

Minutes of the Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky, January 6, 1950.

The Executive Committee of the University of Kentucky met in the President's Office at 10:35 a.m., Friday, January 6, 1950. The following members were present: Guy A. Huguelet, Chairman; J. C. Everett and H. D. Palmore. Absent: Harper Gatton and R. P. Hobson. President H. L. Donovan and Secretary Frank D. Peterson met with the Committee.

A. Minutes Approved.

The minutes of the Executive Committee of November 19, 1949, were approved as published.

B. Comptroller's Report.

The Comptroller submitted financial report for the period July 1 to December 31, 1949, inclusive. The report included the balance sheet and supporting statements of fund and budget operations. The statements were examined, and upon motion duly made, seconded and carried, were received and ordered filed.

C. Purchases Approved.

President Donovan submitted the following letter from the Comptroller, detailing State requisitions, advices of emergency purchases, special purchase orders, food contracts and departmental purchase orders. He read the letter.

January 5, 1950

Dr. H. L. Donovan, President
University of Kentucky

My dear President Donovan:

I submit a list of state requisitions, advices of emergency purchases, special purchase orders, food contracts and departmental purchase orders which have been made by the purchasing division from November 1, 1949, through December 31st. These purchases have not been approved by the Board of Trustees. The listing below gives the numbers of the documents requesting the purchase or actually issued as purchase orders, which documents are made a part of this record and are held in the Office of the Comptroller subject to inspection. The purchases have

been made on properly drawn documents at the request of the various departments and have been charged against available funds. The list follows:

State requisitions numbers.....	537 through 666
Emergency purchase orders numbered.	201 through 315
Library departmental orders	2372 through 2489
University departmental orders	1176 through 1262
Special purchase orders	4162 through 6427

The foregoing record of purchases is respectfully submitted with the request that they be approved by the Executive Committee of the Board of Trustees, thereby ratifying the action of the Comptroller in making such purchases.

Respectfully submitted,

(Signed) Frank D. Peterson,
Comptroller.

President Donovan recommended that the purchases as outlined be ratified and approved.

Upon motion duly made, seconded and carried,

State requisitions numbered.....	537 through 666
Emergency purchase orders numbered.	201 through 315
Library departmental orders numbered.	2372 through 2489
University departmental orders	1176 through 1262, and
Special purchase orders.....	4162 through 6427,

were approved, and the action of the Comptroller in making the purchases ratified.

C. Sale of Surplus Equipment Approved.

President Donovan stated that he had received a communication from the Comptroller recommending the sale of some property which the University does not need. He read the following letter:

January 4, 1950

Dr. H. L. Donovan, President
University of Kentucky

My dear President Donovan:

The Department of Geology has a 1939 half-ton Dodge canopy truck which is of no further use to the Department. The truck is in such a condition that it will be of great expense to the University if kept any longer. I would like to request authority to sell this truck and apply the proceeds to partially pay for the new Jeep station wagon recently acquired by the Department of Geology.

There are also two pianos that are beyond further use or benefit to the University. One of these pianos is in the Department of Music and the other in the Department of Physical Education. Piano specialists from the Music Department and from down town have inspected these pianos and have informed me that they are worn and damaged to such an extent that they could no longer be used. I would like to have authority to sell these two pianos.

Miss Mackie Rasdall, Director of the Student Union, has requested that we sell the Student Union Beauty Parlor furnishings and equipment that is now stored in Johnson School. We can see no further use for this equipment. I would like to have authority to sell this equipment.

Sincerely yours,

(Signed) Frank D. Peterson
Comptroller.

Upon motion duly made, seconded and carried, the Comptroller was authorized to dispose of one 1939 half-ton Dodge canopy truck, two pianos, and Student Union beauty parlor furnishings and equipment, determined to be surplus to its needs.

D. Approval of Contract with the Cincinnati, New Orleans and Texas Pacific Railway Company.

President Donovan presented contract between the Cincinnati, New Orleans and Texas Pacific Railway Company (Southern Railway Company) and the University of Kentucky for right-of-way over pit near the Central Heating Plant. He stated that this is the same contract that the Committee approved at its meeting on October 15, 1949. The contract was executed and forwarded to the railway company as approved. The attorneys, however, declined to accept the contract on behalf of the railway company, stating that a provision they had suggested was not in the contract as approved. Mr. Frank Murray, of the College of Law, advised that the clause desired by the railway company did not do any harm to the University and appeared to be more favorable in the contract, and he recommended that the contract be corrected and re-submitted.

The change in the contract would add the following:

Page 2, Item 5. ". . . provided that this clause shall have no application to such loss, injury or damage caused by or resulting from the sole negligence of the railway company, its servants, agents, or employees."

Members of the Committee discussed the contract and proposed change, and upon motion duly made, seconded and carried, the contract was authorized executed, with the change on page 2, item 5.

E. Report on Patterson Will.

President Donovan submitted the report of the Security Trust Company concerning the Patterson estate which was left in trust on behalf of the University.

The members of the Committee discussed the advisability of securing legal counsel to advise on the rights of the University, and after some discussion, the matter was referred to the full Board for further consideration.

F. Reorganization of the Aeronautical Research Laboratory.

President Donovan stated that operation of the Aeronautical Research Laboratory since its erection had been self-sustaining, and that during the War period, the Laboratory had aided materially, through research projects, in carrying on America's war effort.

He said that it now seems advisable to reorganize the Laboratory and bring it into the College of Engineering, serving the following purposes:

1. Teaching--instruction for undergraduate students.
2. Research--of a nature to fit into the instruction program.
3. Graduate training in the field--aircraft power plant design and operation.

The President stated that it was possible, under the new organization to have more research problems offered, and that the Laboratory would be in a position to choose the ones most suited to the purposes for which it now exists. He submitted a detailed plan of reorganization submitted by A. J. Meyer, Director, and Dean D. V. Terrell. The reorganization reduces the staff of the personnel to six people and outlines courses that will be taught in the Laboratory as a part of the general curricula of the College of Engineering.

President Donovan recommended that an annual budget for the Laboratory be provided, that a distribution of income to the Laboratory be made as recommended in the plan of reorganization, and that an appropriation of \$13,250 for the period January 1 to July 1, 1950, be made out of unappropriated surplus. The entire plan of reorganization of the Laboratory was read to the Committee, and upon motion duly made, seconded and carried, was approved, the appropriation authorized, and the reorganization plan filed with the Secretary.

G. Applied Music Fees.

President Donovan stated that the College of Arts and Sciences has recommended the following policy for late registrants and withdrawals in Applied Music.

Withdrawals prior to deadline: Full applied fee less \$1.40 for each lesson given or each week since school began.

Late registrants (after legal day for regular students): Full applied fee less \$1.40 for each week since registration.

Students who register within the regular "late period" are to be charged the full fee.

The non-University fee for applied music is not to be refunded at any time.

He stated that this policy had the approval of Dean White and Doctor Stein, head of the Department of Music, and recommended that same be approved.

Upon motion duly made, seconded and carried, the policy for late registrants and withdrawals in Applied Music was approved.

H. Appropriation for Founders Week.

President Donovan stated that he had requested the committee working on Founders Week to plan a program, and that the committee had requested an appropriation of \$2,500 to defray expenses of the various programs. He stated that he had gone over the plans and desired to recommend an appropriation of \$2,500 from the unappropriated surplus of the University budget.

Upon motion duly made, seconded and carried, the recommendation of the President was concurred in.

I. Fee for Organ Practice and Charge for Instruction.

President Donovan stated that Dean White requests that the practice fee for organ students be reduced to \$6.00 per semester, because the cost of operating the organs in the Fine Arts Building will be less than the charges involved in Memorial Hall, where we were compelled to hold all organ practice heretofore, and because it is desired to build up this phase of the music work, it seems desirable to hold the fee to a minimum necessary to meet expenses incidental thereto.

He also suggested that some provision should be made for the rate for summer school as against the rate for the regular semester work. After some discussion and upon the recommendation of President Donovan, motion was made, seconded and carried that (1) the practice fee for the use of an organ shall be \$6.00 per semester, effective at the beginning of the second semester of the current school year; and (2) the charge for instruction in all applied music during the summer term shall be such as to provide for the same rate as is in effect for the regular school year. This charge will provide for eight hours of instruction for the term, for a fee of \$25.00.

J. Transfer of Bound Volumes of Newspapers Approved by Court of Appeals.

President Donovan submitted for the record an order of the Kentucky Court of Appeals, fall term, December, 1949, and suggested that same be placed in the minutes. He read the following order:

"The University of Kentucky having requested the Trustees of the Legislative and Law Library for permission to remove the bound volumes of Newspapers now contained in the Library at the State Capitol; and upon being advised that the said University of Kentucky proposes and agrees to preserve same in the Library of the University of Kentucky, microfilm same and furnish the Legislative and Law library a copy thereof without charge; when and as such are available,

"IT IS HEREBY ORDERED that the University of Kentucky be authorized to obtain all of said Newspapers, except those for the past twenty years.

(Signed) Porter Sims
Chief Justice

(Signed) A. E. Funk
Attorney General

Trustees of the Legislative
and Law Library.

COPY ATTEST:

(Signed) Charles K. O'Connell "
CLERK OF COURT OF APPEALS.

Upon motion duly made, seconded and carried, the above order was authorized made a part of the minutes.

K. Gifts.

From Mr. Louis Ware, Chicago, check for
\$1,000.00.

President Donovan reported receipt of a check for \$1,000 from Mr. Louis Ware, president of International Minerals and Chemical Corporation, in Chicago, "for whatever use you may decide."

The President stated that he is always happy to receive proof that the University retains the love and esteem of its alumni, and, after much thought, had decided to recommend to the Executive Committee that the Department of Music be allowed to invest the gift in a reproducing machine and some very fine records, for the use of students in that department. In this way, he continued, many students would be able to hear the world's great music who, otherwise, might never have this opportunity, and Mr. Ware would have the pleasure of knowing that the benefits from his gift would go on and on.

After some discussion, and on motion duly made, seconded and carried, the Committee concurred in the recommendation of the President, and ordered that the gift of \$1,000 by Mr. Louis Ware be used to purchase a reproducing machine and records, and requested President Donovan to thank the donor in their behalf.

From The Algernon Sydney Sullivan Foundation,
\$2,500.

President Donovan reported receipt of check for \$2,500, payable to the University of Kentucky, as a gift from The Algernon Sydney Sullivan Foundation, to be used for scholarships for the scholastic year ending June, 1950, and stated that this fund would be administered in accordance with the terms of the Deed of Trust dated November 5, 1937, established by the above Foundation.

The President stated further that this grant would be a blessing to many boys and girls in Kentucky who, otherwise, might be unable to obtain an education, and recommended that it be accepted.

Upon motion duly made, seconded and carried, the recommendation of the President was concurred in, and he was requested to write a letter of appreciation to The Algernon Sydney Sullivan Foundation.

L. Sale of University of Kentucky Journalism Building Revenue Bonds.

The Secretary presented an affidavit from the Advertising Clerk of The Bond Buyer, a daily and weekly newspaper, printed and published at 37 Pearl Street, City of New York, County of New York and State of New York, to the effect that, pursuant to authorization of the Board of Trustees of the University of Kentucky, \$225,000.00, University of Kentucky Journalism Building Revenue Bonds would be sold upon receipt of competitive bids filed with the Secretary of the Board.

The Secretary reported receipt of the following bids:

From Bear, Sterns and Company, 1 Wall Street, New York 5, N.Y.

Bonds numbered 1-88, consecutively, maturing 1951-58, inclusive, at $2\frac{1}{2}\%$.

Bonds numbered 89-225, consecutively, maturing 1959-70, inclusive, at $2-3/4\%$.

The sum of \$225,000 plus accrued interest.

The average net interest cost of this bid is 2.7087.

From Walter, Woody & Heimerdinger, 403 Dixie Terminal, Cincinnati 2, Ohio.

Bonds numbered 1-189, consecutively, maturing 1951-1967, inclusive, at $3\frac{1}{4}\%$.

Bonds numbered 190-225, consecutively, maturing 1968-1970, inclusive, at 3% .

The sum of \$227,260.00 plus accrued interest.

The net interest cost is 3.0953.

From Bankers Bond Company

Almstedt Brothers

O'Neil, Alden & Company

Russell, Long & Burkholder

Security and Bond Company

Stein Bros. and Boyce

J. D. Van Hooser & Company,

all of Louisville and Lexington.

Bonds numbered 1-77, consecutively, maturing 1951-1957, inclusive, at $2\frac{1}{2}\%$.

Bonds numbered 78-165, consecutively, maturing 1958-65, inclusive, at $2-3/4\%$.

Bonds numbered 166-225, consecutively, maturing 1966-70, inclusive, at 3% .

Will pay \$227,499.75, plus accrued interest.

This is an average interest cost of 2.72.

From Doll & Isphording, Inc., 314 Provident Bank Building, Cincinnati 2, Ohio.

Bonds numbered 1-33, consecutively, maturing 1951-55, inclusive, at $2\frac{1}{2}\%$.

Bonds numbered 34-225, consecutively, maturing 1954-1970, inclusive, at $2-3/4\%$.

Will pay the sum of \$227,250.00 plus accrued interest.

Average interest cost of 2.649.

A certified check in the amount of \$5,000 was attached to each of the above bids in compliance with the terms and conditions of the bond sale.

The bids were considered, and after some discussion, upon motion duly made by Member H. D. Palmore, seconded by Member J. C. Everett and carried unanimously, the following Resolution was presented and unanimously adopted:

WHEREAS, the Board of Trustees of the University of Kentucky, at a regular meeting held on December 13, 1949, adopted a Resolution authorizing the issuance of Two Hundred Twenty-five Thousand Dollars (\$225,000.00) principal amount of "University of Kentucky Journalism Building Revenue Bonds," dated January 1, 1950, and directed that the Executive Committee of said Board advertise the sale thereof and authorized said Executive Committee to receive competitive bids for said bonds, to accept the best bid received and to establish the interest rate or rates to be borne by said bonds in conformity with the accepted bid; and

WHEREAS, advertisement of said sale has been duly published in THE BOND BUYER as directed by the Board of Trustees, and by means thereof public notice was given that sealed competitive bids would be received in the office of the Comptroller of the University until January 6, 1950, at 11:00 a.m., and said date and hour have now arrived, and the Chairman of the Executive Committee has declared the bidding to be closed, and the Comptroller of the University has produced, opened and read all of the competitive bids received in his office prior to such date and hour, and the same are listed as follows:

Name of Bidder	Price Offered	Interest Rate or Rates Stipulated
Bear, Sterns & Co., 1 Wall St., N.Y. 5, N.Y.	\$225,000 plus accrued interest	Bonds numbered 1-88, consecutively, maturing 1951-58, inclusive, at 2 $\frac{1}{2}$ %. Bonds numbered 89-225, consecutively, maturing 1959-70, inclusive, at 2-3/4%. Average net interest cost 2.7087.

Name of Bidder	Price Offered	Interest Rate or Rates Stipulated
Walter, Woody & Heimerdinger, 403 Dixie Terminal, Cincinnati 2, Ohio	\$227,260.00 plus accrued interest	Bonds numbered 1-139, consecutively, maturing 1951-67, inclusive, at 3½%. Bonds numbered 190-225, consecutively, maturing 1968-70, inclusive, at 3%. Net interest cost, 3.0953.
Bankers Bond Company Almstedt Brothers O'Neil, Alden & Co. Russell, Long & Burkholder Security and Bond Co. Stein Bros. & Boyce J.D. Van Hooser & Co., all of Louisville and Lexington.	\$227,499.75 plus accrued interest	Bonds numbered 1-77, consecutively, maturing 1951-57, inclusive, at 2½%. Bonds numbered 78-165, consecutively, maturing 1958-65, inclusive, at 2-5/4%. Bonds numbered 166-225, consecutively, maturing 1966-70, inclusive, at 3%. This is an average interest cost of 2.72.
Doll & Isphording, Inc., 314 Provident Bank Bldg., Cincinnati 2, Ohio	\$227,250.00 plus accrued interest	Bonds numbered 1-33, consecutively, maturing 1951-53, inclusive, at 2½%. Bonds numbered 34-225, consecutively, maturing 1954-70, inclusive, at 2-3/4%. Average interest cost, 2.649.

and

WHEREAS, it appears to the Executive Committee that the best bid received for the said bonds is that of Doll & Isphording, Inc., 314 Provident Bank Building, Cincinnati 2, Ohio, offering a price of \$227,250.00, and stipulating interest rates as follows: Bonds Numbered 1-33, consecutively, maturing 1951-53, inclusive, at 2½% per annum. Bonds numbered 34-225, consecutively, maturing 1954-70, inclusive, at 2-3/4% per annum:

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF KENTUCKY RESOLVES AS FOLLOWS:

Section 1. It is hereby determined and declared that the highest and best bid received for \$225,000.00 principal amount of "University of Kentucky Journalism Building Revenue Bonds," dated January 1, 1950, is the bid of Doll & Isphording, Inc., 314 Provident Bank Building, Cincinnati 2, Ohio, offering the sum of \$227,250.00, plus accrued interest, and stipulating interest rates as follows: Bonds Numbered 1-33, consecutively, maturing 1951-1953, inclusive, at $2\frac{1}{2}\%$ per annum. Bonds numbered 34-225, consecutively, maturing 1954-70, inclusive, at $2\frac{3}{4}\%$ per annum. Said bid is hereby accepted by the Executive Committee for and on behalf of the Board of Trustees of the University of Kentucky. It is hereby determined that said bonds shall bear interest in conformity with the provisions of said bid, and the printer shall immediately be directed to prepare the bonds accordingly.

Section 2. As soon as the finished bond blanks have been received from the printer, they shall be executed as provided in the authorizing Resolution adopted by the Board of Trustees of the University on December 13, 1949, and shall thereafter promptly be tendered to the purchaser named in Section 1 of this Resolution, and delivered to said purchaser upon payment of the balance of the purchase price as set forth herein.

Section 3. The certified or bank check of the purchaser, in the sum of Five Thousand Dollars (\$5,000.00), shall be held uncashed and the amount thereof (but without interest thereon) shall be allowed as a credit upon the purchase price when the bonds are delivered and paid for. The checks of all other bidders shall immediately be returned to them.

Section 4. This Resolution shall be in full force and effect from and after its adoption.

M. Veterans Administration Ruling to Deduct from Cost of Instruction Compensation Federal Funds Received from Morrill-Nelson and Bankhead-Jones Acts.

President Donovan made the following statement to the Committee:

"The University of Kentucky, along with a number of other land-grant colleges, is in a serious controversy with the Veterans Administration. I should like to incorporate into the minutes of the Board a copy of a brief prepared by the Association of Land-Grant Colleges and Universities giving the factual background of this controversy, that the Trustees may be aware of what is involved in this dispute between the land-grant colleges and the Veterans Administration.

"The land-grant colleges were established by the Congress in 1862 by the passage of the Morrill Act. The University of Kentucky was designated by the Kentucky Legislature to be the land-grant college for this state in 1865. Subsequently, the public lands granted by

the Congress to endow the institution were sold and a principal sum of \$144,075 deposited with the state treasurer as an endowment fund. From this fund the University continues to receive interest at 6 per cent.

"Subsequently, the second Morrill Act, the Nelson amendment to the Morrill Act, and the Bankhead-Jones Act provided additional annual grants for each of the land-grant colleges 'for their further endowment'. Our annual grants under these enactments total \$87,617.87 a year.

"Now, three and one-half years after our first contracts with the Veterans Administration covering compensation received for the training of veterans under the so-called GI Bill, the Veterans Administration has arbitrarily ruled that these Morrill-Nelson and Bankhead-Jones endowment funds should be deducted from payments made by the Veterans Administration to the University of Kentucky, and to the other land-grant colleges.

"Recently we have been audited by the General Accounting Office and the Veterans Administration is demanding that the University of Kentucky repay approximately \$300,000 because we had previously not deducted the Morrill-Nelson funds received by this institution in the whole period during which students have been trained under the GI Bill.

"In a letter from General Gray, the Administrator, written on December 12 to the Land-Grant College Association, he states that the VA will require the deduction of these funds which have been known as endowment funds by the land-grant colleges before institutions will be paid for the education of the veterans.

"The whole situation is preposterous. There is no relationship whatever between the Morrill-Nelson grants and the education of veterans. Morrill-Nelson monies were received by this and other land-grant colleges over a long period of years prior to World War II. The amount of annual grants has not been increased since 1935. It certainly was not the intention of the Congress that Morrill-Nelson funds be deducted from the compensation received by the land-grant colleges for the training of veterans. These funds are used to endow the educational training of all students at the land-grant colleges and universities and not just veterans alone. The position of the Veterans Administration would be more tenable if its payments covered the entire cost of training veterans. However, that is not the case. The formula under which this institution and the other land-grant colleges are compensated takes into consideration only part of the cost. In Kentucky, it has been necessary for the State of Kentucky to supplement the amount received from the Veterans Administration for each student veteran.

"Since no relief can be gained through further negotiations with the Veterans Administration, the only solution would seem to be an action by the Congress. Indeed, General Gray says as much in his letter of December 12. Such relief, we suggest, should take the

form of specifically exempting Morrill-Nelson endowment income from the jurisdiction of the Veterans Administration, and providing that the affected institutions may retain such endowment income as was received in the period under dispute.

"I will be in Washington most of this next week meeting with the Executive Committee of the Land-Grant College Association, of which I am a member. We hope to introduce in Congress a bill asking that the Veterans Administration be forbidden to take the endowment funds of the land-grant colleges and credit them to the instruction of veterans.

"If the University does not receive these funds, it will be financially embarrassed."

The following statement is inserted herein for the record, and to give a further account of the controversy with the Veterans Administration over the use of Federal endowment funds and the action of The Association of Land-Grant Colleges and Universities.

"1. Background

"The integrity and proper use of certain funds granted to land-grant colleges and universities by the Congress under Acts long antedating World War II have been gravely endangered by actions of the Veterans Administration in connection with the veterans education program. The 53 member institutions of the Association of Land-Grant Colleges and Universities, which, as a group, enroll more than a quarter of all the college students in the nation, are greatly aroused by this state of affairs.

"We believe that the action of the Veterans Administration has grave implications for the relationships of the federal government with all of education. We feel that a fundamental principle is involved. In our conviction that the Veterans Administration is wrong in principle we are supported by the American Council on Education (which represents all types of institutions, public and private), by the National Association of State Universities, by the Department of Higher Education, National Education Association, and by the Advisory Committee to the Administrator of Veterans Affairs.

"The history of this controversy is complex. The issue is simple. The issue is whether the Administrator of Veterans Affairs, exercising powers expressly rejected by the Congress when requested by VA, shall nevertheless so interpret them as to permit the confiscation of funds coming to educational institutions for other purposes than the veterans program. The Solicitor of the Veterans Administration has ruled this is within the legal powers of the Administrator.

"Since wide discretion is given the Administration under the law to administer a complex program, and there is no provision for recourse to the courts, it is difficult to establish the legality of an action of the Administrator. Our case is, however, not based on this point. It is our contention that the position of the Administrator is unsound, arbitrary, in violation of the intent of Congress, and a grave threat to confidence of educational institutions in the integrity of the federal government as represented by VA, in its dealings with them.

"The history of the controversy is this:

"In the passage of Public Law 268, 79th Congress, first session, the Congress provided that for public institutions whose customary tuition charges were insufficient or inadequate compensation to carry on the veterans educational program, the Administrator might contract to pay on a 'fair and reasonable' basis for such education, but not to exceed the estimated cost of teaching personnel and supplies.

"The Veterans Administration had asked the Congress for authority to include in its estimation of the amount of compensation which should be paid, the amount of private or public funds available to educational institutions (from sources other than VA).

"The Congress rejected this proposal.

"This action, therefore, empowered the Administrator to pay public institutions, for the education of veterans, an amount 'not to exceed the estimated cost of teaching personnel and supplies.' In testimony on this bill before the Senate, Mr. E. E. Odom, Solicitor of the Veterans Administration, said 'What we propose to do is pay the cost of teaching personnel and supplies. That is determinable'

"Subsequently the Veterans Administration issued regulations as to how institutions should proceed in determining their cost of teaching personnel and supplies. These regulations provided, essentially, that institutions should determine their teaching costs by adding up salaries paid teachers. These were to be divided by the number of credit hours taught by these teachers, and a 'rate per credit hour' arrived at. This rate would then be paid for all the credit hours taken by veteran students. Institutions were forced to accept contracts on the basis of such determination, whether they liked it or not, or close their doors to veterans and others desiring admission.

"Although the formula given above has obvious inadequacies in that it excludes many of the real costs of teaching, it had the merit within its limitations of being simple and fairly easy to arrive at. There was no thought at the time that the Veterans Administration would take the arbitrary and unwarranted position of requiring that certain teaching expenditures be eliminated in estimating the cost of teaching.

"Subsequently the Veterans Administration issued a regulation which said in essence that where federal funds (from other than VA sources) were available to institutions, 'due consideration' would be given these funds in determining teaching costs. The only funds specifically mentioned were Smith-Hughes funds for vocational agriculture teacher-training and teaching.

"Some Land-Grant institutions interpreted this regulation to mean that funds received by Land-Grant institutions for 'further endowment' under the Morrill, Morrill-Nelson, and Bankhead-Jones Acts (passed in 1890, 1907, and 1935) were to be deducted from teaching costs on the cost side of the ledger while credit hours taught for these funds should be included on the other side of the ledger. This interpretation, which was that given to the regulation by the contract office of the Veterans Administration, involved introduction of the principles rejected by the Congress in 1945 that funds from other than VA sources might be taken into account in determining the amount of compensation. Many institutions did not make this interpretation of VA regulations, and did not deduct these funds. Many institutions protested individually, to VA regional and other offices. There was no organized protest at the time because college presidents generally found their time and energies taxed to the limit in getting facilities expanded to take care of veterans.

"Late in 1948, audits by the General Accounting Office were used as the basis for claims by the Veterans Administration against institutions which had not deducted federal Land-Grant teaching funds in estimating their teaching costs.

"On February 13, 1949, a Joint Committee of the National Association of State Universities and the Association of Land-Grant Colleges and Universities met with the Advisory Committee to the Administrator of Veterans Affairs and formally protested, among other things, the Veterans Administration's interpretation of its regulations to require deduction of federal 'endowment' funds of Land-Grant institutions from their teaching costs. While we have no formal notification of the action of the Advisory Committee, it is understood that at that time the Advisory Committee recommended to the Administrator that he not require such a deduction.

"On April 22, 1949, 3½ years after the passage of Public Law 268, the Administrator of Veterans Affairs for the first time issued a decision that this deduction requirement was legal. The solicitor's opinion (812) accompanying this decision based the legality of this requirement on the power (which he also pointed out was expressly rejected by the Congress) of the Administrator to require that the availability of any funds from any source to an institution (private endowment, state funds or federal funds) be taken into consideration by the Administrator in determining payments on behalf of the veterans program. The theory of this decision is, apparently, that it is not necessarily the responsibility of the Administrator to pay an institution for the cost, or any portion of the cost of the veterans program beyond 'customary fees' if the institution can keep its doors open otherwise. This contrasts sharply with the views of General Omar N.

Bradley, Administrator of Veterans Affairs at the time of passage of Public Law 268, who said 'It was assumed originally that the States would meet their normal program and that the federal government should meet any additional cost by reason of the educational provisions of the Readjustment Act.'

"On June 8, 1949, representatives of the Association of Land-Grant Colleges and Universities and the National Association of State Universities met with the Administrator of Veterans Affairs and his Advisory Committee, and again objected to the VA requirement on deduction of federal funds. At this time it is known that the Advisory Committee did specifically recommend to the Administrator that he change his decision on federal funds effective July 1, 1949.

"On July 15, 1949, General Gray told the chairman of his Advisory Committee that he would not change his decision.

"On October 13, 1949, a committee again met with General Gray, this time without the presence of his Advisory Committee.

"General Gray promised to reconsider his decision, and to give an answer before October 27, the date of the annual meeting of the Association of Land-Grant Colleges and Universities. No answer was given. Telegraphic communication with General Gray brought the response that he had again referred the matter to his Advisory Committee.

"On November 13, 1949, a joint committee met for the fourth time in a year to discuss this matter, this time with the Advisory Committee. The Advisory Committee again (presumably for the third time) recommended to General Gray (1) that he change his decision and also (2) that he find means of reimbursing those institutions which had deducted federal funds in figuring their teaching costs.

"As of December 1, 1949, no word had been received from General Gray as to his action on the question of federal funds or any of the other points raised by the public institutions, in a memorandum submitted both to him and to the Advisory Committee.

"Having ~~seemingly~~ exhausted all possibilities of dealing with the Veterans Administration on this question, the Executive Committee of the Association of Land-Grant Colleges and Universities is under mandate from its 53 member institutions, located in all states and territories, to request the Congress to rectify this situation.

2. What Are the Federal Funds at Issue?

The federal funds at issue between the Land-Grant institutions and the Veterans Administration come from a series of federal acts.

"(1) The first, or original Morrill Land-Grant Act of 1862, is not presently in controversy, but its nature is part of the essential background. The original Land-Grant Act offered grants of land to each state and territory to be sold and the money used as a perpetual endowment for institutions which would stress 'agriculture and the mechanic arts' and provide education 'for the industrial classes in the several pursuits and professions of life'. Veterans Administration has not asked that the income from these endowments be deducted, although Decision 812 certainly states the view that the Administrator has power to require their deduction.

"(2) In 1890, the Congress passed the Second Morrill Act, which was for the 'more complete endowment and maintenance' of Land-Grant institutions, through annual appropriations, to be used for instruction or facilities for instruction.

"(3) In 1907, the 1890 Act was amended by the Nelson amendment, also for the 'more complete endowment and maintenance' of Land-Grant institutions and for the same purposes as the 1890 Act.

"(4) In 1935, Section 2 of the Bankhead Jones Act of that year provided additional funds for the 'more complete endowment and support' of Land-Grant institutions, through annual appropriation.

"Some of these grants are on the basis of so much per state, some on the basis of population, adjusted as relative populations rise or fall.

"All of these annual appropriations are for the 'further endowment' of the institutions established under the 1862 Act. All the Acts were passed long before World War II and the passage in 1944 of Public Law 346. None of the appropriations under these Acts have been increased since World War II. All were part of the normal instructional or other budget of the institutions prior to World War II, just as were state appropriations and private endowment funds.

3. Supporting Points.

"The following points are cited in support of the contention that the deduction of these funds should not be required:

"1. While the Administrator of Veterans Affairs has in Decision 812 asserted the power to require deduction of any funds from any source in figuring teaching costs, he has not in practice required the deduction of state funds or funds received from private endowments. It is contended that the language of the various Land-Grant Acts clearly indicates the intention of Congress that they should have an endowment character. They were to be in effect the equivalent of annual receipt of endowment interest for private institutions of higher learning, and do not have a different essential character from these endowments.

"a. It should also be noted that the Comptroller-General of the United States has ruled (January 16, 1933) that federal grant funds when expended by colleges for the purposes intended by the Congress are state funds rather than federal funds. This would seem to invalidate any distinction made by VA as between 'state' and 'federal' funds.

"b. VA also holds that the income from the original Morrill Act fund is a state and not a federal fund. All subsequent Acts are "supplemental" to the original endowment Act. The distinction made by General Gray has no basis in fact.

"2. Where the statute provides, as it does in the case under consideration, that if the 'administrator finds that the customary tuition charges are insufficient or inadequate (he) may provide for the payment of such fair and reasonable compensation as will not exceed the estimated cost of teaching personnel and supplies for instruction' the term cost as here used should mean cost without regard to the source of funds from which these costs are paid. It is impossible to estimate cost without estimating all elements of cost.

"3. It will be noted that the testimony of General Bradley on Public Law 268, in 1945, stated that it was assumed that the federal government should meet any additional costs above the normal program of the institution by reason of the educational provisions of the Readjustment Act. Public Law 268, however, limited this payment to the 'cost of teaching personnel and supplies for instruction'. This throws on the states the entire additional cost of the veterans program represented by such items as administration, maintenance, new physical plant, etc. Yet the Veterans Administration proposes to throw still additional costs on the states by confiscating a portion of the pre-war federal grant funds, long a part of the normal budget of the institutions, and not increased since World War II.

"4. Nowhere in the Veterans Administration manuals of regulations are the federal grants to Land-Grant institutions specifically mentioned by name. Mentioned (in manual M-75) are the Smith-Hughes, George-Dean and 'other matching state-federal funds'. These funds are of an entirely different character from the Land-Grant funds, which are endowments, not matched, and which have not been increased since World War II as have vocational education funds.

"5. The fact that many Land-Grant institutions have prepared their teaching cost data and budgets on their own bona fide construction of the statute and regulations creates in and of itself, a situation which casts grave doubt both on the regulation itself, and on the action of the Veterans Administration in ruling 3 $\frac{1}{2}$ years after passage of the Act that its own interpretation must be applied retroactively.

"6. If the Veterans Administration properly may force an institution to exclude federal funds with an 'endowment' character in its determination of reasonable compensation, such action could afford a precedent for a similar claim by other federal agencies that their

respective commitments to pay reasonable compensation for various services to be received, could be reduced by confiscating federal funds appropriated for other purposes than those covered by contract.

"7. The broad powers claimed for the Administrator of Veterans Affairs in Decision 812 also specifically raise the threat that federal agencies of whatever character may claim the right to confiscate any funds from any source, in arriving at a 'fair and reasonable' basis of compensation. This 'right' is expressly stated in Decision 812 as inhering to the Administrator of Veterans Affairs.

"4. Other Points

"Many other points have been raised between the Veterans Administration and educational institutions, both public and private.

"The public institutions have been particularly harassed in the operation of the veterans program, because they are the only non-profit institutions which have, because of their normal low fees, been under the necessity of operating under contracts with the Veterans Administration, which contracts are subject to subsequent interpretation on a one-sided basis by the Veterans Administration, and whose accounts are subject to audit by the General Accounting Office. Veterans Administration is in a position to, and has repeatedly, cancelled signed contracts on the basis that provisions of them were 'illegal', although holding that the institutions do not have a similar right to pass on legality, or recover underpayments due to misinterpretation of regulations by representatives of the VA. The combination of General Accounting Office accountants who are not informed about educational procedures, and VA decisions, has caused interference with educational institutions to a degree certainly not anticipated by the Congress under its explicit directive against such interference in Public Law 346, or by the educational institutions themselves.

"None of these matters is quite as alarming, however, as the position taken by the Administrator of Veterans Affairs and his legal staff that they may, at their discretion, so construe the law and the intent of Congress as to require the confiscation of funds long part of the normal instructional budget of public educational institutions.

"The Land-Grant institutions respectfully request that, in the absence of action by the Administrator, the Congress act (1) to forbid the Administrator from requiring the elimination of federal 'further endowment' funds from Acts prior to World War II in estimating cost of teaching personnel and supplies by Land-Grant institutions (2) to make it possible for the Veterans Administration to refund to those institutions which did make this deduction, the full amount of the deduction retroactively."

N. Appointments and Other Staff Changes.

President Donovan submitted staff appointments, reappointments, salary adjustments, leaves of absence, resignations, promotions and other staff changes requested by deans and heads of departments.

College of Arts and Sciences

Appointments

George Kenneth Farney, reappointed Graduate Assistant, Department of Physics, for five months, effective February 1, 1950.

Landon Bowers, Graduate Assistant, Department of Bacteriology, for seven months, effective December 1, 1949.

Marvin Fishman, Graduate Assistant, Department of Bacteriology, for seven months, effective December 1, 1949.

William Leroy Arbuckle, Graduate Assistant, Department of Physics, for five months, effective February 1, 1950.

Thomas Marc Parrott, Visiting Professor, Department of English, for five months, effective February 1, 1950.

William B. Hornbeck, part-time Instructor, Department of English, for five months, effective February 1, 1950.

Mark L. Williams, part-time Instructor, Department of English, for five months, effective February 1, 1950.

William G. Smith, Draftsman-Geologist, Kentucky Geological Survey, for three months, January 1, 1950, to April 1, 1950.

Mrs. Arthur W. Theobald, Visiting Lecturer, Department of Social Work, for five months, effective February 1, 1950.

Robert North, Assistant Professor, part-time, Department of Psychology, twelve-months basis, effective February 1, 1950. Doctor North is Assistant Director of the Personnel Office.

John Richter, part-time Instructor, Department of Geography, for five months, effective February 1, 1950.

Elizabeth Ann Bicknell, Secretary, Department of Psychology, for six months, effective January 1, 1950.

Leaves of Absence

Betty J. Eilertsen, Assistant Professor of Romance Languages, granted leave of absence for the months of July and August, 1950, in order that she may do research work in Montreal.

Grant Knight, Distinguished Professor of English, granted leave of absence for the months of July and August, 1950, in order that he may teach in the Graduate School of New York University.

Amry Vandebosch, Distinguished Professor of Political Science, granted leave of absence for the second semester of 1949-50 and the summer term of 1950.

Thomas D. Clark, Distinguished Professor of History, leave of absence for the months of March, April and May, 1950, that he may accept an assignment as a visiting expert on the American History Project at Vienna.

Resignations

Robert G. Godfrey, part-time Instructor, Department of English, effective February 1, 1950.

Keller J. Dunn, part-time Instructor, Department of English, to transfer to the Department of University Extension, effective February 1, 1950.

June D. Iben, Graduate Assistant, Department of Bacteriology, to transfer to an assistantship in University Research, effective December 1, 1949.

Lelia A. Bramlett, Secretary, Department of Psychology, effective December 17, 1949.

College of Agriculture and Home Economics

Appointments

Margaret Ann Lake, Clerk-Stenographer, Administration, Extension. Miss Lake was formerly employed on an hourly basis.

Kob Ryen, Temporary Instructor, Division of Animal Husbandry, for four months, effective February 1, 1950.

Mrs. Betty S. Woodard, Library Assistant, Administration-Library, effective January 3, 1950.

Martha M. Evans, Secretary, Publications (Administration), effective February 1, 1950.

Glen Eva Scott, Clerk (Trimble County), Agricultural Extension, effective Dec. 12, 1949-June 30, 1950, replacing Selma F. Chandler, resigned

Salary Adjustment

Harold Barber, Head Herdsman, Experiment Station, adjustment in salary, effective January 1, 1950.

Change of Occupation

W. W. Dimock, Professor of Veterinary Science, Department of Animal Pathology, who will attain age of 70 on February 20, 1950, given change-of-occupation status, effective March 1, 1950.

A. L. Meader, Assistant Chemist (Foods) in the Public Service Laboratories, who will attain the age of seventy on January 9, 1950, given title of Assistant Chemist, Special Assignment, effective March 1, 1950. Mr. Meader will continue the same duties, with no adjustment in salary, until a successor can be found.

Resignations

Homer D. Wells, Assistant in Agronomy, Experiment Station, effective December 31, 1949.

Mike Duff, Assistant Field Agent in Poultry Improvement, Department of Animal Industry, Experiment Station, effective December 31, 1949.

Mrs. Frances D. Brumfield, Home Demonstration Agent, Jessamine County, effective December 31, 1949.

Leona K. Sanderson, Clerk-typist, Administration-Service Office, December 31, 1949.

Selma F. Chandler, Clerk, Trimble County, Agricultural Extension, effective December 10, 1949.

College of Engineering

Appointments

A. J. Meyer, Director, Aeronautical Research Laboratory, under reorganization of Laboratory, for twelve months, effective January 1, 1950.

Fritz Mangelsen, Superintendent, Engineering Machine Shop, Engineering Experiment Station, due to reorganization of Aeronautical Research Laboratory, effective January 1, 1950. Mr. Mangelsen's salary will be paid from the Engineering Machine Shop and Engineering Experiment Station.

Doris Dean Hendrix, Laboratory Technician, Engineering Experiment Station, effective January 1, 1950.

Salary Adjustments and Transfers

Robert G. Beavers, Engineer Supervisor, Aeronautical Research Laboratory, made Assistant Director, under reorganization of Laboratory, with adjustment in salary, twelve months basis, effective January 1, 1950.

Vivian Carlton Currens, Mechanic, Aeronautical Research Laboratory, same title under reorganization of Laboratory, adjustment in salary, twelve months basis, effective January 1, 1950.

Edna L. Overstreet, Accountant, Aeronautical Research Laboratory, made Stenographer under reorganization of Laboratory, with adjustment in salary, twelve months basis, effective January 1, 1950.

George W. Whitlow, Machinist, Aeronautical Research Laboratory, same title under reorganization of Laboratory, twelve months basis, effective January 1, 1950, with no adjustment in salary.

Henry Wilder, Machinist, Aeronautical Research Laboratory, no change in title or salary, under reorganization, twelve months basis.

Resignations

Thomas J. Smith, Assistant Laboratory Technician, Engineering Experiment Station, effective December 7, 1949.

Chester M. Stephens, Jr., Typist, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Jesse L. Wyatt, Stockman, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Carl A. King, Mechanic, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Dudley B. Harp, Mechanic, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Jean C. Farney, Mechanic, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

George E. Umstead, Jr., Mechanic, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Shack Watts, Janitor, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Glenn T. Abbott, Mechanic, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Robert S. Dean, Mechanic, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

Fritz Mangelsen, Supervisor, Machine Shop, Aeronautical Research Laboratory, services terminated, effective December 31, 1949, due to reorganization of Laboratory.

A. J. Meyer, Director, Aeronautical Research Laboratory (part-time), Engineering Experiment Station, resigned, due to reorganization of Laboratory.

College of Education

Appointments

Fred E. Harris, Associate Professor of Elementary Education, Department of Instruction and Placement, effective September 1, 1950, for twelve months.

Alvin W. Schindler, Visiting Instructor, Department of Instruction and Placement, summer session of 1950.

Harold P. Adams, Instructor, School Services, for twelve months, effective February 1, 1950. Mr. Adams has been Instructor in Department of Instruction and Placement.

Burnice Wall, reappointed off-campus critic teacher in Agriculture, effective January 1, 1950, for the semester.

Arthur W. Corns, reappointed off-campus critic teacher in Agriculture, for the semester, effective January 1, 1950.

Leonard Hinson, reappointed off-campus critic teacher in Agriculture, for the semester, effective January 1, 1950.

Conrad Haynes, reappointed off-campus critic teacher in Agriculture, for the semester, effective January 1, 1950.

College of Commerce

Appointment

William J. Crawford, Research Assistant, Bureau of Business Research, effective February 1, 1950.

University Research

Appointments

June D. Iben, Research Assistant, who is transferring from the Department of Bacteriology, for seven months, effective December 1, 1949.

Douglas Earl Eastwood, Research Assistant, for seven months, effective December 1, 1949.

Department of University Extension

Appointments

Keller Johnson Dunn, Instructor in English, to teach courses by extension, effective February 1, 1950, for five months.

George T. Guess, Instructor in Education, to teach courses in extension, for five months, effective February 1, 1950.

Payments to be made to the following persons for grading correspondence papers and for teaching extension classes for the period from July 1, 1949, to January 1, 1950: Harold P. Adams, C. Hal Albro, Grace Anderson, Hager W. Bach, Wendell E. Beals, Adolph E. Bigge, Robert E. Bills, M. C. Brown, James S. Calvin, L. H. Carter, W. Merle Carter, Robert Cojeen, Arthur L. Cooke, Charles R. Crumpton, John L. Cutler, H. H. Downing, May K. Duncan, Alex Edelmann, Herman Ellis, J. M. England, E. F. Farquhar, Ernest N. Fergus, Chloe Gifford, John H. Given, James W. Gladden, Gordon C. Godbey, R. S. Grady, Richard R. Griffith, W. Russell Hamon, T. L. Hankins, Ruby Evans Hart, Maurice Hatch, Robert D. Haun, Wilbur Heinz, J. E. Hernandez, Sarah B. Holmes, James Hopkins, Herbert Humphreys, Walter W. Jennings, Durbin C. Kemper, Grant Knight, John Kuiper, H. C. Lewis, Moses Ligon, Robert G. Lunde, S. T. McCloy, N. B. McMillian, Frank T. McFarland, J. L. Massie, J. T. Masten, R. S. Maxwell, W. M. Moore, Edward Newbury, Anna B. Peck, E.B. Penrod, Ralph Pickett, Leslie I. Poste, John E. Reeves, Thomas A. Rusch, Irwin T. Sanders, Blaine W. Schick, J. R. Schwendeman, Alberta W. Server, Jasper B. Shannon, Eldred C. Speck, Effie Starnes, Edwin Stein, Rodman Sullivan, Rhea A. Taylor, Ruth Thomas, Chester Travelstead, Richard L. Tuthill.

Payments to be made to the following persons for extension class instruction for the first semester 1949-50: Robert B. Myers, J. R. Schwendeman.

Personnel Office

Resignation

Anne A. Lewis, Clerk, effective December 31, 1949.

LibraryResignation

Austell B. Hulett, Accountant, effective December 31, 1949.

Business Management and ControlAppointments

Mildred I. Brown, Clerk-Typist, G.I. Overhead, effective December 8, 1949.

Dorothy Leonard, Fiscal Analyst, Supervision of Service Units, effective December 12, 1949.

Resignations

Mildred I. Brown, Clerk-Typist, G. I. Overhead, effective December 19, 1949.

Mrs. Helen L. Nisbet, Clerk-Typist, Supervision of Service Units, effective January 28, 1950.

William Jennings, Manager, Colonial Bowling Lanes, effective January 17, 1950.

University Commons--Student Union BuildingSalary Adjustment

Manford R. Hughes, Storeroom Clerk, salary adjustment, effective December 1, 1949.

Little CommonsResignation

Anne Clair Elliott, Assistant Director, effective December 1, 1949.

On motion duly made, seconded and carried, on President Donovan's recommendation, the above appointments, reappointments, salary adjustments, leaves of absence, resignations, promotions and other staff changes were concurred in and record ordered made in the minutes.

O. Adjournment.

On motion duly made, seconded and carried, the meeting of the Executive Committee was adjourned at 12:15 p.m. Lunch was served in the President's Office.

Frank D. Peterson, Secretary
Board of Trustees and Execu-
tive Committee.