

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

**June 16, 2006**

**AGENDA ITEM 1 - Call to Order**

Required statutory notice having been given, a special meeting of the Board of Regents of Western Kentucky University was held for the purposes of:

- 1) Approval of a Resolution honoring deceased Chair Cornelius A. Martin;
- 2) Election of officers for 2006-07; and
- 3) Approval of the 2006-07 Combined Budgets and Faculty and Staff Compensation Report; and

The meeting was conducted in the Cornelius A. Martin Regents Room of the Mass Media and Technology Hall on the Western Kentucky University campus. The meeting was called to order by Vice Chair Earl Fischer at approximately 9:30 a.m., CDT.

**AGENDA ITEM 2 - Invocation**

Dr. Luther Hughes, Associate Vice President for Enrollment Management provided the invocation.

**AGENDA ITEM 3 - Roll Call**

The following members were present at the location indicated:

Ms. Katie Dawson  
Dr. Robert L. Dietle  
Mr. Earl Fischer  
Ms. Yvette Haskins  
Ms. Lois Gray  
Ms. Judi Hughes  
Ms. Pat Jordan  
Ms. Forrest Roberts  
Ms. LaDonna Rogers  
Mr. Larry Zielke

The minutes of this meeting record the tragic death of Chair Cornelius A. Martin on June 3, 2006.

Others in attendance included: President Gary Ransdell; Ms. Liz Esters, Secretary to the Board of Regents and Staff Assistant to the President; Ms. Ann Mead, Chief Financial Officer; Dr. Gene Tice, Vice President for Student Affairs; and Ms. Deborah Wilkins, General Counsel.

Ms. Tamela Maxwell Smith, newly-elected Staff Regent and Mr. Robert Watkins, new-elected

Student Regent were also present.

**AGENDA ITEM 4 - Resolution honoring Cornelius A. Martin**

Ms. Lois W. Gray read and moved approval of the resolution as follows:

**RESOLUTION**

**WHEREAS,** Cornelius A. Martin was appointed to the Western Kentucky University Board of Regents in July 1994, by Governor Brereton C. Jones and served a six-year term. During this term, Mr. Martin served as Chair of the Board of Regents from 1998-2000; and

**WHEREAS,** he was reappointed to the Board by Governor Paul E. Patton for a second six-year term during which he has served as Chair from 2004-2006; and

**WHEREAS,** this has been a transformational period in the life of Western Kentucky University; and

**WHEREAS,** his time of office was characterized by able leadership, wise counsel, sound business acumen, and faithful service; and

**WHEREAS,** Mr. Martin devoted his time and energy and resources in service as a member of the Board of Regents of Western Kentucky University since July 1994 and has served on other university boards and advisory committees including the WKU Foundation Board and the Institute for Economic Development Board; and

**WHEREAS,** his loyal service and dedication to his responsibilities have made significant and lasting contributions to the University; and

**WHEREAS,** such leadership and dedicated efforts are deserving of special recognition; and

**WHEREAS,** on June 3, 2006, a sudden, tragic accident cut short the life of Mr. Martin, a loyal, dedicated friend and servant to Western Kentucky University. Be it

**THEREFORE**

**RESOLVED,** that the Board of Regents of Western Kentucky University in a special meeting on June 16, 2006, does hereby express appreciation to the loving family of Cornelius A. Martin for his life and for his dedicated service to this Board of Regents and to this University and wishes to formally express its condolences to the Martin family in the loss of their husband, father, and friend, and directs that this resolution be spread upon the minutes and a copy thereof be presented to the Cornelius A. Martin family as an expression of the esteem in which he is held by members of this Board.

*Ordered at Bowling Green, Kentucky, this 16<sup>th</sup> day of June in the year of our Lord two thousand and six.*

\_\_\_\_\_  
Robert Earl Fischer, Vice Chair  
Board of Regents

\_\_\_\_\_  
Gary A. Ransdell, President  
Western Kentucky University

Ms. Gray's motion for approval was seconded by Mr. Fischer, and carried unanimously.

Mr. Fischer commented, "We certainly all have lost not only a leader here at the

University but everyone of us feels like we've lost a friend. Sometimes leaders are not looked at as friends, but Cornelius was one of those type personalities that could do both and do both

well. Certainly, we'll miss him.

**AGENDA ITEM 5 - Reorganization of the officers of the Board of Regents applying to the offices of Chair, Vice Chair, and Secretary.**

Mr. Martin, at the April 7, 2006, meeting appointed a Nominating Committee for the 2006-07 slate of officers. The Committee consisted of Lois Gray, Chair; Robert Dietle; and Forrest Roberts. Ms. Roberts, on behalf of the Committee, nominated Mr. Earl Fischer for Chair; Ms. Lois Gray, Vice Chair; and Ms. Liz Esters, Board Secretary and moved approval. The motion was seconded by Ms. Haskins and carried unanimously.

Chair Fischer reappointed Ms. Ann Mead as Treasurer and Dr. Randall Capps as Parliamentarian. At the April meeting when Mr. Fischer presented the report from the

Committee to Expedite the President's Evaluation and Salary Recommendation, he recommended that a committee update the appraisal process and tweak the form that is used.

He appointed Ms. LaDonna Rogers, Ms. Lois Gray, and Ms. Forrest Roberts as a committee to review the evaluation form and process with Ms. LaDonna Rogers serving as Chair.

Committee appointments will be made in July.

**AGENDA ITEM 6 - Approval of the 2006-07 Combined Budgets and Faculty and Staff Compensation Report, FY 2006-07.**

**REQUEST:** Approval of the 2006-07 Budget and Faculty and Staff Compensation Report, FY 2006-07.

**FACTS:** The Western Kentucky University 2006-07 Budget is WKU's financial plan for the fiscal year beginning July 1, 2006, and ending June 30, 2007, and it includes the proposed Operating Budget and Capital Budget. The budget document includes the following components:

- Revenue Summary;
- Expenditure Summary by Organizational Area (Unrestricted, Restricted, and Auxiliary Enterprises);
- Expenditure Summary by Program Classification Structure (PCS);
- Budget Narratives by area that summarize Strategic Plan priorities and budget information by category of expense;
- Expenditure Detail by unit; and
- Capital Budget.

The Operating Budget includes Educational and General (E&G) and Auxiliary Enterprises revenues and expenditures. E&G revenue consists of unrestricted revenue - - primarily state appropriations and tuition and fees - - and restricted revenue (e.g., federal funds for student financial aid and extramural funding for grants and contracts). Auxiliary Enterprises revenue is derived from the self-supporting activities of the University such as housing (reimbursed costs from the Student Life Foundation), food services, and book-store operations. The Capital Budget provides a listing of major capital and lease/purchase projects, funding sources, and the current status of these projects.

The 2006-07 Operating Budget and the dollar and percent increases, over the 2006-07 Operating Budget, are distributed as follows:

	2006-07 Budget	Dollar Increase	Pct Increase
<b>Total Budget</b>	\$293,754,000	\$21,168,000	7.8%
<b>Total E&amp;G</b>	276,316,000	20,241,000	7.9%
<b>Unrestricted E&amp;G</b>	214,951,000	21,501,000	11.1%
<b>Restricted E&amp;G</b>	61,365,000	(1,260,000)	(2.0%)
<b>Total Auxiliary Services</b>	17,438,000	927,000	5.6%

Western Kentucky University, as a publicly-assisted institution, derives the 65.0 percent of its operating revenue from state appropriation and tuition and fees. The state appropriation is set by the Kentucky General Assembly. Setting the tuition and fees rates is the responsibility of the Board of Regents and subject to approval by the Council on Postsecondary Education.

The largest source of revenue to Western Kentucky University is tuition and fees. The Operating Budget includes the projected revenue based on the 2006-07 tuition and fees rates and actual enrollment from fall 2005. Tuition and fees also include graduation fees, student athletic fee, campus rebuilding fee, distance learning instruction, correspondence study course fees, and course-specific fees that are returned to the respective units. The budget includes tuition and fees totaling \$110.3 million which is an increase of \$16,024,000 for FY 2007.

The second largest source of funding for Western Kentucky University is from the Commonwealth of Kentucky. The 2006-08 Biennial Budget includes a state appropriation increase of \$2,185,400 for FY 2007. The FY 2007 state appropriation enhances WKU's base operating budget, provides operating support for the Kentucky Academy of Math and Science, and funds anticipated costs for existing state-supported bond issues.

The proposed 2006-07 Operating Budget includes the following projected additional state appropriation and tuition revenue available for allocation:

**Budgeted State Appropriation and Tuition/Fees Revenue Increase**

Fall and Spring Semesters	\$12,871,000
Summer Semester	243,000
Winter Term	1,419,000
Campus Rebuilding Fee	1,327,000
Student Athletic Fee	47,000
DELO Dual Credit	98,000
State Appropriation, Operating	1,716,600
State Appropriation, KY Math and Science Academy	500,000
State Appropriation, Debt Service, Existing Bonds	(31,200)
<b>Increase Available for Allocation</b>	<b>\$18,190,400</b>

The unrestricted E&G revenue includes the following noteworthy changes:

- ▶ The Division of Extended Learning and Outreach (DELO) continues to grow with the increasing popularity of on-line courses and dual credit. DELO is being budgeted with an increase of \$1,028,000 from tuition revenue based on actual enrollment in FY 2005.
- ▶ Restricted tuition-supported programs will receive a modest increase based on the Higher Education Price Index (HEPI).
- ▶ Study Abroad, Field Experience, is being estimated at \$400,000 in recognition of fees to be collected and expended in support of student travel.

- ▶ Parking-related revenue is estimated to increase \$440,000 to reflect fee increases and enhanced enforcement. The revenue is a key component of a multi-year parking and transportation enhancement plan.

Also included in the unrestricted budget is an estimated increase of \$9,861,000 in net assets to be carried forward from 2005-06 for designated capital and operating costs.

The following table provides the proposed additional state appropriations and tuition/fees revenue allocations. They are summarized by priority: (1) fixed costs, (2) previous budgetary commitments, (3) compensation, (4) retirement benefits, (5) facility/safety enhancements, and (6) Strategic Plan implementation.

<b>PRIORITY</b>	<b>PROPOSED 2006-07 BUDGET ALLOCATIONS</b>	<b>\$</b>
1	KERS Rate Increase	280,000
1	Faculty Promotions	213,000
1	Postage Rate Increase (Allocate to VP's for Redistribution)	27,000
1	Utilities (17% Increase)	1,159,000
1	Scholarship/Fellowship Increases (Includes TN Reciprocity)	1,891,900
1	Scholarships Rate Increases (Fac/Staff & Dep Child)	218,000
1	DELO 20% Margin (Fall/Spring)	402,000
1	DELO 20% Margin (Summer)	306,000
1	DELO 20% Margin (Winter)	222,000
1	DELO Dual Credit	98,000
1	Restricted Tuition HEPI 3.5%	278,000
1/5	Campus Rebuilding, Phase I - Debt Service	5,606,000
1/5	Campus Rebuilding, Phase I - Debt Service Summer	296,000
1	Summer School	(387,000)
1	Winter Term	1,197,000
1/5	Campus Rebuilding, Phase II Debt Service/Planning for Capital Projects	1,327,000
1	Student Athletic Fee	47,000
1	Graduate Assistantships to Offset Tuition Increase	214,000
1	Windstar Software for International Reporting	10,000
1	SCT Maintenance/Blackboard Increase	91,000
1	General Institutional Expenses	60,000
1	Post Office Personnel (Student Employment)	18,000
1	Wellness Position	75,000
1	Health Insurance (second six months)	152,000
1	Equity Adjustments (second six months)	75,000
1	State Appropriation-Existing Debt Service	(31,200)
1/5	Environmental Health and Safety (Testing)	58,000
	<b>SUBTOTAL</b>	<b>13,902,700</b>
2	Parking and Transportation Plan Implementation (Yr 5 of 10)	58,000
2	Information Technology Staffing (1/2 funded in FY06)	26,000
2/5	Police Staffing (1/2 funded in FY 06)	87,000
	<b>SUBTOTAL</b>	<b>171,000</b>
3	3% Salary Incr (Incl. Contingency, PT Fac, PT, OT, Occasional, Coop Teachers & Vacants)	3,301,700
4	ORP Supplement to Maintain 6.64% Contribution	238,000
6	Extended Hours, Student Success Center	62,000
6	Part-time Staff Tuition Benefit	15,000
6	Kentucky Math and Science Academy	500,000
	<b>SUBTOTAL</b>	<b>577,000</b>
	<b>TOTAL</b>	<b>18,190,400</b>

Approximately 60.3 percent of the budget is for personnel costs (primarily salary and benefits for employees and student workers) and 20.2 percent is for operating expenses. Approximately 6.4 percent is allocated for student financial aid (excluding student employment). The remaining 13.1 percent is allocated for debt service, capital outlay, and utilities.

The personnel costs budget includes approximately 1,800 full-time, filled positions and 140 full-time, vacant positions. Faculty positions account for approximately 42.0 percent of the unrestricted E&G budgeted positions.

The Faculty and Staff Compensation Report, FY 2006-07, provides all recommended salaries for filled positions and vacant positions. The average merit-based salary pool is 3 percent.

The restricted E&G budget, including grants and contracts and student financial assistance, comprises 20.9 percent of the total budget. The restricted budget includes a decrease of \$1,260,000. The projected revenue for grants and contracts is being held at the 2005-06 budget level based on increased competitiveness for grants and contracts and potential reductions in funding at the state and federal level. The reduction in student financial assistance reflects actual receipts of FY 2006. The decrease in funding for Pell Grants is due to a federal change in the calculation of eligibility. The change has resulted in reduced eligibility amounts for some students and elimination of eligibility for others. College Access Program (CAP) eligibility is tied to Pell eligibility; thus, the estimate has been reduced. The amount budgeted for the KEES Program has been increasing steadily since it was first implemented. Students now have reached their maximum of five years of eligibility. It is anticipated that this funding amount will remain relatively stable. Funding for the SEOG Program has been cut at the federal level.

The Auxiliary Enterprises 2006-07 budget is being increased by a total of \$927,000 above the approved 2005-06 budget. The increase is accounted for primarily by higher reimbursed costs from the WKU Student Life Foundation.

The 2006-07 Capital Budget includes anticipated capital projects that will be under way next year or are currently under way including the source of funding, estimated cost, and the status of each respective project. These authorized projects will address many of the projects identified in WKU's Six-Year Capital Plan and the Deferred Maintenance Plan. The following high-priority capital projects are included in the enacted 2006-08 Biennial Budget:

**State General Fund Bond**

Construct College of Education Building	\$35,000,000
Agency Bonds/WKU Funds/Private Funds	
Renovate Academic/Athletic Bldg #2	
WKU Funds/Private Funds	3,000,000
Agency Bonds	25,500,000
WKU Funds	
Renovate/Expand Carroll Knicely Center	3,500,000
Upgrade IT Infrastructure*	2,000,000
Capital Projects Pool*	10,195,000
Convert WKYU-FM and WKYU-TV to Digital*	500,000
Renovate Faculty House	500,000
Purchase Property for Campus Expansion*	3,000,000
Performance Contracting (Guaranteed Energy Savings)	TBD
Federal Funds	
Construct Agriculture Research Services Lab	22,825,000
Construct Mesonet Weather Monitoring System**	3,000,000

\*Scope authorized by the General Assembly; actual budget to be determined based on available funds.

\*\*Includes operating and equipment start-up costs.

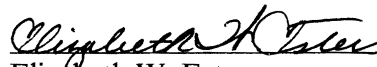
**RECOMMENDATION:** President Gary A. Ransdell recommends that the Western Kentucky University Board of Regents approve the 2006-07 Budget and Faculty and Staff Compensation Report, FY 2006-07.


Motion to approve the 2006-07 Budget and Faculty and Staff Compensation Report, FY 2006-07 was made by Mr. Zielke, seconded by Ms. Jordan and carried unanimously.


With no further business on the agenda, motion to adjourn was made by Mr. Zielke, seconded by Ms. Hughes and carried. The meeting adjourned at 10:30 a.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 a special called meeting held June 16, 2006, in the Cornelius A. Martin Regents Room in the Mass Media and Technology Hall on the Western campus, 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

  
Robert Earl Fischer  
Chair  
July 21, 2006

  
Elizabeth W. Esters  
Secretary  
July 21, 2006