

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, May 4, 2004.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, May 4, 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 1:09 p.m., and Ms. Smith Edge gave the invocation.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Marianne Smith Edge, Davy Jones, Michael Kennedy, Pamela R. May, Robert P. Meriwether, Phillip Patton, Elissa Plattner, 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 James F. Hardyman and Billy Joe Miles. 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 1:12 p.m.

C. Consent Agenda

Mr. Reed called attention to the 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. Smith Edge, carried without dissent. The items on the consent agenda follow:

Minutes – April 6, 2004  
PR 2 Personnel Actions  
AACR 1 Candidates for Degrees – University System  
FCR 1 Dr. Tim Wheeler Gift and Pledge  
FCR 2 Establishment of McCowan Chair in Alzheimer’s Research  
and Fulfillment of Pledges to Two Centers on Aging Endowments  
FCR 3 Geoffrey C. Hughes Foundation Gift  
FCR 4 James F. Hardyman Gift and Pledge  
FCR 5 Kroger Food Stores Gift and Pledge  
FCR 6 Louise G. Scott Estate Gift  
FCR 7 Paul Parker Endowment Fund for Residency Training and Research  
FCR 8 Secat, Inc. Gift to Replace Unfilled Pledges to UK Center for  
Aluminum Technology

- FCR 9 Susan G. Ford Gift and Pledge
- FCR 10 Sutherland Foundation Pledge
- FCR 11 University of Kentucky Woman's Club Gift

Dr. Jones pointed out that the degree list has its first group of students coming to the joint WKU – UK engineering program that was recently approved.

President Todd expressed appreciation to Provost Nietzel, Dr. Jones, Professor Kennedy, and Dr. Jeff Dembo, Chair of the Senate Council, for their help with expediting the degrees and recognitions. It is a good move for the state to have engineering available outside of the Louisville/Lexington area provided their ties are to the traditional engineering programs at the University of Kentucky and the University of Louisville.

D. President's Report

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

Commencement will be Saturday, May 8<sup>th</sup> at the Lexington Center's Rupp Arena. It will be the largest Commencement the University has ever had.

*U.S. News and World Report* has ranked several UK graduate programs among the nation's best. The way UK will get to be a Top 20 institution is by doing it program-by-program and college-by-college. The programs ranked among the best are to be congratulated.

The Gill Heart Institute and the Gill Building officially have opened. Jack and Linda Gill were present for the opening and were extremely pleased. It is a state-of-the-art building and is greatly appreciated. The Institute will have a major impact on the state's health.

The College of Nursing has created a program that will help bring people back into that program and allow them to graduate in a shorter period of time. This is an effort to try to address the shortage of nurses.

The UK Health Literacy Project has unveiled a "Well on Your Way" program. The Health Literacy Project effort has been helping the University. The national average for health care cost increases is around 12 percent. Last year, UK held its increases to 6.1 percent. President Todd applauded the faculty, staff, and retirees. Health care costs are a major financial concern for the University.

Two UK undergraduates have won Beckman Scholarships for research, which are given to very few institutions. Stephanie Logsdon and Brandon Sutton were selected recently. They are to be congratulated for their achievement.

UK, CHA Health, and WKYT-TV are honoring Kentucky's high school sophomores across the state of Kentucky. High school counselors select their top sophomore scholars, and 30 second commercials are being aired to highlight those students and their

achievements. This will be a four-year period. The commercials will allow the University to send an academic and leadership message across the state of Kentucky and highlight bright students. It will also allow the University to start recruiting at the sophomore level.

Two UK students, Jack Challis and Ryan Gabbard, have won NSF grants for graduate studies. Each student will receive \$30,000 a year plus other expenses. It will total about \$120,000 for each student. These are outstanding students, and this is a great recognition for the University.

UK COPC's first Citizens Leadership Academy class graduated 18 people during a ceremony on April 27<sup>th</sup>. The COPC program is financed through a grant. Dr. Retia Walker is the principal investigator on that grant. It is a way to work with the Bluegrass-Aspendale Teen Center, the East End Empowerment Program, LexLinc, and the YWCA Phillis Wheatly Center to get a grass roots leadership effort started. This program will have an impact on the surrounding neighborhood.

President Todd called attention to a document in the Board packet. It is called &Success. He thanked Connie Ray and her assistants for putting this brief report together. It is one of several methods UK will use to track progress on the 2003-2006 Strategic Plan. He said that the Board would be given a full, more detailed report in September; however, he would present a few slides at this meeting just to give the Board an indication of how it is going.

He said that as we go through this three-year Strategic Plan, it is important to give the Board an update on what is taking place. One of the success measures is the market value of the University's endowment. At the end of 2003, UK was at \$414 million. As of March 31<sup>st</sup>, UK is almost on target. He applauded Mr. Mobley and his organization, the deans, Provosts, and everybody who is really focusing on endowments.

There have been recent articles about UK losing some faculty to Texas A & M and Vanderbilt. These universities have substantial endowments. Building an endowment is one way to allow UK to be more competitive. UK's goal was to get to one-half of a billion dollars by year three and as of the end of this month, the University is above that. The administration may move that goal up because it is going to keep pursuing it. This is great progress for that particular goal.

Another success measure is in the area of federal research expenditures. This is one of the things pushed by HB 1 – that Kentucky needed a flagship university that was a leader in research. This is important because this is federal research, and it is money that UK has to compete for. It is not institutional money. It is not state money where UK sometimes has to compete. This is the most competitive grant you have to go for.

As of the end of 2003, UK was at \$120 million. In 2002 when UK set its goals with CPE, UK projected to be at \$87 million in 2002. UK is well above that goal, and it is now 20 percent ahead of the \$100 million goal for 2003. As the "Bucks for Brains" professors get their

programs going, and the administration continues to recruit into those positions, it is certainly the expectation to meet or even exceed this goal.

We were pleased to jump three points in the six-year graduation measure this last year. UK has exceeded its goal. Before we change that goal, we are probably going to wait and see what happens with this next measure point. If you look across the state, UK is the largest institution with the best graduation rate. We need really to start comparing ourselves to our Top 20 counterparts. There is work to be done. These were the goals that we set for CPE a couple of years ago, and we have exceeded the expectations from CPE.

President Todd also reviewed some other goals that UK has met or on which we have made progress. He mentioned the six-year graduation rate, the NSSE results, and the post-doctoral enrollment as three indicators for which the goals have been achieved.

He noted that UK does have two goals showing little or no progress. One of those is the first to second year retention rate. UK went down from 79 percent, which is the highest in the state, to 77 percent. This happened the year after increasing the freshman class from about 3,000 to 3,700.

President Todd said that he would like to know what happened to those who did not return to the University; therefore, some money has been spent to buy a database which tracks where students go to college. We are now beginning to get the data to see which students dropped out of school or went to another college. Some money is also going into UK's Survey Research Center on campus to call these students. We expect to try to analyze this 2 percent drop and get enough data to solve the problem.

The other goal is doctoral degree enrollment and production. The enrollment has actually increased, but the degree production has fallen off. That is an area that we need to target.

President Todd said that this presentation is an update so the Board will know where the University is in measuring its goals at this point.

President Todd said that he would like to mention one other point about the tuition rate that has taken place since the last Board meeting. In trying to establish the tuition rate increase, estimates were made concerning increasing coal costs, increasing health benefits, and salary increases which were targeted at 2 percent. The financial sheet showed that an additional \$6 million was needed to hit the bottom line. The budgeting process was still in progress, and by going through the units, \$3 million was found to help the situation. It was then necessary to make a choice of either giving a 2 percent raise and reducing some staff and faculty positions or giving a 1 percent raise and stopping the budget cuts at that point. Based on the advice received, a decision was made to give a 1 percent raise to employees. He pointed out that about \$5.6 million was put into health care to hold the health care cost flat, which is significant, especially for those employees on the lower end of the pay scale. This has been a commitment. It is really a partnership with the faculty, staff, and retirees – the less the University has to spend on health care, the more it has to do other things within the University.

President Todd called attention to the retirement of Eugene Williams listed in PR 2. Mr. Williams has been at the University about 27 years. He officially announced his retirement from the University effective June 30, 2004. Even though it is sad to see Mr. Williams leave his post as Vice President for Information Technology, it is pleasing to see that he has accepted a three-year post-retirement appointment to continue to oversee the Information Technology functions and the integration of the IRIS project. The University is just beginning the IRIS project, and this is a critical stage for the University. IRIS will be a major transformation for the campus, and the Information Technology side of the business does not need to go backward during this process.

President Todd said that Mr. Williams has had a tremendous history with the University, having served as the Chief Information Officer during a time when information technology has just gone crazy. He played a key role in building and occupying the W. T. Young Library and developing the Distance Learning Program. He helped raise the money from CISCO to acquire some equipment and other things for the James F. Hardyman building as well as for the library. He was instrumental in developing the university's e-mail systems and developing university-wide networks for voice, data and video communications. He also helped create the Student Computing Services group that operates and manages the computer labs for the student community with well over 1,200 computer seats on campus. President Todd asked the Board to join him in recognizing a gentleman who has put 27 years of his life into the University and is going to put in three more years. Mr. Williams received a round of applause.

Dr. Jones said that he wanted to make one comment for the Board about NIH grant funding. The pay line unfortunately has dropped in the economy so that some of the faculty are getting scores back on their grant proposals that are the highest they have ever received, the highest quality grants that they have done. When the pay line dropped like it did recently to the 15<sup>th</sup> percentile, the University is in the Top 20 on scores, but it is not seen in the funding. There are efforts going on by the faculty that are achieving Top 20 quality performance that might not be visible. He said that he wanted the Board to be apprised of this information.

President Todd asked Dr. Baldwin if she concurred with Dr. Jones, and she replied that she did.

Dr. Baldwin said that NIH is now facing a time of less growth in their budget. That is going to affect the work of UK's outstanding researchers, and the University must be prepared for that. She said that she has been working with individual investigators and the NIH to try to find a way to try to negotiate something. It is going to be a very difficult time for NIH funding, which is the university's biggest single source of funding.

President Todd applauded Dr. Baldwin, the faculty, and the staff for the significant increase in proposal output. This is something that is being tracked on a regular basis now, and there will be some measures on proposal output. He thanked Dr. Jones for pointing that out.

E. Naming of Memorial Hall Auditorium (PR 3)

President Todd said that it was his pleasure to recommend that the Board of Trustees approve the naming of the auditorium in Memorial Hall, one of the most used facilities and most attractive rooms on campus, the Edward T. (Ned) Breathitt Auditorium. Governor Breathitt did his undergraduate work at UK's College of Commerce and graduated from the College of Law in 1950. Throughout his career, which included serving as Chairman of the Board of Trustees for many years, he was an extremely strong advocate for higher education and for the University of Kentucky in particular.

In recognition of Governor Breathitt's many contributions to the Commonwealth, a proposal was submitted to name room 103 in Memorial Hall in honor of Governor Breathitt. The Breathitt family is very supportive of this recommendation.

The Committee on Naming University Buildings has reviewed the request and found it in compliance with University policy and unanimously recommended approval of this name change. The Provost of the University also supports this recommendation.

President Todd asked Governor Breathitt's daughter, Linda Breathitt, to stand and be recognized, following which she received a round of applause. He said that there are many fond memories of Governor Breathitt around campus and across the State of Kentucky.

Mr. Reed asked for a motion of approval for PR 3. Ms. Sims, along with several other Board members, made the motion to approve PR 3. Mr. Shoop seconded the motion.

Dr. Plattner commented about the constant reminders of Edward T. Breathitt; the Edward T. Breathitt highway, the buildings named in his honor, and the people who knew of Governor Breathitt's contributions. When Francis Breathitt and Edward T. Breathitt were residents of Frankfort, the level of knowledge and collection of ability and appreciation of Kentucky was very high. Governor Breathitt did a very heroic thing when he declared open house to Civil Rights movements in Kentucky, a voting rights act at some risk to his own professional life. Kentucky continues to use the goals that Edward and Francis Breathitt set. She said that she would like the people who are going to graduate on Saturday morning to emulate these goals. Edward and Francis Breathitt and their children would be very proud that Governor Breathitt's name will continue to live. The Board applauded.

Mr. Reed thanked Dr. Plattner for her comments and called for the vote. PR 3 carried without dissent. (See PR 3 at the end of the Minutes.)

President Todd thanked Linda Breathitt for attending the meeting.

F. Delegation of Management Responsibilities for the University of Kentucky Lexington Community College to the Board of Regents of the Kentucky Community and Technical College System (PR 4)

President Todd said that PR 4 is a recommendation that the Board of Trustees delegate the governance and management responsibilities for the University of Kentucky Lexington Community College (LCC) to the Board of Regents of the Kentucky Community and Technical College System as required by House Joint Resolution 214. He reminded the Board that it took action on this previously. He said that Ms. Sparks and the Academic Affairs Committee did a great job working on this project, and he applauded them for their work. The Joint Resolution was passed by the General Assembly and was signed by Governor Fletcher on April 2, 2004; therefore, it becomes incumbent on the Board to do this transfer delegation. He recommended approval of PR 4. Ms. Sparks moved approval. Her motion was seconded by Ms. Wilson.

Dr. Jones said that the legislation talks about an effective date of on or before July 1<sup>st</sup>. He asked if UK was aiming for July 1<sup>st</sup> or sooner.

President Todd said UK was aiming for July 1<sup>st</sup>. The transition committee has actually been meeting for some time, and July 1<sup>st</sup> is the appropriate date. The budgeting responsibilities for LCC were transferred to KCTCS since LCC will be operating under KCTCS with that budget.

Dr. Jones referred to a question that was brought up in a previous meeting with the University Senate, Ms. Sparks, and the Academic Affairs Committee. It involved transitioning the institutional policy, not just transitioning the management. He provided an example of a particular curriculum, a business associate program, which was brought up at the meeting. That particular program is tailored so that the course work that is offered is transitioned directly into a UK program. The faculty member at the University Senate meeting said that the LCC curriculum uses a higher standard than any of the other community colleges. The other community colleges do not have a curriculum that prepares for the transition directly into the UK program. He asked the following questions: (1) Is the transition team doing anything to address this issue? (2) Will LCC be able to preserve that kind of curricular structure or is it going to evaporate? (3) Is this being talked about at the level of the management transition or should the University Senate be talking about it?

Provost Nietzel said that the transition team could deal with that issue. The transition team is composed of three representatives from UK, LCC, and KCTCS. If LCC chooses to preserve that curriculum, he does not see any reason that they will not be able to establish that choice and have it protected through the transition.

Mr. Reed asked for other questions or comments regarding PR 4. He called for a vote, and the motion carried. Dr. Meriwether abstained from voting. (See PR 4 at the end of the Minutes.)

G. Establishment of the Position of Vice President for University Initiatives/  
Associate Provost for Multicultural Affairs (PR 5)

President Todd said that PR 5 is a recommendation that the Board approve the establishment of a new administrative position, Vice President for University Initiatives/Associate Provost for Multicultural Affairs, effective July 1, 2004. With the creation of this position the University will consolidate three existing areas: the Vice President for Academic Outreach and Public Service, the Vice President for Research and Economic Development, and the Associate Provost for Multicultural and Academic Affairs. This new position will be responsible for outreach and service programs on behalf of the communities throughout Kentucky, particularly in Appalachia, promoting the University's ability to develop and evaluate solutions to some of the state's most persistent social, economic, health, and educational problems, improving the recruitment and academic success of multicultural students, and providing oversight of the University's efforts to enhance its overall diversity. The position will report directly to the President and to the Provost for those duties associated with Multicultural Affairs.

President Todd said that the University is beginning to have initiatives in Morgan County to try to create jobs in that region based on technology. There was a recent announcement about a \$3 million grant at Carter Caves to try to improve the real economic development in those counties. That money came from the Economic Development Board, but it is an effort that the University is working on actively. He reported that he would be in Paducah within the next week or so to announce an effort to do some environmental cleanup. There are also some initiatives taking place across the state. This new position will pull that together as well as some of the other things mentioned. He recommended that PR 5 be approved.

Ms. Smith Edge moved approval of PR 5, and Ms. Wilson seconded the motion.

Ms. Smith Edge asked if there would be a cost to the University by creating this new position.

President Todd said that there will be approximately \$80,000 in cost saving by combining these three positions into one.

Dr. Jones said that he wanted to make a public note that the Vice President for Research and Economic Development, Dr. Joe Fink, who does not have an opportunity to be visible at the Board meetings, has done a superb job in that position.

President Todd thanked Dr. Jones and said that Dr. Fink will still be very active in the University's economic development efforts.

Mr. Reed asked if he had not read recently that Dr. Fink had won an award for leadership.

President Todd said that an award had been named for Dr. Fink. It is named the Joe Fink Leadership Award, and Dr. Fink is to be congratulated for that.



Ms. Tobin asked when the position would be filled.

President Todd reported that an announcement would go out that week, and he would like to have it filled before July 1<sup>st</sup> or somewhere in that timeframe. Dr. Doug Boyd, Chief of Staff, will chair the search committee. President Todd indicated that he would be moving quickly to fill the position.

Mr. Reed asked if there were any other questions. He called for a vote, and PR 5 carried without dissent. (See PR 5 at the end of the Minutes.)

Mr. Reed called on Ms. Sparks, Chair of the Academic Affairs Committee, for her report.

H. Establishment of a Center for Visualization and Virtual Environments (AACR 2)

Ms. Sparks said that AACR 1 was on the consent agenda, and she would begin with AACR 2. She said that AACR 2 is the Establishment of a Center for Visualization and Virtual Environments. The Center for Visualization and Virtual Environments will advance basic research. Visualization can be broadly defined in terms of two categories: depiction of computer generated data of complex scientific or engineering processes, and the creation and rendering of virtual environments or the recreation of remote real environments.

The scope of the Center will encompass core research, sensor technologies, and vision science as well as collaborative research in application areas. The Center will serve not only to attract talented faculty and students in the area but also to enhance the ability of the faculty to perform research across the campus due to the knowledge created by the Center's faculty. Initial funding for the Center has been committed to this and other related New Economy projects from the Kentucky Economic Development Finance Authority.

This proposal has been reviewed and recommended by the Senate Committee on Academic Organization and Structure and the Senate Council and recommended for approval by the University Senate. The Provost also supports this recommendation, and the Academic Affairs Committee moves for approval. Ms. Wilson seconded the motion.

Mr. Reed asked for any questions regarding AACR 2.

Ms. May said that she was wondering what the cost of the program is and how much commitment the University has in terms of initial funding for startup costs only or for any type of period of operation.

Provost Nietzel said that he believed the funding from the two sources is for five years, and then the University has commitments to pick up the faculty associated with the Center after that funding expires.

Ms. May clarified that primarily the University will not have to worry about finding new funding for at least five years.

Provost Nietzel replied, “yes.”

President Todd said that he thought that this is a hot area of research that does apply to manufacturers across Kentucky. You can visualize manufacturing lines before you have to build them. You can vision three-dimensional objects before you manufacture them. The University is working closely with several companies in Kentucky. Hopefully, before that five-year period is over the University would double that money through research grants and contracts. This is one of those places where the University got \$5 million from that effort as well as about \$5 million in the natural products area, another hot area of research in Kentucky. He stated that this is a good investment for the University.

Mr. Reed asked for any other questions and then called for the vote. The motion carried without dissent. (See AACR 2 at the end of the Minutes.)

I. Creation of a College of Public Health (AACR 3)

Ms. Sparks said that AACR 3 is the Creation of a College of Public Health. This has been in the works for some time. The Committee had an extensive report from the Provost and Tom Samuels, who is the Interim Director of the School of Public Health. This is combining a lot of different departments into the College. It does not require any new funding because all the faculty members are present. This College should do a lot to address another “ugly” problem in Kentucky.

Kentucky’s health problems arise from individual and community behaviors that place Kentucky at a greater risk for developing and dying from heart disease, cancer, and diabetes. A College of Public of Health will strengthen and enhance the public health infrastructure in Kentucky by providing a trained workforce to address these problems at a local and regional level. It also will facilitate the mission of the University of Kentucky by preparing healthcare professionals who will, through teaching and research, serve the residents of Kentucky by improving the quality of life for the people of the Commonwealth. This has gone through the usual steps at the University, and the Academic Affairs Committee moves approval. Ms. Sims seconded the motion, and Mr. Reed asked for any questions.

Ms. Smith Edge said that she had a comment. Being a healthcare professional, she totally enjoyed the creation of this College, especially with the emphasis in gerontology. This will give the University a national presence because the “baby boomers” will be over the age of 65 by 2030. She talked about a recent Department of Behavioral Health summit that she had attended. It was emphasized at that summit that one of the reasons that we have not been able to address the “ugly” problems, not only in Kentucky, is that the information is there, but obviously it has not educated or motivated life style changes. The University is really lacking in the whole area of behavioral science and behavioral health research. Ms. Smith Edge feels that this will definitely address some of the “ugly” problems within the Commonwealth and throughout the country.

Mr. Reed mentioned that he had heard the President from Harvard recently on the radio addressing the fact that there was a curriculum change at Harvard that would put a greater

emphasis on science and international studies. The President of Harvard pointed out that this was the first curriculum change in many years at their College. Mr. Reed said that he talked to President Todd about whether this had any implications for the University of Kentucky or any lessons for the University, perhaps whether there was a need for the University to consider doing the same thing. In a small way, this is sort of what the University is doing with the creation of this new college. If you look at the University's understanding of the need and importance of studying and understanding public health, and the fact that this is not creating a new college and a new program that would bring in new faculty, something that the University cannot afford to do, but the fact that the University is reorganizing and putting more emphasis on health problems in Kentucky, is in a smaller way reflecting the University's emphasis or a curriculum change.

Mr. Reed asked for any other questions. He called for a vote, and the motion carried without dissent. (See AACR 3 at the end of the Minutes.)

President Todd commented that several University officials would be going to Washington on Thursday to meet with the Congressional Delegation. This is something that the administration tries to do each year, and he will certainly apprise the Delegation of this activity because there are certain funds that are only available to accredited colleges of public health. The Congressional Delegation has done a great job in Washington in assisting with funding support for the University. This will help some of the University's competitive grants, but it also could help some earmarks. He said that he appreciated having this College approved by the Board before the Thursday meeting in Washington.

Ms. Sparks said that the Committee heard from Dr. Jeff Dembo, Chair of the Senate Council, who did a survey with the faculty on the budget cuts regarding the negative impact on all of the academic programs. Dr. Dembo furnished the Board a copy of that survey that addressed four areas: enrollment, programs, equipment, and personnel. She noted that benefits and miscellaneous information were also in the survey. She asked the Board to take time to read the survey. She thanked Dr. Dembo for doing the survey and providing copies to the Board. Mr. Reed also thanked Dr. Dembo for the survey.

#### J. Finance Committee Report

Ms. Wickliffe, Vice Chair of the Finance Committee, reported that the Committee met that morning, and there was a quorum. She noted that FCR 1 through FCR 11 were on the consent agenda. The gifts and pledges total \$2,747,500 of which \$1,478,700 will be matched with the Research Challenge Trust Fund (RCTF), and \$776,100 will replace RCTF pledges.

She called particular attention to FCR 2 and FCR 4. She said that FCR 2, which calls for the establishment of the McCowan Chair in Alzheimer's Research, was a contribution to the University by a former Chair of the Board of Trustees. She pointed out that FCR 4 is the James F. Hardyman Gift and Pledge and noted that Mr. Hardyman is a Board member and Chair of the Finance Committee. He has been very generous to the University.

K. Renaming College of Design Research Fund (FCR 12)

Ms. Wickliffe said that FCR 12 is a recommendation to rename the Affordable Housing Design Research Fund in the College of Design as the John Russell Groves-Kentucky Housing Corporation Research Fund in Affordable Housing Design. The gift was matched by the state's Research Challenge Trust Fund, and it has been requested that this be renamed in memory of John Russell Groves, who was closely affiliated not only with the Kentucky Housing Corporation but also with the University of Kentucky and a former Commissioner and Deputy Commissioner of the Kentucky Department of Housing, Buildings, and Construction. On behalf of the Finance Committee, she moved the adoption of FCR 12. Ms. Smith Edge seconded the motion, and it carried without dissent. (See FCR 12 at the end of the Minutes.)

L. Acceptance of Interim Financial Report for the University of Kentucky for Nine Months Ended March 31, 2004 (FCR 13)

Ms. Wickliffe said that FCR 13 is a recommendation that the Board accept the Interim Financial Report for the University of Kentucky for the nine months that ended March 31, 2004. As of March 31, the University had realized income of \$1,129,191,000 which represents 80 percent of the 2003-04 estimate of \$1,408,338,000. The expenditures and commitments total \$1,013,559,000, 72 percent of the approved budget. She called attention to some of the highlights of the March 31 report and said that the report indicates an excellent cash flow and financial position.

She reviewed the balance sheet, noting the assets which are \$2.3 billion, an increase of \$233 million, 11 percent over March 2003. The liabilities are \$508 million, an increase of \$62 million, 14 percent over March 2003. The bonds payable are \$288 million, an increase of \$79 million or 38 percent. This is due to the issuance of bonds for the BBSRB building, the parking structure, and student housing.

Ms. Wickliffe reported that total revenues increased \$48.9 million or 4 percent over the same period last year. The state appropriations were \$241 million, a decrease of \$9.7 million or 4 percent. Student fees are \$160 million, an increase of \$21.8 million, which represents a 16 percent increase due to the increase in tuition and fees.

Ms. Wickliffe reviewed the total expenditures. She reported that the total expenditures have increased \$35.9 million, or 4 percent, and said that this is mainly in research expenditures and student financial aid.

On behalf of the Finance Committee, she moved approval of FCR 13. Ms. Sparks seconded the motion, and it carried without dissent. (See FCR 13 at the end of the Minutes.)

M. 2003-04 Budget Revisions (FCR 14)

Ms. Wickliffe said that FCR 14 is a revision of the 2003-04 budget. She noted that there is a 2 percent increase totaling \$28,059,400 in the general fund. This is mainly in the University

Hospital and is basically due to the reimbursement from Medicare and Medicaid. The expenditures University-wide have a decrease of \$1,715, 400. Those are the highlights of the budget revisions which compose a 2 percent increase. On behalf of the Finance Committee, she moved the adoption of FCR 14. Ms. Sims seconded the motion, and it carried without dissent. (See FCR 14 at the end of the Minutes.)

N. Capital Construction Report (FCR 15)

Ms. Wickliffe said that FCR 15 is the Capital Construction Report. This report is for the period of January 1, 2004 through March 31, 2004. There were three new contracts, three contracts completed, two amendments, and nine change orders this quarter. She moved the adoption of FCR 15. Ms. Smith Edge seconded the motion.

Mr. Wilcoxson asked for an update on the Main Building project.

President Todd reported that it is a \$16 million project. The University received \$9 million from the insurance, \$8 million of which applied to the building and the other \$1 million was for computers, moving fees, and several other things. This left a difference of \$8 million that the University needs to raise. The University has raised about \$4 million of the \$8 million and is actively trying to raise the remaining \$4 million.

Ms. Wickliffe said that she was glad that Mr. Wilcoxson brought that up. She reminded the Board members, who had not made a contribution to that fund, to do so. She said that it would be most appreciated.

Mr. Reed called for a vote, and the motion carried without dissent. (See FCR 15 at the end of the Minutes.)

O. Patent Assignment Report (FCR 16)

Ms. Wickliffe said that the last item is FCR 16. She said that she always dreads the patent assignments because she cannot pronounce the medical terms. She noted that most of the Board members were in the Finance Committee meeting and heard the explanation by Dr. Baldwin. She moved approval of FCR 16. Mr. Shoop seconded the motion, and it carried without dissent. (See FCR 16 at the end of the Minutes.)

P. Other Business

Ms. Sparks reported on the Athletics Department Big Blue Caravan visit to her area. She urged the Board to attend these events when they were in their areas. The Athletics Department staff works very hard, and the event is very efficiently run. She reported that a lot of the coaches were there, and it was a great day. She talked about playing golf with the coaches and said it was a humbling experience. It was probably as much fun as she has ever had. She explained that the Athletics Department staff does community service when they are in the various areas, and it means so much to the community when they make these appearances. She mentioned the various businesses and schools that they visited and told of them signing autographs for children

and adults. She distributed a schedule of their visits and indicated that she would attend others if she could because it is a lot of fun.

Mr. Williams said that President Todd had mentioned in his remarks and Dr. Dembo had passed out some information about some of the impacts of the budget situation on the University and the University community. He reported that he had been asked to address that issue from a staff perspective through the Staff Senate. There had been some mixed reactions to the fact that the University was going to give a 2 percent raise, and now it will be giving a 1 percent raise. It is a tough time on campus, and things are not going well. It is really hard right now. He said that there are tough decisions that the administration has to make, and he does not envy the people who are making those decisions. They simply have dreams, aspirations, and places that they want to go, and the resources are not there. It is frustrating. The Staff Senate asked him to address the Board on their behalf. He read the following statement from the Staff Senate:

On behalf of the Staff Senate, we would like to thank the Board of Trustees for their work towards the general good of the entire University of Kentucky.

As you may be aware, Mr. Siemer's email announcement regarding a 1 percent raise for staff employees, which differed from the information given at tuition forums, was met with a variety of troubled reactions. Staff employees acknowledge that a career choice, putting their skills and talents to use in educating the young minds of this state, is a vastly different choice from working for the private sector. Therefore, staff employees understand that the University cannot offer loaner cars, watches for 20 years of service, or other gestures given by corporate entities to their employees as acknowledgement of loyalty and hard work. However, staff employees do not believe it is too much to ask that their hard work and loyalty be rewarded with salary increases that cover the cost of living increases. Quite simply, the slated 1 percent increment will not meet this standard. Moreover, employees at the lower end of the pay scale are facing the prospect of having their capacity to support their families severely diminished. The simple reality is that the difference between a 1 percent raise and a 2 percent raise literally impacts their ability to meet the most basic demands of daily living.

While the vast majority of staff employees would have warmly embraced a much higher percentage raise, a number of employees have expressed gratitude for any raise at all during these uncertain economic times. Indeed, there is an appreciation for simply being employed. Additionally, many staff employees realize that the University's decision to cover the majority of increases in health insurance premiums is a substantial benefit. According to Human Resources, had the University not covered the increased costs, an employee insured by UKHMO would have seen an increase of anywhere from \$29 per month for a single employee to an increase of \$72 per month for an employee insuring themselves and their families. Although the 2 percent raise might sound like a better deal to some, simple calculations show that a 2 percent raise would not have come close to covering (for the lower paid staff employees) the increase in health insurance premiums, had the University not opted to increase the University's contribution.

Although the Staff Senate feels compelled to note the anger felt by many staff employees regarding a 1 percent raise, we must also comment upon the fact that we understand the context of this decision. The Staff Senate understands that the decision was, in fact, a compromise between no raise at all and a slightly larger raise that would have certainly entailed even more layoffs. While there is always room for improvement in an environment where work of any kind is produced, our present dilemma cannot be wholly attributed to waste, fraud, and abuse at the University of Kentucky. Rather, we realize that our current fiscal predicament can be, in large part, attributed to decisions made by our policymakers in Frankfort.

Please note that the Staff Senate is working as hard as it can to educate staff employees and other voters in the Commonwealth in the importance of voting in every election. We will be handing out information at the Staff Appreciation Day in May detailing how everyone can contact their legislators and the appropriate methods for doing so.

The Staff Senate remains, as always, ready and willing to do our very best for the good of the University of Kentucky. We are committed to bringing to fruition the dream, despite the challenge of inadequate funding, of transforming UK into a Top 20 research institution. As representatives of approximately 9,000 dedicated staff employees, we ask that the Board of Trustees continue to do all it can within its power to ensure that staff employees are valued and recognized as a major component of the engine that helps propel the University of Kentucky forward.

Mr. Williams said that this statement from the Staff Senate pretty accurately reflects where people are right now. It is hard to be mad at a situation. There is nobody responsible for this. It is just the situation right now. Some people are fired up. Some people are resigned to the fact that this is the way it is going to be, but according to the information he is receiving, the majority of the people who work at the University are grateful to continue to have a job. They are grateful to get a 1 percent increase, and they are grateful that they do not have to pay any more for insurance. The staff wishes things were different, but things are not different. The Staff Senate wanted to go on record as continuing to support what is going on and expressing concern about the situation that made it so.

Dr. Jones thanked Mr. Williams and the Staff Senate for their eloquent statement. He said he wanted to elaborate a little further on the discussion that happened at the Academic Affairs Committee meeting regarding Dr. Dembo's presentation. He talked about the career prospects for faculty at universities and how faculty collectively in each academic unit work together to build something larger than any one of them. They build a program and invest themselves in the program. They look five or ten years ahead to see what they can create that will be at the University because they have a vested interest in it. It is very frustrating for the faculty to see the forces that are beyond their control working to disassemble that creative product. He gave examples of having to scale back the writing requirements and the oral communication programs. It is very frustrating for the faculty who put a lot of their energy in their work, collectively creating and building programs. They are frustrated when they see decisions come down from several layers above them that they cannot quite see where it is

coming, that, for example, lines are going to be frozen. That decision impacts the ability of their programs to function so this is an indirect way of disassembling the programs that they have created.

Dr. Jones said that there are low-cost ways to turn the faculty's frustrated energy into something creative rather than stewing. It is getting them involved in the processes to understand how these decisions are being made. Enrollment management was mentioned as an example. In one aspect, enrollment numbers and tuition are budgetary aspects, something for management and administration. But when you start having so many students come in that you are overloading the classrooms, the courses have to be taught differently than they were designed to be taught. He said that he was pleased to be able to say that recently the Provost, along with Dr. Connie Ray and the Senate Council, have started to get together to discuss how they can come at enrollment management collectively. By group efforts of faculty participating, there should be less stewed frustration of energy. They are helping to create a solution to these kinds of times. This is one thing that he thinks the University needs to cultivate at the level of the Board, this sense of the faculty and administration working together in this way to find solutions at this time. This is one of the things discussed at the Academic Affairs Committee meeting.

Mr. Reed commented that he had read a story in the *Herald-Leader* about the loss of two more faculty members to other institutions. This came on the heels of a story that came out about the same time of the last meeting. It seems that the Board continues to hear these stories of the loss or attrition of outstanding faculty to other universities. Normally, that would be painful enough, but to hear and read about this in the context of our interest in being Top 20 is even more disturbing. That being the case, he told President Todd there is some discussion about the need to get a report for the Board to have a better understanding of the loss of faculty members or the attrition of faculty members. One time there is a story from the newspaper about the loss of faculty members, and then there is a story about the hiring of new "Bucks for Brains" professors. He said that it would be very beneficial if the Board could have one or two reports, either at the end of a given semester or at the end of the school year but no less than once a year, that summarizes a net loss and the gains the University have made in who has been hired in their important positions as well as the loss of faculty members. This report would allow the Board to have a better feel for what is happening to the faculty at the University and would be very beneficial.

Mr. Reed said that he would like to make one other point on a lighter note. He told the Board about being in Texas, picking up the *USA Today*, and seeing a feature story on Tayshaun Prince. The essence of the story was how Tayshaun Prince, a former UK basketball star, is blossoming in the play-offs. It quoted Tayshaun in answering a question about why he always plays better at the end of the season in the play-offs. In paraphrasing Tayshaun's quote, he essentially said that playing four years at the University of Kentucky, playing in the NCAA, and playing under Coach Smith prepared him for his success. He also said that spending four years at the University of Kentucky and getting his degree in sociology at the University of Kentucky is something that he is very proud of because it has helped him. Mr. Reed said that it was just a very heartwarming story to be sitting in Texas and seeing such a positive personal story about a former University of Kentucky basketball player. He pointed out that at the very next game



Tayshaun had his best game in the whole series, scoring 24 points, 11 of 15 shooting, 9 rebounds, and 7 assists.

President Todd commented that Tayshaun scored 15 points and got 10 rebounds the night before the Board meeting.

President Todd said that when Ms. May requested a report on the faculty at the last Board meeting, he asked the Provost and the deans to pull together that list. It is much like loss or retention the first or second year and data that we need to know. Some people leave for good reasons. Some people leave for not-so-good reasons. He said that counter offers are being made to try to retain some when finances tend to become the question. What he does know about the faculty and staff is that they did not come to the work at the University to get rich. They came to teach and to do new things for people. Sometimes though when one feels like they cannot financially support their family or they are missing out on opportunities, the budget issues come into play. When they start talking numbers and start looking, the places that have the fire power, especially the private schools with big endowments are out there to lure them away. He said that he would get the Board a factual presentation on the wins, the losses, and the reasons.

He said he would also comment on something Mr. Wilcoxson asked about regarding Top 20 status. He reported that since he has been at the University he has tried to give open budget presentations and have faculty and staff involvement in the process so that they see where the money goes. This year they added tuition presentations that were open to the public. The students, faculty, and staff were encouraged to attend those as well. He said that he would continue to do that because he believes in transparency.

There are a lot of difficult decisions that need to be made now, and he wants people to know what they are because they are the ones whose lives are affected. He said that he agreed with Trustee Jones that in many cases the frustration is not with their personal income. It is the fact that they do not think they can do the best job in the classes with what they are given to work with. He said that the recent newspaper article about part-time instruction indicated that UK does have some awfully good part-time instructors.

UK also has reasonable class sizes compared to an awful lot of its peer institutions. One of the challenges with increasing enrollment is that one of the targets of House Bill 1 was to get 80,000 more students attending higher education after graduation by the year 2020.

President Todd made the following statement: "We are doing our part. If we were just filling up the ranks with below-average students to try to bring in more dollars and increase class size, I would be ashamed of us for that, but that's not the case. We're bringing in top-quality students and that's what's difficult. We went over 10,000 freshman applications this year and that's probably the first time that's ever happened. So, there's an appetite for higher education in Kentucky, for a university, to have selective admissions. It's hard to put a tourniquet on that. So, we are asking for sacrifices from everybody, and I mean everybody. I mean we've heard from the staff and the faculty. We heard from students last time when we raised the tuition, but I'll tell you administration is not nearly as much fun as I would have thought it would have been two years ago coming into this job. It's a tough situation for any country to have survived dot

com, Enron, 9/11, and some of the things that we've gone through. The economy hasn't been our friend either.

One of the things we're meeting about Wednesday is putting in a rewards program where we're going to try to get the staff and faculty to help us figure out ways that we can keep more money inside the institution. As I've said before, if you envision all of us being in a box, any money that goes outside of that box is money that we can't use to move our mission forward. And so, we are putting together a program under Dick Siemer's leadership of trying to figure out ways that we can involve people to try to reduce expenditures. We are continually looking at ways to trim our costs."

President Todd said that Top 20 status is still "in the cards." He talked about a process that the administration had initiated that appears to be unique to any university or to any consulting firm. It is to write a business plan for Top 20. One of the things about House Bill 1 when it was passed was that there was no business plan or financial plan with it. When you say that you want 80,000 more students in higher education by 2020, there is a calculation you go through. You have got to calculate how many square feet that it is going to take, and you have to calculate how many more faculty it is going to take. Nobody has really done this for higher education, and the administration is working on that now in order to have a road map. It will show what the University's expectation is from the state from a funding point of view. It will also show the development people where to look for development to pick up the tab in some of those cases.

The University did a great job of raising \$618 million in the first ever capital campaign, and that has been pushed to a billion. But, you see the challenge when you are out there working toward that Top 20 group. He said the endowments of the Top 20 universities are rather substantial, and it is tough. He is pleased with the reactions that he has seen. You would expect some people to be angry. You would expect nobody to be real happy, but many people are pleased that the administration is dealing with health care. It is a time that puts a lot of challenges on everyone, but there are some awfully good things happening. We have to talk about the realities. You would rather not see the articles about losing faculty. You would rather not see the articles about raising tuition. You would rather not see that, but it is fact. He said that a consultant told him one time, "What is is, and you have got to deal with it." That is where we find ourselves. He said that he was very proud of the way the administration is going at it. We will get through this.

Professor Kennedy talked about the Lexington Herald Leader story that brought up the issue of part-time and non-tenure-track faculty. He made the following statement:

This is a complicated matter for both the University and for both permanent and temporary faculty. Using part-time and non-tenure-track faculty is attractive to the University for at least two reasons. The first is much lower cost. A course taught by a regular faculty member requires roughly between \$3,300 and \$11,000 plus benefits, depending on the salary of the professor. A part-time person might be paid \$2,600, without health insurance or other benefits. The second advantage to UK is flexibility. A part-time person can sometimes be engaged a few days, or even a few hours, before the

beginning of classes should additional sections be required, or in the same time frame, can be told that her or his services are not needed because a course did not “make.”

However the “downside” of extensive use of part-time faculty is considerable. First, this is just not a good way to treat employees. These faculty are in need of reasonable employment and security. Most part-time faculty are talented and dedicated to their students and also far more dedicated to the University than it is to them.

But I will argue that extensive use of part-time faculty is also not good for the University in anything but the short run. As tenured salary lines are split into part-time lines, departments lose their pedagogical core. Decisions about what to teach and how to teach it are made by fewer and fewer of the people who do the teaching. Part-time faculty, some of whom teach at more than one institution at a time, rightfully owe allegiance only to their current students. So it is a disturbing trend that nationally almost half of faculty have become part-time or non-tenure-track.

It is not just my opinion that the advantages to our institution of using part-time faculty extensively are much more than offset by the disadvantages. Our accrediting agency has raised the issue with us. Further, the Coalition of Senate and Faculty Leadership for Higher Education in Kentucky (COSFL) has issued a position paper on this subject. It is available on the COSFL web site, and I encourage you to examine it.

Finally, I ask that our UK administrators – the President, the Provost, the deans, and the chairs – whom I know are sensitive to this problem – carefully weigh the mid-term and long-term consequences of extensive use of part-time faculty, and particularly the conversion of salary lines currently allocated to tenure and tenure-track faculty, to part-time positions. When economic times improve I hope the process can be reversed. Nothing less than the quality of teaching over the long haul is at stake. Thank you.

Mr. Reed thanked Professor Kennedy for his remarks, and someone asked if the University had converted faculty lines to part-time.

Provost Nietzel said that it is seldom the case that they have actually converted salary lines to part-time instructor lines. What is more common is that a faculty line be held open for a number of years and during that period of time it be used for instructors.

President Todd said that he wanted to make it clear that the administration is not in the business of converting full-time lines to part-time lines. He said that UK is below the national average in part-time instruction, and he would like to stay there.

President Todd said that he wanted to make the point that when they did increase the tuition at the last meeting, they did some differential increases where they did a cost analysis of what it costs the University for students at 60 hours and above – what it costs UK in business and what it costs UK in engineering. In the professional schools, the monies that are being generated by some of those differential fees are going to the deans of those institutions so that they can decide how they want to use that money to most adequately teach, and a lot of that will be an

effort to try to reduce the number of part-time instructors because SACS has raised that as an issue with the University in certain cases.

President Todd said that the other thing that he might add about increasing the number of students is that the addition of the winter intersession will be an opportunity for some faculty to earn some additional income and for some students to be able to take some courses during that period to try to level out their load. The tuition decrease that the University can give the student body is to allow them to be graduated in four years. One full year of tuition is a lot more expensive than a 5, 10, or 15 percent tuition increase. By trying to be innovative and add to the University's repertoire of offerings, maybe graduation can be accelerated and at the same time keep some of the class sizes down. He stated that the administration was open to other suggestions.

Professor Kennedy said that he did not mean to be critical. There is a national trend, especially in more difficult economic times, to get less expensive faculty and be more flexible. He said that he just wanted to get on the record that it is not a good idea to support this.

Dr. Jones said that he promised the students that he would say something regarding some issues involving the Student Government that they had asked President Todd to take care of. It does not reach Board matter, but he said he did want to bring it up at this meeting to let the students know the Board is sensitive to issues that they raised. The Board is confident the President and his staff will fully address whatever those matters are.

Ms. Sims said that she wanted to acknowledge the recent passing of William Baxter Jennings. He was a graduate of the University of Kentucky and the UK College of Law. He practiced law in Richmond. He was the president of Kappa Alpha Fraternity his senior year and was a wonderful leader.

Mr. Wilcoxson said that he wanted to ask Professor Kennedy a question. He said, "What are you saying about the quality of teaching that we are getting out of these people right now? You mention the long haul, but you don't say anything about the short term. What kind of quality are we getting out of part-time teaching now? We need to know about both of them."

Professor Kennedy said that his impression is that the part-time instructors do very, very well and put a lot of effort into it. The newspaper article seemed to indicate that some students are pretty happy with the part-time instructors at the University. If a snapshot were taken, he does not think there is a real difference. But over the long haul, if departments have very few tenured faculty and lots of part-time instructors, then the teaching would not be the greatest.

Mr. Wilcoxson said, "But if we continue in this trend and over the long haul we have to do part-time instructors, are you saying the quality of instructors is going to be bad?"

Professor Kennedy said that if the University follows the national trend, the University will wind up with poorer teaching.

In response to Professor Kennedy and Dr. Jones' remarks, Dr. Plattner commented on her experiences with adjunct faculty and the breadth of real world knowledge they bring to the academic world, complementing the work of the full-time faculty. These professionals bring to the classroom a perspective that benefits the students who are about to enter their world.

Q. Meeting Adjourned

With no further business to come before the Board, Mr. Reed adjourned the meeting at 2:36 p.m.

Respectfully submitted,

Russ Williams  
Secretary, Board of Trustees

(PR 2, 3, 4; and 5, AACR 1, 2; and 3, and FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 which follow are official parts of the Minutes of the meeting.)