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WESTERN KENTUCKY UNIVERSITY

FACULTY SENATE communications committee NEWSLETTER

XV Number 5
Mid-February 1992
From the Chair: The Audit and The Budget

In the present turmoil, an image comes to my mind--being in a dentist's chair and having a root canal. There is no going back but neither is the end in sight. All I can do is endure what is beyond my control and hope that the procedure is effective. Judging from the calls and conversations I have had the past few weeks, I sense that many of you feel the same way.

Recent events have almost convinced me of the wisdom of Voltaire's Candide who in the midst of dynastic wars and cruelties of the inquisition concluded that the best solution is simply to cultivate one's own garden. I marvel how easy it is to step into the Theory of Knowledge class and to engage the students in the perplexities which Plato raises, so that within a few minutes their animated debate makes me forget completely the current turmoil.

Indeed, in my more cynical moments, I think to myself that the university would be better off if Weatherby and everything connected with it would disappear. Then I and everyone else could do what a university should be about--the discovery and dissemination of knowledge. The cynicism is short-sighted, however, for the class to which I can now escape is possible only because of the total organization of Western. While the present turmoil may have little impact on this semester's classes, it will have harmful consequences for next year's and those following.

And so, it will not do to simply put our head in the sand, but as faculty we have to chart a course as best we can. What follows are some reflections that stem from discussions with other members of the Senate Executive Committee.

First, we are agreed that for the good of Western, the present conflict must be resolved as quickly as possible. The longer it drags out the more destructive its consequences will be. Time is crucial.

Second, while we are not convinced that the Board of Regents has chosen the best way to conduct its investigation of spending, too much has happened to change direction now. If a thorough investigation is not done at this time, many persons will suspect a cover-up. Whatever basis there was for the initial inquiry, these matters need to be examined, appropriate action taken, and the results made public. Both the Board and President Meredith need this kind of decisive action, if they are going to function effectively in the future.

Third, the special audit that is being proposed should have as its focus not just irregularities, but also accounting procedures, the identification of weaknesses in Western's internal accounting and the like. The possible long-term benefits from this audit will, we hope, apply not just to the areas that the Regents have decided to investigate, but will result in beneficial changes in other areas also. The Faculty
Senate has for several years called for more accountability with regard to spending. This audit should provide an opportunity to evaluate and improve the whole system. Hiring a firm other than the one that has performed the annual audit is preferable, since new personnel will bring a fresh perspective in examining Western's accounting system.

In sum, the present situation is deplorable. There is, however, no going back. President Meredith has said that he wishes the audit to go forward, and with good reason. Unless the audit is completed, the charges will always be in the background, a debilitating shadow. If there are questionable practices, modify them. If there are worse problems, appropriate action must be taken.

My students are unaffected by the present turmoil. They read about it in the Herald and elsewhere, but life goes on. It would be nice to be able to live with their perspective. But as faculty we must look to the future also. Major budget decisions must be made. We need to resolve the present conflict as quickly as possible so that the focus of those in charge can once again be managing the University.

* * * * * * *

Along with the minutes of the January meeting of the Senate, there are four resolutions which were presented and approved unanimously. In relation to these resolutions two comments need to be made—the first about the kind of budgeting that Western needs and the second about an issue which was avoided.

First, the kind of budgeting needed. Good administration is always important but in times of financial crisis it is vital. The defining qualities of good administration are that those in charge have a clear idea of goals of the university, have an understanding of how to foster those goals, have the will and energy to work for such goals, and have the persuasive powers to convince those affected of the necessity of the required changes.

In general, I believe that it is good that we have Western XXI to serve as a guide for the budget reduction that must take place. While there is a lot to criticize in this document, it does highlight the centrality of the academic mission of the university. It has already spawned reviews of a number of areas, and more are to be expected.

The weakest way to adapt to a budget crisis would be to make attrition the primary means by which the university is downsized. Vacancies occur in a random fashion, and positions are lost simply because they happen to become vacant. The relative importance of the positions to the mission of the university is lost from sight. Compared to such a scenario, having the budget reduction occur according to criteria in Western XXI is a much preferred option.
However, having said this much on behalf of Western XXI, I must add that I find it to be a leaking lifeboat. The document is not always consistent, such as the claim that the intercollegiate athletic programs are "essential." More serious, still, is the lack of a clearly defined understanding of what is essential to a sound undergraduate education. Without specifying disciplines, the criterion of a good education is that the student has learned how to learn. Those areas of the university, then, that focus more directly on providing students with the tools for learning should remain relatively untouched by budget reductions, even if some other areas must be cut sharply or even reduced. In general, this means that these areas will take priority over those which focus on the acquisition of a particular skill.

The second matter to be noted is that there is a significant omission in the budget resolutions. In preparing these resolutions, the Senate Executive committee discussed but decided not to present any resolution relating to salaries. As you may surmise, there was a range of opinion on this matter in the committee, which, I am sure, reflects the range of opinion among faculty. Also, at the time when these resolutions were prepared, the extent of the budget reduction was not yet clear, and so it seemed premature to take a position on salaries. However, word has now come down from Frankfort that an additional reduction the size of the one which was taken this past year will be required in the coming year. Now we know the magnitude of the task facing us.

Any of you who have been reading about our colleagues in other states know that we have had it relatively good here in Kentucky. Elsewhere faculty have failed to get raises and in some cases have taken pay cuts. Even tenured faculty have been let go. I am certain that some of the extreme measures taken elsewhere will not be necessary here. Still, we as faculty need to be asking ourselves how we are willing to share the burden in the present crisis. Difficult choices will have to be made. Is it preferable to retain positions or to support salaries? It seems unlikely that tenured faculty positions are in danger here, but we might well face the alternative of either cutting salaries or positions. The Senate must take some position on these matters.

In order that the deliberations of the senate may be as informed as possible, I want to encourage each of you to discuss the options among yourselves. Inform your departmental senators which approach you prefer, what options should be taken and in what order.

The prospects are not good. We can have some informed input, or we can simply let the budget cut happen. I hope we can come to some consensus and give the administration guidance as to what we believe is best in this difficult situation.

Arvin Vos
FOOTBALL FINANCES, 1991/92

In part because the accounting system of the athletic department has grown more responsive, it is possible this year to give an interim financial report on the football season just ended, although some of the figures—in particular, average ticket prices and general fund support—must be based on estimates and calculated values.

The picture that emerges is one of strenuous effort to achieve the impossible. Anyone who has been around the athletic offices lately must realize that they are run on a far from lavish scale. In every area but salaries, where the addition of new assistant athletic directors has increased expenditures considerably, the overall athletic program is struggling to contain costs.

Nowhere is this more apparent than in the football program, but nowhere is it more futile. As Athletic Director Lou Marciani freely admits and the Commissioner of the Gateway Conference said in a recent news article, Division IAA football is expensive. Any school playing football at this level must be prepared to subsidize its program heavily.

Western’s athletic establishment maintains the expense is justified, citing all the standard arguments—from public relations benefits to promoting clean living—that were amply rebutted in a Senate report three years ago. No one has replied to this report. The coaches and a.d.’s doggedly reassert their habitual views without recognizing opposing arguments.

The recent NCAA proposal to establish Division I AAA for football programs without scholarships might have allowed schools like Western to keep football but reduce the cost. Unfortunately, the proposal was defeated. Moreover, our athletic establishment says now that although Western voted for the new division, we are committed to IAA and would not have played in IAAA even if it had been approved.

Meanwhile, WKU continues to pour money into football. As the following tables show, our efforts to contain costs kept expenditures essentially level from 90/91 to 91/92. Audited results are not yet in, but it seems so far as if football will stay beneath its budget this year, for the first time in memory. The team saved a bit on travel, but its greatest economy was not expending $30,000 budgeted for guarantees to visiting teams.

Unfortunately, revenues were sharply down for the year, possibly because the team did not do well, but also because many fans were uninterested in games against our new conference rivals Northern Iowa and Eastern Illinois, spectacular bombs at the
turnstiles. Meanwhile, Marciani warns, the wide geographical spread of the Gateway Conference means that travel expenses will increase in the future, so this year's travel savings are unlikely to be repeated.

The bottom line is that this season's football expenses minus sales and other direct income increased by about $50,000 over the previous year. Deducting sales and other direct income from expenses left a balance for the year of $770,000 to be covered by 1) allocations from the year's student athletic and activity fees pool (football is currently allotted 23% of this money); 2) institutional scholarship funds, and 3) general fund support. Actually, of course, scholarships come from the general fund also, so the last two items represent the amount of general resources Western will devote to football for the year: $638,369, as opposed to $591,770 for 1990/91, an 8% increase in institutional commitment.

A couple of additional notes may be helpful. The figures given here differ from ones circulated elsewhere primarily because athletic scholarships have been switched to a nonathletic account in the university budget, "Scholarships Institutional." This report puts them back where they used to be, as an expense of the athletic program.

Secondly, in several categories reported scholarship expenses for football in 1991/92 are oddly lower than for the previous year. This seems to fly in the face of inflation. Western's 1991/92 Grants Budget lists lower totals for food, books, and housing than the audited figures for 1990/91 show were spent that year.

In one case the difference is large, and located in a sensitive area. Food for the 90/91 team cost $175,000. The budget for 91/92 projects this cost as $133,000, a decrease of $42,000, or 24%. The new figure, which works out to a per diem food allowance of as little as $7.50 per player, seems unrealistic. Possibly the expense is understated or Food Services is undercharging the team. In either case the item needs further checking.

Findings

It will surprise no one that in spite of genuine efforts to shave costs Western continues to lose money playing Division IAA football. This year revenues fell, requiring an 8% increase in institutional support for the program. And there are indications that scholarship money for football may be underbudgeted, which—if true—might lead us back into the bad old pattern of yearly budget overruns.

However, the picture is really bleaker than it appears on the surface. A number of national reports have made it clear that the real costs of fielding an athletic team are rarely reflected in its
budget, even when budgets include scholarships, which Western's currently do not. A large part of the maintenance, materials, and utilities expense for the football stadium should be charged to the football program. So should a significant portion of other budgets, such as the athletic trainer's operation ($240,000 this year) and the athletic office budget, which soared from $186,000 in 90/91 to $348,000 currently. Taking athletics' own revenue-allocating factor of 23% into account, these last two items would add another $135,000, or 15%, to the cost of IAA football at Western. This money, not balanced by sales, represents an additional dip into general resources.

Nor does the future look bright. If anything, increased travel costs and decreased fan interest associated with Western's entry into the Gateway Conference will further erode the football program's balance sheet. While Dr. Marciani gamely maintains that the marketing efforts and budgetary oversight of his new assistant athletic directors will improve the situation, his assessment is hopeful at best. It's not that the people in athletic administration—who are very good—or the players—who are probably very good people—or even football—which is doubtless a very good sport—are at fault. IAA football at a school with Western's resources and traditions is simply an extremely dubious undertaking.

At a time of budget scares, crowded classrooms, understaffed departments, and deferred maintenance continuing to compete in IAA football seems a highly irresponsible undertaking too.

Prepared by Joe Glaser
for the Financial Affairs Committee
FOOTBALL FINANCES, 1991/92

<table>
<thead>
<tr>
<th></th>
<th>91/92</th>
<th>90/91</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales and Endowment Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket Sales</td>
<td>$85,188¹</td>
<td>101,383²</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>25,000³</td>
<td>45,000²</td>
<td></td>
</tr>
<tr>
<td>Endowment Income</td>
<td>5,290²</td>
<td>5,000⁴</td>
<td></td>
</tr>
<tr>
<td>Sports Network</td>
<td>2,000²</td>
<td>2,000⁴</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>117,478</td>
<td>153,386</td>
<td>23% decrease</td>
</tr>
</tbody>
</table>

**Expenses**

<table>
<thead>
<tr>
<th></th>
<th>91/92</th>
<th>90/91</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; fringes</td>
<td>338,010³</td>
<td>335,005²</td>
<td></td>
</tr>
<tr>
<td>Materials &amp; supplies</td>
<td>85,887³</td>
<td>69,662²</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>56,500³</td>
<td>71,668²</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>5,000³</td>
<td>39,205²</td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>408,450³</td>
<td>375,223²</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>893,847</td>
<td>890,763</td>
<td>flat</td>
</tr>
</tbody>
</table>

**Expenses minus Revenues**

|                      | 776,369     | 737,350     | 5% increase |

**Allocations and General Fund support**

<table>
<thead>
<tr>
<th></th>
<th>91/92</th>
<th>90/91</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student fees X 23%</td>
<td>138,000³</td>
<td>145,580⁴</td>
<td></td>
</tr>
<tr>
<td>Scholarship pool</td>
<td>408,450</td>
<td>375,223</td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>229,919⁴</td>
<td>216,547⁴</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>776,369</td>
<td>737,350</td>
<td></td>
</tr>
</tbody>
</table>

¹Bobby Houk
²Financial Records System
³Barry Brickman
⁴Calculated
⁵Grants Budget, Pam Herriford
FOOTBALL ATTENDANCE, 1991

Arriving at reliable figures on football attendance is difficult because there are so many ways of getting into a game and so many rates at which tickets are sold. Moreover, the ticket office is rushed at this time of year, according to Bobby Houk, ticket manager, so that a firm audit of football sales is not performed until well into the following spring. No audited figures, even for net sales, are yet available for the 1991 season.

Nevertheless, numbers can be arrived at with a degree of confidence, at least for paid attendance, and university estimates of total attendance at each home game are available. In the following table, sales figures are unaudited numbers from the ticket office. Bobby Houk says these are "fairly accurate." Total attendance numbers come from the same source. These total attendance figures are estimates viewed with skepticism by many.

Because there are several season ticket plans, ranging from $75 to $16 as part of a family package, and because individual game tickets range from $7 to $2 for children, this report estimates the average price of a season ticket at $40 and the average price of an individual game ticket at $5. Bobby Houk confirmed the $5 estimate as reasonable, but couldn't say what the average value of a season ticket might be. So this estimate may be wrong.

Factoring these estimates into Ticket Office sales figures shows that the greatest sales success of the year was Western's opening game against Murray. About 1,200 season ticket holders were eligible to attend, whether they did or not, and about 2,200 individuals bought game tickets, for a paid attendance of about 3,400. The official attendance estimate for the day was 12,222, a much larger figure, but one that may be reasonable in view of student attendance and complimentary admissions over and above ticket sales.

In contrast, the most dismal days of the year were the games against Northern Iowa and Eastern Illinois—two of our rivals in the new Gateway Conference. The same 1,200 season ticket holders were eligible to attend, but game sales ran only about 300-350 for each game. Those games came at the end of the season, when the team had already lost several times, but their low attendance and sales may substantiate what many fear, that lack of interest in the Gateway teams will weaken Western's football program even further in the future.
FOOTBALL ATTENDANCE 1991

<table>
<thead>
<tr>
<th>Net</th>
<th># Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Season ticket sales</td>
<td>$47,668</td>
</tr>
<tr>
<td>Individual tickets</td>
<td>37,520</td>
</tr>
</tbody>
</table>

Individual sales by game:

<table>
<thead>
<tr>
<th>Game</th>
<th>Net</th>
<th># Sold</th>
<th>Est. Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game 1, Murray</td>
<td>$11,028</td>
<td>2,206</td>
<td>12,222</td>
</tr>
<tr>
<td>Game 2, Morehead</td>
<td>5,130</td>
<td>1,026</td>
<td>8,180</td>
</tr>
<tr>
<td>Game 3, Middle Tenn.</td>
<td>8,025</td>
<td>1,605</td>
<td>8,068</td>
</tr>
<tr>
<td>Game 4, Troy State</td>
<td>9,921</td>
<td>1,984</td>
<td>10,980</td>
</tr>
<tr>
<td>Game 5, N. Iowa</td>
<td>1,639</td>
<td>328</td>
<td>3,228</td>
</tr>
<tr>
<td>Game 6, E. Illinois</td>
<td>1,777</td>
<td>355</td>
<td>4,124</td>
</tr>
</tbody>
</table>

$37,520 7,504 46,802

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*Bobby Houk

7calculated on the basis of estimated values
PER GAME FIGURES

Average sales and paid attendance

<table>
<thead>
<tr>
<th>Sales</th>
<th>#Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Individual Ticket Sales:</td>
<td>$6,253</td>
</tr>
<tr>
<td>Average Season Ticket Sales per game:</td>
<td>7,945</td>
</tr>
<tr>
<td></td>
<td>14,198</td>
</tr>
</tbody>
</table>

Average costs per Home Game, 1991

Overall Football expenditures per home game: $148,974
Football Program salaries per home game: $56,335
Football grants in aid per home game: $68,075
Football food grants in aid per home game: $22,167
Football books grants in aid per home game: $2,042
Football housing grants in aid per home game: $11,900
Football tuition grants in aid per home game: $31,967

Number of hours Governor Nunn could be hired to consult per expenditure per home game (less expenses): 1,000

*Estimated.

*Next four items are subsets of total grants in aid; food costs may be significantly underestimated.
The meeting was called to order at approximately 3:30 p.m. by Chair Arvin Vos. Absent without representation were Senators Ann Cline, Ed Dorman, William Howard, Norman Hunter, Susan James, Gary McKercher, and Barbara Strand and President Thomas Meredith. Minutes of the December 12, 1991 meeting were approved as submitted.

Executive Committee Report: The chair commented briefly about the value of faculty communicating with area business persons. He noted that the public’s primary information about the university is from the news media, and that it is primarily about athletics. The chair noted that some members of the Executive Committee had taken whatever opportunities were presented to them to inform the business community of the challenges which confront faculty in the classroom and suggested that other faculty might do likewise since at this time there is almost no flow of information regarding the academic mission of the university into the community. It was proposed that any differences between the parties may be based on a lack of information rather than ill will. Therefore, providing information on behalf of the faculty and the university as a whole might turn the business community’s concern, which is welcome, to a good purpose. The chair also reported that the administration’s progress on such matters as formulating policies on sexual harassment and smoking has been delayed by recent events.

By-laws, Amendments and Elections Committee: The chair reported that a new at-large senator from the College of Education, Sam Evans, would be joining the Senate to replace Senator Ann Cline.

Faculty Status and Welfare: Senator Kuhlenschmidt commented that the last paragraph of the committee’s report in the newsletter concerning liability issues was truncated. The committee will continue gathering appropriate information and committee member Larry Scott was named as the person that interested parties may contact. Senator Kuhlenschmidt also noted that last year’s committee report on sexual harassment was forwarded to a new Administration committee without explanation and that committee is to take the current report and, with an attorney’s input, formulate a new policy to submit to the Board of Regents for approval. This committee expects to present resolutions in the near future on sexual harassment, affirmative action officers and salaries. The Chair then advised that the President had assured the Executive Committee that the full senate would have an opportunity to look at and discuss the work product of the new committee. The Faculty Senate’s annual Faculty Salary Survey was distributed at the end of the meeting. (Departmental senators are to make their copy available to colleagues.)
Fiscal Affairs Committee: Senator Glaser presented a Football Finances Report which indicates that football revenues continue to fall even while spending is apparently being controlled. Less was budgeted for food this year but it appears that the team is about to overspend. As a point of information Senator Glaser noted that Western’s recent vote in support of a I-AAA NCAA classification was an accommodation to other schools and was not an indication of the Administration’s intentions with regard to WKU football. Dr. Marciani had indicated in another forum that the administration intends for WKU to continue to compete in football at the current level. It appears that revenues continue to fall along with attendance and the "bottom line" is an increase in institutional resources devoted to the football program. Financially the program appears to be worse off this year than last year. The figures do not include cost areas such as trainers, medical expenses and stadium maintenance, which are not reflected in the budget for football. The chair and vice-chair indicated that the athletic director has been invited to address the Senate in February and may respond to the report at that time.

Political Action Committee: Richard Weigel, substituting for Charles Bussey, noted that the prominent items for the committee at this time are the Scorsone bill to reform the process for appointing regents (House Bill 149) and the open records bill. The committee distributed the names and addresses of key senators to lobby for the regents’ reform bill, as well as the names and toll free numbers of Warren County’s state legislators. The speaker reported that Governor Jones expressed interest in having more direct community and university president input into the Boards of Regents. The speaker then voiced his own concern that a mechanism to achieve such input could invite unwarranted interference in university governance.

Faculty Regent: No report.

New business: Vice-chair Robert Otto introduced four resolutions dealing with the university budget. As the resolutions were introduced on behalf of a committee, a second was not required. The Vice-chair proposed that the resolutions be considered on one reading and, no objections being heard, the proposal was adopted. Following discussion, the resolutions passed on voice vote as a set with copies of the resolutions to be forwarded to Budget Committee members as well as the President.

Announcements: The next meeting of the faculty Senate will be Thursday, Feb. 13.
FACULTY SENATE RESOLUTIONS

1. That the funds required for increased fixed expenses as well as the decrease from the current budget required by the state be taken from areas which do not impinge directly on the classroom or library.

2. That there be no cuts in areas which directly affect the classroom.

3. That the Administration and the board of Regents examine and re-evaluate the various support areas of the university, both with an eye to possible efficiencies and with regard to evaluating the contribution of each to the mission of the university.

4. That the Senate rejects the modification of Western XXI that changed Inter-collegiate Athletics from "desirable" to "essential." The Senate also requests that the Intercollegiate Athletic program be reviewed, as proposed in Western XXI.