

Minutes of the Meeting of the Board of Trustees of the University of Kentucky, Tuesday, September 19, 1995.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, September 19, 1995 in the Board Room on the 18th floor of Patterson Office Tower.

A. Meeting Opened

Governor Edward T. Breathitt, Chairperson, called the meeting to order at 1:00 p.m., and the invocation was pronounced by Mrs. Marian Sims.

B. Roll Call

The following members of the Board of Trustees answered the call of the roll: Governor Edward T. Breathitt (Chairperson), Mr. Ted Bates, Mrs. Kay Shropshire Bell, Mr. Shea Chaney, Mr. Paul W. Chellgren, Mr. Merwin Grayson, Mr. James F. Hardymon, Professor Loys L. Mather, Dr. Robert P. Meriwether, Mr. Billy Joe Miles, Mr. Jim Miller, Professor Deborah Powell, Mr. Steven S. Reed, Mr. C. Frank Shoop, Mrs. Marian Moore Sims, Mrs. Lois C. Weinberg, and Mr. Billy B. Wilcoxson. Absent from the meeting were Mr. Robert N. Clay, Mrs. Elissa Plattner, and Mr. Martin Welenken. The University administration was represented by President Charles T. Wethington, Jr.; Chancellors James W. Holsinger and Elisabeth Zinser; Vice Presidents Fitzgerald Bramwell, Joseph T. Burch, and Edward A. Carter; Professor Robert Lawson, Assistant to the President for Administrative Affairs; George DeBin, Assistant to the President for Fiscal Affairs; Dr. Juanita Fleming, Special Assistant for Academic Affairs; Mr. C. M. Newton, Director of Athletics, and Mr. Paul Van Booven, Associate General Counsel.

Members of the various news media were also in attendance. A quorum being present, the Chairperson declared the meeting officially open for the conduct of business at 1:03 p.m.

C. Approval of Minutes

Governor Breathitt said that the Minutes of the Board meeting on August 15, 1995 had been distributed. He noted that Professor Jim Miller's name was inadvertently omitted in Section B, Oath of Office Administered, and asked that the Minutes be amended to include Professor Miller's name. Mr. Chellgren moved that the Minutes be approved as amended. Mrs. Bell seconded the motion, and it carried.

D. Nomination of Officers and Executive Committee

Under the Governing Regulations, officers of the Board and the Executive Committee are elected annually at the September meeting. Governor Breathitt called upon Mrs. Bell to preside and receive the report of the Nominating Committee. Mr. Wilcoxson, Chairperson of the Nominating Committee, placed the following slate of officers for 1995-96 in nomination:

Edward T. Breathitt, Chairperson
Robert P. Meriwether, Vice Chair
Lois C. Weinberg, Secretary
Richard E. Plymale, Assistant Secretary

Mr. Wilcoxson moved that these officers be approved. The motion, seconded by Mr. Shoop, carried unanimously.

Mr. Wilcoxson placed the following slate of Executive Committee members for 1995-96 in nomination:

Edward T. Breathitt, Chairperson
Robert P. Meriwether, Vice Chairperson
Paul W. Chellgren
James F. Hardymon
Billy B. Wilcoxson
Lois C. Weinberg, ex officio

Mr. Wilcoxson moved that these individuals be approved as the Executive Committee for 1995-96. His motion was seconded by Mr. Grayson and passed. Governor Breathitt presided for the remainder of the meeting as Chairperson.

E. President's Report to the Board of Trustees (PR 1)

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

1. The Kentucky EPSCoR (Experimental Program to Stimulate Competitive Research) program has again been funded, this time for \$7.5 million.
2. The National Science Foundation has awarded a \$1 million grant to 10 faculty members in two departments to develop a state-of-the-art computer laboratory that will harness unused computer power and allow researchers to study how to improve computers.
3. The UK Markey Cancer Center has been awarded a \$350,000 Cancer Center Planning Grant from the National Cancer Institute.

4. Fifty-six bronze sculptures depicting human forms in various aspects of human activity are now permanently affixed to the facade of the College of Fine Arts Building on Rose Street. Professor John Tuska's bronze sculptures were dedicated at a College of Fine Arts ceremony on August 25th.
5. Jeremy D. Popkin, a scholar of French history, has been named the College of Arts and Sciences Distinguished Professor for 1995.
6. The College of Pharmacy admitted 80 first-year students to its first all-Pharm.D. class this fall.
7. The College of Law sets a new record in African-American enrollment.

President Wethington asked the members to read the other items in the report at their leisure.

He noted that PR 1 also has the Biennial Budget Request Report to the Trustees. He asked that the report be delayed until the end of the meeting, after the Finance Committee report.

F. Personnel Actions (PR 2)

President Wethington recommended that approval be given to the appointments, actions and/or other staff changes which require Board action; and that the report relative to appointments and/or changes already approved by the administration be accepted. Mr. Shoop moved approval. His motion, seconded by Mr. Wilcoxson, carried. (See PR 2 at the end of the Minutes.)

G. Conflict of Interest/Financial Disclosure Policy -- Research (AR II-4.0-4) (PR 3A)

President Wethington said that PR 3A recommends that the Board approve a Conflict of Interest/Financial Disclosure Policy. He asked Professor Lawson to comment on PR 3A.

Professor Lawson said that the National Science Foundation and the Department of Health and Human Services have adopted regulations designed to deal with integrity, objectivity, and research activities that are supported by those federal agencies. These regulations require universities who receive funds from those agencies to adopt a policy that requires everyone involved in research activities to disclose any financial interests

that they might have that would effect the way in which they would conduct or report on that research.

He reported that the University has been working on adopting a policy to implement these regulations, and the policy has passed through a number of faculty and administrative groups. He explained the policy requires researchers to file disclosure statements whenever they apply for external funding. It requires administrators to review those disclosure statements and if the statements reveal a conflict of interest as it would relate to this research, then the University has to eliminate that conflict of interest or find a way to manage that conflict of interest. Most of the policies in PR 3A are required by the federal regulations. Without an adoption of this policy, the University would not be eligible to participate in these federally funded programs. This policy must be in place by October 1, 1995 in order to comply with federal regulations.

President Wethington said that this policy deserves Board review and consideration for approval. He reiterated that the policy must be put in place as a result of requirements levied by the federal government. He recommended that PR 3A be approved. Mr. Chellgren moved approval. His motion, seconded by Mr. Miller, carried. (See PR 3A at the end of the Minutes.)

H. Revision of Provisions for Faculty Salary Supplemental Compensation under the Dental Services Plan (AR II-7.0-4) (PR 6A)

President Wethington said that PR 6A, 6B, 6C, and 6D are proposed changes in the provision for faculty salary supplemental compensation in the Medical Center. These documents affect Dentistry, Medicine, Allied Health, and Nursing. The proposed changes change the frequency of payment of participants from semi-annually to quarterly. He recommended that the Board approve the Revision of Provisions for Faculty Salary Supplemental Compensation under the Dental Services Plan. Dr. Meriwether moved approval. Mr. Reed seconded the motion, and it passed. (See PR 6A at the end of the Minutes.)

I. Revision of Provisions for University Health Service Physicians' Supplemental Compensation under the University Health Service Physicians' Practice Plan (AR II-7.0-9) (PR 6B)

President Wethington said that PR 6B is a companion document. This document changes the supplemental compensation plan for physicians from semi-annually to quarterly. He recommended approval of PR 6B. On motion made by Mr. Grayson, seconded by Mrs. Bell and carried, PR 6B was approved. (See PR 6B at the end of the Minutes.)

J. Revision of College of Allied Health Professions Faculty Practice Plan (AR II-7.0-10) PR 6C)

President Wethington said that PR 6C makes the same change for the College of Allied Health Professions Faculty Practice Plan. He recommended approval for changing their payment plan from semi-annually to quarterly. Dr. Meriwether moved approval. Mr. Shoop seconded the motion, and it passed. (See PR 6C at the end of the Minutes.)

K. Revision of College of Nursing Faculty Practice Plan (AR II-7.0-11) (PR 6D)

President Wethington said that PR 6D will change the College of Nursing Practice Plan payment from semi-annually to quarterly and recommended approval. Dr. Meriwether moved approval of PR 6D. His motion, seconded by Mr. Grayson, carried. (See PR 6D at the end of the Minutes.)

L. Acceptance of Audit Report for the University of Kentucky for 1994-95 (FCR 1)

Mr. Hardymon, Chairperson of the Finance Committee, reported that the Finance Committee met and reviewed ten items to present to the Board for action. He explained that FCR 1 is the audit report for the University for 1994-95. It is the consolidated financial statement audited by Coopers & Lybrand and includes the statements of the University of Kentucky and all of the affiliated corporations. He said that the balance sheet, the consolidated statement of changes and fund balances, the consolidated statement of revenues and expenditures, and the summary of accounting policies had been reviewed by the Finance Committee.

Mr. Hardymon stated that the Finance Committee received a brief report from Coopers & Lybrand, and the University has a clean, unqualified report. He noted that Coopers & Lybrand complimented the University's staff for their cooperation and expertise. He recommended approval of FCR 1. Dr. Meriwether seconded the motion, and it carried. (See FCR 1 at the end of the Minutes.)

M. Disposal of Personal Property (FCR 2)

Mr. Hardymon said that FCR 2 relates to Disposal of Personal Property. He reviewed Exhibits I and II and moved approval. Mr. Shoop seconded the motion, and it passed. (See FCR 2 at the end of the Minutes.)

N. Report of Leases (FCR 3)

Mr. Hardymon reviewed the Report of Leases and made a motion for approval. He noted that these leases are less than \$30,000 annually. Mr. Bates seconded the motion, and it carried. (See FCR 3 at the end of the Minutes.)

O. Approval of Leases (FCR 4)

Mr. Hardymon reviewed the Approval of Leases, noting that these leases are greater than \$30,000 annually. He said that the Finance Committee had reviewed and accepted the leases and were bringing them to the Board for approval. He moved approval of FCR 4. His motion, seconded by Mr. Grayson, passed. (See FCR 4 at the end of the Minutes.)

P. 1995-96 Budget Revisions (FCR 5)

Mr. Hardymon said that the budget revisions are brought to the Board quarterly. He reminded the Board that the report on budget revisions submitted in August was a special report. He reviewed the revisions and noted that the major items in the report are the Hospital Revenue and Fund Balance. He recommended approval of FCR 5. Dr. Meriwether seconded the motion, and it passed. (See FCR 5 at the end of the Minutes.)

Q. Estate of William Robert Sheeley (FCR 6)

Mr. Hardymon reported that there were four gifts/pledges for consideration. He said that FCR 6 is the Estate of William Robert Sheeley, a native of Anderson County. Admiral Sheeley had a very distinguished career in the United States Navy and retired approximately 20 years ago. He died in 1993 and is leaving money to the College of Medicine with no restrictions for its use within that College. The initial distribution is \$275,000, and there possibly will be an additional \$200,000 later this year. He recommended approval. His motion, seconded by Mr. Shoop, carried. (See FCR 6 at the end of the Minutes.)

R. Philip Morris, Inc., Contribution (FCR 7)

Mr. Hardymon moved that the Board accept a gift of \$159,000 from Philip Morris, Inc. He noted that this gift is for research, education programs, undergraduate scholarships, and graduate fellowships in the College of Agriculture. Mr. Chellgren seconded the motion, and it passed. (See FCR 7 at the end of the Minutes.)

S. RJR Nabisco Foundation Contribution (FCR 8)

Mr. Hardymon moved that the Board accept a gift of \$107,000 from the RJR Nabisco Foundation to the College of Agriculture. He stated that this gift will be divided among research, extension, and education programs in the College. His motion, seconded by Professor Mather, carried. (See FCR 8 at the end of the Minutes.)

T. Saint Joseph Hospital Pledge (FCR 9)

Mr. Hardymon moved that the Board accept a pledge of \$100,000 from Saint Joseph Hospital for the College of Allied Health Building Campaign. The company's pledge is to be paid in \$25,000 installments over a four-year period. The pledge is contingent upon the building being constructed with support from other businesses, hospitals, and the Kentucky General Assembly. Mr. Reed seconded the motion, and it passed. (See FCR 9 at the end of the Minutes.)

U. Biennial Request 1996-98 (FCR 10)

Mr. Hardymon said that FCR 10 includes the operating and capital requests for 1996-97 and 1997-98. He asked President Wethington for his presentation.

Through a series of slides, President Wethington reviewed the 1996-98 Biennial Request. He said that the document is based on the Strategic Plan goals: scholarship and academic excellence, leadership, stewardship of University human, fiscal and physical resources, and community. It includes chancellor/vice presidential and college/unit plans which reinforce the University-wide plan and also includes the Land Use Plan.

He reported that the Biennial Budget Request is based on strategic plans within the context of the revised Kentucky funding model. It places emphases on the following:

- Strengthening the University as a student-centered university
- Maximizing access
- Competitive salaries and benefits
- Strengthening role as leading research university
- Commitment to equity and diversity
- Forefront of information technology
- Instructional and research equipment and maintenance of facilities
- Addressing the University's unique leadership role in the state

He reviewed the provisions of the Kentucky Funding Model and said that the University's request under the funding model is a reasonable request.

If funded, it would address longstanding funding inequity in the Community College System, provide a 3% cost-of-living increase, deal with performance, provide opportunity for special requests, establish short-term funding objectives, and establish a long-term funding strategy for higher education in Kentucky.

President Wethington reviewed charts illustrating formula funding equity and the formula gap in comparison with other state institutions. He then provided a summary of state funding requests for 1996-98 for the University, calling particular attention to fixed costs and cost-of-living expenses. He also pointed out the program improvement request for the Community College System and the University System. He noted the request for new programs and special requests for both systems.

After reviewing the 1996-98 capital request for state funding for the Community College System and the University System, he recommended that the 1996-98 Biennial Request, which includes both the operating and capital requests, be approved for submission to the Council on Higher Education, the Governor of the Commonwealth, and the General Assembly.

President Wethington thanked the members of the staff for their efforts in preparing the Biennial Budget Request. He asked the Board to act favorably upon the Biennial Budget Request and that they become advocates for the University of Kentucky and for all of the colleges and universities as we try to achieve a better level of state support during 1996-98.

Mr. Hardymon said that the Finance Committee reviewed and approved the document. He moved that FCR 10 be approved. Mr. Shoop seconded the motion, and it passed. (See FCR 10 at the end of the Minutes.)

Professor Miller thanked President Wethington and the University staff and administration for their good work. He said that it is a very broad and encompassing document. He made note of the effort on the part of President Wethington and the administration to deal with the faculty and staff salaries and in particular, the salaries of the Community College System. He expressed appreciation to President Wethington and the administration for this bold initiative dealing with the low salaries in the Community College System.

Governor Breathitt expressed his appreciation to President Wethington and the staff. He noted that President Wethington had been very much involved in the preparation of this document. He said that he had seen one other person in public life as involved in a budget as President Wethington and that was former Governor Earl Clements. He said that he was impressed, and it is a very fine compliment to President Wethington.

Professor Mather said that he would like to add his voice to the thanks for the effort that went into preparing the document and to the sensitivity to the needs of the state and the University community. He stated that he is hopeful for more than a continuation budget, which is where we have been at best for some time. He said that he does have a couple of areas that he and President Wethington have discussed. One of those is his concern about reliances on part-time faculty. He expressed hope that the University can begin to move toward more reliance on full-time faculty. The other issue expressed from faculty is the hope that the University can begin to address the overall salary structure for University staff. Professor Mather noted that faculty depend heavily on the staff and commented that staff carry a heavy burden in fulfilling the University's missions. He commended President Wethington and the staff for the emphasis in the budget on diversity issues. Another issue beyond the state budget is declining pools of federal grant funds for research, particularly in the medical area. Although in the past, University faculty have been very successful in obtaining funds he stated he hoped there will be some flexibility to deal with lack of research dollars if and when that kind of belt tightening becomes a factor because of federal budget cuts. He commended President Wethington for what he has done.

V. Resolutions Honoring Daniel C. Ulmer, Jr. and William B. Sturgill

Mr. Wilcoxson read the following resolution honoring Daniel C. Ulmer, Jr.:

Whereas, Daniel C. Ulmer Jr. has broadened his commitment to education, particularly higher education through the completion of a full term as a productive and esteemed member of the University of Kentucky Board of Trustees, and

Whereas, he has well represented the interests and concerns of his home community of Louisville, site of a large concentration of UK alumni, and

Whereas, his experience in the banking community in Kentucky and nationally has provided the Board of Trustees with a wealth of judgment and expertise, especially through his work as a most active member of the Board's Investment Committee, and

Whereas, his service to the Board allowed the University the benefit of his seemingly ever-expanding experience as a civic leader of the highest caliber, beyond Louisville and extending throughout the state of Kentucky, and

Whereas, he has lent his considerable expertise in banking to the University in dealing with all matters, but especially those requiring banking acumen, and

Whereas, he has been a faithful attendee and participant in meetings of the Board, and has provided valuable input on other University issues,

Now Therefore Be It Resolved, that the Board of Trustees of the University of Kentucky does hereby express its sincere and abiding gratitude to

Daniel C. Ulmer Jr.

for the dedication and commitment he has given to the Board and for the support he has shown to the University.

On motion made by Mr. Wilcoxson, seconded by Mr. Chellgren and carried, the Resolution was approved.

Governor Breathitt presented the following Resolution honoring William B. Sturgill:

Whereas, William B. Sturgill, a distinguished 1946 graduate of the University of Kentucky, served the people of the Commonwealth as chairman of the UK Board of Trustees for 10 years, the longest tenure of a board chair in the University's 130-year history, and

Whereas, he has been a University Fellow since 1968, a valued member of the Development Council since 1973 and chairman for a five-year term ending in 1994, and

Whereas, his gifts of time, talents and money to his alma mater know almost no bounds, including twin donations to first construct, then expand a building for the UK Office of Development, which bears his name, and

Whereas, he has proved to be one of the University's most generous benefactors in other ways, having funded the William B. Sturgill Award for Outstanding Contributions to Graduate Education 20 years ago and having provided support for nearly two dozen separate programs at the University, and

Whereas, he has proved a living example to others in terms of giving back to the University what he had been given as a student and graduate of the University, and

Whereas, his interest in education, and higher education in particular, has highlighted a career of service to the Commonwealth and its people,

Now Therefore Be It Resolved, that the Board of Trustees of the University of Kentucky does hereby express its deepest and abiding appreciation to

William B. Sturgill

for his exceptional career that includes 16 years of leadership to this Board and for the magnanimous sharing of his resources, inspiring all of us who have warm and loyal feelings for the University of Kentucky.

On motion made by Governor Breathitt, seconded by Mrs. Weinberg and passed, the Resolution was approved.

W. Meeting Adjourned

There being no further business to come before the Board, the Chairperson adjourned the meeting at 2:17 p.m.

Respectfully submitted,

Lois C. Weinberg
Secretary
Board of Trustees

(PR 2, 3A, 6A, 6B, 6C, 6D; FCR 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 which follow are official parts of the Minutes of the meeting.)

PR 2

Office of the President
September 19, 1995

Members, Board of Trustees:

PERSONNEL ACTIONS

Recommendation: that approval be given to the attached appointments, actions and/or other staff changes which require Board action; and that the report relative to appointments and/or changes already approved by the administration be accepted.

Background: The attached recommended appointments and/or other staff changes require approval by the Board of Trustees in accordance with Part VIII-B of the Governing Regulations of the University. These recommendations are transmitted to the Board by the appropriate chancellor through the President and have the President's concurrence.

Under the Governing Regulations, the authority to make certain appointments and/or other staff changes is delegated to the President or other administrators who are required to report their actions to the Board. These items of report follow the recommendations requiring Board approval.

Action taken:

Approved

Disapproved

Other _____

CENTRAL ADMINISTRATION

I. **BOARD ACTION**

A. **ADMINISTRATIVE APPOINTMENT**

Assistant to the President for Fiscal Affairs

Henninger, Thomas R., Business and Operations Director, Office of Fiscal Affairs, effective 9/18/95.

B. **EARLY RETIREMENT**

Environmental Health and Safety

Thorpe, Norma J., Staff Assistant, University Fire Marshal, after 21.5 years of service, under AR II-1.6-1 Section III.A.2, effective 9/15/95.

Vice President for Research and Graduate Studies

Hughes, Charlie G., Associate Scientist, Tobacco and Health Research Institute, after 29 years of service, under AR II-1.6-1 Section III.A.2, effective 8/31/95.

II. **ADMINISTRATIVE ACTION**

A. **ACADEMIC APPOINTMENT**

Vice President for Information Systems

Scott, Elizabeth B., Librarian IV (temporary), University Libraries, Technical Services, effective 8/21/95 through 6/30/96.

COMMUNITY COLLEGE SYSTEM

I. **BOARD ACTION**

A. **ADMINISTRATIVE APPOINTMENTS**

Office of the Chancellor

Shumard, Ronald, CC Marketing Director for the Center for Kentucky Rural Economic Development, effective 8/21/95.

II. **ADMINISTRATIVE ACTION**

A. **ACADEMIC APPOINTMENTS**

Elizabethtown Community College

Ames, William M., Instructor in the Community College System, 8/1/95 through 6/30/96.

Bowden, David, Instructor in the Community College System, 8/1/95 through 6/30/96.

Sharp, Marsha, Instructor in the Community College System, 8/1/95 through 6/30/96.

Hazard Community College

Dunn, Timothy J., Instructor in the Community College System, 8/1/95 through 6/30/96.

Hawkins-Looney, Lori, Instructor in the Community College System, 8/1/95 through 6/30/96.

Hopkinsville Community College

Kelly, Quin E., Instructor in the Community College System, 8/1/95 through 6/30/96.

Prudhomme, Bonny, Instructor in the Community College System, 8/1/95 through 6/30/96.

Spires, Melvin C., Instructor in the Community College System, 8/1/95 through 6/30/96.

Jefferson Community College

Brumfield, Kevin, Instructor in the Community College System, 8/1/95 through 12/31/95.

Cahaney, William J., Instructor in the Community College System, 8/1/95 through 6/30/96.
Litteral, Trina K., Instructor in the Community College System, 8/1/95 through 12/31/95.
Weiner, Peter, Instructor in the Community College System, 8/1/95 through 12/31/95.

Lexington Community College

Davenport, Teresa, Instructor in the Community College System (voluntary), 8/23/95 through 6/30/98.
Hawley, Joyce D., Instructor in the Community College System (voluntary), 8/23/95 through 6/30/98.
Justice, Laura G., Instructor in the Community College System, 8/1/95 through 6/30/96.
Lear, Wanda G., Instructor in the Community College System, 8/1/95 through 5/31/96.
Norman, Valiant C., Instructor in the Community College System, 8/21/95 through 5/31/96.
Phillips, Peggy J., Instructor in the Community College System (voluntary), 8/23/95 through 6/30/98.
Smith, Richard T., Instructor in the Community College System, 8/1/95 through 12/31/95.
Strunc, Mary Ann, Instructor in the Community College System, 8/1/95 through 5/31/96.
Watts, Laverta A., Instructor in the Community College System (voluntary), 8/23/95 through 6/30/98.
Wheeler, Freelon D., Instructor in the Community College System (voluntary), 8/23/95 through 6/30/98.

Madisonville Community College

Adaniel, Inocentes, Instructor in the Community College System (voluntary), 9/22/95 through 8/21/98.
Adaniel, Maria V., Instructor in the Community College System (voluntary), 9/22/95 through 8/21/98.
Bohannon, Tony, Instructor in the Community College System (voluntary), 9/22/95 through 8/21/98.
Bowling, Robert G., Instructor in the Community College System, 8/21/95 through 6/30/96.
Charnes, Manina, Instructor in the Community College System (voluntary), 9/22/95 through 8/21/98.
Cooper, Lisa, Instructor in the Community College System (voluntary), 9/22/95 through 8/21/98.

- Davis, Dianna, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Dunlap, Donna, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Durst, J. W., Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Farhi, Sivy, Instructor in the Community College System, 8/23/95 through
6/30/96.
- Fulks, David T., Instructor in the Community College System, 8/22/95 through
6/30/96.
- Goins, Lori, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Hawk, Sheryl, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Hawkins, Theresa, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Hedges, Donna, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Lamb, Angie, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Leachman, Lori, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Lindauer, Patricia, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Lodzick, Monique, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- McLain, Julia, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- McLurkin, Amy L., Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Montague, Phil, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Moody, Kirk, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Pinerola, Jase, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Rawlings, Teri, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Roehr, Beth, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Roof, Greta P., Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
- Sellers, Amy, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.

Taylor, Beth, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
Ulmer, Piotr, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
Veatch, Regina, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
Viterisi, Paul, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
Winiger, Lebra, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.
Wylie, Jennifer, Instructor in the Community College System (voluntary),
9/22/95 through 8/21/98.

Maysville Community College

Shepard, Carmen K., Instructor in the Community College System, 8/1/95
through 6/30/96.

Owensboro Community College

Foster, Luke, Instructor in the Community College System, 8/1/95 through
6/30/96.
Miley, Jenna, Instructor in the Community College System, 8/1/95 through
6/30/96.
Ross, Riley, Instructor in the Community College System, 8/1/95 through
6/30/96.

Paducah Community College

Holler, Patricia A., Instructor in the Community College System, 8/23/95
through 12/16/95.

Prestonsburg Community College

Davenport, Jeunet, Instructor in the Community College System, 8/1/95
through 6/30/96.

Somerset Community College

Gover, Sherry, Instructor in the Community College System, 8/1/95 through
6/30/96.
Owens, Nancy G., Instructor in the Community College System, 8/1/95
through 6/30/96.
Perkins, Jeff, Instructor in the Community College System, 8/14/95 through
6/30/96.

Southeast Community College

Drake, Karen, Instructor in the Community College System, 8/1/95 through 6/30/96.

Hudock, Sandra L., Librarian IV in the Community College System, 8/1/95 through 6/30/96.

B. REAPPOINTMENTS

Elizabethtown Community College

Chittenden, W. LeRoy, Assistant Professor in the Community College System, 7/1/95 through 6/30/96.

Martin, Shannon, Instructor in the Community College System, 7/1/95 through 6/30/96.

Hazard Community College

Begley, Dan, Instructor in the Community College System, 8/23/95 through 5/31/96.

Lexington Community College

Miller, Patricia A., Instructor in the Community College System, 8/1/95 through 5/31/96.

Mooney, Larry L., Instructor in the Community College System (voluntary), 8/23/95 through 6/30/98.

Penn, Mona Lisa, Instructor in the Community College System, 8/1/95 through 5/31/96.

Taylor, Lori A., Instructor in the Community College System, 8/1/95 through 5/31/96.

Paducah Community College

Bailey, Delpha, Instructor in the Community College System (voluntary), 7/1/95 through 6/30/98.

Somerset Community College

Allen, Valerie G., Assistant Professor in the Community College System, 7/1/95 through 6/30/96.

Ratliff, Donna R., Instructor in the Community College System, 8/1/95 through 6/30/96.

Southeast Community College

Green, Walter, Instructor in the Community College System, 8/1/95 through 6/30/96.

C. TERMINAL REAPPOINTMENTS

Hazard Community College

Brunty, Helen, Assistant Professor in the Community College System, 9/1/95 through 6/30/96.

LEXINGTON CAMPUS

I. BOARD ACTION

A. JOINT APPOINTMENT

College of Education

Shapiro, Robert, Associate Professor (with tenure), Kinesiology and Health Promotion, joint appointment as Associate Professor (without tenure), Center for Biomedical Engineering, Graduate School, Medical Center, 7/1/95 through 6/30/96.

B. REAPPOINTMENT

College of Engineering

White, Garey, Adjunct Associate Professor, Civil Engineering, 7/1/95 through 6/30/97.

C. CHANGE

College of Communications and Information Studies

Labunski, Richard, to change from Assistant Professor, Journalism and Telecommunications, to Associate Professor (with tenure), Journalism and Telecommunications, effective 8/16/95.

D. RETIREMENT

College of Engineering

Johnson, Mary Lou, Conference Coordinator, Office for Informational Services and Technical Liaison (OISTL), after 15 consecutive years of service, under Section III.B of AR II-1.6-1, effective 9/30/95.

E. EARLY RETIREMENT

Vice Chancellor for Administration

Griffin, William J., Supervisor III, Custodial Services, Physical Plant Division, after 26.5 consecutive years of service, under Section III.A.2 of AR II-1.6-1, effective 9/8/95.

F. POST-RETIREMENT APPOINTMENTS

College of Architecture

Graves, Charles P., Professor (part-time), Architecture, 8/1/95 through 12/31/95.

College of Engineering

Deacon, John A., Professor (part-time), Civil Engineering, 7/1/95 through 6/30/96.

College of Human Environmental Sciences

Henry, Sarah, Principal Curriculum Media Specialist (part-time), Dean's Office, 9/1/95 through 5/31/96.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Agriculture

Gray, Kim Ragland, Assistant Extension Professor, Agricultural Communication Services, 9/1/95 through 6/30/96.

Woods, Timothy A., Assistant Extension Professor, Agricultural Economics, 8/14/95 through 6/30/96.

College of Architecture

Chavance, Philippe, Assistant Professor (temporary), Architecture, 8/1/95 through 12/31/95.

Lewis, Christi, Instructor (part-time), Architecture, 8/1/95 through 5/31/96.

College of Business and Economics

Gonsalves, Gerald C., Instructor (part-time), Management, 9/1/95 through 4/30/96.

Groleau, Thomas G., Assistant Professor (part-time), Management, 8/16/95 through 5/15/96.

College of Communications and Information Studies

Ryan, Elizabeth H., Assistant Professor (temporary), Journalism and Telecommunications, 8/16/95 through 5/15/96.

Wagar, Kit, Instructor (part-time), Journalism and Telecommunications, 8/16/95 through 12/31/95.

College of Education

DeMoss, Karen, Instructor (part-time), Educational and Counseling Psychology, 8/16/95 through 12/31/95.

Hall-Polus, Bonnie, Instructor (part-time), Educational and Counseling Psychology, 8/16/95 through 12/31/95.

McClure, Marianne, Instructor (part-time), Educational and Counseling Psychology, 8/16/95 through 12/31/95.

Morford, Michal, Instructor (part-time), Educational and Counseling Psychology, 8/16/95 through 12/31/95.

College of Engineering

Fister, Ben, Adjunct Assistant Professor, Civil Engineering, 8/16/95 through 6/30/96.

Haggard, Paul, Adjunct Assistant Professor, Civil Engineering, 8/16/95 through 6/30/97.

King, Richard N., Instructor (temporary), Computer Science, 8/16/95 through 5/15/96.

Plemmons, James K., Visiting Assistant Professor, Civil Engineering, 8/16/95 through 6/30/96.

Yost, Scott A., Assistant Professor, Civil Engineering, 8/16/95 through 6/30/97.

College of Fine Arts

Eberle, Ann Elizabeth, Instructor (part-time), Arts Administration Program, 10/26/95 through 12/12/95.

Planet, Mathew T., Assistant Professor (temporary), Art, 7/1/95 through 6/30/96.

Zack, Kerry, Adjunct Instructor, Arts Administration Program, 8/29/95 through 8/31/95.

College of Law

Butcher, Julie A., Instructor (part-time), Law, 10/1/95 through 2/29/96.

Chatfield, Lloyd C. II, Instructor (part-time), Law, 10/1/95 through 2/29/96.

Costich, Julia Field, Instructor (part-time), Law, 10/1/95 through 2/29/96.

Graham, Janet M., Instructor (part-time), Law, 10/1/95 through 2/29/96.

Jones, Judith K., Instructor (part-time), Law, 10/1/95 through 2/29/96.

Kendrick, Kathryn B., Instructor (part-time), Law, 10/1/95 through 2/29/96.

B. REAPPOINTMENTS

College of Architecture

Biagi, David, Instructor (part-time), Architecture, 8/1/95 through 12/31/95.
Jacobs, Michael, Instructor (part-time), Architecture, 8/1/95 through 12/31/95.
Stevens, Randall, Instructor (part-time), Architecture, 8/1/95 through 12/31/95.

College of Business and Economics

Miller, Herbert, Instructor (part-time), Management, 8/16/95 through 5/15/96.
Wolff, John C., Instructor (part-time), Management, 8/16/95 through 5/15/96.

College of Communications and Information Studies

Miller, Robert O., Instructor (part-time), Communication, 8/16/95 through 5/15/96.
Paul, Krista V., Instructor (part-time), Journalism and Telecommunications, 8/16/95 through 12/31/95.
Schwarz, Christopher, Instructor (part-time), Journalism and Telecommunications, 8/16/95 through 12/31/95.

College of Education

Bliss, Traci, Visiting Assistant Professor, Curriculum and Instruction, 8/16/95 through 5/15/96.
Fiorello, Catherine, Instructor (part-time), Educational and Counseling Psychology, 8/16/95 through 12/31/95.

College of Engineering

Shah, Naresh, Assistant Research Professor, Chemical and Materials Engineering, 1/1/96 through 12/31/96.
Wang, Xiang-Huai, Assistant Research Professor, Mining Engineering, 7/1/95 through 6/30/96.

College of Fine Arts

Hammond, Orville, Assistant Professor*, Music, 7/1/95 through 6/30/96.
McLaughlin, John, Instructor (part-time), Art, 8/16/95 through 12/15/95.

* Special Title Series

College of Law

Crittenden, Roger L., Instructor (part-time), Law, 10/1/95 through 2/29/96.
Durant, Susan S., Instructor (part-time), Law, 10/1/95 through 2/29/96.
Gilbert, Theresa C., Instructor (part-time), Law, 10/1/95 through 2/29/96.
Humphreys, Gene L., Instructor (part-time), Law, 10/1/95 through 2/29/96.
Moorman, Richard Keith, Instructor (part-time), Law, 10/1/95 through 2/29/96.

C. CHANGE

College of Business and Economics

Ferrier, Walter J., to change from Instructor, Management, to Assistant Professor, Management, 8/1/95 through 6/30/96.

D. LEAVES OF ABSENCE

College of Arts and Sciences

Helmes, Kurt, Associate Professor (with tenure), Mathematics, Leave without pay, Spring Semester 1996.

College of Engineering

Yavatkar, Rajendra, Associate Professor (with tenure), Computer Science, Leave without pay, Fall Semester 1995 and Spring Semester 1996.

College of Fine Arts

Hammond, Orville, Assistant Professor*, Music, Educational leave with half pay, Fall Semester 1995 and Spring Semester 1996.
Miller, Mina F., Associate Professor (with tenure), Music, Leave without pay, Spring Semester 1996.

* Special Title Series

MEDICAL CENTER

I. BOARD ACTION

A. ACADEMIC APPOINTMENTS

College of Medicine

Benedetto, Anthony R., Research Professor, Diagnostic Radiology, 7/16/95 through 6/30/96.

Krawiec, Mark, Clinical Assistant Professor, Internal Medicine, 10/01/95 through 6/30/96.

Kwolek, Deborah G., Assistant Professor (part-time), Internal Medicine, 10/01/95 through 6/30/96.

Maragos, William R., Assistant Professor, Neurology, 9/1/95 through 6/30/96.

Nora, Lois M., Associate Professor* (without tenure), Neurology, 10/01/95 through 6/30/96.

Reband, Pamala B., Associate Professor (voluntary), Anesthesiology, 9/20/95 through 6/30/97.

Springer, Joe E., Associate Professor (without tenure), Anatomy and Neurobiology, 8/1/95 through 6/30/96.

Trevathan, Edwin, Assistant Professor, Neurology, joint appointment as Assistant Professor, Pediatrics, 10/01/95 through 6/30/96.

B. ADMINISTRATIVE APPOINTMENTS

College of Medicine

Nora, Lois M., Associate Professor* (without tenure), Neurology, named Associate Dean for Academic Affairs, effective 10/1/95.

C. EARLY RETIREMENTS

Office of Communications

Sams, Walter S., Electronic Repair Worker III, after 27.5 consecutive years of service, under AR II-1.6-1 Section A.2, effective 9/29/95.

*Special Title Series

Physical Plant

White, Lawrence C., Senior Custodial Supervisor, after 33.5 consecutive years of service, under AR II-1.6-1 Section A.2, effective 9/29/95.

II. ADMINISTRATIVE ACTION

A. ACADEMIC APPOINTMENTS

College of Allied Health Professions

- Bowman, Mark A., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Brooks, Bobby J., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Chamberlain, Allan S., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Clifton, Keith A., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Cole, Patricia L., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Epperson, Susan L., Instructor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Hale, Ann W., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Harrison, Samantha, Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
- Hewette, Lynn W., Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
- Hoard, Jerome, Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
- Houston, John T., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Howard, Daniel A., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Howard, John J., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Huckaby, Janice, Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
- Jackson, Melissa, Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
- Kuperstein, Janice, Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
- Lindeman, Barry K., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.

*Special Title Series

Meyer, Arthur D., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Miller, Dewayne L., Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
Morris, Donna S., Assistant Professor*, Clinical Sciences, 9/1/95 through 6/30/96.
Pennington, Tom, Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
Poppens, Clifford A., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Reid, Ginny L., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Roof, Greta P., Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
Shouse, Frances M., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Sikder, Ayesha M., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Thatcher, Mary, Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
Warnick, Charles J., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Weisert, Roderick, Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Welsheimer, John, Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
Woo, Leigh Y., Instructor (voluntary), Clinical Sciences, 9/20/95 through 6/30/97.
Zoeller, David J., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.
Zuberi, Babar A., Assistant Professor (voluntary), Health Services, 9/20/95 through 6/30/97.

College of Dentistry

Anderson, William R., Assistant Professor (voluntary), Oral Health Practice, 9/20/95 through 6/30/97.
Fox, Walter E., Instructor (part-time), Oral Health Practice, 9/26/95 through 6/30/96.

College of Medicine

Adams, Thomas M., Assistant Professor (voluntary), Family Practice, 9/20/95 through 6/30/97.
Bates, Rodney K., Assistant Professor (voluntary), Family Practice, 9/20/95 through 6/30/97.

*Special Title Series

- Chen, Qun, Assistant Research Professor, Diagnostic Radiology, joint appointment as Assistant Research Professor, Anatomy and Neurobiology, 9/1/95 through 6/30/96.
- Coleman, Susan B., Assistant Professor (voluntary), Obstetrics and Gynecology, 9/20/95 through 6/30/97.
- Douglas, Anne L., Assistant Professor (voluntary), Internal Medicine, 9/20/95 through 6/30/97.
- Egan, Peter T., Assistant Professor (voluntary), Emergency Medicine, 9/20/95 through 6/30/97.
- Grosser, Timothy T., Assistant Professor (voluntary), Family Practice, 9/20/95 through 6/30/97.
- Holder, James A., Assistant Professor (voluntary), Anesthesiology, 9/20/95 through 6/30/97.
- Hoover, Gates E., Assistant Professor (voluntary), Internal Medicine, 9/20/95 through 6/30/97.
- Jaenicke, Kurt F., Instructor (voluntary), Obstetrics and Gynecology, 9/20/95 through 6/30/97.
- Jalalon, Seigfred, Assistant Professor (voluntary), Emergency Medicine, 9/20/95 through 6/30/97.
- Le, Hien, Assistant Professor (voluntary), Emergency Medicine, 9/20/95 through 6/30/97.
- Reynolds, Glynn E., Assistant Professor (voluntary), Family Practice, 9/20/95 through 6/30/97.
- Smith, David M., Assistant Professor (voluntary), Anesthesiology, 9/20/95 through 6/30/97.
- Smith, William A., Assistant Professor (voluntary), Internal Medicine, 9/20/95 through 6/30/97.

College of Nursing

- Greenlese, S. Melinda, Instructor (part-time), 8/15/95 through 6/30/96.
- Kent, Donna J., Instructor (voluntary), 9/20/95 through 6/30/97.
- Maness, Julia Kirn, Instructor (part-time), 8/23/95 through 6/30/96.
- Newman, Erin K., Instructor (part-time), 8/21/95 through 6/30/96.
- Osborne, Marilyn, Instructor (voluntary), 9/20/95 through 6/30/97.

College of Pharmacy

- Arnold, James T., Assistant Professor (voluntary), 9/19/95 through 6/30/97.
- Bowles, Diana R., Instructor (voluntary), 9/19/95 through 6/30/97.
- Bozarth, Kevin M., Instructor (voluntary), 9/19/95 through 6/30/97.
- Burleson, Michael A., Assistant Professor (voluntary), 9/19/95 through 6/30/97.
- Cooley, Harold W., Instructor (voluntary), 9/19/95 through 6/30/97.
- Davis, Marshall W., Instructor (voluntary), 9/19/95 through 6/30/97.
- Day, Clare R., Instructor (voluntary), 9/19/95 through 6/30/97.

Deom, Gerald W., Instructor (voluntary), 9/19/95 through 6/30/97.
Gross, Charles J., Instructor (voluntary), 9/19/95 through 6/30/97.
Handshoe, Barrie, Instructor (voluntary), 9/19/95 through 6/30/97.
Keller, Michael L., Instructor (voluntary), 9/19/95 through 6/30/97.
Manley, Cinda J., Instructor (voluntary), 9/19/95 through 6/30/97.
Meredith, Mellisa, Instructor (voluntary), 9/19/95 through 6/30/97.
Murray, Janci B., Instructor (voluntary), 9/19/95 through 6/30/97.
Napier, Burnice N., Instructor (voluntary), 9/19/95 through 6/30/97.
Peterson, Charles D., Instructor (voluntary), 9/19/95 through 6/30/97.
Riley, Donald G., Instructor (voluntary), 9/19/95 through 6/30/97.
Rockich, Anna K., Assistant Adjunct Professor, 9/20/95 through 6/30/96.
Ryan, Melody, Assistant Adjunct Professor, 9/19/95 through 6/30/96.
Womack, Anthony, Instructor (voluntary), 9/19/95 through 6/30/97.
Wright, Ronald W., Instructor (voluntary), 9/19/95 through 6/30/97.

Research and Graduate Studies

Abbas, James J., Assistant Professor, Center for Biomedical Engineering, 7/1/95 through 6/30/96.
Jung, Ranu, Assistant Research Professor, Center for Biomedical Engineering, 7/1/95 through 6/30/96.
Lawrence, John H., Assistant Professor, Center for Biomedical Engineering, 7/1/95 through 6/30/96.

B. ADMINISTRATIVE APPOINTMENTS

College of Pharmacy

Stanley, Jeff, Associate Director, Mental Health Data Management, effective 7/17/95.

C. JOINT APPOINTMENTS

College of Medicine

Lowenthal, Stuart L., Instructor (voluntary), Family Practice, joint appointment as Instructor (voluntary), College of Allied Health Professions, Department of Clinical Sciences, 9/20/95 through 6/30/97.

College of Nursing

Rippetoe Freeman, Patricia E., Instructor (part-time), joint appointment as Instructor (part-time), College of Dentistry, Department of Oral Health Science, and Assistant Professor (part-time), College of Pharmacy, 7/15/95 through 6/30/96.

D. PROMOTIONS WITHOUT TENURE

College of Medicine

Francke, Patrick M., Instructor, Radiation Medicine, to Assistant Professor, Radiation Medicine, 10/01/95 through 6/30/96.

E. CHANGES

College of Medicine

Sanchez, Juan A., from Assistant Professor, Surgery, 8/14/95 through 6/30/96, to Assistant Professor, Surgery, 9/1/95 through 6/30/96.

F. LEAVES OF ABSENCE

College of Allied Health Professions

Kelly, Deborah G., Associate Professor* (with tenure), Clinical Sciences, leave without pay, 10/01/95 through 4/30/96.

*Special Title Series

PR 3A

Office of the President
September 19, 1995

Members, Board of Trustees:

CONFLICT OF INTEREST/FINANCIAL
DISCLOSURE POLICY--RESEARCH (AR II-4.0-4)

Recommendation: that the Board of Trustees approve the attached Conflict of Interest/Financial Disclosure Policy--Research (AR II-4.0-4).

Background: This recommendation is designed to comply with federal regulations promulgated by the Department of Health and Human Services and the National Science Foundation mandating disclosure of financial interests that could affect research activities. This policy and the requirement that an investigator disclose conflicting financial interests will be applicable to all sponsored research as well as intellectual property. Drafts of this policy were widely circulated to faculty groups and administrators. The policy is necessary to comply with federal law.

Action taken: Approved Disapproved Other _____

UNIVERSITY OF KENTUCKY ADMINISTRATIVE REGULATIONS	IDENTIFICATION AR II-4.0-4	PAGE 1
	DATE EFFECTIVE 9/19/95	SUPERSEDES REGULATION DATED

CONFLICT OF INTEREST/FINANCIAL DISCLOSURE POLICY--RESEARCH
(Approved by the Board of Trustees)

I. Statement of General Policy

A. Integrity, objectivity, and absence of self-dealing are essential at all levels and in all aspects of governmental and private activities. The University of Kentucky and its employees are committed to conducting themselves and their activities in accordance with the highest standards of integrity and ethics.

B. The University recognizes that actual or potential conflicts of interest may occur in the normal conduct of research and other activities. Thus, it is essential that the significant potential for conflicts be disclosed and reviewed by the University. After disclosure the University can make an informed judgment about a particular activity and require appropriate oversight, limitations, or prohibitions in accord with this policy.

C. It is the purpose of this regulation: (i) to set forth policies, principles, and procedures to ensure that the financial interests of University of Kentucky employees do not compromise the objectivity with which research is designed, conducted, and reported, as well as the objectivity with which intellectual property is developed; and (ii) to comply with state and federal regulations that are designed to promote objectivity in research activities.

(NOTE: For regulations on consulting activities and conflict of interest, see AR II-1.1-1)

II. Applicability

This policy applies to all faculty, staff, and students involved in research and related activities and to the disclosure and subsequent development of intellectual property.

III. Conflicts of Interest

A. A potential or actual conflict of interest exists when a significant financial interest (as defined herein) of an investigator, a family member of the investigator or an associated

entity, would reasonably appear to be affected by the research activities of the investigator or the development of intellectual property.

B. An investigator may not engage in research activities in which a potential or actual conflict of interest exists in fact or develop intellectual property for which actual or potential conflict exists, unless authorized in writing by the Vice President for Research and Graduate Studies and conducted in full accord with conditions and restrictions imposed by the Vice President.

IV. Disclosure Requirements

No application for funding from an external agency may be submitted to the agency until all investigators have completed required disclosure forms. Disclosure forms must be completed even if no relevant significant financial interest exists.

A. An investigator shall disclose relevant significant financial interests of the investigator and the investigator's family members: (i) at the time of the application for research support (from internal or external sources); and (ii) prior to submission of intellectual property (specifically, copyrights, patents, and trademarks) for registration and/or filing.

For so long as the research is ongoing, disclosures under this provision relating to ongoing research must be updated any time a relevant significant financial interest, not originally disclosed, develops or is acquired. Disclosures under this provision related to intellectual property shall be updated prior to the execution of any contract, license, or other transaction involving the intellectual property. The Vice President may also require an investigator to update a disclosure at any time.

B. Disclosures required by this provision shall be submitted to the dean of the investigator's college or the director of the institute or center where the investigator has a primary appointment. In any instance in which the required disclosure statement(s) are not submitted at the time the application is submitted to the Office of Sponsored Projects Administration, the dean or director shall solicit such statements from the investigator.

C. Disclosures shall be made on standard disclosure forms available from the Office of Sponsored Projects Administration.

V. Review of Disclosure Statements and Management of Conflicts

A. Review of Disclosure Statements.

Disclosure statements shall be promptly reviewed by the dean or director for the purpose of determining if a relevant significant financial interest is disclosed. If the disclosure statement reveals any relevant significant financial interest, a potential or actual conflict exists.

B. No Relevant Significant Financial Interest Disclosed.

If the review reveals no relevant significant financial interest, disclosure statements shall immediately be forwarded to the Office of Sponsored Projects Administration (OSPA), and no further action is required.

C. Significant Financial Interest Disclosed and Management.

A conflict of interest exists and management of a relevant significant financial interest is required if a person could reasonably conclude that the interest could directly and significantly affect the design, conduct, or reporting of the research activity under consideration, or the interest could affect the development of intellectual property.

When a relevant significant financial interest is disclosed, the following actions must be completed prior to expenditure of any funds under the award or prior to the submission of intellectual property for registration:

1. The dean or director shall consult with the investigator and the parties will jointly review the disclosure statement. If a potential or actual conflict of interest is eliminated by agreement of the parties (e.g., through divestiture of interest, severance of relationships, etc.), no further action is required except that the dean or director shall provide a written confirmation of the agreement of the parties to the Vice President for Research and Graduate Studies and forward the disclosure statement to the Office of Sponsored Projects Administration.
2. If elimination of the conflict or potential conflict is not possible, the investigator shall propose a course of action to manage or reduce the conflict. The parties will attempt to make a joint recommendation for the management or reduction of the conflict to the Vice President. If the parties are unable to propose a joint management plan, each individual may submit a proposed management plan. If the parties have submitted a joint plan, the Vice President may either

accept the proposed course of action or refer the matter to the Conflicts of Interest Committee. If the parties have been unable to agree to a joint plan, the matter shall automatically be submitted to the Committee.

3. In such instances, the Committee shall formulate a course of action to be taken in the management, reduction, or elimination of the conflict.

a. The Committee shall provide the investigator an opportunity to meet with the Committee to discuss the situation and possible courses of action. The Committee may request the investigator and/or the dean or director to meet with the Committee or to provide information pertinent to the issue. The Committee may, in its discretion, consult with experts if necessary or advisable.

b. The Committee shall propose appropriate conditions or restrictions to the Vice President for Research and Graduate Studies. The Committee may also conclude that the potential or actual conflict is sufficiently remote or unrelated to the research or intellectual property so that no action, other than the disclosure and annual reporting requirements, is required. In either event, the proposal shall be in writing, and a copy of the proposal will be provided to the investigator. The investigator may also submit written objections or exceptions to the proposal to the Vice President. The investigator's response must be submitted within five business days following delivery of the proposal, unless time requirements of any agency or sponsor require shorter time frames.

c. The Committee has wide discretion to recommend --and the Vice President to impose--conditions or restrictions on investigators in formulating courses of action designed to deal with potential or actual conflicts of interest. Examples of conditions or restrictions that may be employed to manage, reduce, or eliminate such conflicts include: (1) public disclosure of significant financial interests; (2) monitoring of the research by independent reviewers; (3) modification of the research plan; (4) disqualification from participation in all or a portion of the research; (5) divestiture of the significant financial interest; or (6) severance of relationships that create the actual or potential conflict of interest.

4. The Vice President may accept the report and recommendations of the Committee, or return the matter to the Committee with stated concerns or suggestions. The Vice President will render the final decision, and shall notify the

researcher, the dean or director and the Committee of any terms and conditions that will be employed to manage, reduce or eliminate the conflict.

5. Decisions of the Vice President are final, although affected parties may request the Vice President to reconsider the decision.

VI. Enforcement

A. The following acts and failures violate the provisions of this policy: (1) intentionally or recklessly providing incomplete, erroneous, or misleading information on a disclosure form; (2) failing for any reason to make any required disclosure; and (3) failing to provide requested information needed for an appropriate review of potential or actual conflict of interest situations.

B. A violation of this policy is grounds for the discipline of an investigator or other employee. Sanctions that may be imposed for such a violation include but are not limited to any one or more of the following: (1) involuntary termination of employment; (2) nonrenewal of appointment; (3) suspension; (4) letter of admonition; (5) public disaffirmation of the research; (6) notification to regulatory bodies (e.g., U.S. Patent Office, Copyright Office, etc.); (7) notification to actual or potential research funding agencies; and (8) protest to editorial boards. Additionally, the University may decline the sponsored research agreement, or decline to submit or further process any intellectual property.

C. Disciplinary proceedings initiated under this policy will be conducted in accord with the Governing and Administrative Regulations and, where appropriate, the Staff Personnel Policy and Procedure Administrative Regulations.

VII. Miscellaneous

A. Disclosure statements, other documentation used in the review of such statements, and records of institutional action taken pursuant to this policy shall be maintained for a period of three (3) years following completion of the research project that generated the disclosure statements, documentation, and/or institutional actions, for a period of time needed for resolution of government action involving such records, or for a period of time fixed by the Vice President for Research and Graduate Studies, whichever is longer. To the extent permitted by law, such records shall be maintained confidentially.

B. The University will make the information described in the preceding paragraph available, upon request, to external funding agencies, along with requested information as to how a relevant potential or actual conflict of interest was managed, reduced, or

eliminated to protect the objectivity of the research. If a potential or actual conflict of interest is identified after a grant or contract has been awarded, the University will inform the awarding agency of that conflict within sixty (60) days of its discovery (or as otherwise required by law) along with actions taken to manage, reduce, or eliminate the actual or potential conflict of interest.

C. If the University ever determines that it is unable to manage satisfactorily a potential or actual conflict of interest that threatens the objectivity of particular research activity, the University will promptly inform the relevant external funding agencies of that fact.

D. The University will publish this policy so that it is known to University investigators. In making applications for external funding of research activities, investigators will be required to certify that they have read and understand this policy.

VIII. Definitions

The following definitions apply to this policy, unless a different definition is used by an applicable federal agency. In that case, the definition used in the federal agency's regulations will apply.

A. "Investigator" means the principal investigator, a co-principal investigator, and any other person at the University who is responsible for the design, conduct, or reporting of research.

B. "Family member" means spouse or dependent child.

C. "Associated Entity" means any trust, organization, or enterprise over which an investigator or a family member of the investigator, individually or collectively, exercises a controlling interest.

D. "Relevant" significant financial interest means an interest that would reasonably appear to be affected by the research for which funding is sought.

E. "Research" or "research activity" means a systematic investigation designed to develop or contribute to generalizable knowledge. The term encompasses basic and applied research such as bench work, clinical trials and/or other work and product development, and other forms of creative activity. The term includes any such research or creative activity conducted at the University, by University personnel under the auspices of the University, or conducted in situations in which University positions or

titles are utilized in resultant publications/presentations/other forms of intellectual property, irrespective of whether such research is funded by contract, gift, cooperative agreement, and/or general funds of the Commonwealth. The term also includes collaborative work with a manufacturer, a distributor, or a sponsor of the research and includes any tangible or intangible inventions, discoveries, patents, or ideas necessary for development, utilization or processes associated with the activity.

F. "Significant Financial Interest" means anything of monetary value, including, but not limited to, salary or other payments for services (e.g., consulting fees or honoraria), equity interests (e.g., stocks, stock options, or other ownership interests), and intellectual property rights (e.g., patents, copyrights, and royalties from such rights). The term does not include any of the following:

1. Salary, royalties, or other remuneration from the University;
2. Income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;
3. Income from service on advisory committees or review panels for public or nonprofit entities;
4. Income (e.g., salary, fees, or other continuing payments) in an amount of \$10,000 or less per annum from any one business enterprise or entity when aggregated for the investigator and members of the investigator's family; and
5. Financial interests in any one business enterprise or entity if the value of those interests does not exceed \$10,000.00 in value as determined through public prices or other reasonable measures of fair market value, and does not represent more than a 5% ownership interest when aggregated for the investigator and members of the investigator's family.

G. "Conflict of Interest Committee" means a committee of at least five members recommended by the Vice President for Research and Graduate Studies and appointed by the President. Membership on the committee shall be limited to deans of colleges, directors of centers or institutes, faculty members, and other persons employed by the University of Kentucky. Appointments to the Committee shall normally be for three (3) year terms.

PR 6A

Office of the President
September 19, 1995

Members, Board of Trustees:

REVISION OF PROVISIONS FOR FACULTY SALARY SUPPLEMENTAL
COMPENSATION UNDER THE DENTAL SERVICES PLAN (AR II-7.0-4)

Recommendation: that the Board of Trustees approve the attached Revision of Provisions for Faculty Salary Supplemental Compensation under the Dental Services Plan (AR II-7.0-4).

Background: This recommendation is designed primarily to change the payment frequency of the participants in the Dental Services Plan from semi-annually to quarterly and to provide for the payment of amounts due under the plan in the month following the end of the quarter in which the money is collected. The effect of the changes is to reduce the potential delay in payment (from the time revenue is earned until payment is made) from nine months to four months. The change is recommended by the Dental Services Plan Advisory Committee and can be accomplished without difficulty for the University.

Action taken:



Approved

Disapproved

Other _____

UNIVERSITY OF KENTUCKY ADMINISTRATIVE REGULATIONS	IDENTIFICATION AR II-7.0-4	PAGE 1
	DATE EFFECTIVE 9/19/95	SUPERSEDES REGULATION DATED AR II-4.0-4 9/21/71 AR II-7.0-4 5/3/83 4/4/95 3/2/93

**PROVISIONS FOR FACULTY SALARY SUPPLEMENTAL
 COMPENSATION UNDER THE DENTAL SERVICES PLAN
 (APPROVED BY THE BOARD OF TRUSTEES)**

I. Objectives

The specific objectives of the proposed salary supplementation plan include the following:

- A. To increase faculty income over and beyond that available through State support to the College of Dentistry in an effort to remain competitive with other institutions;
- B. To increase faculty incentive to participate in income-producing activities which will normally be beneficial to the College of Dentistry, the University of Kentucky, and the State; and
- C. To maintain primary emphasis on the teaching and research programs of the College of Dentistry.

II. Basis

The proposal is based on a system allowing the Dean and Department Chairpersons to reward faculty members for unusual productivity and effort. The rewards will be derived from income generated by faculty activity but will not necessarily be directly related to the fiscal productivity of each individual. The system should allow maintenance of College balance without overcompensation for one segment of activity to the exclusion of other equally important commitments.

III. Applicable Provisions

A. Supplemental compensation salary, fringe benefits, etc. will be [determined on a semi-annual basis and established by approval of the Board of Trustees upon supplementary operating budgets of the College of Dentistry, covering six-month periods.] estimated for the ensuing fiscal year during the annual operating budget process; the amount budgeted will be included as a separate nonrecurring, supplemental budget item. This supplemental budget will be submitted to the THE FUND Board and the Board of Trustees for approval as part of the annual operating budget. The appropriation of funds for expenditures [projected in such a budget] will be equal in amount to additional income to the University provided by a grant by the Board of Directors of THE FUND to the University specifically for the purpose of financing the supplementary operating budget. Such a grant will be in addition to that made by THE FUND in support of salaries provided in the basic operating budget of the College of Dentistry.

B. FUND grants for the purpose of supplemental compensation will constitute non-recurring funds, and approval of the supplementary operating budget based thereon will not constitute an increase in the budget base of the College of Dentistry. Supplemental compensation payable to participating individuals in accordance with approved supplementary operating budgets will be distributed [no later than April 30 and October 31 of each year,] quarterly by the University based on equity determinations on [January 1] September 30, December 31, March 31, and June 30 of each fiscal year. Supplemental compensation will be paid at the end of the month following the equity determinations. [However, i] Individuals no longer in the employment of the University are eligible to receive supplemental compensation at the first distribution following termination based on equity determinations through the last day of their employment.

C. The Chancellor of the Medical Center is delegated the authority to approve the percentage of net revenue to be allocated for supplemental compensation. The amount of the grant to the University by THE FUND for the purpose of supplemental compensation or increases to individual discretionary accounts will be calculated [semi-annually] quarterly based on the approved percentage to individual faculty members on the basis of net revenues [generated] collected from professional fees and other sources. Criteria utilized in determining the percentage will be submitted by the Dean of the College of Dentistry for review by the faculty prior to preparation of the supplementary operating budget. Changes in the criteria may be made by the Dean if necessary to reconcile differences between the actual figures and the projected supplemental budget. [The Board of Directors will take action on the budget recommendations.] Disbursements for the first [six month period] quarter of a [calendar] fiscal year will be based on the prorata [net] revenues [generated] collected from [January 1 - June 30th] July 1 - September 30th, [and] [d] Disbursements for the second [six month period] quarter of a [calendar] fiscal year will be based on pro rata [net] revenues [generated] collected from [July 1] October 1 - December 31st. Disbursements for the third quarter of a fiscal year will be based on pro rata revenues collected from January 1 - March 31st. Disbursements for the fourth quarter of a fiscal year will be based on prorata revenues collected from April 1- June 30th. Supplemental compensation and increases to individual discretionary accounts are predicated on and subject to pro rata reductions based on: (a) projected availability of cash on the disbursement dates; (b) availability of net revenues to meet projected annual DSP budget; (c) a projected positive cash balance at the end of the fiscal year; and (d) sufficient projected fund balance to have allocated fund balance to cover Accounts Receivable in accordance with University policy. To the extent distributions have been made for supplemental compensation and increases to individual discretionary accounts, this constitutes full and final payment.

D. [The supplementary operating budget for the College of Dentistry will be prepared and submitted, in accordance with University budgetary procedures.] If the actual amounts generated and required for the supplementary expenses are greater than the approved annual supplementary operating budget, a revised budget should be

prepared and submitted in accordance with university budgetary procedures, before the established budgetary authority is reached.

E. In preparation of the supplementary operating budget, the Dean of the College of Dentistry will allocate THE FUND grant for supplemental compensation based on generation of income from professional fees and other sources and based on performance.

F. Following adoption of the provisions herein, recommendations may be made by the Faculty Advisory Committee from time to time for modifications deemed to be appropriate and desirable.

WAR1:81

PR 6B

Office of the President
September 19, 1995

Members, Board of Trustees:

REVISION OF PROVISIONS FOR UNIVERSITY HEALTH SERVICE
PHYSICIANS' SUPPLEMENTAL COMPENSATION UNDER THE
UNIVERSITY HEALTH SERVICE PHYSICIANS' PRACTICE PLAN (AR II-7.0-9)

Recommendation: that the Board of Trustees approve the attached Revision of Provisions for University Health Services Physicians' Supplemental Compensation under the University Health Service Physicians' Practice Plan (AR II-7.0-9).

Background: This recommendation is designed primarily to change the payment frequency of the participants in the University Health Service Physicians' Practice Plan from semi-annually to quarterly and to provide for the payment of amounts due under the plan in the month following the end of the quarter in which the money is collected. The effect of the changes is to reduce the potential delay in payment (from the time revenue is earned until payment is made) from nine months to four months. Some corrections and editorial changes have also been made primarily for consistency with other practice plans. The changes are recommended by the University Health Service Physicians' Practice Plan Advisory Committee and can be accomplished without difficulty for the University.

Action taken: Approved Disapproved Other _____

UNIVERSITY OF KENTUCKY ADMINISTRATIVE REGULATIONS	<small>IDENTIFICATION</small> AR II-7.0-9	<small>PAGE</small> 1
	<small>DATE EFFECTIVE</small> 9/19/95	<small>SUPERSEDES REGULATION DATED</small> 4/4/95 1/25/95

**PROVISIONS FOR UNIVERSITY HEALTH SERVICE PHYSICIANS'
 SUPPLEMENTAL COMPENSATION UNDER THE
 UNIVERSITY HEALTH SERVICE PHYSICIANS' PRACTICE PLAN
 (Approved by the Board of Trustees)**

ARTICLE I. NAME OF THE PLAN

The Plan shall be known as the University of Kentucky University Health Service Physicians' Practice Plan.

ARTICLE II. PURPOSE

To further the mission of the University Health Service, the objectives of the University Health Service Physicians' Practice Plan are to:

- a. Increase University Health Service physician incomes over and beyond that available through other University Health Service funds in an effort to remain competitive with other university health services and other College of Medicine physicians.
- b. To enhance University Health Service programs.
- c. To provide a mechanism for incentives, recognition and rewards.

ARTICLE III. POLICY

Income generating activities of University Health Service physicians that relate to their professional expertise and/or credentials are facilitated by their employment at the University of Kentucky. To ensure accountability of these activities by the University of Kentucky, a University Health Service Physicians' Practice Plan is established which will maintain records of these activities and serve as the agent for collecting and dispersing funds generated by these activities. Therefore, it is necessary that all income generating activities covered by the Plan be routed through the Health Service Physician Practice Plan through the mechanism of the "Fund for Advancement of Education and Research in the University of Kentucky Medical Center."

ARTICLE IV. SCOPE

The provisions of this Plan apply to all full-time and part-time Health Service physicians assigned to the University Health Service during their period of assignment (refer to Article V.C.) (10 or 12 month appointments). The Plan is applicable to all services of Health Service physicians directly related to the care of patients

(professionally generated income) and to other activities which are part of the Medical Center Program. Income from publications, honoraria for lectures, royalties, copyrights or other activities which are not part of the Medical Center Program are excluded from the Plan, but remain subject to the policies and regulations of the University Health Service and the University of Kentucky Board of Trustees. Professionally generated income is defined as:

1. All compensation, income and payments (direct or in kind, and whether characterized as fees, retainers or otherwise) for professional services rendered, or to be rendered, including, but not limited to, those relating to the diagnosis, treatment and evaluation of patients or others, and consultations.

2. All payments, whether direct or in kind (excluding actual out-of-pocket costs) for providing advice, consultation, serving on boards or committees, overseeing, supervision or other participation with any person or entity involved with:

- (a) health or medical care
- (b) evaluation or care of patients
- (c) prescribing drugs
- (d) therapy of any kind
- (e) health or medical care of any other type

3. Witness fees and payments relating to depositions, testimony or other evaluations in the capacity of a witness.

4. All other income which related to or would not exist, but for the professional education, experience or training which is the basis for the physician's appointment as a University Health Service physician.

ARTICLE V. DEFINITIONS

A. ["The Fund"] "THE FUND" as used herein means the "Fund for Advancement of Education and Research in the University of Kentucky Medical Center," a non-profit corporation organized in 1959 under the laws of Kentucky to promote, advance and support the educational, research and other purposes of the University of Kentucky Medical Center. [The "Board of Directors of The Fund" means the Board of Directors of the "Fund for Advancement of Education and Research in the University of Kentucky Medical Center," which Board consists of six members, including the Chancellor for the Medical Center, the Vice-Chancellor for Clinical Professional Services, who is also the Dean of the College of Medicine, the Dean of the College of Dentistry, the Chairperson of the Executive Committee of the Board of Trustees of the University of Kentucky and two members appointed by the Board of Trustees of the University.]

B. "Board of Trustees" as used herein means the Board of Trustees of the University of Kentucky which by law is the governing board of the institution.

C. Period of Assignment

1. The period of assignment is that contractual period for which the Health Service physician is appointed to work for the University of Kentucky University Health Service. This is the 10 or 12 month period in each respective physician's appointment period.

2. Period of non-assignment is that period in which the individual Health Service physician is not under contract with the University of Kentucky. This includes the two month period of a ten month assignment to a Health Service physician position.

ARTICLE VI. PROCEDURES

A. Reporting

The Director of the Health Service will provide a [biannual] quarterly summary report to the Health Service physicians of the types of activities included in the Plan, exclusions approved and disapproved and the amount of funds received and dispersed.

B. University Health Service Physicians' Practice Plan Committee.

The Practice Plan Committee will be composed of the following: the Director of the Health Service who shall serve as Chair of the Committee, the Clinical Director and the Director of Mental Health. The Administrator of the Health Service shall serve as [Ex-officio] ex-officio, without vote. Voting members of the committee must be participants of the Plan. The Committee shall meet periodically and review the operation of the Plan including matters relating to the applicability of the Plan to sources of income, schedules of charges for professional services and any other aspects of the operation of the Plan. The Committee shall make such modifications of the policies and procedures provided by the Plan or [utilization] utilized in its operation.

C. Fees

The level of reimbursement/fees for professional services will be negotiated by the Director and/or the Administrator of the Health Service with the Guidance of the Practice Plan Committee as described in ARTICLE VI-D.

D. [Fund] University Health Service Practice Plan Administrator

The [Fund] UHS Practice Plan Administrator will be appointed by the Director; specifically, the [Fund] UHS Practice Plan Administrator will be the Administrator of the University Health Service. The [Fund] UHS Practice Plan Administrator will be responsible for: (1) preparing the annual budget of the Plan for the Director; (2) the daily operation of the [fund] UHS Practice Plan and preparation of appropriate reports on the financial status of the [fund] UHS Practice Plan to include projections of plan income generation and disbursement on a [biannual] quarterly basis.

E. [Incentive Account;] Salary Supplement; Discretionary Account

Income generated by professional activities of University Health Service physicians (other than that generated by mandatory student health fees) and deposited into ["The Fund"] "THE FUND" may be used in part for [incentive bonuses] salary supplements to University Health Service physicians. The amount to be distributed to the [bonus incentive] salary supplement account will be determined by the University Health Service Practice Plan Committee with the advice and direction of the Plan Administrator. Income not distributed as physician [bonuses] supplements will be deposited to University Health Service Discretionary Account for enhancement of University Health Service programs and activities and for University staff Professional Development Accounts.

F. Budget Reporting

The proposed budget will be submitted by the Director to the University Health Service Physicians' Practice Plan Committee for review and comment.

G. Annual Budget

The annual budget of the Practice Plan will include:

1. Money available for distribution as physician [bonuses] salary supplements.

2. Money available for University Health Service discretionary account.

H. Billing Procedures

The billing procedures will be negotiated by the [Fund] UHS Practice Plan Administrator using an appropriate approved University billing system.

I. Amendments

The policies and procedures of the University Health Service Physicians' Practice Plan will be an evolutionary process of change. All amendments will be in accordance with the rules and requirements of ["The Fund."] "THE FUND."

ARTICLE VII. APPLICABLE PROVISIONS

A. Supplemental physician compensation will be [determined on a semi-annual basis and established by approval of the Board of Trustees upon supplementary operating budgets of the University Health Service covering six month periods.] estimated for the ensuing fiscal year during the annual operating budget process; the amount budgeted will be included as a separate nonrecurring, supplemental budget item. This supplemental budget will be submitted to THE FUND Board and the Board of Trustees for approval as part of the annual operating budget. The appropriation of funds for expenditures [projected in such budget] will be equal in amount to additional income to the University provided by a "grant" from the Board of Directors of ["The Fund"] "THE FUND" to the University, specifically for the purpose of financing the supplementary operating budget.

B. The supplementary operating budget for the University Health Service will be prepared and submitted in accordance with the University budgetary procedures. If the actual amounts generated and required for the supplementary expenses are greater than the approved annual supplementary operating budget, a revised budget should be prepared and submitted in accordance with University budgetary procedures before the established budgetary authority is reached.

C. In preparation of the supplementary operating budget the Director of the University Health Service will allocate monies to ["The Fund"] "THE FUND" grant for supplemental compensation based on generation of income from professional fees and other sources and based on incentives as determined by the UHS Physician's Practice Plan Committee.

D. The percentage of the income available in ["The Fund"] "THE FUND" to be distributed as physician supplements or to be deposited into the University Health Service Discretionary Account will be adjusted on an annual basis as determined by the University Health Service Physicians' Practice Plan Committee with the advice and direction of The Plan Administrator.

E. [Fund] FUND Grants for the purpose of supplemental compensation will constitute non-recurring funds and approval of the supplementary operating budget based thereon will not constitute an increase in the budget base of the University Health Service. Supplemental compensation payable to participating individuals in accordance with approved supplementary operating budgets will be [distributed]

determined by the University quarterly [no later than April 30 and October 31 of each year based on equity determinations] as of September 30, December 31, March 31, and June 30 of each fiscal year[,] and will not constitute an increase to the regular salary bases of the individuals involved. Supplemental compensation will be paid at the end of the month following the determinations. [However, individuals no longer in the employment of the University are eligible to receive supplemental compensation at the first distribution following termination based on equity determinations through the last day of their employment.]

F. Money deposited into ["The Fund"] "THE FUND" will be only that income generated by professional activities of University Health Service physicians from sources other than mandatory student health fees.

G. This [biannual] quarterly supplement is guaranteed neither in kind nor amount, but is solely a function of that income which is generated as described above.

H. The actual [bonus] supplement will be prorated based upon the individual's contract with the Health Service and upon other factors as determined by the Health Service Practice Plan Committee.

I. If an individual was hired during the [six month period] quarter for which the supplement is issued, his/her supplement will be prorated based on the percentage of time the individual was actually employed during the [six month period] quarter. This will be in addition to any other factors used to determine the amount of supplemental compensation.

J. If an individual leaves Health Service employment during the quarter, his/her supplement will be pro-rated based on the percentage of time the individual was actually employed during the quarter.

[J]K. The Chancellor of the Medical Center is delegated the authority to approve the percentage of net revenue to be allocated for supplemental compensation. The amount of the grant to the University by ["the Fund"] "THE FUND" for the purpose of supplemental compensation or increases to the discretionary account will be calculated [semiannually] quarterly based on the approved percentage to individual physicians or to the Health Service Discretionary Account on the basis of net revenues generated from professional fees or other income sources. The Board of Directors will take action on the budget recommendations. [Disbursements for September will be based on the pro-rata net revenues generated from January 1--June 30, and disbursements for March will be based on pro-rata net revenues generated from July 1--December 31.] Disbursements for the first quarter of a fiscal year will be based on the pro-rata revenues collected from July 1 - September 30. Disbursements for the second quarter of a fiscal year will be based on pro-rata revenues collected from October 1 - December 31. Disbursements for the third quarter of a fiscal year will be

based on pro-rata revenues collected from January 1- March 31. Disbursements for the fourth quarter of a fiscal year will be based on pro-rata revenues collected from April 1 - June 30. Supplemental compensation and increases to the University Health Service discretionary account are predicated on and subject to pro-rata [reductions] revenues based on:

- a. Projected availability of cash on the disbursement dates
- b. Availability of net revenues to the projected annual University Health Service Physicians' Practice Plan budget
- c. A projected positive cash balance at the end of the fiscal year
- d. Sufficient projected fund balance to have allocated fund balance to cover accounts receivable in accordance with University policy. To the extent distributions have been made for supplemental compensation and increases to University Health Service discretionary account, this constitutes full and final payment.

WAR1:178

PR 6C

Office of the President
September 19, 1995

Members, Board of Trustees:

REVISION OF COLLEGE OF ALLIED HEALTH PROFESSIONS
FACULTY PRACTICE PLAN (AR II-7.0-10)

Recommendation: that the Board of Trustees approve the attached Revision of College of Allied Health Professions Faculty Practice Plan (AR II-7.0-10).

Background: This recommendation is designed primarily to change the payment frequency of the participants in the Allied Health Professions Faculty Practice Plan from semi-annually to quarterly and to provide for the payment of amounts due under the plan in the month following the end of the quarter in which the money is collected. The effect of the changes is to reduce the potential delay in payment (from the time revenue is earned until payment is made) from nine months to four months. The change is recommended by the College of Allied Health Professions Faculty Practice Plan Advisory Committee and can be accomplished without difficulty for the University.

Action taken:

Approved

Disapproved

Other _____

UNIVERSITY OF KENTUCKY ADMINISTRATIVE REGULATIONS	IDENTIFICATION	PAGE
	AR II-7.0-10	1
	DATE EFFECTIVE	SUPERSEDES REGULATION DATED
	9/19/95	4/5/94

**COLLEGE OF ALLIED HEALTH PROFESSIONS
FACULTY PRACTICE PLAN**
 (Approved by the Board of Trustees)

ARTICLE I. NAME OF THE PLAN

The Plan shall be known as the College of Allied Health Professions Faculty Practice Plan of the University of Kentucky Chandler Medical Center.

ARTICLE II. PURPOSE OF THE PLAN

The purpose of the Plan is to facilitate proper functioning of the teaching, research, and service programs of the U.K. Chandler Medical Center, consistent with the integrity and responsibilities of the University. Income generating activities of the faculty members of the College of Allied Health Professions that relate to their professional expertise and/or credentials are facilitated by their employment at the University of Kentucky. The Plan is created to insure accountability of these activities. The operation of the Plan will be evaluated periodically with the purpose and underlying principles hereinafter set forth as guides.

ARTICLE III. SCOPE OF THE PLAN

The Plan establishes policies and general procedures relating to compensation for services rendered by all faculty with full-time, part-time, joint, regular title, clinical title, and special title series faculty appointments in the College of Allied Health Professions during the faculty member's period of assignment. This Plan is applicable to compensation derived from salary and from the college service accounts, all of which are established by the University Board of Trustees. The Plan is applicable to all services of such faculty members incident to the care of patients and to all other activities which are a part of the U.K. Chandler Medical Center program. Income from publications, honoraria for lectures, grants and additional other activities which are not a part of the U.K. Chandler Medical Center program are excluded from the Plan, but remain subject to policies and regulations of the College of Allied Health Professions and the Board of Trustees.

Provisions of the plan are applicable to all professionally generated income, and that income is defined as:

- A. all compensation, income and payments (direct or in kind and whether characterized as fees, retainers, or otherwise) for professional services rendered or to be rendered, including, but not limited to, those relating to the diagnosis, treatment or evaluation of patients/clients and consultation;
- B. all payments whether direct or in kind (excluding actual out-of-pocket costs) for providing advice, consultation, serving on boards or committees, overseeing, supervision or other participation with any person or entity involved with (a) health or medical care, (b) evaluation or care of patients, (c) drugs, (d) therapy of any kind, (e) health or medical care of any other type;

C. witness fees and payments relating to depositions, testimony or other evaluations in the capacity of a witness; and

D. all other income which relates to and would not exist but for the license, certification, professional education, experience, or training which is the basis for faculty appointment in the College.

The Dean of the College of Allied Health Professions has the authority to interpret the definition of income described above and exclude certain income-generating activities which are not within the scope of the U.K. Chandler Medical Center program.

ARTICLE IV. DEFINITIONS

A. "THE FUND" as used herein means the Fund for Advancement of Education and Research in the University of Kentucky Chandler Medical Center, a non-profit corporation organized in 1959 under the laws of Kentucky to promote, advance, and support the educational, research, and other purposes of the University of Kentucky Chandler Medical Center.

B. The "FACULTY ADVISORY COMMITTEE OF THE COLLEGE" as herein used means the Committee of the College of Allied Health Professions selected by the faculty participating in the College Service Plan as provided in Article IX of this Plan.

C. The "DEPARTMENT" as herein used means all officially approved departments in the College of Allied Health Professions.

D. The "COLLEGE OF ALLIED HEALTH PROFESSIONS FACULTY PRACTICE ACCOUNT" as herein used means that separate depository account to be established as provided in Article VII of this Plan.

E. The "BOARD OF TRUSTEES" as herein used means the Board of Trustees of the University which by law is the governing board of the institution.

ARTICLE V. UNDERLYING PRINCIPLES

A. Health care and services will be provided in the University of Kentucky Chandler Medical Center, in the surrounding community and in the Commonwealth because it is essential to the teaching and research programs and to the proper use of the facilities and skills in the Center to reinforce health care resources in local communities throughout the Commonwealth.

B. The kinds and volume of health care and service provided by the U.K. Chandler Medical Center will be determined by the needs of the teaching, research, and service programs of the Center. Income derived from the provision of such care is incidental to the purposes of these programs and in this sense is properly considered a "by-product" of their operation.

C. U.K. Chandler Medical Center and associated patient care facilities will be used for activities which are part of the Center's teaching, research, and service programs. All patients admitted to the U.K. Chandler Medical Center will receive care as part of the teaching and research program.

D. An optimal teaching environment will imbue students with understanding, sympathy, and respect for the patient as a person and will cultivate attitudes which are consistent with the highest ideals of the health profession. To develop in students the ability to relate to patients differing widely in personality and environmental factors requires that patients for teaching not be drawn from a single segment of society but rather that they represent a cross-section of the population. Moreover, optimal use of the Center's facilities in serving the needs of research activities requires absence of arbitrary restriction by social classification of patients. Such restrictions also would impair the value and usefulness to the people and health professionals of the Commonwealth of the health care resources available in the Center to reinforce resources available in local communities. In drawing teaching patients from all segments of the population, it will be the intent of the U.K. Chandler Medical Center to follow to the fullest extent possible the principle of strengthening the relationships between patients and their health professionals.

E. The professional interests of full-time members of the faculty of the College of Allied Health Professions should be concentrated in academic health. Arrangements creating financial incentives for full-time faculty members which would tend inappropriately to divert or dilute their concentration on teaching, research, and program responsibilities are not consistent with the mission of the U.K. Chandler Medical Center.

F. Each full-time member of the faculty can rightfully expect:

1. The facilities, material, and support needed for teaching and research;
2. Opportunity to maintain and develop professional expertise; and
3. Compensation for work on a basis which recognizes the faculty member's responsibilities, competence, and productive effort and which is reasonably in line with compensation which the faculty member could obtain elsewhere in the academic health professions.

Success in attracting and holding an outstanding faculty will depend on meeting these expectations.

G. Assurance that the level of compensation for full-time members of the faculty is competitive with other good teaching centers and adequate to attract and maintain a strong, competent faculty is basically the responsibility of the University. Responsibility should rest with the University not only for ensuring that initial and subsequent levels of remuneration are adequate, but also for ensuring that such levels are not excessive. Through budgetary and related actions, the University should, to the extent possible and permissible, assure the faculty member that the faculty member's total remuneration from all sources will be in accord with a predetermined level which is competitive with other academic health professionals in a similar discipline and which is fixed consistent with adequacy and is periodically reviewed.

H. Payments received for health professionals' services rendered by members of the faculty of the College of Allied Health Professions should be used only for remuneration of such faculty, in such manner and in such amounts as determined by the Board of Trustees, and for such other purposes in the U.K. Chandler Medical Center as

may be recommended by the Faculty Advisory Committee of the College of Allied Health to the Board of Directors of THE FUND.

I. With respect to each member of the full-time faculty participating in the Service Plan, the amount of total compensation will be established by the UK Board of Trustees in the operating budgets of the U.K. Chandler Medical Center. The manner and extent to which compensation from the College of Allied Health Professions Faculty Practice Account is combined with other compensation will be reviewed and approved annually by the Chancellor for the U.K. Chandler Medical Center in consultation with the Dean with input from the department chairs of the College. The objective is one of providing stability of total compensation without impinging on the freedom of faculty members to apportion their time and efforts among teaching, research, and patient care activities as determined by their interests and program responsibilities.

ARTICLE VI. SETTING OF CHARGES FOR HEALTH PROFESSIONALS' SERVICES

Standard schedules of charges for health professionals' services, as developed from time to time by the various departments of the College of Allied Health Professions, subject to review by the Faculty Advisory Committee and approval by the Dean, will be the general basis for assessing such charges to patients. However, the amount of charges to any individual patient may be adjusted as determined by the health professional rendering the services if variation from standard charges is deemed by the health professional to be warranted by the circumstances.

ARTICLE VII. BILLING AND COLLECTION OF CHARGES FOR HEALTH PROFESSIONALS' SERVICES

Charges for health services rendered by the members of the faculty of the College of Allied Health Professions will be billed at the time services are provided or subsequently, with such charges and billings being appropriately coordinated with charges and billings for other services to patients. Billings and collections of all amounts will be handled by a billing system approved by the University. Amounts collected for combined charges for health services and undesignated receipts from or on behalf of individual patients who receive health services will be applied on an appropriate basis of proration to payment for health professionals' services and to payment for other services. Major problems relating to collection from patients of charges for health professionals' services will be handled in a manner that is subject to the concurrence of the health professionals rendering the services to the patients. Any payments for service, other than compensation as established by the Board of Trustees, which are received by full-time faculty members for professional services within the scope of the Plan shall be transmitted on a current basis to the U.K. Chandler Medical Center for inclusion with other funds collected for health professionals' services.

All funds collected or received by the College of Allied Health Professions for health professionals' services rendered by members of the College of Allied Health Professions shall be received by the College of Allied Health Professions for THE FUND. Such Funds shall be segregated upon receipt and shall be paid over by the College of Allied Health Professions to THE FUND by depositing the same in accounts designated for the College of Allied Health Professions. Such separate accounts established for each department generating service funds shall be designated and known as the College of Allied Health

Professions Faculty Practice Account of THE FUND. Unexpended balances from year to year will remain in the accounts designated for the College of Allied Health Professions.

ARTICLE VIII. USE OF FUNDS DEPOSITED IN THE COLLEGE OF ALLIED HEALTH PROFESSIONS FACULTY PRACTICE ACCOUNT

As a standing policy, THE FUND will use and expend all monies and funds deposited in the College of Allied Health Professions Faculty Practice Account to the extent available for the following purposes:

A. Such purposes which are proposed by the Dean to be included in the annual budget as outlined in Article XII, Section E of this plan.

B. Compensation to members of the faculty of the College of Allied Health Professions in such amounts as may be necessary to provide the difference between other University compensation and the total compensation as established by the Board of Trustees in the operating budget of the U.K. Chandler Medical Center. The operating budget will show the amounts to be paid from the College of Allied Health Professions Faculty Practice Account, which amounts are dependent upon the availability of funds.

B. Such other purposes in the College of Allied Health Professions as from time to time may be recommended to the Board of Directors of THE FUND by the Faculty Advisory Committee of the college provided, however, that such funds may not at any time be used for payment to members of the faculty of the College of Allied Health Professions of income in excess of the total compensation level established for the individual members thereof by the Board of Trustees in the operating budget of the U.K. Chandler Medical Center.

ARTICLE IX. THE FACULTY ADVISORY COMMITTEE OF THE COLLEGE OF ALLIED HEALTH PROFESSIONS

The Faculty Advisory Committee of the College of Allied Health Professions shall consist of five members elected by the faculty participating in the Plan of the College. The Dean shall serve ex officio as Chair of the Committee. The Committee shall meet periodically and review the operation of this Plan, including matters relating to the applicability of the Plan to sources of income, standard schedules of charges for health professionals' services as developed by the departments, and any other aspects of the operation of the Plan. This Committee shall make such recommendations as it may deem appropriate to the Dean of the College with respect to the modification of the policies and procedures provided by this Plan or utilized in its operation.

ARTICLE X. LIMITATIONS ON HEALTH PRACTICE BY FACULTY MEMBERS

As a condition of employment, faculty members in the College of Allied Health Professions who provide professionally related services as described in Article III of this Plan shall participate in the Plan and will not maintain offices or engage in the practice of health professions outside of the approved programs of the U.K. Chandler Medical Center, except in infrequent and special circumstances as in emergencies and in other situations where provision of service is required by professional ethics. Faculty members who are employed by the College of Allied Health Professions prior to the approval of the Plan by the Board of Trustees will have the option of not participating in the Plan; however if they

choose to join sometime after approval of the Plan, they must continue to participate until their employment is terminated.

ARTICLE XI. EFFECTIVE DATE

The College of Allied Health Professions Faculty Practice Plan will become effective upon approval by the Board of Trustees of the University of Kentucky. Subsequent modifications or amendments of the Plan will be effective upon approval of the Board of Trustees or as of such date as may be specified by the Board of Trustees.

ARTICLE XII. PROCEDURES

A. Faculty members requesting exclusion of an income-generating activity from the Plan will make a request in writing through the respective chair to the Dean. The Dean will make a decision based upon an interpretation of the definition of income to be included in the Plan. This decision will be communicated in writing by the Dean through the chair to the individual faculty member. Faculty members wishing to appeal the decision must do so in writing to the Chancellor of the U.K. Chandler Medical Center within one month from the date of receipt of the letter from the Dean. The decision of the Chancellor will be final.

B. The Dean of the College of Allied Health Professions will provide quarterly a written summary report to the faculty with a copy to the Chancellor. This report will include by activity all funds budgeted, received, and expended to date for a given fiscal year. Also included will be a listing of all income-generating activities which have been excluded from the Plan based upon decisions made by the Dean or Chancellor as described above.

C. A fund administrator will be appointed by the Dean of the College of Allied Health Professions. The fund administrator will be responsible for:

1. Preparing the annual and supplemental budgets of the Plan for the Dean with input as needed from the department chairs.
2. The daily operation of all funds included in the Plan and the preparation of written monthly reports to the Dean on the financial status of the Plan, to include projections of income and expenses for the year.

D. The proposed budget will be submitted by the Dean to the department chairs and the Faculty Advisory Committee for review and comment.

E. The Annual Budget of the Plan will include:

1. Estimated administrative expenses to manage the Plan.
2. Provision of operating expense support for faculty in securing and managing contracts of the Plan.
3. Funding for a grant to the University to include:
 - a) base salaries of clinical title series faculty members;
 - b) salary support for faculty on state lines for that portion of their DOE allowed for income-generating professional services; and

c) base salary support for staff involved in assisting faculty in generation of professional income.

4. Funding for a contingency fund. The contingency reserve will be established to meet potential shortfalls and must contain a minimum of one month operating expenses for the Plan.

5. Funding for an account(s) to enhance college programs.

F. Faculty will document delivery of services to an approved billing agent who will in turn bill the patients/clients.

**PROVISIONS FOR FACULTY SALARY SUPPLEMENTAL
COMPENSATION UNDER THE COLLEGE OF ALLIED HEALTH PROFESSIONS
FACULTY PRACTICE PLAN**

I. Objectives

The specific objectives of the proposed salary supplementation plan include the following:

A. To increase faculty income over and beyond that available through State support to the College of Allied Health Professions in an effort to remain competitive with other institutions;

B. To increase faculty incentive to participate in income-producing activities which will be beneficial to the College of Allied Health Professions, the Medical Center, the University of Kentucky, and the State;

C. To maintain primary emphasis on the teaching and research program of the College of Allied Health Professions; and

D. To use professional practice by faculty as a vehicle for clinical training.

II. Basis

The proposal is based on a system allowing the Dean and department chairs to reward faculty members for unusual productivity and effort. The rewards will be derived from income generated by faculty activity and will primarily but not absolutely be related to the fiscal productivity of each individual. The system should allow maintenance of departmental balance without overcompensation for one segment of activity to the exclusion of other equally important commitments.

III. Applicable Provisions

A. Supplemental compensation (salary, fringe benefits, etc.) will be [determined on a semi-annual basis and established through approval by the Board of Trustees of supplementary operating budgets of the College of Allied Health Professions covering six-month periods.] estimated for the ensuing fiscal year during the annual operating budget process; the amount budgeted will be included as a separate nonrecurring, supplemental budget item. This supplemental budget will be submitted to the FUND Board and the Board of Trustees for approval as part of the annual operating budget. The appropriation of funds for expenditures [projected in such a budget] will be equal in amount to additional income to the University provided by a grant by the Board of Directors of THE FUND to the University specifically for the purpose of financing the supplementary operating budget. Such a grant will be in addition to that made by THE FUND in support of salaries provided in the basic operating budget of the College of Allied Health Professions.

B. FUND grants for the purpose of supplemental compensation will constitute non-recurring funds, and approval of the supplementary operating budget based thereon will not constitute an increase in the budget base of the College of Allied Health Professions. Supplemental compensation payable [Payments] to individuals in

accordance with an approved supplementary operating budget will be determined [made] by the University quarterly as of September 30, December 31, March 31, and June 30 of each fiscal year [for the semi-annual period covered by such a budget] and will not constitute an increase to the regular salary bases of the individuals involved. Supplemental compensation will be paid at the end of the month following the determinations.

C. The amount of the grant to the University by THE FUND for the purpose of supplemental compensation or increases to discretionary accounts will be calculated quarterly [determined as of December 31 and June 30 by the Board of Directors] and will be the amount by which payments received in the College of Allied Health Professions Faculty Practice Account since the prior quarterly [semi-annual] date are in excess of the sum of (1) pro-rata requirements for coverage of THE FUND grant in support of salaries provided in the basic operating budget; and (2) requirements for coverage of other expenditures which have been budgeted or are reserved in the College of Allied Health Professions Faculty Practice Account pursuant to recommendations by the Faculty Advisory Committee of the College. Disbursements for the first quarter of a fiscal year will be based on the prorata revenues collected from July 1 - September 30th. Disbursements for the second quarter of a fiscal year will be based on prorata revenues collected from October 1 - December 31st. Disbursements for the third quarter of a fiscal year will be based on prorata revenues collected from January 1 - March 31st. Disbursements for the fourth quarter of a fiscal year will be based on prorata revenues collected from April 1 - June 30th.

D. [The supplementary operating budget for the College of Allied Health Professions will be prepared and submitted, in accordance with University budgetary procedures, immediately following the determination of the amount of THE FUND grant to the University for supplemental compensation.] If the actual amounts generated and required for the supplementary expenses are greater than the approved annual supplementary operating budget, a revised budget should be prepared and submitted in accordance with University budgetary procedures before the established budgetary authority is reached.

E. In preparation of the supplementary operating budget, the Dean of the College of Allied Health Professions will allocate not less than 70 percent of the total amount of THE FUND grant for supplemental compensation among the departments providing the services on the basis of available data to measure the performance of the respective departments in producing income including, but not limited to, professional fee income. Such allocations will be the basis for departmental budget submittal in which the distribution of supplemental compensation among faculty members in each of the respective departments is to be made by the department chairs, based on the department chairs' determination and judgment of relative performance and contributions to the program/division of the department. The amount of supplemental compensation for department chairs and program directors will be determined by the Dean.

F. The budget for the remaining 30 percent of the amount of the grant shall be prepared by the Dean of the College of Allied Health Professions with the funds available being devoted to providing supplemental compensation for faculty members in departments where appropriate recognition of performance and contribution to the patient care program is not possible within formula allocations to departments.

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G. The allocations among departments of the amount representing 70 percent of THE FUND grant for supplemental compensation will be determined as follows:

The amount determined for each department, expressed as a percentage of the amount determined for all departments in the aggregate for the college, will be the basis for dividing among departments the funds available for distribution.

H. Data on the factors to be utilized in determining departmental allocations will be submitted by the Dean of the College of Allied Health Professions for review by the Faculty Advisory Committee of the College prior to preparation of the supplementary operating budget. Upon recommendation of the Committee, adjustments in the factors used may be made by the Dean if deemed necessary to avoid inequities due to limitations of available data. Computations of the amount of allocations for individual departments will be provided to the chairs of the departments, respectively.

I. Following adoption of the provisions herein, recommendations may be made from time to time by the Faculty Advisory Committee through the Dean to the Chancellor for modifications deemed to be appropriate and desirable.

WAR1:179

PR 6D

Office of the President
September 19, 1995

Members, Board of Trustees:

REVISION OF COLLEGE OF NURSING FACULTY PRACTICE PLAN (AR II-7.0-11)

Recommendation: that the Board of Trustees approve the attached revisions of the College of Nursing Faculty Practice Plan (AR II-7.0-11).

Background: This recommendation is designed primarily to change the payment frequency of the participants in the College of Nursing Faculty Practice Plan from semi-annually to quarterly and to provide for the payment of amounts due under the plan in the month following the end of the quarter in which the money is collected. The effect of the changes is to reduce the potential delay in payment (from the time revenue is earned until payment is made) from nine months to four months. The change is recommended by the College of Nursing Faculty Practice Plan Advisory Committee and can be accomplished without difficulty for the University.

Action taken: Approved Disapproved Other _____

UNIVERSITY OF KENTUCKY ADMINISTRATIVE REGULATIONS	IDENTIFICATION AR II-7.0-11	PAGE 1
	DATE EFFECTIVE 9/19/95	SUPERSEDES REGULATION DATED 4/5/94

COLLEGE OF NURSING
FACULTY PRACTICE PLAN
 (Approved by the Board of Trustees)

ARTICLE I. NAME OF THE PLAN

The Plan shall be known as the College of Nursing Faculty Practice Plan of the University of Kentucky Chandler Medical Center.

ARTICLE II. PURPOSE OF THE PLAN

The purpose of the Plan is to facilitate proper functioning of the teaching, research, and service programs of the U.K. Chandler Medical Center, consistent with the integrity and responsibilities of the University. Income generating activities of the faculty members of the College of Nursing that relate to their professional expertise and/or credentials are facilitated by their employment at the University of Kentucky. The Plan is created to insure accountability of these activities. The operation of the Plan will be evaluated periodically with the purpose and underlying principles hereinafter set forth as guides.

ARTICLE III. SCOPE OF THE PLAN

The Plan establishes policies and general procedures relating to compensation for services rendered by all faculty with full-time, part-time, joint, regular title, clinical title, and special title series faculty appointments in the College of Nursing during the faculty member's period of assignment and which are a part of the faculty member's negotiated distribution of effort for the University. This Plan is applicable to compensation derived from salary and from the college service accounts, all of which are established by the University Board of Trustees. The Plan is applicable to all services of such faculty members incident to the care of patients and to all other activities which are a part of the U.K. Chandler Medical Center program. Income from publications, honoraria for lectures, grants and additional other activities which are not a part of the U.K. Chandler Medical Center program are excluded from the Plan, but remain subject to policies and regulations of the College of Nursing and the Board of Trustees.

Provisions of the plan are applicable to all professionally generated income, and that income is defined as:

- A. all compensation, income and payments (direct or in kind and whether characterized as fees, retainers, or otherwise) for professional services rendered or to be rendered, including, but not limited to, those relating to the diagnosis, treatment or evaluation of patients/clients and consultation;
- B. all payments whether direct or in kind (excluding actual out-of-pocket costs) for providing advice, consultation, serving on boards or committees, overseeing, supervision or other participation with any person or entity involved with (a) health or medical care, (b)

evaluation or care of patients, (c) drugs, (d) therapy of any kind, (e) health or medical care of any other type;

C. witness fees and payments relating to depositions, testimony or other evaluations in the capacity of a witness; and

D. all other income which relates to and would not exist but for the license, certification, professional education, experience, or training which is the basis for faculty appointment in the College.

The Dean of the College of Nursing has the authority to interpret the definition of income described above and exclude certain income-generating activities which are not within the scope of the U.K. Chandler Medical Center program.

ARTICLE IV. DEFINITIONS

A. "THE FUND" as used herein means the Fund for Advancement of Education and Research in the University of Kentucky Chandler Medical Center, a non-profit corporation organized in 1959 under the laws of Kentucky to promote, advance, and support the educational, research, and other purposes of the University of Kentucky Chandler Medical Center.

B. The "FACULTY ADVISORY COMMITTEE OF THE COLLEGE" as herein used means the Committee of the College of Nursing selected by the faculty participating in the College Service Plan as provided in Article IX of this Plan.

C. The "DIVISION" as herein used means all currently approved divisions in the College of Nursing.

D. The "COLLEGE OF NURSING FACULTY PRACTICE ACCOUNT" as herein used means that separate depository account to be established as provided in Article VII of this Plan.

E. The "BOARD OF TRUSTEES" as herein used means the Board of Trustees of the University which by law is the governing board of the institution.

ARTICLE V. UNDERLYING PRINCIPLES

A. Health care and services will be provided in the U.K. Chandler Medical Center, in the surrounding community and in the Commonwealth because it is essential to the teaching and research programs and to the proper use of the facilities and skills in the Center to reinforce health care resources in local communities throughout the Commonwealth.

B. The kinds and volume of health care and service provided by the U.K. Chandler Medical Center will be determined by the needs of the teaching, research, and service programs of the Center. Income derived from the provision of such care is incidental to the purposes of these programs and in this sense is properly considered a "by-product" of their operation.

C. U.K. Chandler Medical Center and associated patient care facilities will be used for activities which are part of the Center's teaching, research, and service programs. All

patients admitted to the U.K. Chandler Medical Center will receive care as part of the teaching and research program.

D. An optimal teaching environment will imbue students with understanding, sympathy, and respect for the patient as a person and will cultivate attitudes which are consistent with the highest ideals of the health profession. To develop in students the ability to relate to patients differing widely in personality and environmental factors requires that patients for teaching not be drawn from a single segment of society but rather that they represent a cross-section of the population. Moreover, optimal use of the Center's facilities in serving the needs of research activities requires absence of arbitrary restriction by social classification of patients. Such restrictions also would impair the value and usefulness to the people and health professionals of the Commonwealth of the health care resources available in the Center to reinforce resources available in local communities. In drawing teaching patients from all segments of the population, it will be the intent of the U.K. Chandler Medical Center to follow to the fullest extent possible the principle of strengthening the relationships between patients and their health professionals.

E. The professional interests of full-time members of the faculty of the College of Nursing should be concentrated in academic health. Arrangements creating financial incentives for full-time faculty members which would tend inappropriately to divert or dilute their concentration on teaching, research, and program responsibilities are not consistent with the mission of the U.K. Chandler Medical Center.

F. Each full-time member of the faculty can rightfully expect:

1. The facilities, material, and support needed for teaching and research;
2. Opportunity to maintain and develop professional expertise; and
3. Compensation for work on a basis which recognizes the faculty member's responsibilities, competence, and productive effort and which is reasonably in line with compensation which the faculty member could obtain elsewhere in the academic health professions.

Success in attracting and holding an outstanding faculty will depend on meeting these expectations.

G. Assurance that the level of compensation for full-time members of the faculty is competitive with other good teaching centers and adequate to attract and maintain a strong, competent faculty is basically the responsibility of the University. Responsibility should rest with the University not only for ensuring that initial and subsequent levels of remuneration are adequate, but also for ensuring that such levels are not excessive. Through budgetary and related actions, the University should, to the extent possible and permissible, assure the faculty member that the faculty member's total remuneration from all sources will be in accord with a predetermined level which is competitive with other academic health professionals in a similar discipline and which is fixed consistent with adequacy and is periodically reviewed.

H. Payments received for health professionals' services rendered by members of the faculty of the College of Nursing should be used only for remuneration of such faculty, in such manner and in such amounts as determined by the Board of Trustees, and for

such other purposes in the U.K. Chandler Medical Center as may be recommended by the Faculty Advisory Committee of the College of Nursing to the Board of Directors of THE FUND.

I. With respect to each member of the full-time faculty participating in the Service Plan, the amount of total compensation will be established by the UK Board of Trustees in the operating budgets of the U.K. Chandler Medical Center. The manner and extent to which compensation from the College of Nursing Faculty Practice Account is combined with other compensation will be reviewed and approved annually by the Chancellor for the U.K. Chandler Medical Center in consultation with the Dean with input from the division directors of the College. The objective is one of providing stability of total compensation without impinging on the freedom of faculty members to apportion their time and efforts among teaching, research, and patient care activities as determined by their interests and program responsibilities.

ARTICLE VI. SETTING OF CHARGES FOR HEALTH PROFESSIONALS' SERVICES

Standard schedules of charges for health professionals' services, as developed from time to time by the various divisions of the College of Nursing, subject to review by the Faculty Advisory Committee and approval by the Dean, will be the general basis for assessing such charges to patients. However, the amount of charges to any individual patient may be adjusted as determined by the health professional rendering the services if variation from standard charges is deemed by the health professional to be warranted by the circumstances.

ARTICLE VII. BILLING AND COLLECTION OF CHARGES FOR HEALTH PROFESSIONALS' SERVICES

Charges for health services rendered by the members of the faculty of the College of Nursing will be billed at the time services are provided or subsequently, with such charges and billings being appropriately coordinated with charges and billings for other services to patients. Billings and collections of all amounts will be handled by a billing system approved by the University. Amounts collected for combined charges for health services and undesignated receipts from or on behalf of individual patients who receive health services will be applied on an appropriate basis of proration to payment for health professionals' services and to payment for other services. Major problems relating to collection from patients of charges for health professionals' services will be handled in a manner that is subject to the concurrence of the health professionals rendering the services to the patients. Any payments for service, other than compensation as established by the Board of Trustees, which are received by full-time faculty members for professional services within the scope of the Plan shall be transmitted on a current basis to the U.K. Chandler Medical Center for inclusion with other funds collected for health professionals' services.

All funds collected or received by the College of Nursing for health professionals' services rendered by members of the College of Nursing shall be received by the College of Nursing for THE FUND. Such Funds shall be segregated upon receipt and shall be paid over by the College of Nursing to THE FUND by depositing the same in accounts designated for the College of Nursing. Such separate accounts established for each division generating service funds shall be designated and known as the College of

Nursing Faculty Practice Account of THE FUND. Unexpended balances from year to year will remain in the accounts designated for the College of Nursing.

ARTICLE VIII. USE OF FUNDS DEPOSITED IN THE COLLEGE OF NURSING FACULTY PRACTICE ACCOUNT

As a standing policy, THE FUND will use and expend all monies and funds deposited in the College of Nursing Faculty Practice Account to the extent available for the following purposes:

A. Such purposes which are proposed by the Dean to be included in the annual budget as outlined in Article XII, Section E of this plan.

B. Compensation to members of the faculty of the College of Nursing in such amounts as may be necessary to provide the difference between other University compensation and the total compensation as established by the Board of Trustees in the operating budget of the U.K. Chandler Medical Center. The operating budget will show the amounts to be paid from the College of Nursing Faculty Practice Account, which amounts are dependent upon the availability of funds.

C. Such other purposes in the College of Nursing as from time to time may be recommended to the Board of Directors of THE FUND by the Faculty Advisory Committee of the College provided, however, that such funds may not at any time be used for payment to members of the faculty of the College of Nursing of income in excess of the total compensation level established for the individual members thereof by the Board of Trustees in the operating budget of the U.K. Chandler Medical Center.

ARTICLE IX. THE FACULTY ADVISORY COMMITTEE OF THE COLLEGE OF NURSING

The Faculty Advisory Committee of the College of Nursing shall consist of five members elected by the faculty participating in the Plan of the College. The Dean shall serve ex officio (with vote) as Chair of the Committee. Each member of the committee shall be a participant of the Plan. The term will be for three years and will run from July 1 through June 30. During the first election, two faculty members will be elected for a three-year term, two faculty members will be elected for a two-year term, and one faculty member will be elected for a one-year term. Thereafter, all terms will be for a period of three years. In the event a committee member is unable to complete the term, the faculty will elect a replacement for the remainder of the term.

The Committee shall meet periodically and review the operation of this Plan, including matters relating to the applicability of the Plan to sources of income, standard schedules of charges for health professionals' services as developed by the departments, and any other aspects of the operation of the Plan. This Committee shall make such recommendations as it may deem appropriate to the Dean of the College with respect to the modification of the policies and procedures provided by this Plan or utilized in its operation.

ARTICLE X. LIMITATIONS ON HEALTH PRACTICE BY FACULTY MEMBERS

As a condition of employment, faculty members in the College of Nursing who provide professionally related services as described in Article III of this Plan shall participate in the

Plan and will not maintain offices or engage in the practice of health professions outside of the approved programs of the U.K. Chandler Medical Center, except in infrequent and special circumstances as in emergencies and in other situations where provision of service is required by professional ethics. Faculty members who are employed by the College of Nursing prior to the approval of the Plan by the Board of Trustees will have the option of not participating in the Plan; however if they choose to join sometime after approval of the Plan, they must continue to participate until their employment is terminated.

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ARTICLE XII. PROCEDURES

A. Faculty members requesting exclusion of an income-generating activity from the Plan will make a request in writing through the respective division director to the Dean. The Dean will make a decision based upon an interpretation of the definition of income to be included in the Plan. This decision will be communicated in writing by the Dean through the division director to the individual faculty member. Faculty members wishing to appeal the decision must do so in writing to the Chancellor of the U.K. Chandler Medical Center within one month from the date of receipt of the letter from the Dean. The decision of the Chancellor will be final.

B. The Dean of the College of Nursing will provide quarterly a written summary report to the faculty with a copy to the Chancellor. This report will include by activity all funds budgeted, received, and expended to date for a given fiscal year. Also included will be a listing of all income-generating activities which have been excluded from the Plan based upon decisions made by the Dean or Chancellor as described above.

C. A fund administrator will be appointed by the Dean of the College of Nursing. The fund administrator will be responsible for:

1. Preparing the annual and supplemental budgets of the Plan for the Dean with input as needed from the division directors.
2. The daily operation of all funds included in the Plan and the preparation of written monthly reports to the Dean on the financial status of the Plan, to include projections of income and expenses for the year.

D. The proposed budget will be submitted by the Dean to the division directors and the Faculty Advisory Committee for review and comment.

E. The Annual Budget of the Plan will include:

1. Estimated administrative expenses to manage the Plan.
2. Provision of operating expense support for faculty in securing and managing contracts of the Plan.

3. Funding for a grant to the University to include:
 - a) base salaries of clinical title series faculty members;
 - b) salary support for faculty on state lines for that portion of their DOE allowed for income-generating professional services; and
 - c) base salary support for staff involved in assisting faculty in generation of professional income.

4. Funding for a contingency fund. The contingency reserve will be established to meet potential shortfalls and must contain a minimum of two months operating expenses for the Plan.

5. Funding for an account(s) to enhance college programs.

F. Faculty will document delivery of services to an approved billing agent who will in turn bill the patients/clients.

**PROVISIONS FOR FACULTY SALARY SUPPLEMENTAL
COMPENSATION UNDER THE COLLEGE OF NURSING
FACULTY PRACTICE PLAN**

I. Objectives

The specific objectives of the proposed salary supplementation plan include the following:

A. To increase faculty income over and beyond that available through State support to the College of Nursing in an effort to remain competitive with other institutions;

B. To increase faculty incentive to participate in income-producing activities which will be beneficial to the College of Nursing, the Medical Center, the University of Kentucky, and the State;

C. To maintain primary emphasis on the teaching and research program of the College of Nursing; and

D. To use professional practice by faculty as a vehicle for clinical training.

II. Basis

The proposal is based on a system allowing the Dean and division directors to reward faculty members for unusual productivity and effort. The rewards will be derived from income generated by faculty activity and will primarily but not absolutely be related to the fiscal productivity of each individual. The system should allow maintenance of program balance without overcompensation for one segment of activity to the exclusion of other equally important commitments.

III. Applicable Provisions

A. Supplemental compensation (salary, fringe benefits, etc.) will be [determined on a semi-annual basis and established through approval by the Board of Trustees of supplementary operating budgets of the College of Nursing covering six-month periods.] estimated for the ensuing fiscal year during the annual operating budget process; the amount budgeted will be included as a separate nonrecurring, supplemental budget item. This supplemental budget will be submitted to THE FUND Board and the Board of Trustees for approval as part of the annual operating budget. The appropriation of funds for expenditures [projected in such a budget] will be equal in amount to additional income to the University provided by a grant by the Board of Directors of THE FUND to the University specifically for the purpose of financing the supplementary operating budget. Such a grant will be in addition to that made by THE FUND in support of salaries provided in the basic operating budget of the College of Nursing.

B. FUND grants for the purpose of supplemental compensation will constitute non-recurring funds, and approval of the supplementary operating budget based thereon will not constitute an increase in the budget base of the College of Nursing. Supplemental compensation payable [Payments] to individuals in accordance with an approved

supplementary operating budget will be determined [made] by the University quarterly as of September 30, December 31, March 31, and June 30 of each fiscal year [for the semi-annual period covered by such a budget] and will not constitute an increase to the regular salary bases of the individuals involved. Supplemental compensation will be paid at the end of the month following the determinations.

C. The amount of the grant to the University by THE FUND for the purpose of supplemental compensation or increases to discretionary accounts will be calculated quarterly [determined as of December 31 and June 30 by the Board of Directors] and will be the amount by which payments received in the College of Nursing Faculty Practice Account since the prior quarterly [semi-annual] date are in excess of the sum of (1) pro-rata requirements for coverage of THE FUND grant in support of salaries provided in the basic operating budget; and (2) requirements for coverage of other expenditures which have been budgeted or are reserved in the College of Nursing Faculty Practice Account pursuant to recommendations by the Faculty Advisory Committee of the College. Disbursements for the first quarter of a fiscal year will be based on the prorata revenues collected from July 1 - September 30th. Disbursements for the second quarter of a fiscal year will be based on prorata revenues collected from October 1 - December 31st. Disbursements for the third quarter of a fiscal year will be based on prorata revenues collected from January 1 - March 31st. Disbursements for the fourth quarter of a fiscal year will be based on prorata revenues collected from April 1 - June 30th.

D. [The supplementary operating budget for the College of Nursing will be prepared and submitted, in accordance with University budgetary procedures, immediately following the determination of the amount of THE FUND grant to the University for supplemental compensation.] If the actual amounts generated and required for the supplementary expenses are greater than the approved annual supplementary operating budget, a revised budget should be prepared and submitted in accordance with University budgetary procedures before the established budgetary authority is reached.

E. In preparation of the supplementary operating budget, the Dean of the College of Nursing will allocate not less than 70 percent of the total amount of THE FUND grant for supplemental compensation among the divisions providing the services on the basis of available data to measure the performance of the respective divisions in producing income including, but not limited to, professional fee income. Such allocations will be the basis for division budget submittal in which the distribution of supplemental compensation among faculty members in each of the respective divisions is to be made by the division directors, based on the division directors' determination and judgment of relative performance and contributions of the program activities to the division. The amount of supplemental compensation for division directors will be determined by the Dean.

F. The budget for the remaining 30 percent of the amount of the grant shall be prepared by the Dean of the College of Nursing with the funds available being devoted to providing supplemental compensation for faculty members in divisions where appropriate recognition of performance and contribution to the patient care program is not possible within formula allocations to divisions.

G. The allocations among divisions of the amount representing 70 percent of THE FUND grant for supplemental compensation will be determined as follows:

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9/19/95

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The amount determined for each division, expressed as a percentage of the amount determined for all divisions in the aggregate for the college, will be the basis for dividing among divisions the funds available for distribution.

H. Data on the factors to be utilized in determining division allocations will be submitted by the Dean of the College of Nursing for review by the Faculty Advisory Committee of the College prior to preparation of the supplementary operating budget. Upon recommendation of the Committee, adjustments in the factors used may be made by the Dean if deemed necessary to avoid inequities due to limitations of available data. Computations of the amount of allocations for individual divisions will be provided to the directors of the divisions, respectively.

I. Following adoption of the provisions herein, recommendations may be made from time to time by the Faculty Advisory Committee through the Dean to the Chancellor for modifications deemed to be appropriate and desirable.

WAR1:180

FCR 1

Office of the President
September 19, 1995

Members, Board of Trustees:

ACCEPTANCE OF AUDIT REPORT
FOR THE UNIVERSITY OF KENTUCKY FOR 1994-95

Recommendation: that the Board of Trustees accept the University of Kentucky financial statements for the year ended June 30, 1995, consisting of the Consolidated Balance Sheet, Consolidated Statement of Changes in Fund Balances, Consolidated Statement of Current Funds Revenues, Expenditures and Other Changes, Summary of Significant Accounting Policies, and Notes to the Financial Statements.

Background: The Finance Committee of the University of Kentucky has reviewed the consolidated financial statements for the year ended June 30, 1995, which have been audited by Coopers & Lybrand, Certified Public Accountants. The consolidated financial statements are presented on a comparative basis for fiscal years 1993-94 and 1994-95, and include the financial operations of the University of Kentucky and its affiliated corporations, consisting of the University of Kentucky Research Foundation, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Athletic Association, University of Kentucky Mining Engineering Foundation, Inc., University of Kentucky Business Partnership Foundation, Inc., University of Kentucky Humanities Foundation, Inc., University of Kentucky Equine Research Foundation, Inc., University of Kentucky Center on Aging Foundation, Inc., and Health Care Collection Service, Inc.

Action taken:

Approved

Disapproved

Other _____

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees of the
University of Kentucky

and

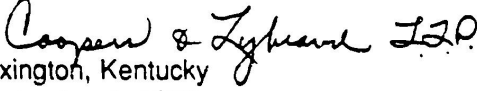
the Secretary of Finance and
Administration Cabinet of the
Commonwealth of Kentucky

We have audited the accompanying consolidated balance sheet of the University of Kentucky (an agency of the Commonwealth of Kentucky) and affiliated corporations as of June 30, 1995, and the related consolidated statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. We previously audited and reported on the consolidated financial statements of the University for the year ended June 30, 1994, for which certain condensed statements are presented for comparative purposes only. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University of Kentucky and affiliated corporations as of June 30, 1995, and the consolidated changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended in conformity with generally accepted accounting principles.

We have issued separate reports, dated September 1, 1995, related to the internal control structure of the University of Kentucky and affiliated corporations and their compliance with laws and regulations.


Lexington, Kentucky
September 1, 1995

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
JUNE 30, 1995
with comparative totals at June 30, 1994
(in thousands)

	1995				1994	
	Current Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS						
Cash and cash equivalents	\$ 120,513	\$ 2,425	\$ 1,768	\$ 135,046	\$ 259,752	\$ 214,292
Notes, loans and accounts receivable (less bad debt allowances of \$12,691 in 1995 and \$9,336 in 1994)	111,402	18,823	766	2,056	133,047	123,240
Investments	60,527		126,483	82,013	269,023	212,232
Property, plant and equipment				1,186,668	1,186,668	1,127,590
Inventories and other	13,181				13,181	13,083
Total Assets	\$ 305,623	\$ 21,248	\$ 129,017	\$1,405,783	\$1,861,671	\$1,690,437
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 32,674	\$ 4		\$ 4,301	\$ 36,979	\$ 24,173
Accrued expense	18,420			3,557	21,977	28,398
Employee withholdings and deposits	20,395				20,395	8,026
Other liabilities	1,374			1,861	3,235	3,088
Liability for self insurance	30,514				30,514	25,349
Deferred income	11,140				11,140	11,694
Bonds payable				337,476	337,476	314,091
Capital lease obligations				32,468	32,468	34,122
Total Liabilities	114,517	4		379,663	494,184	448,941
Interfund Balances	(2,584)		\$ 711	1,873		
Fund Balances						
Current-Unrestricted						
Working capital	103,356				103,356	88,731
Future operations	39,516				39,516	17,034
Other	5,585				5,585	6,837
Current-Restricted	45,233				45,233	38,176
Loan						
Unrestricted		60			60	60
Restricted		4,065			4,065	3,832
U.S. Government		17,119			17,119	16,627
Endowment						
True			72,194		72,194	65,998
Term			4,287		4,287	3,507
Quasi			48,731		48,731	42,051
Annuity and life income			3,094		3,094	1,639
Plant						
Unrestricted allocated for designated projects				132,630	132,630	104,578
Restricted				47,990	47,990	60,408
Net investment in plant				843,627	843,627	792,018
Total Fund Balances	193,690	21,244	128,306	1,024,247	1,367,487	1,241,496
Total Liabilities and Fund Balances	\$ 305,623	\$ 21,248	\$ 129,017	\$1,405,783	\$1,861,671	\$1,690,437

The accompanying summary of significant accounting policies and notes are an integral part of the financial statements.

UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE YEAR ENDED JUNE 30, 1995
(in thousands)

	1995				Total
	Current Funds	Loan Funds	Endowment Funds	Plant Funds	
REVENUES AND OTHER ADDITIONS					
Unrestricted current fund revenues	\$ 821,913				\$ 821,913
Gifts	20,672	\$ 18	\$ 9,145	\$ 802	30,637
Endowment and investment income	5,653	112	6,631	9,214	21,610
Interest on loans receivable		462			462
Grants and contracts	134,651	476		6,486	141,613
Plant facilities transferred to investment in plant (including \$20,777 charged to current expenditures)				40,983	40,983
Retirement of indebtedness				19,269	19,269
Other sources	1,449	13		432	1,894
Total Revenues	984,338	1,081	15,776	77,186	1,078,381
EXPENDITURES AND OTHER DEDUCTIONS					
Unrestricted current fund expenditures	722,488				722,488
Restricted current fund expenditures	144,099				144,099
Endowment gains and losses			382		382
Plant facilities transferred to investment in plant				20,206	20,206
Noncapitalized expenditures				12,922	12,922
Retirement of indebtedness				18,839	18,839
Interest on indebtedness				18,712	18,712
Arbitrage rebate				363	363
Disposal of plant facilities				12,204	12,204
Other deductions		507		1,668	2,175
Total Expenditures	866,587	507	382	84,914	952,390
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)					
Mandatory:					
Debt service					
Educational and general	(26,413)			26,413	
Hospital and clinics	(1,971)			1,971	
Auxiliary enterprises	(4,006)			4,006	
Lease payments	(2,285)			2,285	
Matching grants	(145)	145			
Total Mandatory Transfers	(34,820)	145		34,675	
Net Increase Before Nonmandatory Transfers	82,931	719	15,394	26,947	125,991
Nonmandatory:					
Plant					
Educational and general	(26,823)			26,823	
Hospital	(10,911)			10,911	
Auxiliary enterprises	(2,562)			2,562	
Endowment and other	277	6	(283)		
Total Nonmandatory Transfers	(40,019)	6	(283)	40,296	
Net Increase for the Year	42,912	725	15,111	67,243	125,991
Fund Balances, June 30, 1994	150,778	20,519	113,195	957,004	1,241,496
Fund Balances, June 30, 1995	\$ 193,690	\$ 21,244	\$ 128,306	\$ 1,024,247	\$ 1,367,487

The accompanying summary of significant accounting policies and notes are an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF CURRENT FUNDS
REVENUES, EXPENDITURES AND OTHER CHANGES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE YEAR ENDED JUNE 30, 1995**

with comparative totals at June 30, 1994
(in thousands)

	1995			1994
	Unrestricted	Restricted	Total	Total
REVENUES				
Educational and general				
Student tuition and fees	\$ 121,118		\$ 121,118	\$ 110,459
Government appropriations				
Federal	15,761		15,761	14,990
State	321,307		321,307	312,468
County	5,106		5,106	5,709
Government grants and contracts				
Federal	1,164	\$ 85,000	86,164	82,312
State	452	28,862	29,314	24,559
Private gifts and grants	4,429	27,582	32,011	26,779
Indirect cost reimbursement	16,011		16,011	14,788
Endowment income	708	3,090	3,798	5,084
Investment income	8,407	351	8,758	5,379
Sales and services	35,316		35,316	31,743
Other sources	87	654	741	458
Total educational and general	529,866	145,539	675,405	634,728
Hospital and clinics	233,827		233,827	208,692
Auxiliary enterprises	58,219	18	58,237	56,811
Total Revenues	821,912	145,557	967,469	900,231
EXPENDITURES				
Educational and general				
Instruction	208,673	9,586	218,259	210,229
Research	45,189	61,527	106,716	99,570
Public service	65,657	23,893	89,550	77,602
Libraries	20,898	296	21,194	15,564
Academic support	29,198	3,291	32,489	31,844
Student services	22,702	229	22,931	21,548
Institutional support	40,873	920	41,793	37,777
Operation and maintenance	38,482	66	38,548	36,154
Student financial aid	14,587	41,684	56,271	53,600
Other expenses		307	307	221
Total educational and general	486,259	141,799	628,058	584,109
Hospital and clinics	188,135		188,135	175,665
Auxiliary enterprises	48,094	2,301	50,395	50,915
Total Expenditures	722,488	144,100	866,588	810,689
Mandatory Transfers:				
Debt service				
Educational and general	24,585	1,828	26,413	32,828
Hospital and clinics	1,971		1,971	1,439
Auxiliary enterprises	4,006		4,006	2,204
Lease payments - educational and general	2,285		2,285	1,994
Matching grants	516	(371)	145	75
Total Expenditures and Mandatory Transfers	755,851	145,557	901,408	849,229
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS)				
Nonmandatory Transfers:				
Plant fund				
Educational and general	(14,814)	(12,007)	(26,821)	(22,126)
Hospital and clinics	(10,911)		(10,911)	(16,039)
Auxiliary enterprises	(2,562)		(2,562)	(2,385)
Endowment and other	(2,024)	2,301	277	(98)
Excess restricted receipts over transfer to revenues		16,868	16,868	11,646
Total Other Transfers and Additions/(Deductions)	(30,311)	7,162	(23,149)	(29,002)
Net Increase in Fund Balances	\$ 35,750	\$ 7,162	\$ 42,912	\$ 22,000

The accompanying summary of significant accounting policies and notes are an integral part of the financial statements.

UNIVERSITY OF KENTUCKY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Statements

The consolidated financial statements of the University of Kentucky (the University) include the operations of the University and its affiliated corporations (entities that are financially accountable as defined by Statement No. 14 of the Governmental Accounting Standards Board) as follows: The University of Kentucky Research Foundation; The Fund for Advancement of Education and Research in the University of Kentucky Medical Center; University of Kentucky Athletic Association, Inc.; Health Care Collection Service, Inc.; University of Kentucky Mining Engineering Foundation, Inc.; University of Kentucky Business Partnership Foundation, Inc.; University of Kentucky Equine Research Foundation, Inc.; University of Kentucky Humanities Foundation, Inc.; and Center on Aging Foundation, Inc.

All significant balances and transactions among the above entities have been eliminated.

Accrual Basis

The financial statements of the University have been prepared on the accrual basis of accounting.

Fund Accounting

The University maintains its accounts and reports its financial transactions in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Funds that have similar characteristics are combined for reporting purposes into fund groups.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Board of Trustees. The Board retains full control over allocated fund balances to use in achieving its institutional purposes.

Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

True endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Term endowment funds are similar to true endowment funds except that upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended as well. Quasi-endowment funds are established by the Board for the same general purposes as other endowment funds, and any portion may be expended. Substantially all income from endowment funds is restricted.

Ordinary income derived from investments, notes receivable, and the like, is accounted for in the fund owning the assets, except that income derived from investments of endowments and similar funds and the majority of current restricted funds is accounted for in the fund to which the income is designated.

All unrestricted revenue is accounted for in the unrestricted fund.

Current Funds

The statement of current funds revenues, expenditures, and other changes is a summary of financial activities of current funds related to the current reporting period.

To the extent that current funds are used to finance plant asset acquisitions the amounts are accounted for as: (1) expenditures, in the case of replacement of movable equipment and library books; (2) mandatory transfers in the case of required provisions for debt amortization and interest; and (3) a transfer of a nonmandatory nature for all other cases.

The Board allocates unrestricted current funds fund balances for specific purposes. These purposes include: (a) working capital needs of the University (including the hospital, the housing and dining system, and auxiliary enterprises); (b) certain unrestricted income from private sources; and (c) budget appropriations for future operating purposes.

Cash and Cash Equivalents

Cash and cash equivalents include investments with a maturity of three months or less. These funds are deposited in local bank accounts (of which \$382,699 is insured by FDIC), in U.S. Government/agency repurchase agreements (\$67,249,201), and with the State Treasurer. All cash and cash equivalents on deposit with local banks and the State Treasurer are insured by federal depository insurance or secured by U.S. Government/agency securities held by the University or its agents in the University's name.

Investments

Investments are stated at cost or, in the case of gifts, at market value at the date of donation. The specific identification method is used for purposes of determining gains and losses on the sale of investments.

Pooled Endowment Funds

The University employs the total return concept of investment management for setting investment objectives and determining investment performance. This concept recognizes traditional yield (dividends and interest), plus or minus realized and unrealized gains or losses, in determining the total return earned during any particular period. The market value method of accounting for pooled endowment funds is employed to ensure proper distribution of market price changes, realized gain/loss on sales, accrued income earned, and distribution of investment earnings for expenditure by participating funds.

Spendable return from the endowment is determined using the total return philosophy. This philosophy recognizes a prudent amount of realized gains as spendable return in addition to traditional yield. Distribution of investment earnings for expenditure by participating funds is supported first by traditional yield earned and if necessary a transfer from endowment of any prior years accumulated earnings (unexpended traditional yield) or net realized gain on sales. For the year ended June 30, 1995, \$108,795 was transferred from endowment accumulated earnings and \$602,375 from endowment realized gains on sales to current funds to support spending.

Inventories

Inventories are stated principally at the lower of average cost or market.

Land, Buildings, and Equipment

Land, land improvements, buildings and equipment are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift except for the following: (1) the University has title to certain tracts of land which were either donated or purchased at a nominal price with no book value assigned to these properties; and (2) buildings acquired prior to June 30, 1958, were recorded at appraised value of \$33,000,000 at that date. In conformity with generally accepted accounting principles for public colleges and universities, no provision is made for depreciation of buildings and equipment.

NOTES TO FINANCIAL STATEMENTS

1. Notes, Loans and Accounts Receivable

Notes, loans and accounts receivable as of June 30, 1995, net of allowances, are as follows:

Current funds:	(in thousands)
Hospital	
Third-party payor receivables; Medicare, Medicaid and other	\$ 54,790
Private pay and other receivables	18,894
Estimated settlements with third-party payors	<u>214</u>
Total hospital receivables	73,898
Reimbursable costs - grants and contracts	15,020
Receivable from the Kentucky Medical Services Foundation, Inc.	8,408
Other	<u>14,076</u>
Total current fund receivables	<u>111,402</u>
Loan funds:	
Student notes receivable	<u>18,823</u>
Endowment funds:	
Accrued interest receivable	<u>766</u>
Plant funds:	
Accrued interest receivable	<u>2,056</u>
Total notes, loans and accounts receivable	<u>\$133,047</u>

2. Investments

A comparison of the carrying value and approximate market value of the University's investments is shown below:

June 30, 1995	(in thousands)	
Type of investment	<u>Carrying Value</u>	<u>Approximate Market Value</u>
United States Government	\$101,013	\$101,758
Common and preferred stocks	60,374	72,028
Corporate bonds	19,284	20,153
Cash and cash equivalents	12,633	12,633
Repurchase agreement	75,265	75,265
Other	<u>454</u>	<u>454</u>
	<u>\$269,023</u>	<u>\$282,291</u>
Fund group		
Current unrestricted	\$ 12,266	\$ 12,259
Current restricted	48,261	48,190
Endowment	126,483	139,793
Plant	<u>82,013</u>	<u>82,049</u>
	<u>\$269,023</u>	<u>\$282,291</u>

All investments of the University are registered in the name of the University of Kentucky or held in the University's name by its agents and trustees.

3. Investment in Plant

The major components of property, plant and equipment as of June 30, 1995 are as follows:

	(in thousands)
Land and improvements	\$ 61,862
Buildings and structures	673,198
Equipment and library books	361,616
Construction in progress	<u>89,992</u>
	<u>\$1,186,668</u>

4. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by (1) the State Fire and Tornado Insurance Fund (the Fund), (2) Sovereign Immunity and the State Board of Claims or, (3) in the case of risks not covered by the Fund and Sovereign Immunity, commercial insurance, participation in insurance risk retention groups or self insurance.

The Fund covers losses to property from fire, wind, earthquake, flood and other named perils between \$250 and \$300,000 per occurrence. Losses in excess of \$300,000 are insured by commercial carriers up to \$200 million per occurrence on an actual cash value basis. As a state agency, the University is vested with Sovereign Immunity and is subject to the provisions of the Board of Claims Act, under which the University's liability for certain negligence claims is limited to \$100,000 for any one person and \$250,000 for multiple claims resulting from a single act of negligence. Claims against educators' omissions and wrongful acts are insured through a risk retention group. There have been no significant reductions in insurance coverage from 1994 to 1995. Settlements have not exceeded insurance coverage during the past three years.

The University and its agents are insured against medical malpractice by a combination of self-insurance and an excess liability fund established by the Commonwealth of Kentucky. The malpractice liability at June 30, 1995 is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be recorded if it is probable that a liability has occurred and the amount of loss can be reasonably estimated. The liability includes an estimate for claims that have been incurred but not reported at June 30, 1995.

The University is self-insured for the long term disability income program and has established a 501(c)(9) trust for purposes of paying claims and establishing necessary reserves. The estimated long term disability payments for known claims at June 30, 1995 are reported at their present value assuming an investment yield of 7.5%.

The University also self-insures certain employee benefits, including worker's compensation, unemployment claims, and a long term disability supplemental reserve, to the extent not covered by insurance. The University has recorded an estimate for asserted claims at June 30, 1995.

Changes in the liability for self insurance for the year ended June 30, 1995 are as follows:

(in thousands)

	<u>Malpractice</u>	<u>Long Term Disability</u>	<u>Other</u>	<u>Total</u>
Liabilities at 6/30/94	\$17,385	\$5,714	\$2,250	\$25,349
Funding of current claims/ changes in estimates	4,334	2,756	2,625	9,715
Investment Income	664	443		1,107
Claims paid	<u>(1,401)</u>	<u>(1,633)</u>	<u>(2,623)</u>	<u>(5,657)</u>
Liabilities at 6/30/95	<u>\$20,982</u>	<u>\$7,280</u>	<u>\$2,252</u>	<u>\$30,514</u>

5. Bonds Payable

Bonds payable at June 30, 1995, consist of the following:

(in thousands)

	<u>Outstanding</u>	<u>Current Maturities 1995-96</u>
Lexington Campus and Medical Center:		
Consolidated Educational Buildings Revenue Bonds, issued 1970 to 1994, maturities to 2012, interest rates 3.0% to 8.45%.	\$138,340	\$ 10,215
Consolidated Housing and Dining System Revenue Bonds, issued 1965 to 1994, maturities to 2023, interest rates 2.75% to 7.0%.	26,006	1,665
Others, issued 1956 to 1968, maturities to 1998, interest rates 4.0% to 5.4%.	70	57
Hospital Revenue Bonds, issued 1993, maturities to 2006, interest rates 2.5% to 5.5%.	19,080	1,210
Community Colleges:		
Consolidated Educational Buildings Revenue Bonds, issued 1969 to 1994, maturities to 2011, interest rates 3.0% to 7.5%.	112,980	5,400
Lexington-Fayette Urban County Government Governmental Project Revenue Bonds Series 1994 (University of Kentucky Alumni Association, Inc. Commonwealth Library Project), issued 1994, maturities to 2024, interest rates 6.5% to 6.75%	<u>41,000</u>	<u>450</u>
Total	<u>\$337,476</u>	18,997
Interest		<u>17,300</u>
Total debt service for 1995-96		<u>\$ 36,297</u>

The aggregate amount of maturities for the next five years is as follows:

	(in thousands)
1996	\$18,997
1997	\$20,006
1998	\$21,112
1999	\$21,685
2000	\$20,940

All bonds are callable by the University at various rates ranging from 100% to 103% of face value after ten years from issuance.

Revenues from student housing and dining facilities, certain other auxiliary enterprises, hospital and student fees are pledged for the retirement of the bonds related to those activities. All bonds, with the exception of the Hospital Revenue Bonds, are collateralized by land and buildings.

Trust account assets and a total liability for defeased bonds of \$158,995,000 at June 30, 1995 are not included in the financial statements.

6. Capital Lease Obligations

The University has utilized capital leases to acquire the following: Woodford County farm, \$11,500,000; football stadium, \$11,699,545; life safety improvements to buildings, \$19,752,104; and various items of equipment, \$7,790,335.

The minimum future lease payments on the capital lease obligations, which are principally with the Commonwealth of Kentucky, are as follows:

	(in thousands)
1996	\$ 5,307
1997	3,680
1998	3,654
1999	3,547
2000	3,517
2000-2014	<u>32,143</u>
Total	51,848
Less: Amount representing interest	<u>(19,380)</u>
Present value of net minimum lease payment	<u>\$32,468</u>

7. Funds Held in Trust by Others

The University is the income beneficiary of various trusts which are held and controlled by independent trustees. For the year ended June 30, 1995, the University received income from these trusts amounting to \$966,447. The University has no equity interest in the principal of the trusts which, accordingly, is recorded at a nominal value of \$1 each. The 1995 income received from these trusts is recorded in the current unrestricted fund for \$374,298 and in the current restricted fund for \$592,149.

8. Pension Plans

Regular full-time employees, including faculty, are participants in the University of Kentucky Retirement Plan. The University of Kentucky Retirement Plan consists of five groups as follows:

- | | |
|-----------|--|
| Group I | Established July 1, 1964, for faculty and certain administrative officials. |
| Group II | Established July 1, 1971, for staff members in the clerical, technical and service categories. |
| Group III | Established July 1, 1972, for staff members in the managerial, professional and scientific categories. |
| Group IV | Established January 1, 1973, for staff members having U.S. Civil Service Retirement entitlement. |
| Group V | Established July 1, 1987, for staff members covered under the Federal Employees Retirement System that replaced Civil Service (those whose employment began during the period from January 1, 1984 to March 31, 1987). Staff members whose employment began after March 31, 1987 are under one of the above University of Kentucky Retirement Plans. |

Participation in the University of Kentucky Retirement Plan in groups I, II, and III is mandatory for all faculty and staff members, age 30 and older, who have completed one year of service. Participation is voluntary to age 30 (after completion of one year of service). Participation in groups IV and V is voluntary.

The University has authorized three retirement plan carriers, effective July 1, 1988, as follows:

Teachers Insurance and Annuity Association/College
Retirement Equities Fund (TIAA/CREF)
Fidelity Institutional Services Company
Twentieth Century Investors, Inc.

Under these fully funded group retirement plans, the University and plan participants make annual contributions to provide fully vested retirement benefits to employees upon retirement. The University's share of costs for these plans was \$33,620,387 for 1995. The University makes retirement contributions to the U.S. Civil Service for certain Cooperative Extension Service Employees in the College of Agriculture. These contributions amounted to \$1,137,527 for 1995.

In addition to retirement benefits provided from the group retirement plans, the University provides supplemental retirement income benefits to certain eligible employees in each of the retirement groups (see Note 8).

9. Minimum Annual Retirement Benefits and Supplemental Retirement Income

Employees in retirement groups I, II and III who were age 40 or older prior to the date of establishment of each group plan, and who were employed by the University prior to that date, qualify for the minimum annual retirement benefit provisions of the retirement plan. Benefits for these eligible employees are based upon a percentage, determined through years of service, of the participant's annual salary in the last year of employment prior to retirement. Retirement benefits as determined are funded by each individual retiree's accumulation in the group retirement plan, with the balance, if necessary, provided by the University as supplemental retirement income.

The costs of supplemental retirement income benefits are not accrued but are recognized when payments are made to retirees. Supplemental retirement benefit payments were \$4,679,442 for 1995.

The Legislature of the Commonwealth of Kentucky has appropriated funds to the University for the payment of supplemental retirement income benefits since adoption of the group retirement plans, and is expected to continue this practice, however the Constitution of the Commonwealth of Kentucky prohibits the commitment of future revenues beyond the end of the current biennium. Accordingly, the University does not recognize the liability for supplemental retirement income benefits during the service life of covered employees, but recognizes its costs when funds are appropriated by the Legislature and payments are made. The University intends to continue paying supplemental retirement income benefits contingent upon the Legislature continuing to appropriate funds required to make these payments.

The latest actuarial valuation was prepared as of June 30, 1994 by TIAA. The actuarial present value of vested and non-vested accumulated supplemental retirement income benefits as determined by this valuation, utilizing an assumed rate of return of 7%, was \$36,928,000.

10. Health Insurance Benefits for Retirees

The University provides health care benefits to retirees who have a minimum of fifteen years service. The University recognizes the cost of providing those benefits by expensing the insurance premiums in the year paid. These premiums were \$2,048,063 for the year ended June 30, 1995. At June 30, 1995, 1,350 retirees met the service requirement and were receiving benefits.

11. Construction Commitments

The estimated cost to complete construction under contract at June 30, 1995 is approximately \$56,340,984. Such construction is principally financed by Commonwealth of Kentucky appropriations and long-term bonds payable.

12. Contingencies

The University is defendant in several lawsuits, however University officials are of the opinion, based on advice of in-house legal counsel, that the ultimate outcome of all litigation will not have a material effect on the future operations or financial position of the University beyond the amounts already provided.

13. Pledges

Pledges totaling approximately \$34,133,000, including \$3,603,000 relating to the Commonwealth Library Campaign, are expected to be collected over the next ten years. Deferred gifts through insurance, known bequests and irrevocable trusts in which the University has a remainder interest are estimated to be approximately \$39,000,000.

It is not practical to estimate the net realizable value of such pledges and deferred gifts.

14. Grants and Contracts Awarded

At June 30, 1995, grants and contracts of \$83,503,818 had been awarded to the University and the University of Kentucky Research Foundation but not expended. These amounts will be recognized in future periods as revenues and expenditures as the funds are expended.

15. Reclassifications

Certain account classifications for fiscal 1994 have been reclassified to reflect comparability with account classifications adopted for fiscal 1995 with no effect on previously reported fund balances.

FCR 2

Office of the President
September 19, 1995

Members, Board of Trustees:

DISPOSAL OF PERSONAL PROPERTY

Recommendation: that the Board of trustees approve the disposition of surplus equipment as described in Exhibit I and II.

Background: KRS 164A.575 requires that the governing Board sell or otherwise dispose of all personal property which is not needed by the institution. The Board must be provided with a description of the property, the reasons why the disposal should be effected, and the method of disposition, all of which is provided in Exhibit I and II.

Action taken: Approved Disapproved Other _____

UNIVERSITY OF KENTUCKY

SALE OF SURPLUS EQUIPMENT

Type of Disposal: Sealed Bid

Reason: The equipment has been determined to be surplus to the entire University system and sale would prohibit additional depreciation and further loss of value.

Sale Date: Pending

Items: Kearney and Trecker 1015 CNC Horizontal Machining Center with operating devices.
UK property number A475192.

UNIVERSITY OF KENTUCKY

SALE OF SURPLUS EQUIPMENT

Type of Disposal: Negotiated Price

Reason: The items are outdated and remain on an unused site that was formerly leased by the University. Rather than remove the items at considerable expense, WUKY personnel has located a buyer that will assume ownership of the items on site.

Sale Date: Pending

Items: 6' X 10' Metal Building
Transmission Line Heliac
Scala Antenna
Hangers, Adapters, Hoist, Grounding kits, and Miscellaneous items

FCR 3

Office of the President
September 19, 1995

Members, Board of Trustees:

REPORT OF LEASES

Recommendation: that the Board accept the President's Report of the following lease agreements in accordance with Board Policy:

The renewal of a lease between the University of Kentucky (Department of Pathology) and Lexington-Fayette Urban County Government Public Facilities Corporation, 200 East Main Street, Lexington, Kentucky, for property located at 247 East Second Street, Lexington, Kentucky, effective October 1, 1995 through June 30, 1996, for the use of 410 square feet of office space, at an annual rental rate of \$3,485.00, be accepted and made a matter of record.

A new lease between the University of Kentucky (Human Development Institute) and Community Development, 305 West Main Street, Frankfort, Kentucky, for property located at 859 East Main Street, Bldg. 7, Frankfort, Kentucky, effective September 20, 1995 through June 30, 1996, for the use of 1,932 square feet of office space, at an annual rate of \$8,400.00, be accepted and made a matter of record.

A new lease between the University of Kentucky (Department of Architecture) and Lexington-Fayette Urban County Government, 200 East Main Street, Lexington, Kentucky, for property located at 216 East Main Street, Lexington, Kentucky, effective September 20, 1995 through June 30, 1996, for the use of 2,000 square feet as a Design Studio, at an annual rental rate of \$12,000.00, be accepted and made a matter of record.

Background: FCR 5, dated October 5, 1985, authorized the President or his designated representative to enter into leases and easements not exceeding \$30,000 in value and required that all leases entered into under this authority be reported to the Board.

Action taken: Approved Disapproved Other _____

FCR 4

Office of the President
September 19, 1995

Members, Board of Trustees:

APPROVAL OF LEASES

Recommendation: that the Assistant to the President for Fiscal Affairs be authorized to negotiate and execute the following:

An addendum of a lease between the University of Kentucky (Emergency Medicine EMT & Preventive Medicine) and Whitmer Properties, Inc., 605 Camino Road, Lexington, Kentucky, for property located at 1141 Red Mile Road, Lexington, Kentucky, effective November 1, 1995 through June 30, 1996, to cover renovation cost of 2,955 square feet, at an annual rental rate of \$1,684.35. This brings the total amount of lease to \$164,947.63.

An addendum of a lease between the University of Kentucky (Kentucky Injury Prevention & Research Center) and B & C Investments, 333 Waller Avenue, Suite 200, Lexington, Kentucky, for property located at 333 Waller Avenue, Suite 203, Lexington, Kentucky, effective April 1, 1995 through June 30, 1996, for the use of an additional 1,077 square feet of office space, at an annual rental rate of \$11,685.00, bringing the total amount to \$70,185.

An addendum of a lease between the University of Kentucky (Department of Psychiatry) and B & C Investments, 333 Waller Avenue, Suite 200, Lexington, Kentucky, for property located at 333 Waller Avenue, Suite 101, Lexington, Kentucky, effective November 1, 1995 through June 30, 1996, for the use of 2,442 square feet of office space, at an annual rate of \$26,496.00. The combined total of the addenda for Kentucky Injury Prevention & Research Center and the Department of Psychiatry brings the total lease amount to \$96,681.00.

Background: FCR 5, dated October 5, 1985, authorized the President or his designated representative to enter into leases and easements not exceeding \$30,000 in value and required that all leases in excess of \$30,000 be approved by the Board of Trustees.

Action taken: Approved Disapproved Other _____

FCR 5

Office of the President
September 19, 1995

Members, Board of Trustees:

1995-96 BUDGET REVISIONS
CENTRAL ADMINISTRATION

Recommendation: that the following revisions to the 1995-96 budget be authorized and approved.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
Student Fees			
Self-Supporting			
Noncredit Fees	\$ 7,809,600	\$ 7,816,400	\$ 6,800
Other Fees	2,153,800	2,154,100	300
Gifts and Grants			
The Fund for Advancement of Education and Research in the Medical Center	3,170,900	4,196,700	1,025,800
Federal-Agriculture	989,900	1,210,300	220,400
Other Gifts and Grants	3,528,500	3,536,500	8,000
Sales and Services			
Departmental Sales and Services	19,152,800	19,159,800	7,000
Hospital			
Revenue	211,354,100	225,354,100	14,000,000
Fund Balance	-0-	15,600,000	<u>15,600,000</u>
			30,868,300
2. Expenditures			
Central Administration			
Fiscal Affairs			
Property Management and Construction	756,500	758,100	1,600
Research and Graduate Studies			
Academic Support			
General Academic Support	898,900	903,900	5,000

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. GENERAL FUND (continued)			
2. Expenditures (continued)			
Lexington Campus			
Agricultural Cooperative Extension Service			
Assistant Director-Agriculture Programs	\$ 601,800	\$ 656,800	\$ 55,000
Entomology	611,300	627,800	16,500
Home Economics	584,800	733,700	148,900
College of Arts and Sciences			
Russian and Eastern Studies	339,100	339,400	300
Medical Center			
College of Allied Health Professions			
Department of Health Services	1,333,700	1,356,900	23,200
College of Dentistry			
Office of the Dean	275,700	1,176,300	900,600
Administration and Support			
Academic Support			
Medical Center Library	2,118,200	2,133,400	15,200
Student Services			
University Health Service	3,540,400	3,642,400	102,000
University Hospital	210,207,100	239,807,100	<u>29,600,000</u>
			30,868,300

3. **Comments** - The noncredit fees will support a continuing education seminar on public construction in Fiscal Affairs. The increase in other fees will support program activities in the Medical Center Library and in Russian and Eastern Studies in the College of Arts and Sciences.

The gifts and grants from the Fund will support the Medical Center's University Health Service, the College of Dentistry and the College of Allied Health Professions salary supplementations. The federal agriculture grants will support programs in the Cooperative Extension Service. The increase in other gifts and grants will support an information technology conference in the Medical Center Library.

Programs to be supported by increased departmental sales and services include services provided at the Mass Spectrometry Center in Research and Graduate Studies and program activities in the Medical Center Library.

The Kentucky Cabinet for Human Resources Division for Medicaid administers a program designed to provide reimbursement for indigent care. The program is commonly referred to as a Disproportionate Share Hospital (DSH) Program. Over the past three years, this program has undergone several changes in how hospitals are reimbursed. For example, during 1994-95 the program was modified three times. Two changes occurred in June. Because of

the timing of those changes, it was impossible to accurately estimate the total impact of this program on the University of Kentucky Hospital's operating budget prior to June 30, 1995. The \$29.6 million represents indigent care provided during the 1994-95 year. The \$15.6 million resulted from changes in the program which took place at the end of Fiscal Year 1995 and was an unexpected reimbursement for indigent care. The \$14 million was expected but had not been received by June 30, 1995.

The funds were not included in the estimated cash balances of the Hospital for 1995-96; therefore, the investment income generated will also be greater than expected. A portion of the increased investment income, approximately \$400,000, will be used in the Operating Budget by the Medical Center Chancellor primarily to support programs for training health care professionals as required by Kentucky's health care reform law. The balance of the funds will be transferred to the Hospital's Renewal and Replacement Fund.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>RESTRICTED FUNDS</u>			
1. Income Estimates	\$ 80,400,600	\$ 80,533,900	\$ 133,300
2. Expenditures			
Lexington Campus			
College of Agriculture			
College-Wide	32,700	53,000	20,300
Agricultural Experiment Station			
Agronomy	749,400	779,300	29,900
Animal Sciences	623,300	628,300	5,000
Biosystems and Agricultural			
Engineering	117,700	135,200	17,500
Entomology	297,800	298,800	1,000
Veterinary Science	1,802,900	1,816,900	14,000
Agricultural Cooperative Extension			
Service			
Agronomy	95,200	120,200	25,000
Agricultural Programs	70,800	83,800	13,000
Biosystems and Agricultural			
Engineering	-0-	6,000	6,000
College of Business and Economics			
Scholarships	56,500	58,100	<u>1,600</u>
			133,300
3. <u>Comments</u> - Income restricted for the purposes indicated above will fund the proposed additional program activities.			

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
C. <u>AUXILIARY SERVICES</u>			
1. Income Estimates	\$ 38,563,900	\$ 38,803,600	\$ 239,700
2. Expenditures			
Community College System			
Ashland	791,600	826,600	35,000
Elizabethtown	967,300	979,200	11,900
Hazard	600,500	615,800	15,300
Hopkinsville	485,000	499,400	14,400
Madisonville	587,000	647,500	60,500
Owensboro	717,000	757,300	40,300
Paducah	636,000	698,300	<u>62,300</u>
			239,700
3. <u>Comments</u> - The additional income generated will be used to support the respective auxiliary operation.			

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
D. <u>AFFILIATED CORPORATIONS</u>			
1. Income Estimates	\$123,992,800	\$124,168,000	\$ 175,200
2. Expenditures			
Humanities Foundation	63,200	99,300	36,100
The Medical Center Fund	2,907,600	3,032,900	125,300
Mining Engineering Foundation	80,500	94,300	<u>13,800</u>
			175,200
3. <u>Comments</u> - The budgets of the affiliated corporations are included in the University Operating Budget to provide the Board of Trustees with a consolidated operating budget consistent with submissions to the Governor, the Legislature, and the Council on Higher Education. The affiliated corporation budgets contained in the original operating budget are in some instances tentative subject to the approval of the respective affiliated corporation boards. The revisions for the Humanities Foundation and the Mining Engineering Foundation represent those respective budgets as subsequently approved by the affiliated corporation boards. The increase in the Medical Center Fund affiliated corporation budget will support programs in the University Health Service, the College of Dentistry and the College of Allied Health Professions.			

Action taken: Approved Disapproved Other _____

FCR 6

Office of the President
September 19, 1995

Members, Board of Trustees:

ESTATE OF WILLIAM ROBERT SHEELEY

Recommendation: that the Board of Trustees accept an initial distribution of \$275,000 from the Estate of William R. Sheeley for the College of Medicine.

Background: Admiral William R. Sheeley, a native of Van Buren in Anderson County, Kentucky, enjoyed a distinguished career as a United States Navy officer. He retired approximately 20 years ago. Although he did not attend the University of Kentucky nor did he receive treatment at the UK Medical Center, Admiral Sheeley's bequest was in recognition of his Kentucky heritage and in appreciation of the medical profession for the medical care he received throughout his 86 years. He died in 1993. An additional distribution of approximately \$200,000 is expected later this year. Admiral Sheeley placed no restrictions on the College of Medicine's use of the funds.

Action taken:

Approved

Disapproved

Other _____

FCR 7

Office of the President
September 19, 1995

Members, Board of Trustees:

PHILIP MORRIS, INC., CONTRIBUTION

Recommendation: that the Board of Trustees accept a gift of \$159,000 from Philip Morris, Inc. to the College of Agriculture.

Background: The University of Kentucky received a gift of \$159,000 to be divided among tobacco research, extension and education programs, undergraduate scholarships, and graduate fellowships in the College of Agriculture. Philip Morris' continuing support has contributed significantly to the success of the University's agriculture-related, research, instruction and service programs.

Action taken:

Approved

Disapproved

Other _____

FCR 8

Office of the President
September 19, 1995

Members, Board of Trustees:

RJR NABISCO FOUNDATION CONTRIBUTION

Recommendation: that the Board of Trustees accept a gift of \$107,000 from the RJR Nabisco Foundation to the College of Agriculture.

Background: The University of Kentucky has received a gift of \$107,000 to be divided among tobacco research, extension and education programs in the College of Agriculture. RJR Nabisco's continued support has played a major role in the success of the University's agriculture-related programs.

Action taken: Approved Disapproved Other _____

FCR 9

Office of the President
September 19, 1995

Members, Board of Trustees:

SAINT JOSEPH HOSPITAL PLEDGE

Recommendation: that the Board of Trustees accept a pledge of \$100,000 from Saint Joseph Hospital of Lexington, Kentucky, for the College of Allied Health Building Campaign.

Background: The company's pledge of \$100,000 is to be paid in \$25,000 installments over a four-year period. This pledge is for the College of Allied Health Professions Building and is contingent upon the building being constructed with support from other businesses, hospitals, and the Kentucky General Assembly.

Action taken:

Approved

Disapproved

Other _____

FCR 10

Office of the President
September 19, 1995

Members, Board of Trustees:

BIENNIAL REQUEST 1996-98

Recommendation: that the 1996-98 Biennial Request which includes both the operating and capital request be approved for submission to the Council on Higher Education and to the Governor of the Commonwealth.

Background: The 1996-98 Biennial Request has been developed consistent with the goals and objectives established within the Strategic Plan. The University-wide Strategic Plan (adopted by the Board of Trustees in March 1993), as well as supporting chancellor/vice presidential, college and major administrative unit strategic plans are included as supporting information in the accompanying document. Also included as supporting information to the capital request is the University's land use plan. The 1996-98 Biennial Request meets the guidelines for state operating appropriation and capital projects requests as developed by the Council on Higher Education pursuant to Kentucky Revised Statute Chapter 164.

Action taken:

Approved

Disapproved

Other _____