

Minutes of the Meeting of the Board of Trustees of the University of Kentucky,  
Tuesday, April 6, 2004.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, April 6, 2004 in the Board Room on the 18<sup>th</sup> Floor of Patterson Office Tower.

A. Meeting Opened

Mr. Steven S. Reed, Chair, called the meeting to order at 1:06 p.m., and The Honorable Phillip Patton gave the invocation.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: James F. Hardymon, Marianne Smith Edge, Davy Jones, Michael Kennedy, Pamela R. May, Billy Joe Miles, Phillip Patton, Steven S. Reed (Chair), Frank Shoop, Marian Moore Sims, Alice Stevens Sparks, Myra Leigh Tobin, Rachel Watts, JoEtta Y. Wickliffe, Billy B. Wilcoxson, Russ Williams, Elaine A. Wilson, and Barbara S. Young. Absent from the meeting were Robert P. Meriwether and Elissa Plattner. The University administration was represented by President Lee T. Todd, Jr., Provost Michael Nietzel, Executive Vice President for Finance and Administration Dick Siemer, Executive Vice President for Health Affairs Michael Karpf, Executive Vice President for Research Wendy Baldwin, and Acting General Counsel Barbara Jones.

Members of the various news media were also in attendance. A quorum being present, the Chair declared the meeting officially open for the conduct of business at 1:10 p.m.

C. Consent Agenda

Mr. Reed called attention to the eight items on the consent agenda, including approval of the Minutes. He asked for any questions about the items and called for a motion of approval of the consent agenda. Ms. Wilson moved approval. Her motion, seconded by Ms. Sparks, carried without dissent. The items on the consent agenda follow:

- Minutes – March 2, 2004
- PR 2 Personnel Actions
- AACR 1 Candidates for Degrees – Community College System
- FCR 1 Charles D. Lucas, Jr. Gift and Pledge
- FCR 2 Gifts and Pledges to College of Law 2002 Memorials Fellowship  
Endowment Fund
- FCR 3 Gifts and Pledges to UK Oral History Endowment Fund
- FCR 4 Douglas A. Stough Gift and Pledge
- FCR 5 Report of Leases

Mr. Reed said that the next item on the agenda for this meeting is the President's Report. He asked President Todd for his report.

D. President's Report

Before beginning his report, President Todd asked the Board to give a round of applause for Rachel Watts who was just recently reelected as President of the Student Body. He said that Ms. Watts did a great job the past year and adds a lot to the Board. He is really glad to have her back on the Board for another term.

President Todd called attention to the following items in PR 1:

U.S. Representative Hal Rogers secured \$1 million for a cancer initiative at the UK Markey Cancer Center to increase survival rates for lethal cancers. Marty Driesler, who was on the Congressman's staff for many years, passed away of cancer. She had talked to him about trying to emphasize cancer research in the Fifth Congressional District. President Todd reported that a press conference was held at Somerset.

The second annual Diversity Awards ceremony was recently held during the celebration of the 50<sup>th</sup> anniversary of Brown v. the Board of Education of Topeka, and the Diversity Awards winners were announced. The Women's Writer's Conference was also held recently.

The University contributes to NASA initiatives. This is something the University has done in collaboration with the Governor's office and the Science and Technology Council that Kris Kimmel operates where UK is going to be part of the Moon/Mars initiative to have an office that the Science Council will hold across from the NASA-Ames Center in California. The University already has about \$2 million worth of funding in NASA, but this will give a chance to expose more of UK's students to NASA and to continue to get additional grants. Scott Hubbard, who is a Kentuckian, is the head of NASA/Ames.

UK now has a winter intersession to help students meet their course needs. This is another way to try to implement getting students through college on a better time schedule. The size of the freshman class will be increased to 4,000 students. That increase brings about additional students in classes, and this intersession will allow some students to take classes during this period. This will allow regular class sizes to be held down, therefore keeping the students on track with their schedules. President Todd expressed appreciation to Provost Mike Nietzel and the Senate for their work on the implementing the winter intersession.

Senator McConnell recently visited campus and gave \$11 million for a variety of projects – many of those in Agriculture. He secured \$1 million for instructional technology research where UK has some leading research going on.

The UK trumpet quintet won the national competition in Washington, D.C. They competed with ensembles from Thailand, Julliard, UCLA, and the Cincinnati Conservatory. The trumpet quintet is just an example of the tremendous music program at UK.

There were between eight and nine hundred people who attended a School of Music Benefit Concert on April 2<sup>nd</sup>. This is the first benefit concert held by the University. It was an outstanding event, and the orchestra received an extremely long standing ovation.

Dorothy Brockopp, who heads the Commission on Women, was the winner this year of the Sarah Bennett Holmes Award. This is quite an honor on campus in which employees are recognized by their peers. President Todd congratulated her on receiving the award.

The 20<sup>th</sup> anniversary of Merit Weekends was held March 19-20 and March 26-27. It has been extended to two weekends now. Students who score at least 28 on the ACT or 1240 on the SAT are invited to campus during these weekends. There was a record 98 percent show rate this year. There were 708 students which set another record. The quality of the incoming student body looks very positive. Don Witt and his staff are doing a tremendous job.

President Todd encouraged the Board to review the other good things in the report, especially the faculty, staff, and student achievements.

E. University Research Professorships (PR 3)

President Todd reported that in April 1976, the University recommended the establishment of one-year research professorships. He noted that he was a faculty member at that time from then until 1982. He said that he watched the people that were selected because those were people that young faculty members really looked up to. These were people who were recognized as the leaders in research, who were, at that time, given the chance to enhance their research program. He emphasized that this is a very significant recognition on campus.

President Todd recommended that the Board approve the naming of professors Subbarao Bondada in the Department of Microbiology and Immunology, Peter Hislop in the Department of Mathematics, Enrico Santí in the Department of Hispanic Studies, and Bruce Webb in the Department of Entomology as the 2004-2005 University Research Professors. He asked those in attendance to stand to be recognized, and thanked them very much for what they do. They received a round of applause. On motion made by Ms. Sparks and seconded by Ms. Smith-Edge, PR 3 was approved unanimously. President Todd extended his congratulations to them and said they would have a fun year.

F. Delegation of Authority to Amend the Clinical Enterprise Code of Conduct Addendum (PR 4)

President Todd said that PR 4 is an item that was dealt with at the last Board meeting. This is a recommendation to get final approval for the Board to delegate, through the President, to the University Provost and Executive Vice President for Health Affairs the authority to amend the Clinical Enterprise Code of Conduct Addendum as needed, including any revisions required by law. He said that he would report those amendments to the Clinical Enterprise Code to the Board anytime they occurred. Ms. Sims moved approval of PR 4. Ms. Wickliffe seconded the motion, and it carried without dissent.

Mr. Reed then asked for the Academic Affairs Report from Ms. Alice Sparks.

G. Academic Affairs Committee Report

Ms. Sparks, Chair of the Academic Affairs Committee, reported that the Committee met and had a very informative meeting. She gave an update on the Early Childhood Education faculty members. She reminded the Board that the College of Human Environmental Sciences was disbanded and most of the College went to the College of Agriculture. A Task Force recommended that the Early Childhood educators be moved to Education, and that has been done. Their two remaining lines will stay in Early Childhood Development, but they are vacant right now. There has been a resignation and a retirement. This resolution met with all of the Deans' approval.

Ms. Sparks reported that the Committee also had an update on the Southern Association of Colleges and Schools (SACS). Out of the 30 recommendations UK received from SACS, 26 were resolved. Four remain and, by and large, they center around teaching assistants. The point was made that with the budget cuts, the University will need to rely more on teaching assistants, which could have a bearing on SACS accreditation in the future. She said that the budget cuts are affecting the University adversely.

H. Joint Bachelor of Science Degree Program in Mechanical Engineering and Joint Bachelor of Science Degree Program in Civil Engineering with Western Kentucky University (AACR 1)

Ms. Sparks reported that G. T. Lineberry gave a lengthy report to the Committee on the joint engineering program with Western Kentucky University and the UK College of Engineering. He reported that it had taken several years to get the program completed, but it is on track now. The proposal for the joint degree program has gone through the usual procedures and has the support of the Provost. She said that the Academic Affairs Committee moves approval by the Board. Ms. Wilson seconded the motion, and it carried without dissent. (See AACR 1 at the end of the Minutes.) It was pointed out that this program is mechanical engineering and civil engineering. An electrical engineering

program is shared between Western Kentucky University and the University of Louisville.

President Todd said that this is a fairly monumental accomplishment. He thanked the Dean of Engineering, the Provost, and Davy Jones who stepped in and helped out with some things that needed to get done. Jeff Dembo, Chair of the Senate, also helped. The Senate Council moved speedily toward getting some resolution of this so that it could be moved forward. There are actually going to be students graduating from Western this year with this joint degree.

He reported that he made a commitment to this program when he was on the Council on Postsecondary Education before he ever thought he would be the President of the University of Kentucky. He recognized G. T. Lineberry in the audience and expressed appreciation to him for his work on the program and his work in Paducah as well.

President Todd said that he committed to this joint degree program some time ago because he firmly believes that if Kentucky's economy is going to be vibrant and move forward, engineering needs to be offered throughout the state. This is an overall win for the State of Kentucky. He said that he was glad that this is behind, and he looks forward to very good results.

Mr. Reed asked about the number of projected graduates, and Provost Nietzel said he anticipates 10 graduates this spring. Mr. Reed stated that it should certainly have an influence on that region.

President Todd agreed with Mr. Reed and said that the employers have wanted this program and have worked with UK as well. He said, in his opinion, it is the right thing to do.

Mr. Reed called on Mr. Hardymon for the Finance Committee report.

I. Audit Subcommittee Report

Mr. Hardymon, Chair of the Audit Subcommittee for the Finance Committee, reported that the Audit Subcommittee had held an informational meeting. He said that Ms. Wickliffe and Ms. Sparks are also members of that Subcommittee. This meeting was somewhat leading into the September meeting at which time the Subcommittee will be looking at the audit and financial statements and hearing from the outside auditors. Both the internal audit and the outside audit were represented.

Mr. Hardymon introduced Joseph Reed, Director of Internal Audit, and said that he was very pleased to have Mr. Reed on the staff. Earlier in the day Mr. Reed had given the Subcommittee an overview of Internal Audit and its function, and had talked about some of the things that are going on now. When the Subcommittee gets ready to look at

the items to be audited next year, it will bring that to the Board's attention as part of the Finance Committee report.

He reported that Deloitte worked with the Subcommittee on their audit scope for the fiscal year ending June 30, 2003. The typical engagement letter had been reviewed previously, but it was opened for questions. He said that their staffing requirements and the background of their staff are very important to the University. They discussed the changes in the accounting rules which seem to be going on in all forms of finances and talked about the non-audited services that they are performing which the University has some obligation to look at in order to keep their independence appropriate. It was a very informational meeting.

J. Finance Committee Report

Mr. Hardymon reported that the Finance Committee met at 11:00 a.m. and had a quorum. He noted that most of the items on the agenda were consent items. The main things that were discussed were the tuition and fee adjustments and the room and board rates. He mentioned the four consent items involving pledges and gifts and said that he wanted to make sure the Board is properly recognizing these pledges and gifts without going into the depth that it had in the past. FCR 1 is a gift and pledge from Charles D. Lucas, Jr. for Parkinson's Disease Research totaling \$50,000. FCR 4 is a gift from Douglas Stough to the Athletic Department for \$180,000.

Mr. Hardymon then referred back to FCR 2. He pointed out that one of the Board members was influential in this 2002 Memorial Fellowship Endowment Fund. It is being started with a \$51,000 donation over half of which comes from Glenn Sim's life insurance policy. He noted that Don Sturgill and George Barker are also involved in this very important gift.

Mr. Hardymon said that FCR 3 is for the University of Kentucky Oral History Endowment Fund. He said that it is important that some of the university's long-time friends see the value of this fund and have made donations. Major donors include William T. Young, Louie Nunn, Gloria Singletary, Charles Wethington, Gail Hart, and William B. Sturgill.

K. Report of Leases (FCR 5)

Mr. Hardymon said that FCR 5 is a Report of Leases and such items are truly in the consent category. These leases are under \$30,000 in value. One is an addendum for more space in Lexington, and three are new leases in Sandy Hook and Hazard.

Mr. Hardymon said that three-quarters of the Finance Committee meeting involved FCR 6 and 7. He said that President Todd would comment on FCR 6 before he made the Finance Committee report and gave their motion on it.

President Todd gave the following presentation on tuition increase:

“Angie Martin took us through a fairly thorough financial presentation on the budget target that we have, and as a result of the tuition setting guidelines that we are going to impose we have that presentation available for you if you didn’t get it. I know that some of the press attended some of the meetings last week. I won’t be going through the full documentation of that, but I will give you some slides and highlights of where we are.

“Before I do that I’d like to just make some general comments. We are asking you to do something today that we’d rather not be asking you to do. And that is to have another double digit tuition increase. I’ve had an opportunity to speak at several legislative gatherings in Frankfort in the last month or so, and I felt compelled one day to tell the Appropriations and Revenue Committee – ‘we don’t wake up every morning wanting to raise tuition. That’s not what we are here to do. We are here to provide a quality education at as affordable rate as we possibly can and we work at that every day.’

“However, the position we find ourselves in right now is that we have a responsibility to our students to continue to maintain and enhance a quality educational experience. We have a responsibility to our state to continue to focus on the lofty expectation that was spelled out in House Bill 1. We have a responsibility to our faculty and staff to provide them competitive salary and benefits and the resources that they need to feel good about the professional task that we ask them to perform. I’ve said many times that if Kentucky is to have a strong economy, it must have a strong system of higher education. Especially in these days, it needs a very strong flagship university that stands high for the things that have to be done to be competitive.

“If you don’t believe that higher education is important to an economy, you need to look no further than California, Massachusetts, and North Carolina. Those are the states that have had a vibrant economy. Even though California hit a dotcom pothole, they will come back because they have the intellectual firepower to compete with anybody in the world. However, before there was a Silicon Valley there was a Stanford and a Berkeley. Before there was a Beltway around Boston that leads the bio-tech world, there was an MIT and a Harvard, and before there was a Research Triangle Park there were three great universities. This is no chicken-and-egg situation. In today’s world, higher education is the foundation upon which you build your economy, and we do not need to let that slip.

“If you look at the latest Milliken Report about venture investments, about the kind of things that you need to do to generate a wholesome economy with development engineers with Ph.D.s, Kentucky was 48<sup>th</sup>, only above Mississippi and Arkansas. California and Massachusetts were number 2 and number 1. Massachusetts was 1 because they’ve got MIT. Personal commentary.’

“Those are the kind of things, though, if you read that Milliken Report, that we have to do. Some of that is being done, some of that data was about 2 years old, and I think that with the New Economy Legislation, with some of the innovations that we are

doing, we'll probably kick that up a bit, but not dramatically. But again, the vast economic development strategy is built on a strong educational platform.

“Kentucky historically has had its economy relying on the extraction of resources, such as coal, on agriculture, such as tobacco, and we've bragged a lot recently about manufacturing. But I contend that what we are doing is asking our population to put together and assemble other people's ideas. We have given them tax incentives to pull them into the state, we have taken the position that we are not smart enough to create our own companies, because we haven't invested in that direction, but we will give anybody what they want to come into Kentucky and create some kind of job that very likely will disappear in 10 years. There are very few of those that we are going to hold onto.

“We must raise our economy to a higher level, one that is based on our own intellectual prowess. Kentucky companies that are started in Kentucky will stay in Kentucky. And we do have the ability, with the research programs we have, to attract the new-economy type companies into Kentucky if we target our efforts in that direction.

“We must generate and create creative thinkers that can help us build this vibrant economy that we must have.

“That was the goal of House Bill 1. And we cannot shrink from that vision.

“The flagship – this university – is doing what we were asked to do. We are bringing in record numbers of students and each year in the last three years, the quality has gotten better. We have set research records, and we will do so, very likely, again this year. We are running about 12 percent ahead of last year. We are bringing in faculty from around the country who are renowned in the field. That was what we were asked to do, and we are doing it.

“And I will say that we have been running this \$1.4 billion enterprise more efficiently every day. And that started two and a half years ago.

“I will also contend, that we cannot, as a state, cut our way to excellence. There are some states where they might be able to afford the cut because they had a larger foundation to deal with than what we did. We were on the upswing, and we can't afford the kind of cuts that we have been seeing.

“Some people would like you to believe that we were on an upward task and everyone was proud of that, and you heard it around the nation, and that this might be a bump-in-the-road, and then we'll recover when the economy picks back up. My concern is that it could also be a drop off the cliff. Because the people that we convinced to come here from the benchmark institutions that we are trying to emulate have come here because they felt there was a certain thing going on in Kentucky – in higher education. And they want to be a part of it. And momentum in higher education shifts just like it does in basketball games. When the other team gets it, you will find that people like Vanderbilt start coming after our top faculty, and we lose that game.



“So, once again, we are not going to be able to, with the educational base that we have to build on, to cut our way to excellence, and we cannot continue to do that much longer.

“We have got to stay the course behind the concept of House Bill 1, not just for ourselves, and not just inside the walls of this institution, but for the good of the State of Kentucky. We are, I think, the hope of the economy of this state. We have that responsibility. And it gets very difficult when you can't espouse that as strongly as you'd like, because you are afraid that it might bring repercussions that might not give us the tools that we need to move forward.

“But you can't lay down for long, if you feel like I did today, three years ago at this podium, in this very room when I was announced as the next President of this university. My comment on that day was that the University of Kentucky had been challenged to become a Top Twenty Institution. And while that was a great challenge, I did not intend to fail because I know the faculty that is here, and the staff that is here, and I knew the pent-up energy that was ready to be released. And I knew the capabilities that we could bring forward.

“With your continued help, we can keep that going. Our faculty and staff have kept their heads up these last three years, but it's beginning to surface now. You can't hide facts too long when you start losing people. Those stories get out, and they spread throughout higher education, and they do throughout Kentucky. And that's the kind of thing that we have got to stem - that tide, and it's time that we would hope to get some recognition of that across this state and in Frankfort.

“I'm going to show you now why we are doing with tuition what we are doing. I won't give you all the numbers that Angie gave you, but the first two slides of the PowerPoint presentation will pretty much position the situation.

“[Years] 2001-2002 – the targets for our appropriations was \$313 million, we didn't get all that because we got hit with a cut. These cuts haven't just come from this administration, we've had three years of these cuts.

“If you look, this year, at what was in the bill right now for our appropriation, it's \$276.8 million, which includes a \$16.7 million non-recurring hit that we'll have to write a check by the end of June. That's the decline in our appropriation. Angie showed you a few moments ago, if you were in the Finance Meeting, what the growth in our enrollment has been, and it's been very significant.

“If you look at the cumulative impact of these cuts, if this budget stays in place the way it is, we will have been cut \$74 million in this period of time. And just to put it very simply, that is money that we would have had to spend. That's what I call our dreaming money.

“When I took this position, I knew that the State of Kentucky, even in the best of situations, given its economy and the projections, could not give us enough money to be a Top Twenty Institution. We had to figure out, internally, how we could find every dollar that we could use to focus on this situation, and we’ve done a good job of that.

“We gave you a sheet last week that talked about the efficiencies that we’ve done internally. We have reallocated between \$20 and \$25 million annually now. We are using that to pay health-care costs for our employees, to get them up to a competitive rate. We are taking our entities that should be self-supporting and pulling out all the general funds extended to them, so that we don’t have them living off that general fund. But, if we get all those things and didn’t have to pay this money back, we would have \$74 million with which we could attack that Top Twenty Mission. And, that’s where it kind of hurts right now because we’ve been trying to position ourselves on a plateau that is higher than where we started on our own resources.

“I did not argue with the theme that you can always find efficiency, because Dick Siemer found about \$600 thousand worth, just a couple of weeks ago, in a contract that we negotiated. We will continue to look for those dollars. What I said to the faculty and staff at one point, when I came in, is, let’s view ourselves in a box, and any money that we spend outside of that box is money that we can’t use to pay your salary, to pay your benefits, and to drive a quality education. So, we are watching that box very carefully.

“When I interviewed for this job, one of the questions a faculty member asked me was, ‘What is it in your business background that is going to help you in this job?’ I think it was kind of a cynical question at that point in time, I did not realize how prophetic my answer was, but having started two companies from scratch, I know how to watch cash. And we’ve been doing that; we’ve had the treasurer, the finance officers, we’ve been looking for every dollar. And the tragedy of the cuts we are now suffering is that that was the dreaming money. That’s what is being removed.

“If you look at our situation, we haven’t done the final budget, but these are just some rough numbers for right now. We have been cut \$5.5 million recurring in our base budget. Our investment income, because we’ve had some long-term instruments out there that we’ve got to renegotiate, interest rates are down, will be down \$1.2 million. We are proposing a 2 percent raise for faculty and staff that is not mammoth by any stretch, but it is an obligation I feel very strongly that we have to our faculty and staff. Benefit costs continue to go up.

“We’ve been greatly successful in our recruitment of Governor’s Scholars, and our Scholarship Fund has to go up, plus, as Angie pointed out, when we raise tuition, it raises all of our scholarship pot as well. With utility and coal prices going up, it’s going to hit us, and we have other expenses that come into play.

“The bottom line is the total funds that we need are \$32 million. And this is not the frill money. I haven’t even fully read the Provost’s document about the things he’d like to do new and differently.

“If we have this tuition increase that we are asking you for today, that would bring in \$20 million which means that we still have to reallocate \$12 million internally to get a flat bottom line. So, what we are asking for in this tuition is not enough to cover the needs that we have, and so we are continuing to look at other segments.

“We are still a very good deal! I don’t like talking about percentages because that can be misleading. In some states their tuition is a lot higher than ours. A small percentage of increase will give them more money than we get for a large percentage increase. But if you look at Kiplinger’s Report, based on actual annual cost per student, we are 4<sup>th</sup> out of 500 best deals. And among our benchmarks, we are the best deal.

“What we are trying to do as we go through the process is to figure out ways that we can increase the tuition and fees that we feel we can justify and rationalize. So, we are looking at cost price of value this year. We are aligning the cost with the price. It costs more to teach upper-level students than lower-level students. It costs more to teach engineering than it costs to teach other disciplines. We are charging differential tuition and fees for those programs that have the higher costs. In addition, we are taking one differential tuition and fees and returning those to the departments so that they can use those to increase the number of faculty, increase the number of teaching assistants, so that they can do what they need to do – to do their job. And we want to decentralize that decision and give them the ability to enhance their programs in the way they see fit, so we had to come up with ways to give them some additional revenue.

“But to teach more students with less state funds, here are some of the things that we’ve done, not an exhaustive list, but we went to the Provost Model which saved us \$2 million per year. Since July 1, 2001 we have eliminated 293 staff positions, including at the hospital. We have not eliminated any faculty positions, but we have had to keep several faculty lines open in departments in order to meet budgets.

“We have allocated costs out to self-supporting units so they can charge them out in contracts so they can cover those in their pricing. We have refinanced bonds. We have initiated a campus improvement to reengineer the Physical Plant Department, which is one of our largest financial investments on this campus. We teach lean manufacturing techniques around the world; why not use those same lean techniques on our campus, and so that process has been going on.

“Mitch Barnhart gave us a million dollars from athletics for scholarships. And, we have been controlling our health costs. That’s another place if you look at us in a box, any money we have to send to outside health insurance agencies just goes away, and we need to retain it.

“We have done, I think, a spectacular job with this. We initiated a Health Literacy Program. We initiated a Reach Program, where we hired three pharmacists to go around and work with our employees and our retirees to keep their prescription drug costs down. We have a Wellness Program that is picking up. If you look at this slide and

don't feel like we're paying attention to one of biggest drivers in America right now, then I think you'll be inappropriately getting the message.

"Pam May and I talked about this several months ago, and she thinks we could package this and sell it as a product. But 6.1 percent increase verses 12.9 percent across Kentucky and 10.2 across the nation is an indication that we are watching our dollars.

"The impact that budget cuts such as this will have on teaching more students with less state funds is class sizes and the numbers of cancelled classes. We'll have to reduce the number of teaching assistants, especially in Arts and Sciences where they have a heavy load. We're pending Senate approval of a Senate Council recommendation to suspend the oral communications requirement for three years, which is a major bottleneck in our program. We're holding faculty vacancies and staff positions open. We would expect more faculty resignations, but I will tell you, we're making efforts every day to make competitive offers to those faculty that we feel are absolutely necessary that we keep, we just can't meet the price tag in many cases. We'll have to use more part-time instructors.

"To make progress, we've actually increased, if you look at our budget, the resources dedicated to direct instructional costs by 5.4 percent. Part of this is salaries, part is additional lines for faculty, and part is additional teaching assistants. But, we have been paying attention to the instructional component of our budget.

"We've introduced this four-year graduation agreement as a pilot project where students, if they do what they say they will do and we do what we say we can do, and they don't graduate in four years, we'll pick their tuition up after that. We've created this new winter session that I mentioned in PR 1.

"We, for a while, were able to buffer the impact of the state budget reductions on the colleges. We absorbed the first cut totally internally because we did not want to pass out the tax to the faculty and staff. When we did have to do that, we actually passed a higher percentage out across the staff and administrative level than we did at the faculty level because we were trying to hold the instructional component as fixed as possible.

"We have invested in future programs. We are asked to try to reach national prominence in several areas. We had a committee that worked hard to select those areas, and last year we put a half million dollars into the medical center campus and into this campus on initiatives where we had internal competition. So we are investing in that future.

"We have increased substantially the funding for scholarships, and last year we put in another million dollars for need-based scholarships, and we will do that again in this year's budget. We provided incentives to colleges to increase their first to second year retention rate, which is an important thing for us in Kentucky, to hold on to those students that first year and get them to complete their degrees. We also have incentives

for them to increase their research grants, which is another driver in our Top Twenty mission.

“Part of our Dream, Challenge, and Succeed program is working, and I can’t tell you how pleased I am with some of the numbers that we have been able to establish. We’ve increased our six-year graduation rate, from 55.3 percent to 60.8 percent, which is the highest in the State of Kentucky. It increased about 3 percentage points this year. And, I believe that when these classes that we’ve been recruiting recently come through, that will go up even more.

“We’ve increased substantially the number of Governor’s Scholars, from 98 in 2000, to 318 in 2003. Hence, the scholarship drive that Terry Mobley and our Deans are going after, because we need to get funding for those.

“Our total Research and Development expenditures have gone from \$161 million in 1998 to \$272 million. That’s a pretty healthy company in the State of Kentucky.

“We have created with the Bucks for Brains program -- and I’m pleased the Legislature added a third leg of that this last year that we are working on now -- created 58 endowed chairs and 148 endowed professorships since 1998. And our endowment has gone from \$220 million to \$500 million.

“We are doing what House Bill 1 in 1998 said we should do. And we have had a lot of help from the State for those endowed positions and endowment growth, and the number of professorships to drive up expenditure dollars for research. That was a big help from the State of Kentucky, and we need to keep that going.

“So at this time I would like to turn it back to Mr. Hardymon for a motion on this tuition increase, and I expect there to be some discussion. It would be our goal to try to do everything we can do to get this State to understand. Again, you can’t cut your way to excellence. We need that support. We have been excellent stewards of the money that we have been given, and we will continue to do so. Every day, we are looking at how to increase both the quality and the efficiency of this organization, and I can’t say enough for the faculty and staff of this institution and how proud I am of what they’ve done.

“Thank you.” (See PowerPoint presentation at the end of the Minutes.)

Mr. Hardymon referred to FCR 6 that was marked “revised.” He said that the Finance Committee would like to put into motion the proposed 2004-05 tuition and mandatory registration fee schedules as outlined in FCR 6. Because of the discussion the Finance Committee had involving the fact that the budget in the General Assembly is not finalized, the Committee would like to add to this motion the following paragraph which he had the Legal Office staff prepare: “Because the budget has not been finalized by the General Assembly, the Board authorized the President to amend the tuition and mandatory fees schedules to reflect any unanticipated changes in the Budget as it may affect the University.” He emphasized that the Committee knows of no reason there will

be any changes, but the Committee thought it should have this statement added in case a surprise happens. That is the Committee's motion.

Mr. Reed said that the Board had heard the Finance Committee's motion and the discussion of President Todd. He said that there would be further discussion, but at this point, he wanted to call for a second to Mr. Hardyman's motion. Mr. Miles seconded the motion.

Mr. Reed encouraged discussion of the Board and recognized Ms. Watts for her comments.

Ms. Watts said that she thought President Todd had been peeking at her papers because they have a lot of the same thoughts. She shared a few words mainly from the perspective of students. Having been in Frankfort, seeing and meeting with both Ms. Angie Martin and Mr. Siemer, she said that both have been very helpful in helping her understand the University's budget.

"Over the past several years, I think we can all agree that the quality of the education, administrators, faculty, and students has gone up dramatically even since I've been here. And, accordingly, tuition has also gone up. Not just here at UK but at other schools as well. With new additions such as our comprehensive library, nationally ranked academic programs, and increased research efforts, we have needed more money to fund the dreams that we have had, and that's one of our concerns. We do want to become greater. Unfortunately, many students seem to be losing sight of that dream – losing hope in that dream, a lot of them because they don't have the money to pay back loans or they're having to get second jobs. And, some of them just really can't afford the tuition here. And, some people don't understand saying that the tuition rates are accepted and standard and actually looking at our budget, I would agree there are certain constraints that we can't get around.

"My concern is what do we really expect here at UK? And after talking with many of you all here on the Board and after hearing Dr. Todd, the main thing that we focus on isn't about money or percentages. It's quality. And that's the main concern that I bring – that these cuts – these state cuts – will really handicap our growth and quality. And that is really the very asset that we use to justify the increases and justify who we are benchmarking ourselves against. Unfortunately, we have seen some decreases – and I know you talked about such decreases in the library hours at William T. Young. We have lost some faculty. We simply just don't have the money. It has been a problem. I think that the administration is concerned. The faculty are concerned. Students are very concerned. I know that we are concerned. And, I would hope that our Legislature is very concerned.

"One thing I think that makes UK great and brings people here is a level of quality. And, that quality was reflected in House Bill 1 the expansion of our research efforts mainly. However, many of our professional students – the students who really impact the research that we do, can't afford the tuition rate we're having to pay. And

even more importantly, a lot of them say upon graduation they might have to go to other places besides Kentucky to get jobs. We know the needs we have, especially in places like Eastern Kentucky, places like that – to retain those people here. And I think that’s a large concern as well.

“I think the main thing is that we definitely have to be visionaries. We have to be willing to have the courage to look not just at the next year but into the future and say, ‘Okay, this year we can make these arrangements to do this, but what are we going to do next year and the next year.’ And obviously by House Bill 1 we were mandated to look toward the future. So that’s what we have to do. I really, truly believe that our administration has squeezed the money from everywhere that we possibly can. It would be very easy for me – I wish that I had seen a lot of places where I felt like there was a lot of fluff, but truly, we are working with the bare essentials right now. And we’re looking around, and we’re seeing some other states that are starting to have some restoration of their budgets, but we want to know, where is our restoration? Where is our hope? That’s what we want to know.

“My concern is that we need to reconsider House Bill 1. We need to be proactive about that. To say is this really valid – can we do this? House Bill 1 talks a lot about research. We have thrown in our research dollars. We’ve had more projects working, but the problem is that if we focus too much on research -- all of our dollars -- where will our undergraduate program go? This is truly the heartbeat of the University of Kentucky. We have to make a decision, and we have to say, ‘Where is our priority – where is our focus?’ And we have to put money behind that focus and have the money to support those efforts. So, we really need to take a look at that, I believe.

“So, really what matters at UK is our dream. And our dream, I think, is to have a high-quality institution. We have to protect that dream at all costs. And I truly believe that’s what we need to figure out – where is our dream and how do we need to protect that? Many students at UK might not be able to afford to come here again next year, and they can’t afford the rising costs and really what they see to be a tax on students. They just can’t afford it.

“I know that many of you all weren’t here last year when we passed the 15 percent increase. This is nothing new. But, I truly believe that today is a very sad day for all those students – for any student – for the University of Kentucky, and also for the Commonwealth of Kentucky. And I would say that we need to be very proactive about being visionaries and saying what are we here to do and what can we do to protect the future of the University of Kentucky students and the Commonwealth of Kentucky because I truly believe that’s our job.”

Mr. Reed thanked Ms. Watts and said that her remarks remind the Board of the importance of having student representation on the Board. He thanked her for the perspective and feedback that she brings from her fellow students to the Board.

Professor Kennedy said that having talked to Ms. Watts earlier, he gathered that she is not going to vote for the tuition increase. He said that he completely supported and respected her decision on that. He said that he would reluctantly vote for it but only because it is the only way to keep the doors of the institution open. He gave the following comments:

“UK has fallen from a state-supported university when not too long ago 50 percent of our funds came from state revenue to a state-assisted university, to a state located university deriving not much more than 20 percent of our income from Frankfort. Lately, with the recent attempt by Frankfort to take money from us that they haven’t provided in the first place, we’ve become a state-abused university. The “waste, fraud and abuse” argument when applied to UK is fiction. It is not fat that is being cut. The knife is in organs and muscles as we lose talented faculty, cut programs, and increase class sizes. I understand that an individual’s education will benefit – that an individual’s education benefits that individual. But likewise, it benefits the Commonwealth. Every potential student who cannot come to UK because the costs are too high disadvantages Kentucky because that person well educated could move our society forward. The Governor and Legislators need to employ the brains and find the courage to adequately fund higher education in Kentucky.

“I am not in favor of increasing the taxes of anybody but if it is necessary, tax increases should be spread among our 4,000,000 citizens rather than concentrated on 30,000 UK students and their families. State funding problems should not be solved at the expense of our university. For completely financial reasons, we are today losing our ability to strive to be Top Twenty. Unless something changes dramatically, we will have to strive to not become much worse than mediocre. The only people who are in a position to prevent the loss of quality in higher education are 30 miles west of here and currently appear to be obsessed with politics. We can only hope that they change their focus.”

Dr. Jones said that he wanted to add to Michael's opinions and what Rachel said.

“As a scholar and a scientist, I'm not trained to practice political doublespeak, but rather to recognize political doublespeak and reject it when I see it. And this Legislature and Governor have forced the University to increase fees and tuition essentially as a tax increase by proxy. And as far as "waste, fraud, and abuse," the only fraud here is to mischaracterize this forced tuition increase as anything other than a proxy tax increase. And that's no stretch. This forced proxy tax increase is an abuse of higher education and of our students. And it's a waste of everyone's time to use doublespeak to make it appear as though it is not a proxy tax increase.

“A previous Legislature and Governor gave the University the mandate to become the prized racehorse that would cross the finish line in the nation's Top Twenty as the mechanism to bring substantive economic improvement that comes with the higher education of the populace. A previous Legislature and Governor recognized that the heart of the University's ability to obtain Top Twenty status is its full-time tenure track



Faculty. And a previous Legislature and Governor provided the necessary oxygen of funding to enable this heart, the Faculty, to build its muscle into a Top Twenty winner for the state, on behalf of the state.

“But unfortunately, the current Legislature and Governor are more interested in sucking the oxygen out of the heart of this racehorse and converting it into an "also ran." In fact, from the Governor's comments on Sunday, it would appear he would end the financial misery by just shooting the horse in the heart. However, the alarm bells are ringing, not just from the University but also from national bodies that enable us to keep our students degrees accredited.

“The continuing budget cuts have forced the University to atrophy its heart of dedicated, long-term tenure-track Faculty and instead hire transitory non-invested lower quality instructors. And as we heard this morning from the Academic Affairs Committee and as Alice summarized, the SACS national accrediting body has officially warned the University that its core reliance on these transitory faculty has placed the accredited status of our students' degrees now in danger.

“I implore the Governor and the Legislature to value the higher education here as much as they do our basketball tickets. And provide the oxygen of funding that is needed for us to win the Top Twenty race for the benefit of the state.”

Judge Patton said that he started as a student at the University of Kentucky 40 years ago this Fall, and like many of the students today, he was paying his own way. When he enrolled that fall semester, the tuition was \$96 a semester. He said that he hated very much to vote for the increase, but he has no choice because he is dedicated to the quality of the University's vision that has been expressed by President Todd. He said that he mourned the retreat that the state has taken for the support for higher education that was so celebrated just a few years ago. But, in order to keep the commitment to excellence, in spite of his sadness in doing so, he would vote for the tuition increase.

Mr. Williams said that he wanted to address the issue of the Governor's comments on Sunday later in other business. He said that he really did not get up that morning thinking it would be a good day to increase tuition. He thought that when he looked at the information that Ms. Martin gave the Board on Friday and again today, there is no way not to do this. The University simply has to pay the bills.

When he sees a chart that shows that 293 staff have been eliminated in the last two years, those are not positions that are frozen awaiting someone to fill them. Those positions do not exist any more in the system; therefore, the working rank is smaller than it was. He said that he would tell the Board that from his interactions with the staff, particularly, and with the faculty, that the work of those 293 people did not go away. It is still being done. It has simply been spread over those who are left.

He said that he could not tell about the impact on a work force when the work force shrinks. People get afraid. They get scared. There is internal competition that did

not exist before. It is demoralizing. It is frightening. In order to stop the flow, the University has to raise the tuition. He said that he did not want to do it any more than anybody else. He told of his constituents that he would be hearing from about this and mentioned a proposed new benefit for staff dependents.

He said, "This is certainly not the time to bring in a new benefit to help children of employees go to school at UK. It just cannot be done right now. On the one hand, is this decision easy? When you look at the numbers, it absolutely is. But, is the decision painful? It is gut wrenching." He emphasized that it is absolutely gut wrenching because he will never know who will not be able to come back to school next fall because of a vote he cast about this, but he knows that they are there.

Ms. May said that she hoped that she would not be redundant. She suspected, however, that a few points she makes will have been made by others. Her comments follow.

"I think we need to look at ourselves as we sit around this table today. We compose the Board of Trustees that hold this University in trust for the people of the Commonwealth of Kentucky. We have hired President Todd and his staff to do a job, and that is to run this University. I do not believe that he has any choice but to come to us with a responsible plan for how to meet the goals that we have set for him, one of which is to become a Top Twenty University, to hire competent and able faculty, to bring the best and brightest students to this University.

"At the same time, we have to look back and see – are we giving our President an impossible continuing task? It was very exciting to go for Top Twenty. House Bill 1 has a tremendous amount of appeal, and I think holds the answer for what our state needs. But we have a responsibility to this University to say, are we going to try to continue to meet a goal that is no longer possible? We can't meet that goal without the support of the state. We don't have the ability, no matter how much we press President Todd to do it. Sooner or later the realization will come to those that sit around this table or the people that follow us, that it can't be done without support.

"I don't know about you all, but apparently either my name has been lost from the email list or something because when we dealt with the Robinson Forest issue, my emails ran over. When we dealt with the college situation and combining the College of Education my email boxes were full. When we're looking at the tuition increase, I'm not seeing any effort by anyone. I've got not the first email about tuition increase. And yet, we're sitting here with 30,000 students – how many faculty members and how many parents and families impacted by this throughout the state -- and it's like they're silent. And silence does take us down a path, just like inaction takes us down a path. Today is not the day to make those decisions. And Billy Joe's been in that seat a long time, but we have to start facing them now because as Rachel said, "next year it will be the same thing."

“President Todd has no choice but basically continue to do the same thing as long as our charge to him does not change. The change sits with those of us sitting around this table that hold this University in trust. So, I would encourage you to think about that. If we want to stay on that path, then we have to do whatever it takes to keep the vision there and keep the people and the Commonwealth and the people tied to this University moving toward that. President Todd and his staff alone cannot do that.

“People are going to see our vote today as a very easy vote – a quick way to fix the problem. And it will fix the problem for one year. The implications are harder to look at down the road. But I would encourage you to start thinking about where are we going to be in 12 months. and are we back at the same table again voting for yet another increase. Thank you.”

Mr. Miles said that he did not want to discourage the kids from coming to UK. “They still need to have education as number one. Although it is tough, the Board does not have any choice.”

Ms. Sims said that she feels like Mr. Miles. She is so worried that hope will be lost.

Mr. Wilcoxson said that there is a difference between vision and reality. “You can have a vision, but when you come forward with a goal that one might say is unattainable, it is a whole different ballgame. Financially, the way things are going, it is not going to happen. As the Board leaves today, that goal is still going to be out there, and it will still be dealing with it. Somebody needs to face up to reality. Whoever makes the decisions on what the University should be should face the facts and reality.” He reiterated that financially the way things are going it is not possible. He asked President Todd if he was right and on target.

President Todd said that Mr. Wilcoxson was on target. He stated, “We are actually going through a process to calculate what type of investment it would take to truly be Top Twenty because nobody ever put a price tag on it. Some people misread in House Bill 1 that we got a legal mandate. We got a goal set. But there was no legislative responsibility to guarantee that we had the funding.”

“If you look at the KERA legislation, there actually is a legal mandate that they provide adequate funding. We don’t have that in House Bill 1. So, it was a wish and a promise that was unfunded. Initially they put money in, but you can’t get there if you don’t continue the funding.

“If you ever have a business and it’s growing at a certain rate and you want it to grow at a faster rate, you’ve generally got to have an influx of cash or you’ve got to have some kind of investment at that point in time. And that’s where a lot of start-up companies go out and bring in venture capital. They’re willing to take the risk of giving up some ownership in order to get that boost in their acceleration. And we had that in 1997 with the Bucks for Brains money and some other incentive funds that were put out

there. But you can't climb a Top Twenty ladder in two funding cycles. And so now, we're faced with a situation where we're doing all we can internally to keep that dream alive – living off of some internal reserves and some cost-cutting measures, but we're running out of rabbits.”

Ms. Tobin said, “What troubles me is that this tuition increase is really inadequate -- inadequate to fund the \$32 million that is really needed. It only funds \$20 million. So, I think we're really putting an undue pressure on our administration and staff to reallocate and to create a mediocre university. And I just find that, as a Trustee, very troubling.”

Mr. Reed said that the lack of response by some Board members is not that they have nothing to say because they have discussed this, and he thinks he has a pretty good feeling for how everyone is pained by this. He said, “As troubled as I am by the tuition increase – not having too long ago finished paying off student loans actually, I'm embarrassed to say. I know the power, the weight, and burden of student loans. I know how it does influence where you go to school and whether you continue your education – your undergraduate education, and just as importantly, whether you pursue professional or graduate education, and if so, in what fields. I know how it affects students' decision-making regarding when they go to work and how much they work in the summertime or whether they take classes, or whether they work during the school year or whether they go to school full-time.

“It all has an effect on costs because to the extent we aspire to be Top Twenty, we have to increase our graduation rates and our retention rates. But we can't do that if our students have to work more to go to school more. And it's unfortunate that when you have parents who have been saving for college to pay for their dream of their children to be able to attend college to all of a sudden realize that not only must their child work more to attend college, but also the parent has to work more so that their child can attend college.

“I realize that there are loans, and there are grants, and there are scholarships, but I can assure you that at some point those loans have to be repaid. And, there have been many articles, and there's much discussion about the weight of student loans nationwide and what a problem it is becoming. And I don't think that we are quite aware or haven't realized or set in yet, but it will be in the not-too-distant future when these ever increasing student loans have to be repaid. So, I'm troubled that we have to do the tuition increase.

“I also want to echo what Mr. Miles said. If there are students who are listening and wondering whether this is all worth it because their peers may not go to college and thus may not have burdensome student loans, without any hesitation I tell you that it is -- both economically. But even aside from finances, it is worth it in terms of the enrichment it will give to you and the quality of life it will give to you, the education it gives to you - - substantive as well as cultural, as well as many other aspects. So, I would hope that it would not discourage you.

“By the same token, I am troubled by the realization of what Mr. Wilcoxson said. As an idealist and as a dreamer and as a Kentuckian, I’m unprepared to say that the dream of becoming Top Twenty is unattainable. Perhaps that’s too much idealism. Perhaps even a little naiveté, but I just cannot say that at this point. And I will not because one of the things that inspires me and energizes me is that dream of what we have for the future of this state.

“And if you’ve traveled within the state, as well as outside the state, you know that it is a goal that we must accomplish. If you travel within the state, you can see the need for education. You can see it everywhere you go. If you travel outside the state, you can hear it in the arrogance of people from other states about their views of Kentucky. You can hear it from other universities and people at other universities about the stereotypes of Kentucky, and it gnaws on you like a raw nerve. So because of that feeling, I am not prepared to say we won’t make it. Because I think that that would be too easy, and I think that we have to show that this race was never begun as a sprint. And I think we have to recognize it going in, we knew there were going to be difficult times. And we knew that there were going to be setbacks. And there were going to be hurdles and roadblocks and even some stumbling. But, it may be 19 years from now, and I’ll still say we’re going to make it. And I’ll still press whoever I can to make sure we make it.

“I think it’s important for everyone to know, and I think it’s become clear, if you’re a student, if you’re a parent – it is obvious from listening to this Board how much we are concerned about the students and their well-being, the faculty, the staff, and how we’re troubled.

“I was just listening and watching the mood and how solemn everyone looks and how troubled everyone is. The fact is that we have to do this. And, I take that as admiration for my fellow Board members. Not that they raise tuition gladly, but they do so very reluctantly. But they do so out of necessity.”

Mr. Reed said that there was a motion and a second to approve FCR 6. A vote was taken, and the motion carried. Ms. Watts voted “nay.” (See FCR 6 at the end of the Minutes.)

Mr. Wilcoxson said now that the vote is over, he personally, as a Board member, charged President Todd to come up with some financial numbers step-by-step when the University goes from where it is now to the next level.

President Todd said his staff was working on it. They would try to accelerate that and get something out. It is part of the roadmap.

L. Room and Board Rates 2004-2005 School Year (FCR 7)

Mr. Hardymon reported that FCR 7 is the Room and Board Rates 2004-2005. The Finance Committee received a full presentation on this. The Committee discussed the cost increases involving utilities, food, compensation – not only the 2 percent salary

but also the benefit costs that are going up; replacement fund for much needed work on some of the dormitories; and debt service for the new dormitories. The result was that the Committee approved the increases shown in FCR 7 which amount to around 10 percent. He made a motion that FCR 7 be approved. Ms. Smith Edge seconded the motion, and it carried without dissent. (See FCR 7 at the end of the Minutes.)

M. Nominating Committee Report (NCR 1)

Mr. Shoop, Chairman of the Nominating Committee, reported that the Committee met at 10:30 a.m. The Committee had two recommendations. The first recommendation is that Barbara Young be appointed a member of the Board of Directors of the University Hospital of the Albert Chandler Medical Center. He moved approval of NCR 1. Ms. Wilson seconded the motion, and it carried without dissent. (See NCR 1 at the end of the Minutes.)

He said that the Nominating Committee also recommends the appointment of Acting General Counsel, Barbara Jones, to the position of Assistant Secretary to the Board of Trustees of the University of Kentucky. He moved approval of the Committee's recommendation. Ms. Sparks seconded the motion, and it carried without dissent.

N. Other Business

Mr. Reed asked if there was any other business to come before the Board. He recognized Mr. Williams.

Mr. Williams said, "Mr. Chairman, thank you. Sunday was a cool but beautiful day in Lexington. I was out Sunday afternoon and ran into an old friend and she said 'Did you see Newsmakers this morning?' I said 'No, I didn't watch.' She said, 'I understand that the Governor said that if the universities would simply – university presidents would deal with the waste, fraud, and abuse that they wouldn't have to go to the General Assembly and to the Governor for any more money.' Well, once I picked myself up off the ground and came down out of the clouds, I did a little investigating to find out if that was indeed what the Governor had said and indeed, it was.

"I can't tell you how stunned I am that campaign rhetoric has made its way into the administration and is being directed at us. Now, one of the first pieces of advice I got from one of my colleagues was to not take this personally. And it's real hard for me not to take it personally when 9,600 of the people who would be wasting, frauding, and abusing are staff members here. Now our new Director of Internal Audit is sitting over here and I can tell you that he's coming into a vigorous internal audit process and to make those kinds of legal accusations to me was totally unacceptable. We've heard from Dr. Todd that through reorganization – literally pulling rabbits out of hats – we've reallocated probably \$20 plus million in the last couple of years in recurring funds so that we could take it from one piece – put it into another to keep ourselves moving forward.

We've downsized. I've already mentioned that there are 293 of us who are not here anymore. More changes can and will be done.

"I'm not naïve to sit here and tell you that there aren't still some efficiencies that we could do and some effectiveness. And we're being very vigorous in that approach right now. But despite the advice of my colleagues – and I take it personally – it's hard for me not to be insulted by the comment. To be – to have the staff and faculty of this institution's integrity questioned, is beyond the pale. I guess I could go on but the more I go on, the more fired up I'm going to get, so I'd better skip a couple of pages and just suffice it to say this.

"I have two words for the Governor, and those two words are, Governor, it's *your turn*. We're doing our part in higher education to run the place as efficiently and as effectively as we can. You came into office saying that you were going to eliminate waste, fraud, and abuse in state government. I know you've had a lot on your plate in four months, but it's your turn to do the same thing in Frankfort. Oh, and by the way, an apology for the comment on Sunday would be nice. That's all, Mr. Chairman."

Mr. Wilcoxson said in the absence of the chairman of the Hospital Board, he reminded the Board of the Hospital Board retreat at Spindletop at 8:00 a.m. the next morning. He urged everyone who can to attend.

Ms. May said that she had one other item. She said, "I know we always ask for lots of information at these Board meetings, but sometimes I think we deal with things abstractly rather than concretely that are very real to you all that are here on campus. I was very surprised to read the article in the *Herald-Leader* about the professors that were leaving and the quality and the magnitude of those professors. And even today, you made comments that we're losing our faculty. I'm not so sure we, as a Board, really understand the depth and breadth of that problem. I understand why, perhaps, you don't want to put that out there, but I would request that in the future when you give us retirements and all these other things that are going on, we need to know who is leaving and where they are going and why because it makes your job more difficult to do -- what you need to do and we need to know." She said that she would appreciate it if that information could be provided not only to the Board but other people in the state that want to review the list of people that are walking out the door.

Mr. Reed said that was a good point because the Board often gets reports of who is coming in, and it gets excited about it. The Board does not know, however, if there is a net gain, a net loss, or if it is neutral.

Dr. Jones strongly agreed with Ms. May and Mr. Reed.

Ms. Tobin said that everyone was sad a week ago Sunday when the basketball team lost, but she would like to commend Tubby Smith and the basketball team for the pleasure and the joy they gave the Board this past year. It was particularly gratifying to

win the SEC Tournament and in spite of the early unanticipated NCAA exit, the University has a team to be proud of and to look forward to what might happen next year.

Dr. Jones asked if President Todd could give the Board an appropriate summary on the University's policy on confidentiality of donors. The press had talked about the confidentiality policy and he asked, "What is that?"

President Todd said that Ms. Jones could speak legally to it. His version of it is that when people make a donation to the University, the University essentially enters into a contract with them. If the donor says in the contract that they would like to remain anonymous, then the University uses that contract as a way to hold that gift confidential. That is the policy the University operates under. The effort that was being brought before the Legislature this time was to actually put that in legislation so that it was not subject to some judge's interpretation, and that language is in the budget bill at this point in time but has not passed yet. He asked Ms. Jones if he properly stated the University's position legally.

Ms. Jones said that he stated it perfectly.

Ms. Sparks said that she would like to remind everyone about the CATSBY dinner which will be April 19<sup>th</sup> at Rupp Arena. This is a good opportunity to show support for the student athletes.

Mr. Reed said that in response to Mr. Williams he was out of town and did not hear the report of the statements allegedly made by the Governor. He said that it is important for the Board to just showcase its support and love of the University, and hopefully others will see it. Obviously, the Governor, being an alum of the University multiple times, loves the University and supports the University and wants what is best for it. It is the Board's obligation to communicate what it deems that is.

Ms. Young asked if a letter should be sent out to the Governor or whoever is deemed to be the appropriate person and say that with great regret the Board voted a tuition increase and include the wonderful report with all the facts and figures. She said that she felt that this kind of letter and report is important.

President Todd said that he gave a presentation similar to that to the Appropriations and Revenue Committee at one point and has given the efficiency document that the Board previously received to Secretary Virginia Fox and Budget Director David Cowgill. They have not been given this specific handout.

Mr. Reed said that the Board may have noticed the absence of Peggy Way who is a mainstay at the Board table. He said that Peggy's mother is hospitalized, and she is supporting her mother during these difficult times. He asked the Board to keep Peggy and her mother in their prayers and to let Peggy know how important she is to the Board.



Ms. Smith Edge said that she wanted to personally thank the administration and President Todd for their efforts with the budget and the difficult decision on the tuition. It is apparent from what the Board heard today that everything is not being passed on to the students. She said that she appreciated the continued efforts to make the University more efficient and to maintain its dream. None of the Board members enjoyed having to take the vote that they did today about the tuition.

O. Meeting Adjourned

With no further business to come before the Board, Mr. Reed adjourned the meeting at 2:45 p.m.

Respectfully submitted,

Russ Williams  
Secretary, Board of Trustees

(PR 2, 3 and 4; AACR 1 and 2; FCR 1, 2, 3, 4, 5, 6, and 7; NCR 1, and President Todd's PowerPoint presentation which follow are official parts of the Minutes of the meeting.)