

7-31-1981 12:00 AM

1981-07-31

Board of Regents, Murray State University

Follow this and additional works at: <https://digitalcommons.murraystate.edu/borminutes>

Recommended Citation

Board of Regents, Murray State University, "1981-07-31" (1981). *Board of Regents Meeting Minutes*. 609. <https://digitalcommons.murraystate.edu/borminutes/609>

This Article is brought to you for free and open access by the Digitized Collections at Murray State's Digital Commons. It has been accepted for inclusion in Board of Regents Meeting Minutes by an authorized administrator of Murray State's Digital Commons. For more information, please contact msu.digitalcommons@murraystate.edu.

MINUTES OF THE MEETING OF THE BOARD OF REGENTS
MURRAY STATE UNIVERSITY
July 31, 1981

The Board of Regents of Murray State University met July 31, 1981, at 1:20 p.m. in the Board Room, Third Floor, Wells Hall, on the campus of the University. The following members were present: Mr. J. W. Carneal, Mr. Mark McClure, Mr. Jere McCuiston, Mrs. Sara L. Page, Dr. Ed. Settle, Mr. Steve West, and Mr. Ron Christopher, Chairman, presiding.

Absent for the meeting was Mr. Bill Morgan. Dr. Charles Howard and Mr. Jerry Woodall arrived late and entrance during the meeting is so noted.

Also present were Dr. Constantine W. Curris, President; Mrs. Patsy R. Dyer, Secretary of the Board; Vice-Presidents Richard Butwell, Marshall Gordon, Jim Hall, and Frank Julian; University Attorney James Overby; Dr. Rick Stinchfield, Administrative Assistant to the President; members of the news media and visitors.

Dr. Curris led in prayer.

Chairman Christopher called the meeting to order.

Mr. Christopher: Bill Bartleman, a reporter with the Sun Democrat handed me this letter, and let me share it with all of you:

July 31, 1981

Ron Christopher, Chairman
Board of Regents
Murray State University
Murray, Kentucky 42071

Dear Ron:

If today's meeting of the Board of Regents is allowed to proceed, it would be another violation of Kentucky's Open Meetings Law.

The law states that board members and members of the news media must be given 24-hour written notice of special meetings. The Paducah Sun has filed a letter with the Board of Regents to be officially notified of all meetings. However, the Sun has not received a written notice of this meeting.

The law provides that the 24-hour notice may be waved when time does not permit; however, the law does not allow for the written notice to be waved, except in cases of emergencies.

The only exception to the notice requirement is when emergencies exist. The topic for this meeting does not represent an emergency as defined in the law. The lack of an emergency also is evident in the fact that the original discussion was to hold the meeting next week, but that idea was changed because you are scheduled to be out of town.

Enclosed is a copy of the Open Meetings Law. I think you might want to review the law, and then make a decision about continuing with today's meeting based on your review.

You will note that if today's meeting is held, all action taken could be declared void by court of law.

As an officer of the court, Ron, I think you above all others on the board would be interested in complying with the law.

Yours truly,

/s/ Bill

Bill Bartleman
Reporter

Mr. Christopher: Bill has informed me since he gave me the letter that the Paducah Sun has received written notice, and do you want to make any additional comments?

Mr. Bartleman: That's all.

Mr. Christopher: Are you still saying that you don't think this meeting complies with the law?

Mr. Bartleman: I think the letter speaks for itself.

Mr. Carneal: I'd like to make a comment.

Mr. Christopher: Yes, sir.

Mr. Carneal: I resent the fact that you think he's more interested in complying with the law than myself.

Mr. Christopher: It's my understanding that the Paducah Sun was called yesterday, and they did receive oral notice of the meeting. Bill does recognize that they received written notice at least today. He is at the meeting, and I think that is the intent of the law--to be sure that the press is here. I hope, Mr. Bartleman, that you will understand the difficulty it is to bring ten people together when they are scattered all the way from Lexington to Murray and an effort was made to try to find a date on which all ten could be here. Today was the only day that could take place within the next ten days, and you will notice that there are three members absent. I do look for two of them. However, Regent Morgan could not be here, so we just have to proceed under the best possible way that we can. The President has asked the Board to meet on these budget reductions because this matter must be addressed as soon as possible.

Unless there are objections from the Board, we'll proceed as planned.

Bill Powell: Mr. Christopher, you're not under the impression that the written notices were received 24 hours before this meeting?

Mr. Christopher: No.

Mr. Powell: I'm not raising an issue, but I may not get one for a week by mail.

Mr. Christopher: Let me say that I don't think anybody on the Board is advocating that we do not comply with the law. I think we have done everything possible in this situation to comply with the spirit of the law, and I believe that's evident by the fact that you and other members of the press are present, including Mr. Bartleman.

Mr. Powell: I just wanted that point not overlooked. I didn't know if you were aware that the notices were not received 24 hours before the meeting.

Mr. Christopher: You did mail them yesterday, though, didn't you, Mrs. Dyer?

Mrs. Dyer: They were mailed yesterday morning, but I'm sure they did not get them until today. That's why we called everyone before noon yesterday.

Mr. Christopher: Was there anyone who is on the list that was not reached?

Mrs. Dyer: No.

Mr. Christopher: Technically all of you may not have a written notice in hand, but you're here, and I think that speaks for itself.

Agenda

The following agenda was presented for the meeting:

AGENDA
for
Meeting of the Board of Regents
Murray State University
July 31, 1981

1. President's Report
2. Appointment of Vice-President for Administrative Services

I recommend the appointment of Mr. Jim Hall as Vice-President of Administrative Services effective July 1, 1981, at an annual salary of \$42,400.

Mr. Hall completed his baccalaureate degree at Murray State and received his master's degree in Chemistry and Computer Science in the University of Tennessee/Oak Ridge program. He has served the University as Director of the Computer Center, Director of the Budget and Executive Assistant to the President. Between 1971-75, he was on leave of absence from the University, serving the Commonwealth of Kentucky as Director of Computer Services in the Department of Transportation and as Assistant Director of the Office of Policy and Management and Director of the State Budget.

Mr. Hall's previous position as Executive Assistant to the President has been frozen. In January its elimination will be evaluated.

3. Appointment of Interim Chairwoman, Department of Psychology

I recommend the appointment of Professor Evelyn Bradley as Interim Chairwoman and Associate Professor of Psychology effective July 16, 1981, at an annual salary of \$26,000. Professor Bradley joined the University community in 1966, after having served twelve years in the Red Cross and four years as Dean of Women at Eastern Kentucky University. She received her master's degree from Washington University and did additional graduate work at the University of Kentucky.

4. Budget Reduction: Actions and Discussion

Supplemental Agenda

July 31, 1981

1. Tenure Recommendation

I recommend that tenure be granted Dr. Robert C. Goetz, Assistant Professor, Department of Biological Sciences, effective immediately.

Mr. Christopher: The first item on the agenda is the President's Report.
Dr. Curris.

Dr. Curris: There are three things that I wanted to bring forth in the President's Report. The first is to indicate to the press nearly a month in advance that the date of August 25 which I believe is a Tuesday, has been set aside for the official signing of the establishment of the National Boy Scout Museum at Murray State University. On that day, and I think it will be around the lunch period, but Mr. Garrott and our Information and Public Services Office will distribute this information in due time, officials from the National Boy Scouts of America including the President, Mr. Thomas MacAvoy, Chairman of the Board and Chief Executive Officer of Corning Glass, will be present for the official signing ceremonies. In relation to that, the agreement between the Boy Scouts of America and Murray State University provides for a twelve-person board of directors for that Museum, with that board of directors having the authority

to run, operate, and govern the Museum subject to veto power on the part of the Scouts or the University on any given issue. The membership is to be designated accordingly: The Boy Scouts of America are to name four of those directors, Murray State University is to name four directors, and these eight directors will meet and choose the remaining four. The Scouts have selected and notified their four directors and anticipate their being present with us on the 25th. One of the directors is Mr. Bill Gay, who was a member of the selection committee and who is one of a three-man executive committee that runs the Howard Hughes Medical Institute in Los Angeles and that Institute also operates Hughes Tool, Inc. Another member is Mr. A. L. Jung, of Jung Realty in New Orleans; Mr. H. L. Hembree, President of the Arkansas Best Corporation; and Mr. Lawrence Bowers, President of United Carolina Bancshares, Inc. These four individuals are very active in the scouting movement and all are on the executive committee of the scouts. We will need to make our selections as soon as possible, and we'll need, at some time, to discuss the procedures by which Murray State University will appoint its four members.

The second issue that I wish to call to the attention of the Regents is very positive and exciting news for us. We have received informal notification, and will make an official announcement at the time official notification is received, that the engineering technology programs in the College of Industry and Technology have received professional accreditation by the professional group, ABET, formally known as the Engineering Council for Professional Development. This is really a signal achievement on the part of our college working under some difficult circumstances, particularly space limitations, and all the programs that were submitted for accreditation were accredited for a full four-year period. That news is quite thrilling to us.

The last thing that I wanted to mention in the President's Report deals with the Frances E. Miller Golf Course. There have been a few stories in the paper, and I would like to make a couple of clarifications. First of all, I think members of the Board are aware the idea for the construction of the Frances E. Miller Memorial Golf Course began several years ago and stemmed from private gifts that the University received. That gift of land and additional resources was made to the Foundation of Murray State University. It was not made to Murray State University; it was made directly to the Foundation. The Foundation is governed by a 15-member board of trustees. Unlike some other foundations in this state and country, there is no interlocking membership. No regent is a trustee of the Foundation and no trustee of the Foundation is a regent. In fact, the only thing that approaches any kind of interlocking arrangement is the fact that the President of the University is on the trustees of the Foundation, ex officio. So, unlike some other institutions, there is no interlocking membership and there's no arrangement where one body is controlled by another body. There is arm's length separation. The purpose of the Foundation is to do those things that will benefit Murray State University. That's the only purpose that it has, but significantly those decisions are made by the Trustees of the Foundation. It is in their discretion to determine what things should be done in the best interests of Murray State University. After considerable review and discussion - certainly an openness about it - the trustees of the Foundation made a decision to accept this gift from Mr. L. D. Miller. Other funds have been raised; and after careful consideration, the trustees of the Foundation made a decision to proceed with the construction of the Frances E. Miller Golf Course. I think it should be clear that not only did the trustees make the decision to proceed with the construction of that course, they will own the course, they will maintain the course, they will operate the course. It is

entirely a Foundation operation. I don't think this issue would have arisen except for the fact that at the time the latest publicity on the golf course came to light, this State experienced yet another budgetary cutback. The timing, coincidental though it may be, has raised some questions and even prompted some editorial review that seemed to suggest that the two events were or should be related. As a result, I have received a letter--it's my understanding that others, including the Regents, have received a copy of that letter--from Mr. Snyder of the Council on Higher Education, expressing some concerns and recommending that the construction of that Course be indefinitely postponed. I have responded to Mr. Snyder this week indicating to him that his letter is being forwarded to all the Trustees of the Foundation since it is their decision to make. I also pointed out that this was all, as I think everyone is aware, openly reviewed in the newspaper--the contract by competitive bidding by the Foundation was made. The contract has been awarded and construction has begun, and I know that the Trustees of the Foundation will want and will consider seriously the recommendation that he has made, but at the same time, they are going to be put in a position of looking at the legal options, such as is it possible and under financial arrangements can a contract, once awarded, be terminated? That's not to say that would be the decision, but the fact that construction began prior to the writing of that letter raises a new dimension. Any further developments, Mr. Chairman, I will pass on to members of the Board.

James O. Hall named Vice-President for Administrative Services

Dr. Howard entered the meeting.

Dr. Curris reviewed the recommendation listed in Item 2 of the agenda. He further stated:

Dr. Curris: There's also been some commentary about the procedures associated with this appointment so I would just want to emphasize again that Mr. Hall's previous position as Executive Assistant to the President has been frozen and that we are in the process of evaluating to see if that position can be eliminated in January, and I recommend this appointment.

Mr. Christopher: Any questions or comments?

Mr. McCuiston: Does this have to go to a search committee or not. The question was brought up when we had our conference call regarding the affirmative action.

Dr. Curris: The affirmative action requirements, Jere, and there's been some confusion over that, are applicable except when there is a promotion from within the institution. If there's a promotion from within the institution, then it is not necessary to comply with all the affirmative action requirements. The issue here goes one step further and what we are trying to do is basically to merge two positions in the University. When we are in the process of trying to merge two positions and one individual holds one of those positions, we proceed to try and effect that merger and one person takes over two responsibilities. We have done that in a couple of other instances. Those do not require any kind of affirmative action. If you are going to try and merge a couple of positions and one person be in charge of two operations, we basically have taken the position that if this is what will be done, then the last thing we want to do is try and deceive people into thinking that we are going to have a search, when in reality this is the route we are going to go. So, there's no violation of the law as I understand it.

- Mr. West: Under the same analogy: If there were to be an open chairmanship and you wanted to hire from existing faculty members, there would not have to be a search?
- Dr. Curris: The policy spells out that if we have a search and there is a vacant position such as a retirement, so that you have an open position, we will advertise and allow anyone to apply and then make the best decision. On the other hand--and we have an instance here in the next item--if a chairman of a department chooses to return to teaching and research and there is no opening except that he is going to move into one position, that means there is no additional position and we will promote someone from within the department to do that. In other words, if there is a position and the position is entirely open and it could be filled by anyone, that's the way we go. On the other hand, if someone moves into a department and there's no position for them, that means that someone else from the department needs to go up into that position, then we go that way. In the instance where we are merging two positions, if a person holds one of the positions and they can hold the position, we go that way. For example, we did that in this year's budget in the instance of Dr. Bill Allbritten who was head of our Counseling and Testing Center. As part of the first round of budgetary cutbacks, the position opened up by the promotion of Dr. Anderson from head of our Learning Center to a position in the Department of Professional Studies. We made a conscious decision there: Is it possible that we could have one person administer both the Counseling and Testing Center and the Learning Center? We asked Dr. Allbritten to do that. After a short review, it was possible that both things could be done, so he was named as Director of the Learning Center and the Counseling and Testing Center and there was no search because we were consolidating two administrative positions into one. We are dealing with the same thing right now. We've had quite a few discussions about Miss Martha Guier assuming the directorship of the Wrather West Kentucky Museum. I think she will accept it; I haven't talked to Martha, but Dr. Gordon has indicated to me that she's made a decision that she will accept it. As part of our budget review and cutback, under those circumstances, we will probably merge the Placement Office and the Cooperative Education Office. Rather than having a search, we will ask Mr. Starkey, who is presently head of Cooperative Education to head the joint function. I know it's a lengthy response, but when we are in the process of trying to make administrative mergers and cut down in that area, and we can put two into one, we do it. Consequently, there's really no "vacancy" under those circumstances for which we would search.
- Mr. West: Under that analogy, if there were a department chairmanship open and a decision made that you needed one less faculty position in that department, then you could fill that position without a search?
- Dr. Curris: That is correct, and that has been done.
- Dr. Settle: I move that we appoint Mr. Jim Hall as Vice-President for Administrative Services effective July 1, 1981, at an annual salary of \$42,400.
- Mr. Carneal: I second that motion.
- Mr. Christopher: Any further discussion? Call the roll, please.
- Mr. Carneal, aye; Dr. Howard, aye; Mr. McClure, aye; Mr. McCuiston, pass; Mrs. Page, aye; Dr. Settle, aye; Mr. West, aye; and Mr. Christopher, aye.
- Mr. Christopher: Motion passes. Mr. Hall, on behalf of the Board of Regents, let me congratulate you on your appointment as Vice President for Administrative Services. We know that you will provide good leadership and service to the University.

Miss Evelyn Bradley named Interim Chairwoman of the Department of Psychology

Dr. Curris reviewed the recommendation listed in Item 3 of the agenda and introduced Miss Bradley to the Board.

Mr. Carneal: I move the approval of the recommendation that Evelyn Bradley be named Interim Chairwoman of the Department of Psychology effective July 16, 1981, at an annual salary of \$26,000.

Dr. Howard: I second the motion.

Mr. Christopher: Madam Secretary, would you call the roll.

Mr. Carneal, aye; Dr. Howard, aye; Mr. McClure, aye; Mr. McCuiston, aye; Mrs. Page, aye; Dr. Settle, aye; Mr. West, aye; and Mr. Christopher, aye.

Mr. Christopher: Motion passes. Congratulations to you, Miss Bradley, and thank you.

Let's go to Item 1 on the Supplemental Agenda.

Tenure granted Dr. Robert Goetz

Dr. Curris: I recommend that the Board of Regents confer tenure upon Dr. Robert Goetz, Assistant Professor in the Department of Biological Sciences, and that tenure would be effective as of this date.

Mr. McCuiston: I move that tenure be conferred upon Dr. Robert Goetz effective immediately.

Mr. McClure: Second.

Mr. Christopher: Any further discussion? All those in favor, please say aye; opposed, nay. There being no nays, motion passes.

Dr. Donald Johnson, Director of the Biological Station, brought me a letter today, and I've asked Mrs. Dyer to make a copy of that letter and she's going to pass it out for everybody. I do not think that there is anything that the Board could do today, but he is by this letter making a formal appeal to the Board concerning a tenure question. I want to be sure, Mr. Overby, that you get a copy of that letter, too. I noticed that Dr. Johnson is with us. Did you want to make any comments at this point, Dr. Johnson?

Dr. Donald Johnson: Just that I am available and if there are any questions, I would be pleased to answer them.

Mr. Woodall entered the meeting.

Budget Reductions Plan

The following Budget Reductions Plan was submitted:

BUDGET REDUCTIONS PLAN

I. Action Items

I recommend that the Board of Regents approve the following adjustments to the 1981-82 University Budget.

- A. Five percent (5%) across-the-board reduction in all operating expense accounts (supplies, printing, travel equipment, utilities, etc.), excluding non-discretionary items such as workmen's compensation, maintenance contracts, insurance premiums, and also excluding equipment repair and library acquisitions.

--estimated savings \$245,000

- B. Budgeting investment income anticipated from the recently implemented Investments Management program.

--estimated new income \$180,000

- C. Reduction of adjunct and off-campus instruction.

--estimated net savings 30,000

- D. Reduction of minor renovation budget account.

--estimated savings 35,000

- E. Modification of personnel policy to allow up to three additional vacation days during the Christmas holidays, thereby allowing the University to close for a full week.

--estimated utility savings 6,500

- F. Corresponding 4.0% reduction in State appropriation for the Veterinary Diagnostic and Research Center.

--estimated savings 40,000

Estimated Savings Total \$536,500

II. Recommendation Items

The long term financial health of the University would be greatly enhanced by two actions coming to pass: Namely,

- A. The establishment of a unified development program. The financial cutbacks experienced over the past twelve months vividly illustrate the need for the University to have an active, unified and strong development program to raise funds from the private sector.

Our September 26 joint meeting with the Foundation Board of Trustees and the Alumni Association Executive Council will hopefully be the first step toward the realization of this goal.

- B. The University will again pursue a renegotiation of its demand contract with the Murray Electric System. The financial condition of the University is such that immediate relief is needed through a contract amendment reducing our fixed payments.

III. Discussion Items

I have appointed fifteen (15) members of the University community to a special faculty-staff Task Force on Budget Review. This Committee will be meeting the fall semester reviewing University budgetary priorities, soliciting recommendations and reactions from the University community, and preparing recommendations to be presented to the Regents' Budget Committee and the full Board.

The Committee's recommendations will address how the University can best meet its budget reduction mandate on an on-going or recurring basis.

Among the key issues to be considered are the following. It would be helpful to the Committee if the Board would share its initial reaction to any of the following policy issues.

1. Adoption of selective admission standards.

Approximately \$250,000 of the University's budget supports developmental or remedial educational services. Those services are necessary in light of the open-door admissions policy. With the recent recommendation of the Blue Ribbon Committee on the Future of Higher Education that all universities reconsider their admission requirements, now may be the appropriate time to review our admission policy.

2. Closing the West Kentucky Livestock & Exposition Center.

The operation of the Exposition Center annually costs the University \$40,000.

3. Expansion of a student workforce in lieu of a predominantly full-time employee workforce.

Should the University put greater emphasis, as have Berea College, Midway College, and the College of the Ozarks upon student employment for many of its support services?

4. Review of our summer school program.

Should the University require our summer school program to be self-supporting?

In addition to the above, we must look at the issue of academic program eliminations and the amount of general fund subsidy for our intercollegiate athletic program. The latter issue is being considered by the Board's Intercollegiate Athletic Committee and a campus task force. The former has been mandated by the Council on Higher Education and must be instituted on the campus.

Summary

| | |
|---|----------------|
| Shortfall | \$962,500 |
| Budget Cuts (Action) | <u>536,500</u> |
| Amount to be covered by Deficit Financing and Discussion Items | \$426,000 |

Dr. Curris: I have looked forward to this discussion for at least thirty seconds, and I have provided members of the Board with some supplementary information that came from the press packet released by Governor John Y. Brown when he announced the budget cuts earlier this week.

I think there is one thing more I would like to pass out in conjunction with that, but the approximately \$100,000,000 shortfall now projected for the Commonwealth of Kentucky has meant that all parts of State government with two or three exceptions have had to adjust to that shortfall. The amount designated for higher education was standard--a five percent reduction. The distribution of that cut among the institutions of higher education was determined by a formula that the Council had initiated and used last spring when the first round of budget cuts occurred. Some of you may recall that I objected rather strenuously to that formula because I felt the only fair way was across the board cuts. That formula resulted in Murray State University and five other institutions taking a heavier than normal cut in that first round of budget cuts. The application of that formula this time worked in reverse. Those institutions that had fared particularly well with a smaller than normal reduction in April now had a larger than normal reduction, and those of us who had a heavier reduction in April, had a lighter reduction. When you put it all together, it's the equivalent of across the board, but the exact impact of these cuts as calculated by our Budget Office are:

| <u>Institution</u> | <u>Dollar Decrease</u> | <u>Percent Decrease</u> |
|------------------------------|----------------------------|-----------------------------|
| Eastern Kentucky University | \$1,266,600 | 4.03 |
| Kentucky State University | 436,800 | 4.49 |
| Morehead State University | 696,900 | 3.61 |
| MURRAY STATE UNIVERSITY | 962,500 | 4.05 |
| Northern Kentucky University | 735,100 | 4.38 |
| University of Kentucky | 8,788,000 | 5.93 |
| University of Louisville | 3,739,700 | 4.79 |
| Western Kentucky University | 1,231,500 | 4.13 |

You will see that Murray State University's appropriation will be reduced by \$962,500, which is 4.05% of our entire State appropriation.

It might be helpful if we can just take a moment or two to try and put the two budget cuts together in one perspective. We have instituted several changes in the University's operations as a result of these two cuts. When you total them, the University is receiving approximately \$2.4 million this year less than was originally appropriated by the Kentucky General Assembly. That has entailed some significant changes in how this University can function. We have attempted to honor personnel contracts and to give priority to salaries for people during these lengthy procedures. That has not changed. There was some impression throughout the Commonwealth that higher education could afford these cuts, that maybe higher education was fat. Without addressing the validity of those statements because I am sure it might be different as you look from institution to institution, it is clear that if there ever was any fat, there is none now. We are now really dealing with the muscle of the institution. It has been difficult to try and come up with appropriate actions to insure financial integrity and have a sense of fiscal responsibility. Already, we have eliminated nearly thirty positions at the University. In addition, we have a freeze, in effect since last June, on all positions that are being reviewed and from that freeze our current budget provides that we will make reductions in the amount of \$141,000. We must do that to balance the budget as it is before we take any action today. We have placed more things on a fee basis. We have asked the students to, in essence, pay a fee for health service. We have taken the yearbook and put it on a subscription basis. We have put a variety of energy conservation items in effect and wherever we could we have sought to minimize the impact of these budget cuts.

Now, there is no need to cry and wail about the budget cuts. They are there; they are real. Hopefully, the economy of the Commonwealth will turn around and some of this money can be restored. Nor do I think it is necessary to go any further with the discussion of the difficulty associated with making any kind of budget cuts. I think everyone's aware of that. They have done it in their own home budget; the only difficulty here at the University is that we have so many people who are affected, and we are talking about larger budgets. But considering the things that have been done, and we have, in essence, gone as far as I'm concerned, about as far as we can go in terms of reducing personnel from the standpoint of trying to find a position here or a position there. We've pruned; we've clipped; and we've run the danger of just weakening the entire institution. If further personnel reductions occur, I think they need to occur from a standpoint of program eliminations. When I talk about program eliminations, I'm talking about both academic and non-academic. We've got to look at the basic functions of the institution and any further cuts should be directed toward doing away with given functions in the institution as opposed to attempting to pare down and take a little more here and a little more there.

Before you today is a combination of action and study items. The action items, if it meets with the approval of the Board of Regents, need to be acted upon today so they can be implemented immediately. The study items as spelled out are items that need to have further study before any recommendations are presented to this Board. The action items are the first thing that I would like to discuss with the Board and to recommend to the Board that these items be implemented.

First of all, I am recommending a five percent across-the-board reduction in all operating expense accounts. Now, we are not talking about personnel; we are talking about operating expenses.

This across-the-board reduction in all operating expense accounts would include such things as supplies, printing, travel, equipment, utilities, etc. It would exclude some non-discretionary items as workmen's compensation, the contracts we have for the maintenance of given pieces of equipment, our insurance premiums--things we really cannot reduce. It would also exclude two other categories: one would be equipment repair. It has been our experience that when equipment needs to be repaired, you are better off repairing it. We don't see any advantage in making a reduction there. The other category that would be excluded would be Library acquisitions. During this past year, to meet part of the one-year shortfall, we had to make a significant reduction in the library on a one-time basis. I think the Library has taken its fair share of these types of cuts, and this recommendation excludes Library acquisitions--books, periodicals and journals in that category--from any reduction. But across the board--is ever part of the institution--a five percent in operating expenses other than those areas would be affected, and the estimated savings would be \$245,000.

The second category is one that, as I mentioned to our deans and chairmen when I met with them this morning, causes me a little uneasiness in making this recommendation, but I think under the circumstances, it is the proper thing to do. To budget some additional income and that income deals with investment income that is anticipated from the investments management program that we implemented last year. This \$962,500 is a recurring cut; in other words, it is not just one year. Our budget next year has to be based upon having \$962,000 less in our base. I feel comfortable that that kind of money which is in the amount of \$180,000 will be realized this year through our investments. However, in the long run, whatever interest investments you have depend upon two variables over which you have little control. One is State policies that deal with investments and secondly, deals with interest rates. The uneasiness I have over putting this item in the budget stems from the fact that a change in those variables could reduce this amount at which point a year from now we couldn't count on \$180,000. We don't know but I think under the circumstances that since we anticipate those dollars will be there this year, we should proceed with that.

Item C entails a reduction of adjunct and off-campus instruction with an estimated net savings of about \$30,000. During these times we have, I think, taken the University to the people and provided instruction all over. We have been able to do that; we could afford to do that. We still will have a rather extensive off-campus education program. But in this budgetary cutback period, we have to accept the fact that we cannot do all the things that we have done before and that we intend to implement this recommendation, if approved by the Board, by requiring a higher student/faculty ratio in these classes. We seek to preserve the centrality of the academic program on this campus. We seek to continue our off-campus instruction, but we are going to require heavier student enrollments and just will not be able to offer as many classes as we have previously.

Item D entails a reduction in the building renovation budget account. We presently expend \$135,000 for minor renovations and that is what is budgeted this year. We are recommending that this be reduced to \$100,000.

Mr. Christopher: What are you talking about here specifically?

Dr. Curris: Any renovation that occurs on the campus. We have just completed some changes in the Business Building. We have taken, for example, the old Business Library and converted it into a large classroom. We've done the same thing with some of the offices. The needs are there, and we are talking about minor things. We are not talking about major building renovations. All those things are charged off to this minor building renovation code.

Item E is a relatively small item, but I think it is one that may be appropriate to include at this time. I would be recommending a modification of the personnel policy of the University that would allow, depending upon the calendar in a given year, up to three additional vacation days during the Christmas holidays for all employees, thereby allowing the University to close between Christmas and New Year's. That one week we would be totally closed and the savings would accrue at that time from energy conservation in that we would be able for a ten-day period to pull down the temperatures and keep them that way as opposed to having to start them up and down. I think that particular recommendation should also be bolstered by the fact that other institutions in the State of Kentucky are doing the same thing now, and I would recommend that one.

The last item under Action indicates that the 4.05% reduction that the Murray State University budget has received should be comparably transferred to the Veterinary Diagnostic and Research Center in Hopkinsville. The budget that Frankfort deals with for the University includes the VDRC and the purpose is that whatever cut has to be made on the main campus would be made in the exact same amount by the Lab. Dr. Gordon and Dr. Kadel working with the Advisory Committee of the Lab would determine the way that would be done, but I would point out that at this time consideration is being given by the Advisory Committee to the VDRC to establishing some kind of fee basis for services to companion animal medicine. I would suspect that this particular cut may have an impact on their thinking as to whether they are going to go to a fee basis to try to cover the cost there.

These items, Mr. Chairman, total in the amount of \$536,500, and I present them to the Board as our best thinking on changes that need to be implemented immediately that affect this year's budget. The Board has seen the other items, but I would just take you to the last page where we indicate that the shortfall for the University is \$962,500. The Action Items on the budget that are recommended to you total \$536,500 and that leaves a total of \$426,000 that would need to be dealt with either by deficit financing for this year or by other action for which we are not in a position to make specific recommendations this early, but are spelled out as to how we might proceed. That gives you some kind of feel. Part I is taking this kind of action now; Part II is we study some other options some of which are identified, some of which will surface later as people make their recommendations, and we would then come back to the Board with additional recommendations to cover the remaining \$426,000. That entails a willingness for this University to have some deficit financing up to \$426,000 for this year assuming that the additional recommendations could not be implemented during this fiscal year.

Mr. West: When you say deficit financing, are you talking about going into the reserves?

Dr. Curris: Yes.

Mr. West: How much is that now after we've bought the computer?

Dr. Curris: The reserves for the University in both the Housing and Dining and Consolidated Education Programs, I think, are about \$2.1 million with the computer set aside. Is that correct, Jim?

Mr. Hall: The projection I have for the end of this fiscal year is an unallocated balance of \$1,937,000. That is a projection because we haven't closed the books on 1980-81 yet. They will be closed out and everything be in there in about two weeks. \$1,937,000 projected unallocated balance will be very close.

Dr. Curris: That is for both the Housing and Dining and the Consolidated Education?

- Mr. Hall: That is correct.
- Dr. Curris: That's effective June 30, 1981, but we haven't gotten the final figures because we're closing out the books.
- Mr. Hall: We will have those probably in two or three weeks - prior to the next Board meeting.
- Mr. McCuiston: Haven't we in the last couple of years hit the operating expense pretty hard on travel, equipment, etc. in our last reductions? Hasn't that been in that area?
- Dr. Curris: Not really. What we wound up doing is not giving increases in those areas or keeping a minimal. For most of those categories this past year, there was no increase. There was some increase in travel; there was a 10 percent increase in library books; but most of the other operating budgets were held constant.
- Mr. McCuiston: Constant from year before last, too?
- Dr. Curris: No, I think the previous year there was about a 5 percent increase.
- Mr. McCuiston: How much is the total budget for minor renovating?
- Dr. Curris: We budget \$135,000 yearly for minor renovations. This would reduce that to \$100,000. Any major renovations we fund, not from the budget but from our reserves.
- Mr. McCuiston: Regarding the 4% for the lab, they haven't had any reduction in budget at all?
- Dr. Curris: Yes, they received their fair share of the cut that occurred in April.
- Mr. McCuiston: They got 4% more just like we have 4% more. I'm using we/they to refer to the campus and to the Hopkinsville facility.
- Mr. Carneal: They got just a little bit less.
- Mr. McCuiston: Is there any expected income that was not reflected in the budget as prepared that might be coming in?
- Dr. Curris: Nothing major that I'm aware of. Quite obviously, if there is an upturn in student enrollment, that can create more revenue, but our latest information suggests that our enrollment will be about the same as last year.
- Mr. McCuiston: Then, that means in number two that our investments would be basically this \$180,000? Or does that reflect all of it, or was that reflected in the budget?
- Dr. Curris: This was not reflected in the budget. The investments management program was instituted last year. I'm glad you mentioned that because it gives me a chance to express appreciation to a couple of people. Mr. Jim Davis, as many of you recall was a member of the Board of Regents, has been head of the Investments Committee. He was concerned that we try to maximize our investments on the dollars that we have at the Institution and suggested we move with an investments management program, taking what spare cash we have over the weekend or over a two-week period, etc, and investing it. Mark's father came up to Murray and met with me for a while. Of course, I think most of you know that Mr. Russell McClure was Vice President for Finance & Administration at Morehead State University and was also Secretary of Finance for the Commonwealth. He provided some excellent advice and suggestions; we worked on that, and set up this program last year, and we really didn't know exactly how it would work out. So, that is new income that we are projecting. Now, what I mentioned, Jere, the thing that concerns me is you never know whether that income is going to be present a year or two years from now. We think so, but it's not entirely in our hands.

Mr. McCuiston: How much was the year before?

Dr. Curris: I'm not sure in the year that we have just completed how much we earned. Something tells me it was \$150,000 during this year. Prior to that time, we didn't have this program.

Mr. McCuiston: It's been in operation two years, right?

Dr. Curris: It's really been in operation only one full year.

Mr. McCuiston: But it is not listed in the budget anywhere.

Dr. Curris: No, it is not listed in the budget.

Mr. McCuiston: It ought to be listed as estimated income somewhere, shouldn't it?

Dr. Curris: That's what I'm recommending.

Mr. McCuiston: When we did the budget, was there not an estimated income anywhere in there that said that we estimate income from these Con Ed funds or whatever? Isn't it a line item that would say that we would be getting this? You could project from what last year was.

Dr. Curris: Last year we didn't have anything. The year we've just completed was the first year. Is this not right, Don?

Don Chamberlain: That's correct.

Dr. Curris: The year we have just completed is the first year we have it.

Mr. McCuiston: Is it in the 81-82 budget?

Dr. Curris: No, it is not in there. There's no reference to this in there. We're recommending that it be put in. As I have pointed out, one of the reasons is the uncertainty of knowing whether this particular income will materialize.

Mr. McCuiston: Yes, but your Con Ed funds, aren't they funds that just lay around for a while, as you say over the weekend? Can't you get a kind of an average of what it's going to be and estimate?

Dr. Curris: We're talking about two different things so let me try and clarify that. The reserves that we have generate interest. That interest goes back to the reserves.

Mr. McCuiston: That's the \$1.9 million that Jim was talking about a while ago?

Dr. Curris: That's right.

Mr. McCuiston: It goes back into the reserves?

Dr. Curris: It goes back into the reserves.

Mr. McCuiston: Okay, I understand that; go ahead.

Dr. Curris: This is not interest off of the reserves. This is interest from cash management at the University.

Mr. McCuiston: This is interest from people that come in and pay their tuition, and it is kept for whatever length of time before its paid to someone else. This is interest from that. What is done with that interest?

Dr. Curris: This is the first year we are getting it; last year was the first year we got it.

Mr. McCuiston: All right, what did we do with it?

Dr. Curris: It's reflected in the financial statement. We didn't spend it; it's there.

Mr. McCuiston: So that's \$180,000 from last year.

Dr. Curris: When the financial statement from last year is received, which usually is received in the fall from the auditors, reflected in the totals that year will be approximately \$150,000 or \$160,000 that we earned last year from management of our cash on the campus in the way of interest. It will be reflected there as income.

Mr. McCuiston: It wasn't set up in our budget that we would even have that coming in?

Dr. Curris: No, because we have never had a cash management program. We've never done that.

Mr. McCuiston: When the money came in, what went with it? Did it go back into the general fund or what was done with it? If we've had it a year, then we had to accumulate some money somewhere.

Dr. Curris: It's in the general fund.

Mr. McCuiston: The money goes into the general fund?

Dr. Curris: That's right. Last year we earned about \$150,000; it's in the general fund, and it will be reflected in the financial statement. For this coming year, how much are you going to earn? Well, that depends upon state policies and procedures and the interest rates because we are talking essentially about short term interest. We are projecting \$180,000. That's just a guess.

Mr. McCuiston: You are projecting \$180,000 for this next year. We made \$150,000 last year, and the \$150,000 went into the general fund.

Dr. Curris: That's right.

Mr. Carneal: But, it is already in the budget.

Dr. Curris: Yes, it's in the general fund.

Mr. Carneal: That's right.

Dr. Curris: It's not in the budget.

Mr. Carneal: All right.

Mr. Christopher: The question is: what happened to the \$150,000?

Dr. Curris: It's there; nothing has happened to it.

Mr. Christopher: Can it be used as another item?

Mr. McCuiston: Okay, that's \$150,000 that you can add to this \$180,000 and make it \$300,000 right there. You can double this figure almost if you're estimating this income for 180 and you've 150 left over from last year; that's \$300,000.

Dr. Curris: It's just how you look at it. When we talk about taking up to \$426,000 from reserves, reserves are those things that we have in that Con Ed fund plus whatever "surplus" you had in a given year. It's one and the same. The \$150,000 that is left over, the extra money that we got this year -- you can call it profit, although it's really not profit -- is the same thing as your reserves.

Mr. McCuiston: Okay, the Con Ed Fund is tuition etc. that's pledged against bonds. Am I correct in that assumption?

Dr. Curris: Yes.

Mr. McCuiston: And that's money--Con Ed Funds--that we can't use except the interest because they are pledged against bonds? It's kind of like a savings account, isn't it?

Dr. Curris: That is correct. The State of Kentucky does not fund certain things. They will calculate the budget on the basis of salaries, of some operating, for library books. But there are certain things that the Commonwealth of Kentucky does not fund, and if the University is to do it they have to do it themselves. One of them is equipment. None of the formulas used in Frankfort give any money to the institution for equipment purchase. We have to replace our equipment. Secondly, for any land acquisition made by Murray State University, we've got to come up with the money. The State does not give us any money for land acquisition. Thirdly, any major renovation project that we have we come up with the money unless there are some really good times and you get some kind of appropriation from the State, and we've picked up a couple.

Mr. McCuiston: When you come up with money, you come up with it by selling bonds or some form like that, right?

Dr. Curris: Yes, you sell bonds or you get a State appropriation.

Now those things - land acquisition, renovations, and equipment and outlays - are not budgeted. They have to come from your reserves. So, when we talk about the Con Ed Fund reserve is like a savings account to handle for a rainy day, just recognize that is also the source of funds for any renovations that we do that aren't covered by this little minor renovation account for land acquisitions and for any major equipment purchases.

Mr. McCuiston: But still Con Ed Funds are funds that are pledged against bonds aren't they? Or is it tuition that's pledged against bonds?

Dr. Curris: Tuition is pledged against bonds. This is going to sound complex, but the way it goes, all tuition once it's received goes into the Con Ed Fund; then you draw out what you need.

Mr. McCuiston: All right, if there's any money left, does that go to the general fund?

Dr. Curris: That stays in the Con Ed reserves.

Mr. McCuiston: If it's tuition money, does it have to go to pay bonds, and if you have any left over, that goes into reserves?

Dr. Curris: That is correct.

Mr. McCuiston: If you are short on tuition next year, you have to come back into your Con Ed fund and make up the difference?

Dr. Curris: Or you cut the budget.

Mr. McCuiston: If you are cutting your budget and the tuition money is to pay your bonds and there's tuition money that's been paid into your Con Ed fund, can you use that?

Dr. Curris: For what purpose?

Mr. McCuiston: For anything else?

Dr. Curris: Yes. The Board has complete control over those funds, and they will be reflected, as they always are, in your financial statements. If in a given year this University operates taking in more money than it spends, say \$100,000, that goes right into the Con Ed Reserve Fund.

Mr. McCuiston: Con Ed, is anything else included in the Con Ed Reserve Fund?

Dr. Curris: There is also a separate Housing and Dining System Reserve Fund.

Mr. McCuiston: That's to pay for the Housing and Dining.

Dr. Curris: That's right.

Mr. McCuiston: Okay, is that all that's in it?

Dr. Curris: I think those are the two funds. Is Jim here? What he said was we haven't gotten the financial statement for the end of the year but the unencumbered balance - the free balance - in these two funds put together is projected to be \$1.9 something million.

Mr. McCuiston: But you can use these funds even though they are to pay bonds off against the housing and the buildings?

Dr. Curris: If you fulfill your bond obligations there, which we've always done, then what is left is free.

Mr. McCuiston: What happens if you are short the next year on tuition? You have to dip back into that reserve to do it?

Dr. Curris: That is correct.

Mr. Carneal: If there is a reserve there.

Dr. Curris: That is correct.

Mr. McCuiston: If there's not a reserve, then where would it go? Out of the general fund?

Mr. Carneal: Or you cut your budget.

Mr. McCuiston: Are there any reserves in the general fund? I mean, are there any other reserves besides this Con Ed fund?

Mr. Carneal: You've got your Housing and Dining.

Dr. Curris: Housing and Dining.

Mr. McCuiston: But that's in this Con Ed thing.

Dr. Curris: You have a contingency fund in the budget that is what you call a quasi-reserve. I'm confusing that, but we have a contingency fund. That contingency fund is supposed to continue year to year, so if you dip out of it one year, you've got to replenish it the next year.

Mr. McCuiston: That's the \$600,000?

Dr. Curris: The \$600,000.

Mr. McCuiston: That's just kind of like a savings account that's just kept but not even touched.

Dr. Curris: That's right, but you know we've touched it.

Mr. McCuiston: But you have to put back into it the next year?

Dr. Curris: That's right. It's really a carryover.

Mr. West: I'm lost. Let me see if I understand. You have some kind of account where you put tuition. I think you referred to that as some kind of management investment program? That you put tuition and other income for a short period of time and that earns interest?

Dr. Curris: I think the work put creates a little problem. When we talk about cash management, we are talking about the fact that the University takes in a lot of money in different quarters. If everyone kept a given amount of money, you know, like I may need to write some checks on this tomorrow--that's fine to the degree a good cash management principle consolidates all balances. Then you find out what you need on a cyclical basis every day or every two days -- how much money is spent -- and you chart that

and see the difference between how much money is being held in the University that's not needed. We are not talking about the library account or this account, but the total picture. Then you can plan how much you need to have for the purpose of writing checks, how much additional money you have at any one given time that you ought to invest, and you invest that primarily on a short-term basis. Taking advantage of short yields. The same thing holds true when tuition and room and board fees come in. They have to be by a given date sent to the State Treasurer's Office. What happens between the time you get them and the time they are sent up there is the process of cash management. This University did not have any kind of sophisticated cash management program before this last year. That's what we have worked on. I hope to think we can refine it further. Some places have been able to go to 24-hour investment or over the weekend. We haven't gone to that yet, but we've gone to short periods of time.

Mr. West: Okay, so we've got the cash management category and we made \$150,000 in interest last year.

Dr. Curris: Yes.

Mr. West: I assume that enrollment will be up and tuition is up so you are estimating this \$180,000 that you bring to us today which was not included in the earlier estimate that we got during the budget elimination.

Dr. Curris: That is correct.

Mr. West: If you are talking about Con Ed, that is not a part of the other one, is it?

Dr. Curris: This is separate from Con Ed.

Mr. West: So then you've got another category--Con Ed.

Dr. Curris: Correct.

Mr. West: Does it earn interest?

Dr. Curris: Yes.

Mr. West: How much?

Dr. Curris: Well, it varies because we don't invest that; the State invests that.

Mr. West: But it's our money.

Dr. Curris: It's our money, and they control it.

Mr. West: How much has that been in the past?

Dr. Curris: It varies year-to-year on the basis of the amount of principal that's there and the particular investment policies of the State.

Mr. West: What did we get last year?

Dr. Curris: I am not sure what we got last year. I won't know that until we get the financial statement.

Mr. West: Year before last?

Mr. Hall: What's the question?

Mr. West: How much interest we got on Con Ed year before last, or the last year they paid us anything?

- Mr. Hall: For this past fiscal year, \$291,056.
- Mr. McCuiston: What's the estimate for this year?
- Mr. Hall: This year? I don't know; it will be somewhere around that -- maybe slightly up.
- Mr. West: Was that included in our budget estimated income that we just considered at our last Board meeting?
- Mr. Hall: Those interest incomes have never been considered in a Murray State budget that I know about.
- Mr. Christopher: That goes to reserves.
- Mr. Carneal: Stays in the reserves.
- Mr. West: As of yet, that's not included in the \$1.9 we are talking about.
- Mr. Hall: All of those monies from previous years will accumulate and be part of that \$1.9 million as of now.
- Mr. West: The question, I guess, is: The \$291,000 that we might get this year, that figure has not yet been included in the \$1.9, has it?
- Mr. Hall: For the year we're in now.
- Mr. West: Right, it has not. So that's another possible category for estimated income for this year, right?
- Mr. Carneal: Not for operating expenses.
- Mr. West: It's been going into reserve, but it could go somewhere else.
- Mr. Carneal: But you've got to pay it back, as I understand it, once you take it out.
- Mr. McCuiston: No, it's interest, it's interest from it. You can do what you want to with it.
- Mr. Christopher: It's not that, Bill; it's the fact that you've got to take from the reserve to pay for whatever it is you're going to do that you don't have money to pay for.
- Mr. McCuiston: We've got to take \$700,000; is it \$500,000?
- Mr. Carneal: Let me ask you: Isn't this management fund income you are talking about really the handling of your cash flow?
- Dr. Curris: Correct.
- Mr. Carneal: I think it's a tremendous thing. My question is, why haven't we been doing it before?
- Mr. McCuiston: The question I am asking is, the interest from it has never been projected in a budget-estimated or anything.
- Mr. Carneal: You haven't had this.
- Mr. McCuiston: The Con Ed fund you've had before.
- Mr. Carneal: I know, but you haven't had what he's talking about before last year.
- Mr. McCuiston: The \$180,000 we haven't had before, but there ought to be an estimate somewhere in the budget to where we could estimate it for 1981-82.

Mrs. Page: Well, if you spend that on operating, then next year your interest rate will be down because you are spending out of your reserve.

Mr. McCuiston: But we don't even show in the budget where it's even put into the reserves.

Mrs. Page: He said it was included in the figures.

Mr. Carneal: It will be included in your reserve figures, won't it?

Mr. Hall: It will be included. It has always been included in every financial statement - be it quarterly, be it end of the year. It was in last year's audited financial statement; it will be in this year's.

Mr. McCuiston: But the estimated budget for 1981-82, does it show it in it?

Mr. Hall: It has not been included historically at Murray State and many other institutions as part of an operating expenditure budgeted for a given year.

What has been done with it has been it has accumulated into your reserves and from those reserves you do your major renovations, your major repairs--like if you have a transformer to go down or a boiler--the major-type capital expenditures. For instance, typically at the end of every year, we go in and purchase equipment because we don't really have equipment purchase budgeted. That's how not only this University, but most universities have operated those things.

Mr. West: Some of the universities do show it as estimated income, though.

Mr. Hall: And we show some of it.

Mr. West: I'm not saying how the money ought to be spent, but I'm just looking over here at the \$426,000, looks like we may be replenishing that already. Based on past activities.

Mr. McCuiston: When does this interest come to the University, at what times of the year?

Mr. Hall: It comes at various times. They're almost investing over there, well, I want to say daily, but they are investing weekly so they come due in different times during the year.

Mr. McCuiston: This \$290,000, has it been received by the University?

Mr. Hall: It was for last year, that was the amount received in the Con Ed Sinking Funds for the last fiscal year.

Mr. McCuiston: For 1980-81. But no estimates was put in the 1981-82 budget showing any interest income at all, correct?

Mr. Hall: Not Con Ed, no. That is correct.

Dr. Curris: It was not, never has been.

Mr. McCuiston: Okay.

Mr. West: Is Housing and Dining separate or is that part of one of the others?

Dr. Curris: It is separate; the only place is the joint figure that he gave you -- \$1.9 million includes the two together.

Mr. West: Is there interest income there?

Dr. Curris: Same thing.

- Mr. West: What is the magnitude of that?
- Dr. Curris: Once again, I don't know because once again those funds are invested by the State.
- Mr. West: Okay.
- Mrs. Page: Isn't the \$291,000 for both of those?
- Mr. Hall: Con Ed.
- Mr. West: What's Housing and Dining?
- Mr. Hall: The Housing and Dining Sinking Fund last year was \$118,000.
- Mr. West: Has that ever been included in estimated income?
- Mr. McCuiston: That's \$400,000.
- Mr. Hall: Housing and Dining is totally separate. You can't take those monies and fund regular education and general operating; you cannot do that.
- Mr. West: That has to stay in Housing and Dining?
- Mr. Hall: That is correct. It must go in Housing and Dining.
- Mr. Carneal: It will be reflected in your financial statement.
- Mr. Hall: All of this is always reflected in financial statements, but it cannot be used for education and general expenditures.
- Mr. McCuiston: But, the thing is we never show it in our budget as an estimate of income.
- Mr. Hall: No, but we always show it in the financial statements and then it goes to fund dormitory repairs, maintenance in the dormitories, and housing and dining system.
- Mr. Carneal: It could be done.
- Dr. Curris: Jere, let me tell you why it's never shown. It's never shown because the budget is basically the operating budget of the University. It's not reserves and all the income goes to reserves. Income off reserves stays in the reserves. That's why it would never be shown in the regular budget. We don't control that investment and, therefore, we can't even really project it. The old policy of the state that was in effect for many years was that the state would take its money and put it in various banks that have been friendly to the administration at lower rates.
- There's been very little money generated and you never know what it was because it depended on what they decided to do. In the last couple of years that return has suddenly increased, coupled by interest rates, so that for the first time you are getting some money generated by those reserves.
- But it's still within the province of the state. The state could decide to take the interest money and keep it themselves. They've got a lot of options. That's one of the reasons you never project something that you don't know that will materialize.
- Mr. McClure: If you all are finished with that one, I have a question. The formula reflected in Item A, five percent across the board in operating expenses, I'm not entirely sure I understand how that's going to be reflected in an individual line item.
- Dr. Curris: Five percent.

- Mr. McClure: Just every individual line item will be affected five percent.
- Dr. Curris: Five percent. That's not to say that the head of a given budget unit might say that I'm sorry you cut my travel that much; could I take my full ten percent out of printing? Of course, we are going to allow that kind of flexibility for people to switch their budget around within these account numbers, but basically just five percent across the board.
- Mr. West: Will there be any flexibility between different units? If one unit says I can make it fine,...
- Dr. Curris: None ever says that, but I guess to answer your question, the deans have quite a bit of flexibility between units.
- Mr. West: So the deans can be flexible among departments.
- Mr. McClure: I know the departments met this morning. What seems to be the response or ramifications of all this academically?
- Dr. Curris: I don't think I've picked up any responses. Some of the chairmen and deans may want to address it. If I were to sense anything, it would be that this is going to hurt, it's fair in the sense that it's distributed equally in all parts of the University, and it's probably preferable to any additional personnel cuts or salary reductions. We have some individuals here who are in those positions, and they might want to make a different kind of comment, but I think that was what I read.
- Mr. West: I'd like to comment on that just a little. There are some policy considerations involved here in terms of tenure, promotion, even raise considerations when you start talking about professional development, which includes attending scholarly meetings, perhaps doing research, perhaps receiving funds to do those sorts of things, it even gets into the classroom in terms of the quality of the materials you hand out, or even your ability to hand out material. So I hope you realize while there may not have been cuts in the past, there haven't been any increases either in these areas; so in effect inflation has taken care of our cuts, and we haven't received help in this area.
- Mr. Carneal: Inflation has taken care of the money we are getting from the state.
- Mr. West: That's true too, but I think that needs to be understood as well. This does have some real policy ramifications down the road.
- Mr. McClure: I will make this point, just to echo what he's said, about the ability to even pass out materials in the classroom. My experience I have had even over the last year that by the middle of the first semester professors weren't necessarily able to give you any sort of handout whatsoever, couldn't afford 30 copies of a handout. We were having to go copy the entire handout. So just so you can get a little real life picture in what's going on in the department. I know that was true in my college. It's tight.
- Mr. West: If I can just comment on one more real life example, I know several faculty who on their evaluations were criticized for not doing enough professional development and attending scholarly meetings. So the next year they arranged to go to some meetings and were told well, here you've got \$100. Of course, the meetings they were going to were in New York, Washington, D. C., Houston, Texas, and it's kind of hard to go on \$100.
- Mr. Christopher: Let me ask you, Dr. Curris, if you would just comment a little bit further on your approach of the reduction of the adjunct and off-campus instruction. I think we ought to be clear on every bit so that nobody has any questions.

- Dr. Curris: On the reduction of the adjunct, the university's gross budget for adjunct and off-campus instruction is about one-quarter of a million dollars. The word "gross" is used because there is income generated on off-campus classes. After discussions with several individuals, particularly Vice President Butwell, the sentiment is that we could make a reduction in the amount we spend in that area, in the amount of \$30,000, without any real negative impact on the revenue that is generated and that those decisions would be made by Dr. Butwell, Don Jones, our Dean for Extended Education, and the academic deans involved with off-campus instruction. It would be spread out over fall and spring and just basically tightening up with adjuncts. There we are trying to just reduce the number, and the decisions will be made within the academic sector as to which classes would not be offered and what procedures would take place.
- Mr. West: Bill, maybe you can tell me, did we vote that there would be \$100,000 reduced from the athletic budget this year? Was that the motion?
- Mr. Carneal: No. We just set up a task force to see how that could be done.
- Mr. West: So that is not reflected in any of this as of yet.
- Mr. Carneal: Except as it relates possibly in (A).
- Dr. Curris: Steve, I don't recall a specific figure that was given to that task force of the athletic committee.
- Mr. Carneal: I didn't either.
- Dr. Curris: Secondly, the five percent in (A) applies to the intercollegiate athletic program like all other parts of the University as I have pointed out later on under III, what will be recommended by the task force and subsequently the Intercollegiate Athletics Committee will be part of whatever is presented to cover the remainder of this cutback for subsequent years. That's the two areas where they're hit.
- Dr. Settle: When you talk about generation of income, Mr. Hall, I guess you might help us here, how much income does the faculty generate through scholarly research on a recurring basis looking back five years at a time. We talk about generation of income, and we've got to look beyond, I think, state allocations. I think we might look in terms of the more aggressive approach toward winning grants, etc., and how do we compare with other regional universities as far as our productivity of our faculty through scholarly research, grants. Comparing us with Morehead, Eastern--percentage wise--are we in line?
- Mr. Hall: I think we're more than in line. I don't have the specific figures with me, but it seems like one of the latter figures that I recall is a little bit over \$3,000,000, in grants and contracts from either last year or year before last. Whereas, I've seen some of the other state universities at definitely lesser figures.
- Dr. Settle: Are we crescendoing in this area; are we growing every year?
- Mr. Hall: We are growing every year. That's been the trend for the last five years.
- Dr. Settle: Not just comparing us with our in-state sister institutions, but with the regional universities like SIU, are we competitive with the larger institutions around?
- Dr. Curris: I don't think we could compare with SIU or other doctoral-level institutions.

- Dr. Settle: When Mr. West brings up a point about travel, professional growth, academic enrichment, etc., I think everybody wants to grow academically, to travel, and to be exposed, etc. There's going to be so much that the state allows, but I think maybe some of this could be generated through the fat that we get through research grants stimulated by academic endeavors by the faculty.
- Dr. Curris: Dr. Settle, let me just say in comparison to the five type III or regional institutions in Kentucky, the amount of dollars Murray State University puts into faculty development is clearly greater than any of the other four.
- Dr. Settle: As far as what we put into faculty development?
- Dr. Curris: That is correct. We're talking about our research dollars, our summer sabbatical improvement programs, and I suspect that our travel allotments are at least as high if not higher.
- Dr. Settle: This is just a time where we all need to be turned on to look at every aspect of generating income that we can. I think the faculty needs to be challenged to help out in this area because everybody's grabbing for the dollars. When you look at the remedial programs that this university offers to students that come to college--that some argue may or may not be going to college--what is our real academic dropout for freshmen? Not financial reasons but due to academic reasons? We lose a certain percent I am sure.
- Dr. Curris: Is anyone on the retention committee that's been studying this here today?
- Dr. Settle: I don't know but I just bet it's lower than a lot of the other institutions, and I think that one of the reasons why is that probably we are more aggressive toward health programs, etc. I am just wondering whether we are doing too much for the secondary education institutions in our State. Should we be taking over marginal students where they leave off and trying to coax them through college or should we take them as they come to us and expect them to carry the ball or else not compete collegiately? This is a philosophical question, I know.
- Mr. Carneal: That's one of the studies he's recommending.
- Mr. West: The Shakertown Report talked about turning some of that responsibility over to the community colleges which would infer that we wouldn't be doing that anymore.
- I think Dr. Curris hit on a key when we were talking about grants and contracts earlier and mentioned that SIU was a doctoral granting institution. It's pretty costly, both in terms of money, time to pursue some of these grants. It's especially costly in terms of time when you don't have a wealth of graduate assistantships that have expertise in the field, and schools that do grant the doctorate do have a ready supply of individuals with expertise to help professors pursue those things. Of course, whether you are going to Frankfort or to D. C. to get the money, it is costly to do that, and there's really no guarantee that there's going to be a return.
- Dr. Settle: It's hard to really see what comes first, the graduate students or the grants.
- Mr. West: That's right.
- Dr. Settle: You sort of have to get the ball rolling and with more grants, more graduate students come. At least my experience in graduate education has been that the more aggressive grant getters have more aggressive graduate students.

Mr. West: I agree. There's a third consideration that this Board may want to address. I brought it up several months ago. There is an apparent conflict in a couple of policies that we've passed. We've passed one policy that says faculty can pursue consulting activities as long as it doesn't interfere with their normal teaching, as long as it relates to it.

I think I hear you saying that to pursue grants and contracts complements the academic atmosphere. We've got another policy on the books that in terms of receipt of money to the faculty member puts an upper limit on what he can do. So once he reaches that limit there's really not a lot of incentive to go on.

Dr. Settle: You are saying that that policy interferes with more aggressive academic pursuits? Is that what you are implying?

Mr. West: Well, if people can receive more money from the grant, certainly they are going to and not pursue more grants.

Dr. Curris: What policy is that, Steve?

Mr. West: There's two of them in there.

Dr. Settle: We passed a policy that didn't discourage faculty members from participating in outside activity as long as it didn't interfere with their teaching and research loads, and I think Mr. West is implying that that might be interfering with the aggressiveness by which academic grants are being pursued.

Mr. West: There's another policy under compensation section that puts a percentage limit on the amount of extra money that they can receive.

Mr. Carneal: You mean the individual can receive.

Mr. West: Yes.

Dr. Settle: Through grants.

Mr. West: Through consulting or whatever.

Mr. McCuiston: Is this for speeches and stuff like that?

Mr. West: Well, again, I don't know. That's what I'm saying; I don't know the answer. I'm just saying there's a potential conflict.

Dr. Curris: It's like a lot of things. You have to strike a balance, and I'm not referring to that particular limitation because I am not sure what we are talking about, but the policy that we have deals with pursuing grants and outside activities is a policy that says it shall not interfere and that as a general rule it should be limited to the equivalent of one day a week. I'm not sure what the rationale was for that policy when it was adopted because it was adopted, I believe, prior to my coming to Murray State University, but I think it is a clear recognition of the importance of faculty members assuming teaching and advising loads on this campus. I think the intent was that while you want to encourage this and you want faculty members to be involved in consultations, etc., we don't want to be in a situation, at least that was the implicit rationale, that a faculty member may "be a faculty member from Murray State University" but three or four days a week be gone and students can't find them. Then we will hear the complaints that students can't find their advisor, etc. I don't know what the right balance is, but I know that was the intent behind the restriction.

Mr. Christopher: Any further discussion?

Mr. McCuiston: In talking about income dollars, is there any money from tuition and fees that are paid that's left over at the end of the year? What happens to that?

Dr. Curris: That goes to reserves.

Mr. McCuiston: We put fees on things. Does it go in the general fund?

Dr. Curris: Yes. Any money that's left over at the end of a given fiscal year aside from that which is needed to handle cash flow goes into that Con Ed Reserve. There's two ways money gets into the Con Ed Reserve.

Mr. McCuiston: Well, why does it have to go into the Con Ed Reserve?

Dr. Curris: Where else would it go?

Mr. McCuiston: I don't know; that's what I wondered.

Dr. Curris: It's just basically the normal procedure. It goes right into Con Ed Reserve as the one place where you keep "any excess cash that you have" and that's reported to you quarterly and at the end of each year. Likewise, like the year we have ended where we had some deficit financing and you wind up the year in the red, the Con Ed Reserves show a reduction of that which was taken out to cover the deficit for the year.

Mr. McCuiston: What about our line items? We had \$1 million something blank items in our budget. How many of these have been filled and how many of them have we eliminated?

Dr. Settle: Didn't the Governor put a freeze on those?

Dr. Curris: No, the Governor hadn't put any freeze. We put the freeze.

Dr. Settle: Well, I think there was some speculation he would on filling vacancies of faculty members.

Dr. Curris: Jere, the information that I have is that we have approximately \$448,000 in positions that were vacant on July 24. Now, some positions may have been filled subsequent to that. A lot of people are filling those positions, but we are supposed to have at least \$140,000 worth of those positions that will be eliminated.

Mr. McCuiston: So there's \$140,000 that we are not going to spend.

Dr. Curris: Well, there will probably be more that we don't spend because we can't fill some positions. You can't find the right person.

Mr. McCuiston: You mean you may not fill them until the middle of the year.

Dr. Curris: Yes, but there will be \$140,000 of them that are not to be filled at all. That procedure was working with Dr. Gray and now Jim Hall with Jerry Woodall, and I'm not sure exactly where they are in the process, but every position that comes up, they are looking at it.

Mr. Hall: I can give you where we are in the process if you would like to know.

Mr. McCuiston: No, that's all right. What I'm wondering is how many dollars are we going to save now by doing this?

Mr. Hall: That's what I will give you.

Mr. McCuiston: All right, give it to me.

- Mr. Hall: We initiated the process some time in late May, so we had late May and early June for last fiscal year. That process saved some \$14,500 for that month plus period. To date, in this fiscal year starting July 1, that process has saved \$30,231, and currently there are \$212,130 worth of positions that have been frozen as a result of that process. That assumes they were frozen for the entire year. So, that's where we are in the freeze process.
- Mr. McCuiston: We have \$200,000 left over that's not being spent that was budgeted, correct?
- Mr. Hall: If every position that is currently frozen is not filled for the entire year. That does not include any faculty positions because this process has dealt just with the administrative positions.
- Mr. West: That was not included as a part of our last budget the \$200,000, is that right?
- Mr. Hall: The \$140,000 that he mentioned was.
- Mr. West: But you've got \$200,000 on top of that.
- Mr. Hall: No, I just said that there's \$200,000 total frozen at the moment.
- Mr. Carneal: And under the budget he must maintain the \$140,000?
- Mr. Hall: That is correct.
- Mr. McCuiston: So, in other words, there's a possibility of \$60,000 that would be freeable if you are going to keep \$140,000 completely frozen.
- Mr. Hall: Yes, that is a matter of choice.
- Mr. McCuiston: Then what do we do with the extra dollars?
- Dr. Curris: The budget indicates that over the year we will have \$180,000 worth of vacancy credit. That means positions that aren't filled or that are filled later than usual. That's built into the budget, so we've got to save \$180,000. Plus we've got to eliminate \$140,000.
- Mr. McCuiston: But you've frozen \$212,000 and you've got \$30,000 already made so that's \$250,000 if you put the two figures together. So, then you can go from \$180,000 to \$250,000; you have left \$60,000 or \$70,000 worth of jobs. That's the leeway you've got.
- Mr. McClure: That \$30,000 is a portion of the two hundred thousand plus that we will save over the year. It's not added.
- Mr. McCuiston: All right. So there's about \$30,000. Have we had any extra money from years past or have we spent this every year?
- Dr. Curris: In years past, we have had vacancy credit dollars. In years past, we have had adjunct professors and had to pay overtime. In years past, the amount that we saved by positions that we couldn't fill, had to fill later, or filled at a lower price equalled, roughly speaking, the amount we wound up spending for adjuncts and overtime. So in this year's budget, we put in what we thought we would have in vacancy credits plus what we thought we would spend in adjuncts plus what we thought we would spend in overtime.
- Mr. McCuiston: Is \$140,000 considered in that?
- Dr. Curris: No, \$140,000, is in addition to that.
- Mr. West: Jim, you may have already answered this, I am not sure. Fees were mentioned. Do the deposits on the dormitories go into the Housing and Dining and can't be spent for anything else?

- Mr. Hall: Room deposits are part of the Housing and Dining.
- Mr. West: And interest from that cannot be used for anything else?
- Mr. Hall: Let me qualify that. That's an opinion on my part. That's what has historically been done at this institution and every other institution I am aware of.
- Mr. West: The opinion being that it's a part of Housing and Dining or that it can't be spent for anything else?
- Mr. Hall: Yes, the opinion is that it's a part of Housing and Dining and, therefore, cannot be spent for anything else. I think it's sound. I think you would get in a shaky area if you tried to do something else with it.
- Mr. West: How much interest income does the deposit dollars generate?
- Mr. Hall: I don't have that number. I can get it for you.
- Mr. West: Ball park?
- Mr. Hall: Well, you can ball park it yourself. What's the deposit? \$50 and 3,000 students a semester.
- Dr. Curris: That's just paid the first time, is it not? We're talking about just new students.
- Mr. Hall: \$25,000 or \$30,000 a year, I guess. At the very most.
- Mr. West: The fees that we were talking about, are they in that same account or where are they?
- Mr. Hall: What fees?
- Mr. West: I don't know, Chemistry lab.
- Mr. Hall: All those are collected and handled exactly as tuition is handled. That is taken directly and put into Con Ed just like tuition is.
- Mr. West: So that \$291,000 would include that, too.
- Mr. Hall: Yes.
- Mr. McCuiston: Jim, Meany and Associates had something about forfeited room deposits, a couple of hundred thousand dollars, that was accumulated over several years. Could this be a one-time shot of those funds to help eliminate some of this shortfall since these funds never have been used?
- Dr. Curris: Meany and Associates questioned the classification of those funds. Those funds I think were basically used as Trust and Agency Funds which were available, and they indicated that it was their judgment that forfeited room deposit funds belonged to the Housing and Dining System and should be shown as unrestricted in the Housing and Dining System. So any option we had is no longer available in light of their opinion. You know, you don't have to follow their opinion.
- Mr. McCuiston: What do you mean "unrestricted?" You can do anything you want to with it?
- Dr. Curris: Yes, but it's part of Housing and Dining System, and you can only spend it in the Housing and Dining System area. Previously as a Trust and Agency Fund it was open to...
- Mr. Hall: Those are in the process of being moved and will probably be moved by the first of the week.

- Mr. West: Are we talking about \$200,000 more there?
- Dr. Curris: No.
- Mr. Hall: I don't know what you mean by "\$200,000 more there."
- Mr. West: That's going from somewhere to somewhere else.
- Dr. Curris: It is going from general university to Housing and Dining.
- Mr. McCuiston: And can only be used to pay off Housing and Dining Bonds and things like that?
- Mr. West: Are we presently spending money in Housing and Dining that could be transferred somewhere else since we're getting more money over there?
- Dr. Curris: Housing and Dining, as a result of the first round of budget cuts, was put in a position where it's self-supporting.
- Mr. McCuiston: How many dollars are given for scholarships directly from the general fund of the University?
- Dr. Curris: I don't know the exact figure; some of those are mandated by the Legislature and some of them are ours. It's about \$420,000. Those commitments have been made for this year so that is not something you can do at this time. But, Jere, that's one of those issues I think we need to look at very carefully for a couple of reasons. One is, in addition to the State budget cuts we are seeing, it appears there is going to be a significant reduction in the amount of student financial aid that is supported by Washington. I don't think any of us really realize what that impact is going to be on students. Any consideration of the University's scholarship program, I think, has to be taken in the context of what will the need be a couple of years from now for assistance to students of all kinds. If I can just digress for a moment, that also relates to another point that's reflected in this plan, and that is something that was discussed at the last meeting dealing with strengthening our development effort, a unified development program to raise money because we are going to have to get more private donations for scholarships and otherwise for this University; it's inevitable.
- Mr. McClure: I don't have any problem with the amount of money that's put up front for the scholarship program, because I think it's a great recruitment item. I wouldn't be here if it weren't for my scholarship. After that first wave of scholarships goes out and your initial recruiting effort is complete, there's a certain number of scholarships that are declined. How much money does that usually amount to? I know generally you go back to your student body and let them apply for the remaining scholarship money that's left after they've declined.
- Dr. Curris: I am not sure what the policies are on that or the amounts. It's been my recollection that to some degree that was taken into account when scholarships were awarded. There was an anticipation of a five percent or so turn down so that you wound up offering more scholarships by a given percentage than you expected to have accepted, but I am just not familiar with that.
- Mr. McClure: Generally what they've done, if I am not mistaken, is after the contracts come back in -- yes, I do accept, no, I don't -- generally, the money that's left goes back toward the student body. Upper classmen can re-apply for scholarship money. I was just wondering how much was left there before you open it back up to the student body.
- Dr. Curris: I was unaware of those procedures so I can't really answer that. Don, why don't you check on that and notify Mark.

Mr. McClure: Probably not much, but we might be able to find some dollars.

Mr. Christopher: Are there any motions?

Mr. Woodall: I don't see anything on here about any reduction of personnel. I have talked about this before and I've been involved in the committee about employment freeze. I still say the only way you will ever make significant inroads on cutting budgets is look at the payroll. When the Chrysler Corporation got in trouble, they cut their payroll in half. I don't see anything on here where we've looked at that any harder than we already have, but I still think we are going to have to bite the bullet sooner or later about the amount of the employees at the University.

Mr. Carneal: One item that perhaps you haven't seen is Item III. Those items have not been discussed, Jerry. The discussions, so far, have hinged on the \$536,500, but that would be elimination of permanent positions and the utilization of student labor, as I understand it. I say we haven't discussed that yet but that doesn't do exactly what you are talking about, I don't believe, but it is a part of what you are talking about.

Dr. Curris: Jerry, let me respond for a moment. When you are dealing with a budget cut that's been made once a fiscal year has been adopted and you have contracts with people, I think that it's imperative that this institution honor those contracts unless there's a fiscal emergency and there's no other way. So the only people that you can let go at this time would be essentially your hourly people. That's the only ones for which you could make any changes this year. We discussed before you came in the freeze and the amount of positions and dollars that have to be saved on that. Let me just express an opinion here, and that is we have in the first two rounds of budget cutting gone through and looked at staffing in this level and staffing in that level. We've eliminated a position here and we've eliminated a couple here, and we've eliminated a faculty position here. We've been through that exercise. We've eliminated about 30 positions at this institution. We could go back and do that but one of the reasons that I have this section on discussion items is that we run a risk of nickeling and dimeing positions and expenditures at this institution to the point that we weaken everything, and I am concerned about that. I am truly concerned that any further reductions where you go and you eliminate a position here, etc., is that we are bringing everything down to a given level of mediocrity. We have to look very carefully at any further position reductions, and I think we have to look at functions and programs. If you want to get rid of a function, then the people that are serving that function, their services would not be needed. Because of the sensitivity of it, we need to have a real look at some of these things. You know, I've identified some. It's just like we've talked about the academic programs issue here. I think if there are going to be any additional reductions in the faculty sector of this institution, we have to do them on the basis of program and not on a selective pruning business, that we-can-get-by-with-one-less-over-here. With this level of funding, we can't be all things to all people, and it's better to do well a limited number of things than to do poorly a great number or to handle them in a mediocre fashion. I don't mean to suggest that I'm evading the personnel issue. I'm not happy about it. I will acknowledge that. I am not happy about letting anyone go, but I do feel that we have to make a decision based on what programs and functions we wish to retain at this institution, which have higher priority. Once you make that, then the personnel decisions will follow.

Mr. Christopher: Dr. Curris, so that we might move along, you are asking the Board to adopt your recommendation and adjust the budget in this current fiscal year as presented under the Action Item?

Dr. Curris: That is correct.

Mr. Christopher: Under item II, do you want to get into a discussion of those items?

Dr. Curris: No, unless the Board wants to. I just wanted to indicate a couple of things that I think we need to do. They do not necessarily require Board action. We've talked about them before.

Mr. Christopher: And the discussion items, are you suggesting discussion today or do you want to inform the Board by way of what information is here and this is something that we approach later?

Dr. Curris: This is correct, but if a Board member wants to talk about any of those discussion items the forum is fine with me. I wanted to give the Board a plan of where we are and where we're going and the kind of timetable it will take to arrive at the full budget resolution.

Mr. Christopher: All right. Is the Board prepared to address the recommendation made on the adjustments to be made to the 1981-82 fiscal year University budget? Are we ready to address that or do you want to discuss any of these other items before addressing that?

Dr. Settle: I move that we accept the items listed I, Action Items of the Budget Reductions Plan and incorporate them into the 1981-82 budget and that the budget be adjusted to reflect this.

Mr. Carneal: I second the motion.

Mr. Christopher: Any further discussion? Mr. McCuiston, motion has been made and seconded to make the adjustments as recommended by the President in the current fiscal year. Is there any any further discussion on your part?

Mr. Carneal: The Action Item.

Mr. Christopher: The Action Item only, anything further? We'll call the roll.

Mr. Carneal, aye
 Dr. Howard, aye
 Mr. McClure, aye
 Mr. McCuiston, aye
 Mrs. Page, aye
 Dr. Settle, aye
 Mr. West, No, and I would like to explain my vote.

Mr. West: During the discussion there was identified \$291,000 in underestimated expected revenue which did not appear in the budget that we passed at the last meeting. In addition, the feeling in some circles is that the Governor will continue to cut until we, I say we, I mean all the regional institutions come to grips with the athletic expenditure problem and then Jere's concern there is one and a half million dollars in non-academic blank lines. The Item A which talks about the five percent across-the-board reduction will, in my opinion, weaken everything which was one of Dr. Curris' fears and I think that item could be taken care of by some of the money I just mentioned. Thank you.

Mr. Woodall, aye
 Mr. Christopher, aye

Mr. Christopher: Motion passes.

I think a brief general discussion as to how we are going to approach this in future needs to be made.

Dr. Curris: Referring to Item III, Discussion Items, I would point out that I have in the last two days completed the process with one exception of appointing a task force on budget review. This task force consists of individuals throughout the University community who will be meeting with me this fall reviewing University budget priorities, soliciting recommendations and reactions from all parts of the University community, and preparing recommendations that will be forwarded to the Budget Committee of this Board and then to the full Board. This committee's recommendations are to address how the university can best meet this budget reduction mandate on an ongoing or recurring basis. It's going to be an open process. It's going to be a process where we are going to solicit recommendations, and we are going to try and deal with issues. The purpose of this committee is not to look at whether we need to have six faculty or five faculty in a given department or whether we need two custodians or one custodian in a given building. The purpose of this committee is to address some of the basic issues that undergird the budget, issues that have program, policy and dollar implications and attempt in the process to try and come to some kind of recommendations as to what should be the priorities in the budget that will, in turn, be presented to this Board. In the process, we are going to ask for input and reactions from all parts of the University community, and I have indicated four things, for example, that are some of the types of issues that we need to address. We are talking about issues that have big dollar consequences to them.

I have also pointed out that we already have a task force and a committee of the Board that is looking at the issue of the support of the intercollegiate athletic program. I don't see that this committee needs to duplicate that but there certainly needs to be a sharing of thoughts and recommendations. I think we need to look at the academic programs of this University. The Governor has expressed concern, the Council has just passed a mandate requiring internal review of these programs and consolidations between schools. I think that is clearly part of the future, and we've got to work to establish the criteria by which these things will occur. We are going to ask the Faculty Senate, we are going to ask the undergraduate study and the graduate studies committee and the deans to come forth with recommendations in priority order for program eliminations. There is going to be that kind of input and there's going to be meaningful input. Not just to be just a reactive thing that we don't like this or we do like this. All parts of the University community are going to have a chance to participate in the substantive nature of these budget priority decisions.

I have mentioned a couple of things here that I just want to highlight. I think one of the things that this committee will need to consider is an issue of selective admissions for this institution. The comment was raised earlier about the open admissions policy that occurs in the Commonwealth, that individuals who graduate from high school come to college and university. The Prichard Committee also known as the Blue Ribbon Committee on Higher Education has publicly raised the issue of whether selective admissions should be instituted. I raised the question to the committee and to the Board that when resources are being reduced we cannot do all things that we have been doing, and I think one of the things that we have to look at is whether we can continue and can afford to continue spending the dollars in the area of developmental education. They are significant.

Another issue deals with whether this institution should move toward a heavier student work force for many of the support services on the campus. In the thirties and the forties there was heavy student participation in the work force. In more prosperous times we went to a system of full-time employees for many of those support services. You can afford it. There's some advantages but in a period of cutback and reduction I think we need to look again at

what is possible in terms of a student work force for many of the support services on campus. These are the types of issues that I think need to be addressed and depending on how we come down they will have personnel implications. I think it's important that we look at the philosophy of this institution and the major programs before we make long lasting budget cuts, and that's the types of issues that I raise.

Mr. Christopher: Let me remind the Board that the Board has also been asked by the Governor to respond by November what proposals this Board makes to cut back the cost of running this institution over the long haul, and we are going to have to address that at our September 5 meeting. Will your committee report then?

Mrs. Page: What committee is that? I am on two.

Mr. Christopher: Yours, Mr. Morgan's.

Mrs. Page: Oh, I don't know; I haven't heard from Mr. Morgan since we met.

Mr. West: That's what I was going to comment on. I sent out a calendar to everyone on that task force. As you recall, the Board assigned a task force to look at academic governance which was envisioned as similar to the task force on athletics. I think that was envisioned as looking at the academic side of the house. Because those calendars indicated some important people would be absent for the month of July, the first meeting will be next Tuesday at 1:30 in Room 221. Anyone is welcome that wants to attend. You don't anticipate any overlap between this recommending group and whatever comes out of that committee, do you?

Dr. Curris: No, I don't.

Mrs. Page: If we adopt selective admissions, it has to be approved by the Council, doesn't it?

Dr. Curris: I think the way the Statutes read is that the Council has the option of approving or disapproving them or just letting them go; and I'm not suggesting, Mrs. Page, that be done. I am just saying that's one of the issues that has impact on the budget; and in that sense, it may be a timely issue for us.

Mr. Christopher: Anything further? I suppose what we need to do is to decide at this point how we are going to address these things, but that's why I say we need to do that at our September 5 meeting.

Mr. Carneal: Don't you have to approve a budget reduction of \$962,500? We have not done that.

Mr. Christopher: We have approved a budget cut of \$536,500 but at this point the remainder of that shortfall will have to come from reserves.

Mr. Carneal: But we have not done that today.

Mr. Christopher: There's no place else to take the money.

Mr. Carneal: I understand it, but it has not been approved by a motion.

Mrs. Page: But the Board doesn't really have to approve it. It's just a tentative proposal you take to the state for this budget reduction, isn't it?

Dr. Curris: We have taken action to amend the budget by \$536,000. Implicit is that the remainder of the shortfall will be made up by reserves or by subsequent action of the Board. Now, the question is do you think we need to get that in some kind of motion?

Mr. Carneal: That is my question. This Board has only approved the \$536,000 unless his motion's modified.

- Mr. Christopher: It's a valid question. The question would be then does it take action of the Board to go into the reserves of the University which is, in essence, what we've done today or as Dr. Curris said it's implied that we do that.
- Mr. Carneal: Because it was my understanding you had to make a report, and some of the universities have already made their report.
- Dr. Curris: My report has to go next week to the Governor.
- Mr. Carneal: It seems to me that you need an additional motion.
- Mr. Christopher: Let's hold that off and try to address that when we decide how we are going to make up the remainder of this deficit. In other words, let's don't make the commitment at this time that we're going to spend that much more money because in September we may be able to come up and find definite ways to either add to or take from.
- Mr. Carneal: I understand that.
- Mr. Christopher: In that period of time from today until September we are not going to spend \$426,000.
- Mr. Carneal: If Deno's comfortable with what the Board has done, I have no problem with it, but it seems to me we have approved half of the \$962,000 that you are requesting.
- Mr. Christopher: You're right, Bill, we've only addressed \$536,500 of the \$962,500.
- Mrs. Page: I move the Board authorize additional studies to cover the remainder of the shortfall recognizing the possibility of deficit financing for this fiscal year.
- Mr. Carneal: I second.
- Mr. Christopher: Do we want to put a time limit on this? I would hope that it would be addressed at the next meeting.
- Dr. Curris: Well, these studies wouldn't be completed, Ron, until late fall.
- Mr. Christopher: Any further discussion? Would you call the roll please.
- Mrs. Dyer: Mr. Carneal, aye
Dr. Howard, aye
Mr. McClure, aye
Mr. McCuiston, aye
Mrs. Page, aye
Dr. Settle, aye
Mr. West, aye
Mr. Woodall, aye
Mr. Christopher, aye
- Mr. McCuiston: Between now and the September meeting, can a report be made on the interest income of Con Ed and all these things we've been talking about today and presented to the Board.
- Mr. Christopher: Vice President Hall, we will include you on the agenda for that meeting and if you would, make every effort possible to bring whatever graphs, financial reports, or whatever to the Board; and let's hit the overall picture so that there's a comfortable feeling of total understanding of all the issues that have been brought up today or might be talked about later.
- Mr. McClure: As a discussion item, I know the Franklin County Board of Education was in a really tight pinch for money and one of the things they implemented was cutting for hourly workers the workday by half an hour. I think they saved a considerable amount of money in that. I didn't know whether that had been considered at this point or not.

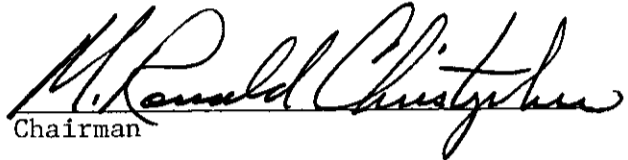
- Dr. Curris: If considered means it goes through your head and you remember it, yes. The Governor's cutback as it affects public education was to eliminate two in-service days for all teachers. My understanding is this amounts to about \$150 or \$170 reduction in salary when you look at it in terms of what they expected to earn. It was my intent to come to this Board with proposals that would honor the salaries that were committed in contracts, and with our hourly personnel that do not receive contracts, with the expectation that they would be working the same number of hours. That's not to say that in the process of the second part of the budget cut requiring a further study that we may not consider reduction in the number of hours to consider any kind of salary reductions, but it was my personal belief, plus what I thought the intent of this Board was, to try and honor all personnel commitments. That's why it just went through my mind and not much further.
- Mr. McCuiston: Have you looked into a possible reduction that can be made in the reduction of contracts?
- Dr. Curris: Yes, I think there's some legal issues over whether that can be done, to be very honest with you. Mr. Overby, I think, has come down that we need to honor contracts from a legal point of view. I would say that Jim, on very short notice, looked into it and gave me his best opinion. Is that a good way to express it, Jim?
- Mr. Overby: I was cautious when I responded to you. Subject to some reservation, it's my best judgment at this point that we cannot legally impair the obligation of a contract.
- Mr. Woodall: What about a four-day work week for our non-faculty or support people?
- Dr. Curris: I don't know if that's ever been considered. Are you talking about four-day work week ten hours a day, or about four-day at eight hours?
- Mr. Woodall: Eight hours.
- Dr. Curris: I don't believe that's ever been considered.
- Mr. McClure: You would consider that a verbal contract if nothing else has been made with our hourly workers for an eight-hour day?
- Dr. Curris: Our hourly workers have been notified their rate of pay per hour is such and such, and I'm not sure whether it specifies 37½ hours per week. The personnel policy manual adopted by this Board specifies a 37½ week. We can change it. I want to make that clear. This Board has the right to change that, and there's no future obligation there, but I do feel that these people are operating under the assumption that they will be working 37½ hours or whatever at so much per hour, and I would be very cautious about that. Rather than doing something like that, I would rather look at alternate ways to deal with the things on the campus. I would rather have a fewer number of people that work a full load, full-time and are paid well than to try and take a little bit from everybody.
- Mrs. Page: I think when they're unhappy they don't do as good a job.
- Mr. McCuiston: At the last meeting you (Mr. Christopher) appointed a budget committee to look into possible cuts in the upper staff of the University, is that correct?
- Mr. Christopher: I don't recall. We can look at the minutes.
- Mr. McCuiston: I think you told the budget committee to look into that. Would that conflict with this committee?

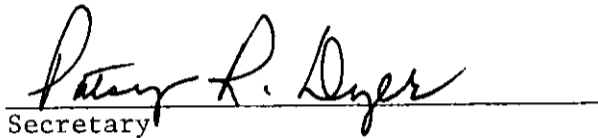
Dr. Curris: Jere, I don't see any particular conflicts because anything this committee does winds up going to the budget committee.

Mr. Christopher: Is there anything further?

Mrs. Page: Let me just say, some of you were at part of the Council on Higher Education Meeting here when it was held last month. They were all very complimentary of the hospitality they received, and I was quite impressed. I think we should thank Dr. Curris and the staff because I know they put a lot into it, and I think it was a good thing to have the Council here and let them see what a class operation we have. They were really complimentary. I came to the meeting the next day and everything about it was very nice.

Upon motion by Mr. West, seconded by Dr. Settle, the meeting adjourned at 3:35 p.m.


Chairman


Secretary