annual operating budget of the University may be adjusted between

the regular meetings of this Committee, and, in that event, this Committee will provide post-review and evaluation of those adjustments. The Finance and Budget Committee shall consist of a minimum of three and a maximum of five members of the Board. The President of the University shall appoint a member of the staff to serve as administrative agent to the committee.

5. ~~**Institutional Advancement Committee:** This Committee will review, evaluate, and provide guidance on issues related to fund raising, public relations and other similar advancement matters, including those matters that relate to governmental affairs. The President of the University shall appoint a member of the staff to serve as administrative agent to the committee.~~
5. **Student Affairs Committee - This Committee will review, evaluate, and provide guidance on all matters related to student life issues, including facilities, renovation, or new construction related to or associated with same. The Student Affairs Committee will consist of a minimum of three and a maximum of five members of the Board. The President of the University shall appoint a member of the staff to serve as administrative agent to the Committee.**
6. **Authority of Committees.** Committees shall possess no delegated authority of the Board of Regents unless approved by a majority vote of the Board of Regents. All actions of each committee, unless taken with delegated authority, shall constitute recommendations to the Board of Regents and shall be subject to approval by a majority vote of the Board of Regents. All authority delegated to a committee must be within the confines of Kentucky State Statutes and regulations.
7. **Selection of Committee Members.** If a Board officer vacancy occurs, an election shall be held to fill the unexpired portion of that term and to serve on the Executive Committee. Members and Chairpersons of the standing committees of the Board shall be selected by the Chairperson of the Board of Regents, and the terms of the committees can run concurrently with the Chairperson, at the discretion of the Chairperson.
8. **Term of Committee Members.** All committee members shall serve for a term of one year or until their successors have been duly selected by the Chairperson. In the event of a vacancy on a committee, the successor member shall be selected by the Chairperson of the Board of Regents and shall hold office for the balance of the term of office of the person vacating their office.
9. **President as Ex Officio Member.** The President and all members of the Board of Regents shall serve as ex officio members of all committees of the Board of Regents, including those created from time to time by the Board.
10. **Other Committees.** Such other committees as are from time to time created by the Board of Regents shall have their membership, duties, responsibilities, and term of existence determined by a majority vote of the Board of Regents.
11. **Removal of Committee Members.** Any committee member may be removed either with or without cause by a majority vote of the entire Board of Regents.

MOTION to approve (the first reading) of amendments to the provisions and/or language of Article IV of the *Bylaws of the Board of Regents* as reflected in the attachment, and that these amendments be placed on the agenda for the January, 2001, meeting of the Board of Regents for action was made by Mr. Martin, seconded by Ms. Loafman.

In discussion that followed, Professor Miller expressed concerns that the Committee on Internationalism and Diversity could never aspire to being a full-standing committee and that no elected member of the Board could aspire to be on the Executive Committee.

6.2.2 Recommendation to approve an increase the student fee for athletics

REQUEST: Approval of phasing in an increase to the existing \$16 per semester student fee for athletics, with an initial \$40 increase taking the total to \$56 for the spring 2001 semester followed by an additional \$40 per semester increase for the fall of 2001 at which time student fees for athletics would be \$96 per semester.

FACTS: The Western Kentucky University Athletic Department is currently facing a critical competitive juncture in its rich and storied athletic history. Three situations warrant immediate consideration. The first item for consideration is Diddle Arena. Diddle Arena, when opened in 1963, was considered one of the finest arenas in the country. However, in the past 37 years, very little has been done to maintain or improve Diddle Arena.

Lacking even the most basic requirements such as air conditioning, ADA accessibility, and other simple capabilities needed to serve as a multi-purpose facility, Diddle Arena is unfortunately a competitive disadvantage for the inhabitants of the facility- Athletics, Physical Education, and ROTC. Diddle Arena is also in many ways an unpleasant experience for those who attend sporting events, graduation exercises, and other functions due to the excessive heat in the warmer months, lack of restroom and concession facilities, and a general lack of parking.

An exhaustive arena renovation study commissioned by the HAF, the city, and the county has determined that renovation of Diddle might cost as much as \$30 million (see Attachment A). In order to fund such an extensive renovation project, all sources of funding will need to be maximized including, but not limited to, sales of luxury suites, ticket surcharges, student fees, naming rights, and corporate sponsorships.

Annual debt service of such a project is anticipated to be about \$2 - \$2.5 million per year. Student fees would be necessary to cover approximately \$500,000 annually of this debt service, leaving the remainder of the project expenses to the Athletic Department and other sources. Student fees would be used exclusively to allow for the first phase of renovation to occur. The first phase of the renovation would be the acquisition and preparation of land across from University Boulevard that in conjunction with the existing football practice fields would allow for an increase of potentially 1,200 – 1,500 parking spaces as early as the 2001-02 academic year for students, faculty, and event attendees. This transition includes the acquisition of land, the relocation of football practice fields, and the relocation of university tennis courts. After financing phase one of the arena project with a significant portion of the incremental student fee increase, these student fees would then be utilized to help retire the arena debt service over the life of the project.

The plan to renovate Diddle Arena would not only solve the on-campus parking issue, but students would also benefit from improved arena court side seating, and enhanced year round programming with concerts, speakers, and other family shows. Programming geared to students would assist in making the campus more attractive to students on weekends.

The second critical issue surrounding intercollegiate athletics is the overall financial solvency of the intercollegiate athletic program. For the third consecutive year, athletics has posted a deficit. For the 1999-2000 academic year, the athletic deficit was \$480,000. The previous two year deficits were about \$225,000 each making for almost \$1 million in Athletic Department shortfalls in the past three years. Contributing to the 1999-2000 deficit was a \$350,000 shortfall in revenue and \$130,000 in program deficit spending. More importantly, however, has been the construction of the Athletic Department budget in recent years. Matching expected expenses with hypothetical revenues has been routine annual budget preparation practice. Such an accounting practice is ill advised and lacks financial integrity.

Currently the University is funding almost \$3 million of the \$5.4 million athletic budget that supports 17 intercollegiate athletic programs. Student fees for athletics are \$16 per semester in 2000-2001 - or less than \$1 per program. These fees contribute \$330,000 annually to the Athletic Department. Student fees for athletics were \$15 per semester for more than three decades until an inflationary clause was enacted last year. In addition to the \$1 cumulative student fee for athletics increase in the past seventeen years, three women's programs have been recently added as part of a Title IX compliance effort, with the third program, women's soccer, scheduled to begin in the fall of 2001. These three programs and their athletic facilities have been funded entirely by student Title IX gender equity fee, \$26 per semester or \$730,000 annually.

When comparing WKU student fees for athletics with other SBC schools, it is quickly evident that WKU fees are greatly lower than those of other conference member institutions. WKU student fees comprise about 6% of the overall athletic budget (17% when adding in the Title IX funding). Such a level of funding is less than half of what SBC institutions average as 39% of a typical SBC athletic budget is driven by student fees (see Attachments B, C, and D).

Costs of participation in the SBC continue to rise much faster than revenues. The recent expansion of the SBC to 12 teams will require additional expenses to travel to the three new conference members (New Mexico State, North Texas, and Middle Tennessee). Additionally, to compete in all the SBC championship events for 2000-01, it will require \$150,000. Currently this type of tournament expense is an unbudgeted line item expense. Additionally, only three athletic programs have a recruiting line item in their budget. Football, men's and women's basketball have less than \$30,000 allocated between the three programs for recruiting. None of the other 17 programs have any recruiting funds. There is no line item funding for fifth year aid and summer school expense of which \$125,000 is required annually. It is remarkable that Western student athletes who have exhausted their eligibility graduate at a 74% rate. Finally, the majority of WKU athletic programs, outside of salary and scholarships expenses, have not had a budgetary increase in 10 years forcing the majority of our programs to operate and travel on the same budget they had in 1990.

Western will attempt to maximize various areas of financial support including restructuring the external areas of the department, increasing attention to annual and endowment fund raising efforts, selling a greater number of season and single game tickets, scheduling guarantee games, and revitalizing the corporate sponsorship program. Additionally, recent cuts have been made in personnel with two staff positions eliminated and a new business manager hired. Paramount to Western's ability to field the most competitive athletic program possible is the ability to financially support all programs at a competitive level. In order to extend this support, all areas of revenue generation must be maximized. The most under funded source of Athletic Department revenue is student fees.

The third critical area of need is making the transition to the Gateway Conference for football. The average Gateway member institution funds their football program with \$1.8 million annually while WKU's annual support for football is

\$1.2. Western is \$600,000 below the AVERAGE annual Gateway football budget and would be among the lowest funded programs in the Gateway if competition had started this fall.

The proposed student fee for athletics increase would generate approximately \$2.2 million in new funding the first full year that it is enacted. Annually, as outlined in Attachment E, the new student fees will be divided into three primary categories with approximately \$500,000 going to the arena renovation and parking solution each year, \$600,000 for football transition into the Gateway, and \$1,100,000 going to support the overall athletic programs (keeping in mind that athletics is forecasted to be \$500,000 over budget in all future years assuming the current expense and revenue forecast). With the student fee increase for athletics, the campus parking issue would be resolved, the Diddle Arena renovation project would receive critical funding, the Athletic Department could achieve financial solvency and the athletic competitiveness of Western's programs in the Sun Belt and the Gateway Conference could be maximized.

Following initial discussion of this student fee issue at the August BOR retreat, Athletic Director Wood Selig has presented to the University Senate, the faculty athletic advisory council, the SGA, the RHA, the RSA, and the UCB. Comments were varied. Several recommendations were received included a phasing in of any increase, cutting back the proposed initial amount of student fee increase, and possible elimination of athletic programs.

This proposal phases the fee increase over two academic years, and it reduces the original proposed fee increase by \$10 a semester. Furthermore, Dr. Selig is prepared to discuss with the Board further cutbacks in the Athletic Department.

RECOMMENDATION: President Gary A. Ransdell recommends that the Board of Regents approve an athletic student fee increase of \$80 per semester to be phased in \$40 per semester for each of the next two semesters starting with the spring semester of 2001 (\$40) and continuing from the fall semester of 2002 (\$80).. The student fee increase will support the Diddle Arena renovation project, solve the campus-parking problem, provide athletic solvency, and increase the overall competitive strength of Western Kentucky University in the Sun Belt and Gateway Conferences.

MOTION: Approved by the Executive Committee of the Board of Regents on October 11, Ms Bale moved that the Board approve an increase in the existing \$16.00 per semester student fee for athletics, to be assessed in a manner consistent with the assessment of the Title IX fee, with an initial increase of \$40.00 effective with the Spring 2001 semester, making the total student athletic fee \$56.00, followed by an additional per semester increase of \$40.00 commencing as of the Fall 2001 semester, at which time the total student athletic fee will be \$96.00 per semester. *When exact annual obligations for parking and arena renovation are determined, the Board will designate portions of the total fee for those purposes.* The motion was seconded by Mr. Fischer.

The floor was opened for discussion. Professor Miller expressed her opposition to the recommendation noting that the mid-year increase was not good business; that it was not good business to increase a fee at the proposed pace; and the proposed sum is

excessive. Professor Miller also stated her confusion as to the purposes of the fee, and expressed her opinion that there are more pressing needs on campus.

President Ransdell referred to a communique to the Board from Cassie Martin which asked that, if the fee is passed, that the Board consider designating it for the parking, the arena renovation, and athletic operating budget. Dr. Ransdell stated, “Until we can determine precisely what the dollar amount will be for the parking and for the arena renovation, we can’t pinpoint exactly what that percentage or dollar amount will be; therefore, the motion to have the Board approve those designations once they’re finally determined; (and *I would presume that would be at your next meeting in the winter or perhaps in the spring*). At this point in time it is impossible to precisely identify the dollar amounts or the percentage for those purposes.

The request on the behalf of the Student Government is perfectly reasonable and I would concur with that when those dollar amounts are identified.”

Cassie Martin spoke in opposition of the fee increase saying this is not a priority for the students; she requested that the fee be assigned for specific purposes, if passed, so that when the projects are finished the Board can determine the most important areas on campus that need to be revisited.

Professor Miller reiterated this is not a priority for faculty.

Dr. Wood Selig reviewed the three critical areas of need which the increased student fee would address:

- Diddle Arena Renovation/parking (will enhance the quality of life for all participants/clients of the facility)
- Financial solvency of the Athletics Department
- Increased expenses involved with the move to and competing in the Gateway Conference

Ms. Loafman shared the following comment made earlier in the Executive Committee. “If this recommendation does pass and we do balance the budget with this, then I would want to make sure that going forward we look at our budget and make sure that we don’t get ourselves back in the same position again. Hopefully , this will take care of everything going forward, and we can stay on top of that and make sure that the budget does balance.”

Ms. Bale commented, “I would also hope, if this does pass--obviously there are certain segments of the University that are being taxed to make sure that this athletic

budget is going to be balanced--that the Athletic Department would take some hard and fast looks at its total programs and take appropriate steps in order to meet their budget.”

In response to those comments, Athletics Director Wood Selig noted, “We will do an extensive internal evaluation and determine the breadth of programming that we are offering currently within athletics; we will evaluate whether or not that is too many programs; and we will evaluate the administrative structure and determine what additional cuts we can make along with this proposed increase to further help our athletic program to balance the budget.”

Regent Sheffer via speaker phone commented, “I’ve asked to be plugged in because I feel strongly about this issue. I came to Western in 1956 as a student. The student athletic fee was \$15, and one reason I feel so strongly about this is that I tried to get the Board to do this when I was on the Board in the late ‘70s and early ‘80s. I think the choice is, do we have a fee; and the answer to me is obvious--we do-- and then if we do, it needs to be reasonable. Everything has escalated since 1956, and our students are still paying \$16. One problem we now have is that we’ve waited so long to address the fee because everybody was concerned about it being controversial. I understand the students being opposed to it. I would have been opposed to an increase and would have voted against it if they had proposed to raise it to \$17 in 1958, but it has to be done if we’re going to have a quality program. No fee should remain the same amount of money since 1956 until 2000. I think we should have been increasing it every four or five years or so, and we wouldn’t be faced with this now. If we put the cost-of-living index to it, I imagine it would be over \$150. I’m a supporter of athletics, one, because I like it, and it was good to me and a big part of my life at one time, and two, I think it is so vital to any university. We have no better tool, in my opinion, for marketing and public relations and creating the right public image than we do through athletics. It’s been good to Western through the years---that is the reputation we’ve had through athletics. It made a name recognition in parts of the country where we’d never be known. We can all name students who’ve come to Western because they’ve heard of the Hilltoppers and basketball and other forms of athletics, and we’ve got to maintain a good quality program in athletics and academics, and they go hand in hand, and one supports the other. I feel so

strong about this issue, I wanted to address it in the late '70s and we didn't get it through.

I think it is something we absolutely have to do.”

Ms. Gray called for the question on the motion to approve the recommended increase. The roll call vote follows:

Aye: Mr. Bailey, Ms. Bale, Mr. Fischer, Ms. Gray, Ms. Loafman, Mr. Martin
Mr. Tennill, Ms. Wathen

Nay: Ms. Martin, Professor Miller

It was suggested that the fee be identified as the “Parking/Diddle Arena Renovation/Athletic Fee” and that this be reviewed periodically by the Executive Committee.

6.2.3 RECOMMENDATION:

The President recommends that the Board rescind the 3.4 percent automatic budget factor previously utilized in the development of the University's annual budget, and that effective with the development of the 2001-2002 budget, and continuing thereafter, that athletics budget considerations be consistent with the University's development process for the annual budget.

Background:

During the Board's retreat in August of 2000, the Board discussed changing the budgeting philosophy utilized in past budget development cycles. In the past, Athletics was not considered as part of the University's budget development process. Rather, Athletics was automatically provided 3.4 percent of any increase in state appropriation and tuition. From this amount, the Athletics Department funds its budget, including scholarships for student athletes and staff salaries.

The practice of allocating 3.4 percent to Athletics came about in 1992 as a result of a recommendation by the Athletics Task Force appointed by the Board of Regents, and is unique to the Athletics division. As a result of this automatic allocation, the budget development for the Athletics Department is not consistent with other divisions and departments on campus. Rescinding the automatic 3.4 percent budget factor previously utilized in the development of the University's annual budget will bring consistency to the University's annual budget development process as it affects all divisions and departments.

MOTION to rescind the 3.4 percent automatic budget factor assigned to the Athletic Department previously utilized in the development of the University's annual budget, and that effective with the development of the 2001-2002 budget, and continuing thereafter, athletics budget considerations be consistent with the University's development process for the annual budget was made by Ms. Bale, seconded by Ms. Loafman, and carried with Professor Miller voting nay.

6.3 Finance and Budget Committee, Mr. Cornelius A. Martin, Chair

6.3.1 Acceptance of the 1999-2000 Financial Report and Audit Report

Board members were provided a copy of the referenced documents with their

agenda packet, and a copy is filed in the Board's official files.

FACTS: The financial statements of the University are the responsibility of Western Kentucky University management. The establishment and maintenance of an internal control structure and compliance with laws, regulations, terms, and conditions of grants and contracts are also the responsibility of University management. Western Kentucky University contracts with an external independent auditor to provide to the Board of Regents opinions that: the financial statements present fairly the financial position of the University; the University has complied with applicable laws and regulations; and the design and operation of the University's internal control structure are effective.

Baird, Kurtz & Dobson (BKD) has completed the audit for the fiscal year June 30, 2000. The audit was performed in accordance with generally accepted auditing standards (GAAS). These standards are designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing GAAS procedures, BKD established scopes of audit tests in relation to the financial statements taken as a whole. The audit does not include a detailed audit of every transaction. Findings required to be reported by Government Auditing Standards related to segregation of duties to ensure internal control. There are no questioned costs associated with these findings. The Office of the Controller will prepare a response to these findings and it will be submitted to the Finance and Budget Committee of the Board of Regents.

In conjunction with this audit, BKD prepared the "Independent Accountants' Report on Compliance with Specified Requirements of Commonwealth of Kentucky House Bill 622." This state requirement is for an external auditor to express an opinion on the University's compliance in state requirements pertaining to accounting, auditing and payroll procedures; investments and interest income procedures; and purchasing procedures. The Report states that the University is in compliance with the criteria set forth by the Minimum Audit Scope for Compliance with House Bill 622.

The Independent Accountants' Report on Financial Statements and Supplementary Information includes two issues to be addressed by University management. Under its evaluation of the University's internal control structure, BKD noted that the responsibility for compliance monitoring for grants and contracts needs to be a distinct function assigned "to employees having no other duties involving government financial assistance." (It is noted that the University's extramural funding has grown considerably in recent years and this has created new concerns regarding the number of staff and distribution of responsibilities.) A second issue of internal control was noted in relation to the University's bid purchase procedures not being updated and conveyed clearly to the campus. These issues of internal control will be addressed by the Office of the Controller with a subsequent report being submitted to the Finance and Budget Committee of the Board of Regents.

As required by OMB Circular A-133, a schedule of findings and questioned costs is included with the Annual Financial Report. BKD notes that "reportable conditions in internal control over financial reporting were identified, none of which are considered to be material weaknesses." Additionally, "no instance of noncompliance considered material to the financial statements was disclosed by the audit." BKD does submit a finding due to grants project directors and sub-recipients not submitting invoices and other supporting documents for grant expenditures in a timely basis. BKD recommends that "the University require all project directors and sub-recipients to submit reimbursement requests in a more timely manner." (It is noted that efforts have been made to address this issue with a small number of project directors, but more stringent requirements may need to be implemented.) OMB A-133 requires the University to prepare a Corrective

Action Plan and submit it to granting agency. This Plan will be prepared and a subsequent report will be submitted to the Finance and Budget Committee of the Board of Regents.

RECOMMENDATION: President Gary A. Ransdell recommends that the Board of Regents accept the 1999-2000 Annual Financial Report and Audit Report prepared by Western Kentucky University and audited by the independent accounting firm of Baird, Kurtz & Dobson.

Mr. Gary Frala of Baird, Kurtz and Dodson provided a brief summary of the Financial Report and Audit Report. Results of the audit were discussed with the Finance and Budget Committee on at its meeting of October 16. Three financial statement audit reports were issued by BKD: 1) on the University's financial statements; 2) in accordance with government auditing standards, and 3) compliance with major federal awards programs. Assistance was also provided in preparing the data collection form and the closing package that is submitted to the State Auditor. BKD issued the independence letter, report with compliance on HB 622, and the Management Letter, and Finance Committee Letter.

The report on the financial statements was an unqualified or clean opinion. The report in accordance with Government Auditing Standards noted no instances of non-compliance in any of the areas tested. The report in accordance with Circular A133 in the single audit act concluded that the University complied with all the requirements of its federal awards programs which are, Student Financial Aid, Head Start, and in Research and Development.

In the letters to the State, BKD reports they are independent with regards to the University and the State reporting agency, and that they have complied with all peer review and continuing professional education requirements specified by Government auditing standards.

The audit report revealed no questioned costs and reported no disagreements with management. The report does mention that there is a new accounting pronouncement coming out for the year ending June 30, 2002, that will change the financial statement format for the University and all governmental entities. It is statement GASBE #34 and 35, and the major impact is that it will require the University to recognize depreciation on all of its plant assets, which will have a material effect to reduce fund balance of the University when that statement comes into effect.

The Finance Committee report also includes a couple of pages of graphs showing current funds, revenues and expenses for the past three years in which no unusual trends were noted over that period.

Motion for acceptance of the 1999-2000 Financial Report and Audit Report was made by Professor Miller, seconded by Mr. Fischer, and carried unanimously.

6.3.2 Educational and General Fund Balance

FACTS: Fund balances are categorized as accounting requirements, reserve, previously approved Board of Regents commitments, and balances returned to divisions based on University policies. Attachment A details these funding obligations. The E&G Reserve is \$2,250,000 with the balance of \$750,000 being held in the Plant Fund (property recorded as a capital asset).

The total unrestricted fund balance, as of June 30, 2000, was \$8,839,088. The University's accounting system included an E&G fund balance of \$6,842,253 and an Auxiliary Enterprises fund balance of \$1,996,835. The University separates the amounts in recognition that the auxiliary programs are 100 percent self-supporting and that all of their fund balance is returned for the enhancement of the auxiliary operations. (See next agenda item.)

In previous years, there has been an undesignated E&G fund balance available for allocation. With a significant deficit in the University's health insurance program and a deficit in the Athletics Program and legal contracts, there are no additional funds available for allocation. The balances in revenue dependent units and carry forward funds consistent with University policies have been reserved for the respective programs. These programs include, for example, the Center for Gifted Studies, *College Heights Herald*, previously awarded unit productivity awards (Academic Affairs), Cultural Enhancement Fund, and previously awarded faculty and graduate research awards. The Carry Forward Policy was suspended and balances in division's central Carry Forward accounts (allocated from 1998-99 fund balance) were eliminated in order to fund the deficits.

RECOMMENDATION: President Gary A. Ransdell recommends that the Board of Regents approve the Educational and General fund balance allocations as set forth in Attachment A which is listed below:

FUND BALANCE ALLOCATION BY CATEGORY

	<u>E&G</u>	<u>AUXILIARY</u>
Fund Balance year end 6-30-00	\$6,842,252.96	\$1,996,834.88
I. ACCOUNTING REQUIREMENTS (e.g., encumbrances, accrued vacation, change fund, inventory, grants & contracts cost share)	1,486,498.24	1,314,012.26
II. RESERVE	2,250,000.00	180,000.00
III. PREVIOUSLY APPROVED BOR COMMITMENTS		
Capital Projects	144,974.43	26,366.16

IV. BALANCES RETURNED TO DIVISIONS

Student Health Service Reserve	161,167.59	
Indirect Cost Recovery on Grants	372,893.88	
Balances, Revenue Dependent Units	1,270,270.45	
Carry Forward Commitments	1,156,448.37	
Subtotal	2,960,780.29	
Total Allocations	6,842,252.96	1,520,378.42
Available for Allocation	0.00	476,456.46

Approved by the Finance and Budget Committee on October 16, motion for approval was made by Mr. Martin, seconded by Ms. Loafman, and carried unanimously.

6.3.3 Auxiliary Enterprises Fund Balance.

FACTS: A recent facility survey conducted by Taylor-Whitney Architects found that Downing University Center needs more than \$5 million in capital renewal projects to completely renovate the building. Improvement projects for this 30-year-old building have been identified and prioritized into 14 renovation projects. Funding for the first project to renovate the 2nd and 3rd floor restrooms was approved January 28, 2000, and this project will be completed within 30-60 days. Funding is now needed to initiate a project to renovate the 2nd floor lobby. This project will replace interior finishes and surfaces such as floors and ceilings and replace outdated lighting.

Garrett Conference Center is also in need of a repair and replacement investment to address an accumulation of deferred capital renewal. Replacement of ceiling tiles and repair of various building components have been identified as a critical need.

The South Regional Postsecondary Education Center in Glasgow is designed for a full-service bookstore and a limited menu food service capability when it opens in fall 2001. The construction budget for this project does not include needed equipment for the Bookstore or Food Services areas.

RECOMMENDATION: President Gary A. Ransdell recommends the allocation of \$476,000 from the Auxiliary Fund Balance for the following capital improvement projects:

\$ 400,000	DUC lobby renovation
\$ 20,000	GCC improvements and repairs
<u>\$ 56,000</u>	Glasgow Education Center equipment
\$476,000	

MOTION: Approved by the Finance and Budget Committee on October 16, motion for approval was made by Mr. Martin, seconded by Ms. Gray, and carried unanimously.

6.3.4 2000-01 First Quarter Report

FACTS: Total realized Educational and General (E&G) revenue, as a percentage of the budget, was comparable to the 1999-00 first quarter revenue. Restricted revenues and expenditures for grants and contracts were comparable to the first quarter of 1999-00.

The percent of 2000-01 Revised Budget for Auxiliaries decreased compared to first quarter of 1999-00. Contributing factors are the movement of housing operations to the Student Life Foundation and the reimbursement of expenses from the Student Life Foundation to be received in October.

The increase in the revised budget for the first quarter of 2000-01 was due to fund balance allocations based on prior Board of Regents' approval and accounting requirements. Most of the fund balance allocations were due to closing fiscal year 1999-00 (e.g., carry forward of encumbrances and grants and contracts).

RECOMMENDATION: President Gary A. Randsell recommends that the Board of Regents accept the First Quarter Financial Report.

MOTION: Accepted by the Finance and Budget Committee on October 16, motion to accept was made by Mr. Martin, seconded by Mr. Fischer, and carried unanimously.

Board members were provided the following informational materials in their agenda packets:

- CPE Incentive Trust Funds
- 1999-2000 Health Insurance Deficit
- 2000-01 Capital Budget Status Report
- 2000-01 Redirected Mandatory Student Fees

6.4 Institutional Advancement Committee, Mr. James B. Tennill, Chair

Mr. Tom Hiles, Vice President for Development and Alumni Affairs reviewed the progress toward advancement goals which can be found on pages 68-79 of the agenda packet, noting the current level of \$54.3 million toward the \$78 million campaign goal.

Ms. Bale requested periodic updates on disbursements paid on behalf of WKU by the Foundation.

Mr. Tennill noted that the quarterly media report can be found on pages 80-81 of agenda packet with the highlight coverage for the quarter being Colonel Terry Wilcutt's space mission. Mr. Tennill also reported that efforts have begun to prioritize the University's legislative priorities for the next General Assembly.

6.5 Special Committee on Diversity and Internationalism, Professor Mary Ellen Miller, Chair

Professor Miller reported the Committee met at 9 a.m. with all of the Committee

members present. Dr. Larry Caillouet, the new Director of International Programs, was present and gave a report on international activities. Included in his report was an update on the new shuttle service provided for the international students to get them to the mall for weekend shopping. He also reported on enrollment increases among international students. Public health and computer science are the most rapidly growing areas for the international students.

Dr. Caillouet also brought a painting of the International Student House that was done by a Western graduate which displays international flags representing all of the countries of WKU students. This gives an “embassy” effect to that area; efforts are currently underway to obtain flags for permanent display.

The two new co-chairs of the Diversity Committee, Drs. John Hardin and Monica Burke were introduced and each gave an update from that committee. They talked about the eight goals assigned by the CPE and our progress toward those goals. They also talked about the Diversity Conference in Louisville and made some reference to the State and Federal laws in regard to minority recruitment and retention, etc. and the focus on getting more minority graduate students. They also reported that Kentucky is seventh in the nation in terms of people who have a language other than English as their first language.

Mr. Bailey reiterated the importance for all departments throughout the University being held accountable for the Kentucky Plan and OCR goals and objectives that the University must meet. The OCR deadline for completion is by the year 2003. These goals can easily be accomplished if each department is committed to doing its share.

AGENDA ITEM 7 - Recommendation for approval of personnel actions since August 3, 2000

The recommended personnel actions are found on the next eleven pages.

Ms. Bale presented the personnel actions for consideration. With no discussion, motion for approval was made by Mr. Martin, seconded by Ms. Martin, and carried unanimously.

AGENDA ITEM 8 - Approval of a quarterly meeting schedule for 2001 and a 2001 schedule for Board committee meetings

RECOMMENDATION: President Gary A. Ransdell recommends consideration of the following :

- 1) adoption of the quarterly meeting schedule for 2001:
 - *First Quarterly Meeting* **January 26, 2001**
 - *Second Quarterly Meeting* **April 27, 2001**
 - *Third Quarterly Meeting* **July 27, 2001**
 - *Fourth Quarterly Meeting* **October 26, 2001**

- 2) adoption of the Board Committee meeting schedule for 2001:
 - *January 5, 2001*
 - *March 30, 2001*
 - *June 29, 2001*
 - *Sept. 28, 2001*

Motion for approval of the above schedule was made by Ms. Loafman, seconded by Ms. Gray, and carried unanimously.

Professor Miller requested that, whenever possible, meetings be scheduled in the afternoon because of her class schedule.

AGENDA ITEM 9 - President's Report

PR-1 Sponsored Research - Dr. Phil Myers, Director of Sponsored Programs, in a power-point presentation reviewed three-year comparisons of the following:

- Number of faculty involved in proposals and awards
- Proposals and awards in dollar amounts
- Proposals and awards
- Number of grant funded employees
- Dollar amount of equipment purchased by grant funds

PR-2 Enrollment Update - Dr. Luther Hughes, Associate Vice President for Enrollment Management, provided a power-point presentation on the following areas of recruitment and retention:

- Recruitment
- WKU Enrollment Goals
- Enrollment, Fall Semester 2000 - (+393)
- Enrollment (Undergraduates)
- Enrollment (African-Americans)
- Retention
- 4th Week Freshman Assessment
- Mid-Term Freshman Assessment

PR-3 CPE Equipment Fund Distribution - An informational listing by college of this equipment distribution is found on pages 96-97 of the agenda packet.

PR-4 Deferred Maintenance/Capital Renewal - Mr. John Osborne, Associate Vice President for Campus Services, discussed the informational materials found on pages 98-105 of the agenda packet and introduced Dr. Harvey H. Kaiser who will be conducting an audit that will produce a good prioritization for the six-year capital plan; give a good assessment of the existing facilities' condition and a functional performance assessment of the buildings, and provide an evaluation of the campus infrastructure.

Ms. Bale asked that the Board be updated periodically as the process is refined and things are identified and prioritized with a schedule showing the anticipated completion dates for these deferred maintenance/capital projects. Mr. Osborne indicated a preliminary report will be provided for the January Board meeting.

PR-5 Job Search Manual & 2000 Career Expo - Dr. Gene Tice reported very favorable results from the 2000 Career Expo and discussed briefly the Job Search Manual - 2000 which had been previously provided to the Board.

Following very positive comments relating to the Job Search Manual, motion to commend Ms. Judy Owens and her staff for the quality of the publication was made by Professor Miller, seconded by Ms. Gray, and carried unanimously.

PR-6 Executive Session for:

Ms. Gray made a motion, seconded by Professor Miller to go into closed session for the purposes outlined:

- [1] For a discussion which might lead to the appointment, discipline, or dismissal of an individual employee, as provided under KRS 61.810(1)(f).

The nature of the business to be discussed is a confidential personnel matter pertaining to an individual employee and the reason for the closed session is for the privacy considerations with respect to the individual employee.

- [2] For a discussion of matters related to pending litigation against the University, as provided under KRS 61.810(1)(c).

- [3] For a discussion to deliberate on the future acquisition and/or sale of real property by the University, as provided under KRS 61.810(1)(b).

The motion carried unanimously. The Board accompanied by President Ransdell, Ms. Esters, Dr. Burch, Mr. Hensley, Mr. Hiles, Dr. Kirchmeyer, Ms. Mead, Mr. Osborne, Dr. Selig, Dr. Tice, and Ms. Wilkins, went into closed session at approximately 12 Noon for discussion of items one and two. All members of the Administrative Council except

Mr. Hensley and Ms. Wilkins were excused for discussion of item 3.

Returning from closed session at approximately 12:55 p.m., Ms. Bale 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.”

Ms. Gray moved that “*the Board authorize the President to negotiate a settlement of suits filed by Allen, Short and Collins within the parameters discussed; and that said settlement amounts be paid from the University’s Reserve Fund, to be reimbursed in the University budget process.*” The motion carried unanimously.

Motion to adjourn was made by Mr. Fischer, seconded by Mr. Martin. The meeting adjourned at approximately 12:57 p.m.

CERTIFICATION OF SECRETARY

I hereby certify that the minutes herein above set forth an accurate record of votes and actions taken by the Board of Regents of Western Kentucky University in the fourth quarterly meeting held October 27, 2000, on the campus of Western Kentucky University, and further certify that the meeting was held in compliance with KRS 61.810, 61.815, 61.820, and 61.825 (enacted as Sections 2, 3, 4 and 5 of House Bill 100, 1974 Regular Session, General Assembly).

Elizabeth W. Esters
Secretary

Kristen T. Bale
Chair
January 26, 2001

Elizabeth W. Esters
Secretary
January 26, 2001