

Minutes of the Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky Saturday, June 18, 1994.

The Executive Committee of the Board of Trustees of the University of Kentucky met at 11:00 a.m. (Lexington time) on Saturday, June 18, 1994 in the Board Room on the 18th floor of Patterson Office Tower.

A. Meeting Opened

Governor Edward T. Breathitt, Chairperson, called the meeting to order at 11:00 a.m., and the invocation was pronounced by Mr. William B. Sturgill.

B. Roll Call

The following members of the Executive Committee of the Board of Trustees answered the call of the roll: Governor Edward T. Breathitt, (Chairperson), Mr. James F. Hardyman, Dr. Robert P. Meriwether, Mr. William B. Sturgill, Mrs. Lois C. Weinberg, and Mr. Billy B. Wilcoxson. Trustee Loys Mather was also in attendance. The University administration was represented by President Charles T. Wethington, Jr.; Chancellors Peter P. Bosomworth, Ben W. Carr, Jr., and Robert E. Hemenway; Vice Presidents Joseph T. Burch, Edward A. Carter, Donald B. Clapp, Delwood Collins and Eugene Williams; Dr. Juanita Fleming, Special Assistant for Academic Affairs, and Mr. Paul Van Booven, Associate General Counsel.

Members of the general public and the news media were also in attendance. A quorum being present, Governor Breathitt declared the meeting officially open for the conduct of business at 11:02 a.m.

Governor Breathitt thanked the members of the Executive Committee for making a special effort to be at the meeting. He asked President Wethington to begin with his report.

President Wethington also expressed appreciation to the members of the Executive Committee and Loys Mather for attending the meeting. He noted that the purpose of the special called Executive Committee meeting was to establish the Operating Budget for the University for 1994-95.

C. Credit Card Update

President Wethington reminded the members of his commitment at the last Board meeting to present more information at the Executive Committee meeting about the administration's decision to discontinue the use of credit cards for tuition and housing and dining purposes. He said that Dr. Don Clapp would make a presentation and that Mr. Ken Walker, who was representing Mr. Lance Dowdy, would also make some comments.

Through a series of slides, Dr. Clapp provided a brief chronology of the credit card history, beginning with the acceptance of credit cards in 1988. He presented data showing the cost to the University of using credit cards as a payment medium. He explained that with the rapidly escalating rate of use and bank fees it was no longer feasible for the University to continue the use of credit cards for tuition payment.

Dr. Clapp reminded the members of the financial assistance provided by the University to students in the form of scholarships, grants and loans. That figure in 1992-93 was in excess of \$80 million dollars. He pointed out three payment options for students: check, cash and credit card cash advance. He explained that the credit card cash advance would not be processed through the University, and the students would have their same credit limit.

Governor Breathitt entertained questions from the Executive Committee and then introduced Mr. Ken Walker, who is a graduate of the College of Law and is now with Bank One.

Mr. Walker mentioned his qualifications for representing Mr. Dowdy and the students of the University. He presented his argument in defense of students being allowed to use credit cards for tuition payment and said that, in his opinion, it was merely shifting the burden to the students and parents. He asked the members of the Executive Committee to balance the many interests of the academic side, the student side and the parent side and not be a rubber stamp for the proposals made by the administration. He urged the members to keep the credit card payment system to help the students and parents.

President Wethington stated that this was one of the tough decisions made during the last year by the administration. He stated that discontinuance of credit card payment was a financial decision that was necessary and warranted.

Mrs. Weinberg asked if it would be possible to have the Board analyze the University's policy for student services and fees. She also suggested looking into the installment payment plan to determine if it could be done without incurring any additional expense for the University.

President Wethington pointed out that any mandatory fee that is levied on all students comes to the Board for approval. He said that he would be pleased to present a complete report on all facets of fees charged to students, both mandatory and non-mandatory in the institution.

Several Board members expressed displeasure in Mr. Walker's reference to the Board as a rubber stamp for the administration.

Governor Breathitt said that he had real confidence in the administration. He stated that in the time of tight money he wants the administration to set priorities and an agenda for the University. He said that, in his opinion, the credit card decision was in the students' interest. He said that the University of Kentucky is one of the best bargains for students in the country, and the administration has to act zealously to protect the University's fiscal position to keep it a bargain.

Mrs. Weinberg commented that her suggestion was to look at the whole student services and student fees issue.

Mr. Sturgill said the University and the Board should have some real comfort in President Wethington's administration. He expressed pleasure with President Wethington's accomplishments and the things that he has put in place.

President Wethington thanked Mr. Sturgill and the members of the Board for their strong endorsement.

D. Operating Budget for 1994-95 (PR 3A)

President Wethington said that the budget was developed under the assumption that the general operating appropriation to the University would be the Governor's proposal, which was a 2% operating increase for the University System and a 3% operating increase for the Community College System. He noted that the Strategic Plan priorities guided the budget decision process.

Using a series of slides, President Wethington reviewed and elaborated on available resources (state and tuition revenue increases), and proposed uses including fixed costs, salaries/benefits/operating expenses, and program improvement. He also reviewed the other sources of income, the capital budget, and the affiliate budgets.

He also expressed his concern about the continued decreases in state support as a share of the budget coupled with an increasing reliance on tuition. In summary, he said that this is a good budget given the funding constraints. He noted that the members of the Board and the media had been given an opportunity to review the budget and ask questions. He said that this Executive Committee meeting was necessary in order for the University to have an Operating Budget beginning July 1, 1994. He recommended approval of PR 3.

Mr. Wilcoxson moved that the budget as recommended be adopted and that the Chairman of the Board be authorized to execute contracts with the administrative officers providing for the terms and conditions of their employment. Mr. Hardyson seconded the motion and it carried. (See PR 3A at the end of the Minutes.)

E. Meeting Adjourned

There being no further business to come before the Board, the Chairperson adjourned the meeting at 12:35 p.m.

Respectfully submitted,

Lois C. Weinberg
Secretary
Board of Trustees

(PR 3A which follows is an official part of the Minutes of the meeting.)

Office of the President
June 18, 1994

PR 3A

Members, Board of Trustees:

OPERATING BUDGET FOR 1994-95

Recommendation: that the 1994-95 Operating Budget as submitted and revised per the attached budget addendum including the authorization set forth in the letter of transmittal, be approved and ordered recorded as an integral part of the University's financial system with the necessary fiscal control being exercised for the collection and appropriation of income and for the expenditure of departmental appropriations in accordance with authorized fiscal policies and procedures and accepted as a basis of maximum expenditures for the year 1994-95.

Background: The 1994-95 Operating Budget of the University of Kentucky is presented for approval by the Board of Trustees. Copies of the budget document have been made available to the members of the Board.

Action taken: Approved Disapproved Other

Date: June 18, 1994

1994-95 Operating Budget Addendum

General Fund Surplus Expenditure Plan

University System

General	\$2,280,500
Restoration of county extension agent positions	\$1,500,000

Community College System

General	\$623,200
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The General Assembly's enacted budget includes within the General Fund Surplus Expenditure Plan \$2,280,500 for University System general operations, \$623,200 for the Community College System general operations, and \$1,500,000 for the restoration of fifty county extension agent positions. These funds are to be allocated based upon the General Fund Surplus Plan provisions. Contingent upon that allocation, the \$1,500,000 will be utilized for the restoration of the county extension agent positions. During 1994-95, the \$2,280,500 within the University System and the \$623,200 within the Community College System will be utilized for critical one-time programmatic and capital needs of the University. These funds will be included in the proposed 1995-96 Operating Budget submitted for approval by the Board of Trustees and will be utilized for high priority needs for the University as established in the University Strategic Plan.