

REPORT OF THE FISCAL AFFAIRS COMMITTEE TO THE FACULTY SENATE

SUBJECT: Operation of the College Heights Foundation (CHF).

The College Heights Foundation was incorporated as a private, nonprofit institution in 1923. Its primary function according to the articles of incorporation was to furnish scholarships and loan aid to students attending Western Kentucky State College (now University). The connection with Western is further cemented by the stipulation in Article V that of the Board of twelve directors, at least one shall be an "official or member of that faculty" of Western and one a member of the Alumni Association.

Article IV of the incorporation papers provides that the Board of Directors of the CHF may with approval of the Board of Regents, purchase or build memorial buildings, library building, hospitals or other such useful buildings and donate them to the College (University). In practice, this proviso has been used in two ways: (1) the CHF has made expenditures for projects and has given the projects to the university and (2) certain expenditures have been made by the CHF for property which has then been purchased by the University from the CHF with payments being made to the CHF over a period of time. An example of the latter type operation is the Chestnut Street parking lot across the street from the science complex.

The CHF operates the University Laundry and Bookstore and profits from the two enterprises accrue to the CHF treasury. The University provides the management systems for the two operations and charges the CHF a nominal management fee. The staff of the CHF and enterprise is paid by the University, but these payments are reimbursed by the CHF. In summary, the relationship between the CHF and University is probably, on balance, advantageous to the University community since it provides an increased flexibility of action, particularly in the area of capital expenditures.