

Minutes of the Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky June 30, 1934.

The Executive Committee of the Board of Trustees of the University of Kentucky met in President McVey's office at the University of Kentucky June 30, 1934, at 10:30 a.m. The members of the Committee present were Judge R. C. Stoll, chairman; James Park and Miller Holland. President Frank L. McVey and Secretary D. H. Peak were also present.

1. Minutes Approved.

The Minutes of the meeting of the Executive Committee of May 8, 1934, were approved as published.

2. Financial Report.

The Financial Report for May was received and ordered to be recorded in the Minutes. It reads as follows:

EXHIBIT "B"

Statement of Income and Expenditures
Month of May 1934

	<u>Previously Reported</u>	<u>Current Month</u>	<u>Fiscal Year To date</u>
General Fund Income			
Federal Appro.	42,750.00		42,750.00
Vocational Ed. Board	16,377.62	4,038.54	20,416.16
Bur. of Min. & Top. Sur.-			
Misc. Receipts	1,120.67	212.40	1,333.07
Bureau of Min. & Top. Sur.-			
State Appropriation	3,106.60	(106.60)	3,000.00
Special Agri. Appro.	25,088.06		25,088.06
State Tax	501,667.43	38,924.78	540,592.21
Int. on Endowment Bonds	8,644.50		8,644.50
Int. on Liberty Loan Bonds	1,700.00		1,700.00
Student Fees	182,906.50	4,104.40	187,010.90
Student Fees - Sum. Sch.	37,487.37		37,487.37
Student Fees - U. H. S.	10,494.75	1,035.00	11,529.75
Student Fees - El. Tr. Sch.	7,999.50	160.00	8,159.50
Student Fees - Un. Ext.	18,975.47	1,147.91	20,123.38
Miscellaneous	7,029.29	386.01	7,415.30
Rentals	2,325.20	577.20	2,902.40
Men's Dormitories	12,730.11	554.80	13,284.91
Total	<u>880,403.07</u>	<u>51,034.44</u>	<u>931,437.51</u>

Expenditures			
Instruction	609,423.91	61,977.88	671,401.79
Adm. Exp. and Maint.	214,852.24	17,433.77	232,286.01
Additions and Betterments	10,084.45	592.14	10,676.59
Total	<u>834,360.60</u>	<u>80,003.79</u>	<u>914,364.39</u>
Excess of Income over Ex-			
penditures	<u>46,042.47</u>	<u>(28,969.35)</u>	<u>17,073.12</u>
 Patterson Hall Income			
Board	38,531.26	601.92	39,133.18
Miscellaneous Receipts	314.09		314.09
Room Rent - Summer School	2,936.65		2,936.65
Total	<u>41,782.00</u>	<u>601.92</u>	<u>42,383.92</u>
 Expenditures			
Expense	30,508.64	3,239.11	33,747.75
Add. and Betterments	695.00		695.00
Total	<u>31,203.64</u>	<u>3,239.11</u>	<u>34,442.75</u>
Excess of Income over			
Expenditures	<u>10,578.36</u>	<u>(2,637.19)</u>	<u>7,941.17</u>
 General Fund Income	922,185.07	51,636.36	973,821.43
General Fund Expend.	<u>865,564.24</u>	<u>83,242.90</u>	<u>948,807.14</u>
Excess of General Fund In-			
come over Expenditures	56,620.83	(31,606.54)	25,014.29
Accounts Payable liquidated	(21,447.30)	(7,030.73)	(28,478.03)
Excess of Receipts over Ex-			
penditures for General			
Ledger accounts	<u>21,652.96</u>	<u>(12,418.12)</u>	<u>9,234.84</u>
Excess of Receipts over Ex-			
penditures for the fiscal			
year to date - General			
Fund	<u>56,826.49</u>	<u>(51,055.39)</u>	<u>5,771.10</u>
Excess of Receipts over Ex-			
penditures for the fiscal			
year to date - General Fund			5,771.10
Cash in Bank July 1, 1933 -			
General Fund			<u>16,671.05</u>
Cash in Bank May 31, 1934 -			
General Fund			<u>22,442.15</u>
 Experiment Station Income			
Hatch - Federal Appro.	15,000.00		15,000.00
Milk and Butter - Cash Rec.	9,058.24	266.66	9,324.90
Beef Cattle Sales	45.39		45.39
Dairy Cattle Sales	439.74	25.00	464.74
Sheep Sales	329.64		329.64
Swine Sales	573.75		573.75
Poultry Sales	1,599.56		1,599.56
Farm Produce Sales	1,250.66		1,250.66
Horticultural Sales	1,542.72		1,542.72

Seed Test	573.48	76.25	640.73
Seed Inspection	15,798.58	765.98	16,564.56
Rentals	5,581.66		5,581.66
Miscellaneous	483.16		483.16
Fertilizer - Fees	23,502.00		23,502.00
Public Service - State Ap.	18,137.49		18,137.49
Public Service - Misc. Rec.	111.05		111.05
Feeding Stuffs - Fees	29,120.63	934.18	30,044.81
Adams - Fed. Appro.	15,000.00		15,000.00
Serum - Sales	869.46		869.46
Serum - Virus Sales	54.85		54.85
Serum - Live Stock Sales	200.00		200.00
Serum - Supply Sales	91.98		91.98
Serum - Misc. Receipts	5.05		5.05
State Appro.	45,449.11		45,449.11
Creamery - License Fees	6,574.50		6,574.50
Creamery - Testers' Lic.	2,427.85		2,427.85
Creamery - Glassware Tested	437.41		437.41
Robinson - State Appro.	10,701.82		10,701.82
Robinson - Misc. Receipts	1,449.62		1,449.62
West Ky. - State Appro.	12,599.36	1,218.37	13,817.73
West Ky. - Misc. Rec.	2,066.24		2,066.24
Purnell - Federal Appro.	60,000.00		60,000.00
Nursery Inspection - Fees	1,300.00		1,300.00
Blood Test	634.50		634.50
Total	<u>283,009.50</u>	<u>3,276.44</u>	<u>286,285.94</u>
Expenditures			
Expense	236,134.68	26,936.62	263,071.30
Additions and Betterments	2,469.52	998.89	3,468.41
Total	<u>238,604.20</u>	<u>27,935.51</u>	<u>266,539.71</u>
Excess of Income over Exp.	44,405.30	(24,659.07)	19,746.23
Excess of Expend. over Rec. for Gen. Ledger Accts.	(27,789.89)	(6,370.43)	(34,160.32)
Excess of Receipts over Ex- penditures	<u>16,615.41</u>	<u>(31,029.50)</u>	<u>(14,414.09)</u>
Excess of Receipts over Ex- penditures for the fiscal year to date - Experiment Station			(14,414.09)
Cash in Bank July 1, 1933 - Experiment Station			<u>16,455.13</u>
Cash in Bank May 31, 1934 - Experiment Station			<u>2,041.04</u>
Extension Division Income			
Federal Smith-Lever	148,308.77		148,308.77
Federal Add. Co-op.	31,000.00		31,000.00
Federal Supplementary	53,091.04		53,091.04
Federal Capper-Ketcham	36,800.97		36,800.97
State Smith-Lever	118,285.29		118,285.29
County and Other	1,768.91	179.16	1,948.07
Total	<u>389,254.98</u>	<u>179.16</u>	<u>389,434.14</u>

Expenditures			
Expense	<u>303,900.10</u>	<u>35,890.62</u>	<u>339,790.72</u>
Excess of Income over Ex- penditures	85,354.88	(35,711.46)	49,643.42
1932-1933 Federal Smith- Lever balance transferred to Current Year's Income	<u>(5,163.15)</u>		<u>(5,163.15)</u>
Excess of Receipts over Expenditures	<u>80,191.73</u>	<u>(35,711.46)</u>	<u>44,480.27</u>
Excess of Receipts over Ex- penditures for the fiscal year to date - Extension Division			44,480.27
Cash in Bank July 1, 1933 - Extension Division			<u>9,064.09</u>
Cash in Bank May 31, 1934 - Extension Division			<u>53,544.36</u>
Trust Fund Income			
Student Loan Fund	787.13	225.60	1,012.73
Student Notes-Paid	<u>1,727.02</u>	<u>262.00</u>	<u>1,989.02</u>
Total Receipts	<u>2,514.15</u>	<u>487.60</u>	<u>3,001.75</u>
Expenditures			
Expense	389.00	44.00	433.00
Student Notes	<u>142.00</u>		<u>142.00</u>
Total	<u>531.00</u>	<u>44.00</u>	<u>575.00</u>
Excess of Receipts over Ex- penditures	<u>1,983.15</u>	<u>443.60</u>	<u>2,426.75</u>
Excess of Receipts over Ex- penditures for the fiscal year to date - Trust Fund			2,426.75
Cash in Bank July 1, 1933 - Trust Fund			<u>994.93</u>
Cash in Bank May 31, 1934 - Trust Fund			<u>3,421.68</u>
Summary			
General Fund Income	922,185.07	51,636.36	973,821.43
Experiment Sta. Inc.	283,009.50	3,276.44	286,285.94
Extension Div. Inc.	389,254.98	179.16	389,434.14
Trust Fund Income	787.13	225.60	1,012.73
Total	<u>1,595,236.68</u>	<u>55,317.56</u>	<u>1,650,554.24</u>
General Fund Expend.	865,564.24	83,242.90	948,807.14
Experiment Sta. Expend.	238,604.20	27,935.51	266,539.71
Extension Div. Expend.	303,900.10	35,890.62	339,790.72
Trust Fund Expend	389.00	44.00	433.00
Total	<u>1,408,457.54</u>	<u>147,113.03</u>	<u>1,555,570.57</u>

Excess of Income over Expenditures	186,779.14	(91,795.47)	94,983.67
Accounts Payable liquidated	(21,447.30)	(7,030.73)	(28,478.03)
1932-1933 Federal Smith-Lever balance transferred to Current Year's income	(5,163.15)		(5,163.15)
Excess of Expenditures over Receipts for General Ledger accounts	(6,136.93)	(18,788.55)	(24,925.48)
Student Loan Fund - Notes	<u>1,585.02</u>	<u>262.00</u>	<u>1,847.02</u>
Excess of Receipts over Expenditures for the fiscal year to date - Combined Fund	<u>155,616.78</u>	<u>(117,352.75)</u>	<u>38,264.03</u>
Excess of Receipts over Expenditures for the fiscal year to date - Combined Fund			38,264.03
Cash in Bank and on hand July 1, 1933 - Combined Fund			<u>45,185.20</u>
Cash in Bank and on hand May 31, 1934 - Combined Fund			<u>83,449.23</u>

Abstract of item shown on Statement of Income and Expenditures as "Excess of Expenditures over Receipts for General Ledger accounts \$24,925.48"

	<u>Debit</u>	<u>Credit</u>
Accounts Receivable	24,569.70	
Insurance Paid in Advance	1,152.12	
Sundry Accounts		796.34
	<u>25,721.82</u>	<u>796.34</u>
	796.34	
	<u>24,925.48</u>	

3. Income and Expenditures.

The Business Agent reported state tax receipts, including June remittance for May collections for the period of July 1, 1933, to May 31, 1934, as follows: Inheritance tax \$172,367.12, mill tax \$381,739.32. (Before writing the Minutes data on collections in June show totals for the year: Inheritance tax \$186,140.17, mill tax \$391,682.98. The exact amounts were determined in time to insert herein.) Following is tabulation for three years:

State Tax, University of Kentucky

	Inheritance Tax	Mill Tax
	1930-1931	
July	56,509.62	8,215.81
August	38,146.65	1,686.31
September	45,613.97	230,236.05
October	80,653.96	24,299.83
November	27,848.35	43,548.55
December	28,502.32	35,451.70
January	38,685.27	223,911.09
February	77,899.76	9,569.93
March	31,206.72	8,725.77
April	15,587.85	10,434.19
May	65,765.09	2,458.31
June	28,190.57	4,333.62
Total	534,610.13	602,771.16
	1931-1932	
July	35,449.44	5,365.42
August	46,067.73	9,210.82
September	23,657.62	193,894.14
October	15,909.14	21,107.89
November	10,820.03	26,834.09
December	100,495.00	57,476.34
January	11,455.60	204,025.11
February	6,637.26	7,753.43
March	2,217.01	12,815.50
April	60,522.25	11,699.15
May	11,935.45	2,768.63
June	11,898.40	4,489.17
Total	337,064.98	557,439.69

1932-1933

July	19,023.24	3,949.53
August	15,642.58	12,002.38
September	11,717.77	41,023.17
October	55,616.99	23,662.08
November	21,737.77	143,650.66
December	11,137.50	34,791.39
January	29,779.11	36,054.58
February	12,759.76	27,673.43
March	17,669.06	70,100.20
April	8,649.78	49,924.19
May	8,833.49	14,983.68
June		8,797.82
Total	212,571.63	466,613.11

1933-1934

July		7,179.26
August		4,218.54
September	75,000.00	21,556.04
October	8,757.82	26,687.83
November	11,769.71	120,591.37
December	17,000.00	22,000.00
January	11,531.71	17,108.15
February	4,073.28	23,508.17
March	18,756.67	104,883.32
April	11,124.73	27,800.05
May	14,353.20	6,206.59
June	13,773.05	9,943.66
Total	186,140.17	391,682.98

4. Fiscal Year's Indebtedness Ordered Paid

On motion and second the Committee authorized payment of June salaries, College Division, and other indebtedness of the fiscal year ending June 30, 1934. This order is based on following report made by the Business Agent:

Bank Balance May 31, 1934		\$22,442.15
Total collections in June that may be applied to expense to June 30, 1934		58,876.17
Tax transfers for June		23,716.71
Petty cash fund		2,000.00
Campus Book Store accounts receivable	\$25,263.19	
Sundry Ledger Accounts Payable estimated	<u>17,000.00</u>	<u>8,263.19</u>
		115,298.22
Estimated expenditures including salaries		<u>110,056.56</u>
		5,241.66

5. Widening Rose Street.

President McVey reported that no progress had been made on a proposed plan to widen Rose Street. It was suggested that continued effort be made to reach an agreement with the City Manager in regard thereto.

6. Legislative Outcome and Prospective Budget.

President McVey reported at some length the discussions, contentions and difficulties that involved the University in connection with the appropriations bill passed by the Kentucky Legislature at extraordinary session. He stated that, as finally passed, the bill puts the University in about the same position as to amount of funds as it was in each of the fiscal years of the biennium just closed, with the addition of special appropriations for summer session and for repairs and renewals, and a further appropriation of \$71,100.00 each year of the biennium for payment of unpaid salaries of 1931-32, the amount asked for the latter purpose having been \$79,000.00 each year.

He stated that on the basis of the appropriations made in the bill referred to that he would be able to complete the budget for the year 1934-35. He made a summarized statement of the budget showing an estimated income of \$1,170,673.50, covering all sources of income in dining, boarding and lodging halls.

7. New Fiscal Laws.

President McVey made a short statement in regard to the new fiscal laws, and the operations of the University under these laws. The discussion on the subject resulted in the passing of the following resolutions:

a. Petty Cash Funds.

Under the definition of Budget Unit under Finance Act and the Kentucky Statutes it is the opinion of the members of the Executive Committee present that the three divisions of the University of Kentucky, namely; College Division, Experiment Station Division, and Extension Division, may each be considered a budget unit, and that as such may each apply for a petty cash fund as provided for in article 6, section 6, page 97. It is desirable and necessary for the proper conduct of the business of the University of Kentucky that its business offices be allowed to have a petty cash fund of \$5000.00 for each budget unit, totaling \$15,000.00. President McVey is authorized to present this resolution to the Finance Board together with request for the three petty cash funds.

b. Method of Payment of Obligations.

In the opinion of the members of the Executive Committee present (Act 5, section 2, page 91) that part of the Budget and Financial Administration Act of 1934 that relates to payment of obligations of a budget unit, may be construed to mean that the Auditor of Public Accounts may draw warrants on the State Treasurer in favor of the Treasurer of the Budget Unit on statement or abstracts of salaries or accounts payable in the sum total of such abstracts and that the Treasurer of the Budget Unit make distribution of the funds. This interpretation follows the plan now in practice which has proved satisfactory in every respect. It is desirable to continue it because it saves duplication of work and thereby insures promptness of payment. It will thereby enable the University of Kentucky to take discounts and buy to a better advantage. Therefore; be it resolved that the Board of Finance be requested to adopt the method herein suggested, and President McVey is authorized to submit this resolution to that Board.

c. Student Fees.

Each full-time student shall pay fees each regular semester as follows; if a resident of Kentucky, \$47.00 for each college except Law, for Law \$50.00; if a non-resident of Kentucky, \$60.00 for each college except Law, for Law \$63.00, the funds thus collected to be used as operating expense of the University of Kentucky, except that \$7.00 of each full fee collected by authority given by the student body shall be distributed to student organizations as follows: Kentucky Kernel, 54 cents; class dues, 50 cents; YMCA or YWCA, 27 cents; musical organizations, 50 cents; rent of Post Office boxes, 50 cents; Lectures, 18 cents; Athletics, \$4.51.

The Business Agent is authorized to pay the amount so collected as directed by each organization entitled thereto.

The Business Agent may collect from the students to be held by him for the benefit of each student so paying the following deposits: Advanced Military, \$20.00; Basic Military, \$10.00; Room \$5.00; Chemistry, \$2.50; Key, 50 cents. The amounts thus collected shall be repaid to each student from whom collected, on demand, approved by a member of the Staff so designated in each case.

d. Federal Funds.

The federal funds now granted the University of Kentucky are the Hatch fund, the Adams fund, the Purnell fund, the Agricultural Extension funds, the Morrill-Nelson fund, and the interest on bonds invested by the State of Kentucky. These funds can only be expended under the direction of the Administrator of the Federal Grant -- the State cannot control or direct expenditures. Under the ruling of the Comptroller General they must be kept intact and in separate bank accounts. Any unexpended balance reverts to the Federal Government. The accounts are audited by representatives of the Federal Government and the original vouchers, bills and accounts must be kept by the University in a manner convenient for such audit. The University is held responsible for failure to comply with the requirements in each case and the University, and not the State, is required to make reports on each appropriation.

Frequent rulings have been made by the Federal Government to the effect that the Board of Trustees of the University to which grant is made is the custodian of the funds paid for the use of the institution through the federal acts. As custodian, it is responsible for these funds, irrespective of where they may be deposited. The placing of the funds in the custody of any department of the state does not relieve in any manner the Board of Trustees from the original custodianship.

It is further provided in the rulings that have been made that the funds must be maintained in separate bank accounts, and that they must be available upon requisition of the director of the funds, irrespective of rulings that may be passed or viewpoints that may be held by state boards or officials. In accordance with decisions that have been made, these funds remain federal funds until they are actually disbursed.

For these reasons and others set out at large in opinions of the Comptroller General of the United States of America which opinions have been made records in the minutes of the Board of Trustees of the University of Kentucky, be it resolved that President McVey and the Financial Administrator of the University, keep, control and expend the funds herein mentioned in accordance with the requirements of the Federal Government and that they be not covered into the Treasury of the State of Kentucky except as may hereafter be authorized by the Board of Trustees.

This resolution is based on the following rulings of the Comptroller General of the U. S. A.

Ruling A-46031 (In part).

.....
"The funds in question are those provided by the Second Morrill Act of August 30, 1890 (26 Stat. 417); Nelson Amendment of March 4, 1907 (34 Stat. 1281); Hatch Act of March 2, 1887 (24 Stat. 440); Adams Act of March 16, 1906 (34 Stat. 63); Purnell Act of Feb. 24, 1925 (43 Stat. 970); Smith-Lever Act of May 8, 1914 (38 Stat. 372); and Capper-Ketcham Act of May 22, 1928 (45 Stat. 711).

"The question arises at this time, because of a letter received from R. B. Stewart, Controller of Purdue University, at Lafayette, Indiana, asking to be advised as to the proper attitude of the University with regard to the funds it receives from the Federal Government, under the Acts cited, in view of a statute passed last summer by the Indiana Legislature, amending the State Public Depository Law."
.....

Accordingly, in specific answer to the question submitted, I have to advise that the interest accruing upon all such funds as referred to in your letter is interest accruing to the United States and should be covered into the Treasury as miscellaneous receipts. It may be stated, also, that under such circumstances, the deposit of said funds by treasurers of institutions having custody of the same, is not subject to the provisions of the laws of Indiana, referred to in your letter, requiring that the interest accumulating upon such funds should be deposited in the State treasury for the building up of a sinking fund for the protection of State funds. The funds in question should be deposited by such treasurers in banks as custodians for funds of the United States and any interest accruing thereon should be for disposition as herein indicated.

Respectfully,

(Signed) J. R. McCarl
Comptroller General of
the United States

West Virginia Case

DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

January 18, 1934

Mr. A. Spates Brady, President,
West Virginia Board of Control,
Charleston, W. Va.

Dear Sir:

There was received on January 2, by reference from the Treasury Department, a photostat copy of your letter of November 1 to former Secretary Woodin, of that Department, together with a copy of a reply dated December 29, both of which relate to the scrutiny and control of your Board over the expenditure of Federal funds devoted to Experiment Station and Geological Survey work at West Virginia University. You ask to be advised whether the Federal Government desires the continuance of such scrutiny and control.

The interest of this Department in the matter is, of course, confined to the expenditure of the Experiment Station funds appropriated and allotted to the States by the so-called Hatch, Adams, and Furnell Acts of Congress, so that this letter will be concerned solely with such funds and their expenditure, as I understand that this matter has also been referred to the Interior Department, in view of the Geological Survey funds involved.

Your letter quotes from Sec. 1, Article 11, Chapter 18, and from Sec. 4, Article 1, Chapter 25, of the West Virginia Code to show that the "finances and business affairs" of the University (of which the Experiment Station is a part) are under the "charge and control" of your Board and you state that, under the policy of retrenchment which the Board is engaged in, you deem it your duty to exercise the same "scrutiny and power of disapproval" as to expenditures connected with the University out of Federal funds as you exercise over State funds. I quote further from your letter as follows:

It is our desire that the expenditure of Federal funds, in so far as is possible, be expended strictly for the purposes for which they are appropriated, and not expended in paying the traveling expenses of members of the University staff, its agents and employees, traveling all over the country to "study this project," "make a survey of conditions," "attend a conference with so and so," and in going to many points in this State and all over the United States; that in the expenditures for supplies the use of the fund was applied to such supplies, as in

the judgment of this Board, were necessary, and of a kind, material and quality such as we would approve for the University if payable out of State Funds, due respect being had for the recommendations of the heads of the departments, with regard to supplies of a technical nature needed in their departments.

* * * * *

It is the desire of this Board to work in entire harmony with the officials of the University administering Federal Funds, and jointly administering Federal and State funds. We shall endeavor to cooperate with these people in every particular, looking to the efficiency of the service; we shall continue to give due consideration and respect to the recommendations of these officers who are expending Federal Funds, and where we are not clear upon the necessity of a requisition, we will ask for further information, but we cannot, and will not concede, that we will simply use a rubber stamp to every requisition which comes through with the approval of these officials, regardless of the apparent necessity, wisdom and extravagance, which, to us, is apparent.

As a basis for an answer to your question as to the desirability of the continuance of such scrutiny and control by your Board over recommended expenditures of experiment station funds, your attention is called to certain provisions of Sections 1, 2 and 3 of the Hatch Act of March 2, 1887 (24 U.S. Statutes, 440), which was the original Act of Congress establishing the experiment stations in the various States and making funds available for their support, and to the fact that the subsequent Adams Act of March 16, 1906 (34 U.S. Statutes, 63) and Purnell Act of February 24, 1925 (43 U.S. Statutes, 970), both specifically announce that their appropriations are made for the more complete endowment of the experiment stations "established in accordance with" the Hatch Act.

By Section 1 of the Hatch Act, agricultural experiment stations are authorized to be established "under direction of" the land-grant agricultural colleges in the various States and by Section 2 thereof the object and duty of these experiment stations is declared to be "to conduct original researches or verify experiments on the physiology of plants and animals and such other researches or experiments bearing directly on the agricultural industry of the United States as may in each case be deemed advisable." By Section 3 of the Act, it is provided that this Department is to cooperate with the Experiment Stations so established in order to "secure uniformity of methods and results" and to give

such advice and assistance "as will best promote the purpose of" of the Act. (Underscoring supplied).

The plain meaning of the language thus used in these three sections of the Hatch Act is that it is the experiment station whose "duty" it is, under the direction of the college, and in cooperation with this Department, to determine what researches, bearing directly on the agricultural industry of the United States, are "advisable". This is the declaration of the Congress which provides the funds for the researches thus authorized and, inasmuch as the State of West Virginia has given its assent to the "purpose" of the grant made by the Hatch Act, and has similarly assented to the purposes of the Adams and Purnell Acts, it has thereby agreed, on its part, for a valuable consideration, that the experiment stations are the proper bodies to determine, under the direction of their respective agricultural colleges and in cooperation with this Department, what agricultural researches are "advisable." Having given this assent, the State of West Virginia may not, without a virtual repudiation of the assent already given to the purpose of the experiment station acts, assume the right, by legislation or otherwise, to appoint some other body and give to it the authority to make such a determination. Much less, of course, would there be any warrant for your Board or any other State body to assume the authority to take such action, without the sanction of legislation.

As a matter of fact, an examination of the pertinent sections of the West Virginia Code shows that your Board, as your letter itself indicates, is given control only over the expenditure of State monies. Inasmuch as the Experiment Station funds allotted to the State out of the Federal appropriations are Federal monies and continue to be such until they are disbursed pursuant to the purposes specified by Congress, I fail to see how the section of the West Virginia Code which you have cited gives your Board any authority to scrutinize and disapprove expenditures proposed to be made for those purposes by the agency authorized thereto. Surely it will not be contended that, by the legislation which put the finances and business affairs of the University (including, of course, the Experiment Station, which is a part of it) under your "charge and control," the State thereby undertook to give to your Board any authority to make decisions and pass judgment as to the advisability of the expenditure of funds belonging to the Federal Government, a matter which is specifically conferred by Congress on an entirely different body.

These Federal funds, by the terms of the Acts referred to, are payable to the officer appointed by the governing boards of the colleges or experiment stations and the officer to whom the funds are paid thereby becomes their custodian. There is no requirement in the Act that he shall

deposit them in the State treasury, although it is entirely proper that he should do so, in view of the fact that the monies are to be used for the benefit of the respective States. But, if he does so deposit them, his custodianship is not thereby terminated; they continue to be Government funds, until they are expended for the purposes specified in the Acts of Congress; it was so held by the Comptroller General of the United States, in his decision of January 16, 1933.

In cases where the appointed custodian deposits the funds in the State treasury, and for reasons of uniformity and convenience of disbursement it should be deemed expedient that they should be disbursed through your Board, in the same manner as State monies, such manner of deposit and disbursement can not effect a setting aside of the requirement of the Federal Statute as to the proper body to make decisions as to the advisability of the expenditure of the funds so deposited. If your Board feels that this convenience of deposit and expenditure of the funds, without any voice by the Board in its wisdom or advisability or economy, is objectionable, as making the Board merely a "rubber stamp," as you express it, the remedy would be for the officer of the Experiment Station, who is the custodian of the funds, either to enter into some arrangement with the State treasurer whereby the warrant of the treasurer of the Experiment Station, properly vouched for, will be honored and paid or that the deposited funds be withdrawn and placed in some other depository where they would similarly be honored upon his proper warrant. It would seem, however, that it might be possible for the Board to pass such requisitions, without any question and without any feeling of stultification thereby, when they are received through the proper channels and properly accredited, inasmuch as the Board can be assured that the approval of the Federal officers will not be given without as careful a scrutiny as could be desired as to the need and advisability of the proposed expenditure. It is false economy, however, in the Department's opinion, when a special line of investigation has been undertaken in one or more of the experiment stations, not to spend the money reasonably necessary to make the investigation yield adequate results and prevent the duplication in that particular research work at other stations, considerations on which your Board would hardly be in a position to pass any judgment comparable with the judgment of the bodies actively participating in the research work involved.

In writing the paragraph immediately above, there were particularly in mind three instances occurring in August, October, and November, 1933, respectively, in which your Board disapproved expenditures of Experiment Station funds which had been recommended by the Director of the Experiment Station with the approval of the President of the University and of this Department.

The first of these involved the expense of a trip from Ronceverte, West Virginia, to Beltsville, Maryland, by Mr. Wilson, the leader in the cooperative investigation being conducted by the Bureau of Animal Industry of this Department and the State's experiment station, involving, in this particular case, the slaughter of certain experimental lambs at Beltsville. It was absolutely necessary that Mr. Wilson should be present in person when these animals were weighed, graded, and killed in order that he might use the technical information so obtained in further prosecution of this project, which was but one phase of an investigation in which some seventeen Experiment Stations in different States were actively cooperating with this Department. Sufficient facts were set out in the requisition sent to your Board to show that this trip was regarded as an essential part of this investigation, but it was "disapproved" without the giving of any reason whatever.

The second instance involved subscriptions to scientific periodicals, mainly in foreign languages, dealing with the physiology and biology of plants and animals and with experiments and researches with reference thereto and similar matters affecting the agricultural industry. The purpose of this proposed expenditure was to provide reliable, up-to-date information as to current research in these matters. The availability of such information is most important for the co-ordination of research work and the avoidance of duplication therein. This requisition was "disapproved" without explanation or comment.

The third instance involved the expense of a trip to Chicago by the Director of the West Virginia Experiment Station in order that he might participate in the official conference of directors of State Experiment Stations with officials of the United States Department of Agriculture on the subject of Federal-State relationship in research work. The Acts making appropriations for the Department of Agriculture for a number of years have provided specifically that the Secretary of Agriculture shall "coordinate the work of the Department of Agriculture with that of the State agricultural colleges and experiment stations in the lines authorized in" the Hatch, Adams, and Purnell Acts. The purpose of the conference was to develop a workable understanding in matters of research in which the different stations and this Department were

cooperating and in which there were differences of opinion. Such a conference was believed to be necessary to the attainment of that objective, which could not possibly be reached by the ordinary methods of correspondence. The purpose of this conference and the approval of the attendance of Experiment Station directors thereat was set out in the requisition statement, but it was disapproved by your Board, without comment.

To the officials of this Department, through whom this experiment station work is carried on in cooperation with the States and who know what must be done to make this work fruitful, these expenditures did not, and do not, represent "extravagance"; nor is it felt that they call for "traveling all over the country" to make surveys or study conditions or attend conferences; on the contrary, it was, and is, believed that the proposed expenditures were in every sense of the word "advisable," in order to carry out effectively and economically the research work for which the funds were appropriated by Congress.

For the reasons given above, the Department is of the opinion that the exercise of scrutiny of your Board over the expenditure of the experiment station funds allotted to the States in accordance with the Hatch, Adams, and Furnell Acts to the extent of the disapproval and suspension thereof is unauthorized and you are respectfully advised that its continuance is not desirable. As has already been suggested, if the Board feels that, largely as a matter of convenience, while the funds are on deposit in the State Treasury, it can pass requisitions by the Director of the West Virginia Experiment Station when properly vouched for, as a matter of course and without feeling any embarrassment in so doing, the Department sees no objection in having that much of the present practice continued. If, however, the Board feels that it can not do this and you will so advise this Department, arrangements will have to be made whereby Experiment Station funds, now on deposit in the State treasury, will either have to be subject to direct disbursement on properly approved warrants of the Director of the Experiment Station or such funds will have to be withdrawn from the State treasury and placed in some other depository, from which such disbursements can be freely made.

Respectfully,

(Signed) H. A. Wallace,
Secretary

e. Designation of Person to Sign Papers.

President McVey was directed to designate and to report to the Finance Board and Auditor of Public Accounts the person or persons authorized to sign reports, orders, requisitions, and all papers required under the finance laws of the state to be submitted to state officers.

f. Revolving Funds.

The Business Agent was authorized to open with the State Auditor's office such accounts under the finance laws as appear to satisfy the requirements thereof and as meet the convenience of both the University and the state officials. He suggested that at least two revolving fund accounts now appear necessary and desirable, and that it may also be necessary to open a trust fund account.

8. Student Loan Fund.

Dean T. T. Jones presented through President McVey a list of Student Loan Fund notes of long standing. This list was examined by the members of the Committee. Probability of collection and methods of collection were discussed. Probability of collection and methods of collection were discussed. Mr. Holland suggested that members of the Alumni (lawyers especially) at various points where the debtors reside might be solicited to help in collection without charge for such service. It was decided that renewed and continuous efforts to collect the notes be made.

It appearing from the report of Dean Jones that there is now in the hands of the Business Agent \$3,823.72, the Business Agent was directed to make investment of the fund by and with the advice and approval of the President and the Dean of Men. See Minutes of the Executive Committee of May 8, 1934.

9. Publicity and Printing.

President McVey was authorized to have printed and distributed folders and a scene book, setting forth features of the University of Kentucky.

10. Lease of Camp Site Renewed.

Renewal of lease to CCO, Co. 547, Noble, Kentucky (See minutes of the Executive Committee January 17, 1934), was requested by order of Colonel Murille, letter of Captain Shoe, dated May 28, 1934. The request was accepted and Chairman R. C. Stoll was authorized to execute the renewal of the lease. Thereupon he signed four copies in open meeting. The Secretary of the Board was directed to forward three copies of the renewal papers to Lieutenant R. V. Perry, Noble, Ky., and to retain one for University files and insertion in the minutes.

Recommendation of Dean Cooper:

June 5, 1934

Memo. for Mr. Peak.

I think that the renewal of the lease for the camp site is wholly satisfactory and I recommend that Judge Stoll sign it in advance of the next meeting of the Executive Committee. I think it will be unnecessary for you to sign the certificate of compliance.

Thomas Cooper
Dean and Director

Renewal Lease:

NOTICE OF RENEWAL OF CONTRACT OR LEASE
for
O. C. C. Camp Site
(Kind of service or property)

N.B. -- To be served on, and a copy left with the Contractor or Lessor in accordance with the terms of the contract or lease and in no event later than the end of the business day of June 30, 19--.

THE UNITED STATES OF AMERICA

To The University of Kentucky, Lexington, Ky.

You are hereby notified that under the provisions of paragraph 5 of Lease No. W 55-om-192 dated July 1, 1933, between the United States of America and University of Kentucky for use of land for OCC Camp Site at Breathitt County, Ky., the United States of America elects to renew and extend for one fiscal year from and after July 1, 1934, and by these presents does extend and renew for such term the said Lease No. W 55-om-192, above referred to, upon the same terms and conditions as therein set out; and does hereby ratify, confirm, and adopt the said Lease and all the terms and conditions thereof for the fiscal year beginning July 1, 1934, and ending June 30, 1935.

THE UNITED STATES OF AMERICA

(Signed)

By B. V. Perry, 1st Lt. QMC,
Ass't Corps Area Quartermaster.

Receipt of the above notice is acknowledged this 30th day of June, 1934,

UNIVERSITY OF KENTUCKY, Lessor

(Signed)

By Richard C. Stoll,
Chairman of Executive Committee

11. Lease of Home Demonstration House.

Dean Cooper was authorized to renew lease as requested in following communication:

June 29, 1934

President Frank L. McVey
University of Kentucky

Dear President McVey:

The lease on the property at 162 Bonnie Brae Avenue, which is occupied as a home management house, will expire July 31, 1934. I wish to recommend that it be released from the Henry Clay Fire Insurance Company for the period of one year, namely, August 1, 1934, to July 31, 1935, at a rental of \$60 a month. The item for the same is provided for in the budget of the department of home economics, teaching division, College of Agriculture.

(Signed) Thomas Cooper
Dean and Director

12. Sale of State Warrants.

The sale of the following state warrants was approved:

Sold to Security Trust Company, June 21, 1934, @ 100.5

No. G 21274 - Robinson Sub Station, dated June 1, 1934	-----	\$1,436.90	Int. 3.99
No. G 21049 - Public Service, dated May 28, 1934,		1,833.33	" 5.84
No. G 21273 - West. Ky. Sub. Station, dated June 1, 1934	-----	1,229.11	" 3.41
No. G 803, Experiment Station, dated Aug. 1, 1933		4,667.58	" 91.24
	Principal	9,166.92	104.48
	Interest	104.48	
	Premium	45.83	
		<u>9,317.23</u>	

For former sales of State Warrants see minutes of the Executive Committee of July 25, 1933 and of March 27, 1934. Cash was received in most instances from State Treasurer and thereby the University saved much on account of not having the loss by sales of warrants under par.

13. Accounts to be Charged Off.

The books of the Business Office now carry among others the following accounts receivable:

The following is copied from Journal Voucher:

Supplies		\$120,557.20	
To			
	Sundry Ledger Accounts		\$120,557.20
	Basket Ball Building	32,872.46	
	Memorial Building	66,184.74	
	Stadium	21,500.00	

To charge off old advances on construction accounts, the building having been formally presented to the University and now set up on the Property Ledger.

It appearing that the probability of collecting the accounts listed is so remote that they are valueless as assets of the University, the Business Agent is hereby authorized to charge each to surplus. In event any part of these accounts is collected, the proper credits for such collections shall be made on the books of the University Business Office.

14. Brent Fund Bonds.

The Business Agent presented the following communication from the Treasurer of the City of Madisonville:

June 2, 1934

Mr. D. H. Peak
Business Agent
University of Kentucky
Lexington, Kentucky

Dear Sir:

Replying to yours of the 31st ult. asking for information relative to payment of Madisonville Street Improvement Bonds, and advising that you have Series H. No. 1, Arch Street from intersection with Main Street to intersection of Daves St., and another bond in the same series on the same street.

There is now in the sinking fund for East Arch Street available for payment \$438.02.

Series G for \$500.00 is outstanding ahead of series H for \$500.00. I do not know the series and number of your other bond and do not know whether it follows in succession the first above described series H.

These bonds will be paid and retired as rapidly as collections of the assessment will permit. Quite a few installments are now in arrears. I can not tell you when the bonds will be paid. In quite a few cases now delinquent applications for loans by the Home Owners Loan Corporation are pending. When these loans are obtained I am expecting the sinking fund in each instance to be a beneficiary.

Very truly yours,

D. W. Gatlin, Treas.
City of Madisonville

It was suggested that nothing appears necessary to be done but to await the pleasure of the City of Madisonville in making payment of bond and that the Business Agent give the necessary attention to the collection. The bond is considered good.

15. Appointments and Other Staff Changes.

Appointments

Professor Ralph N. Maxson, on recommendation of Dean Paul P. Boyd, was appointed Head of the Department of Chemistry, College of Arts and Sciences, effective July 1, 1934, to fill the place made vacant due to the fact that the former head of the Department, Dr. F. E. Tuttle, has reached the age of seventy years and is assigned to other duties.

Thomas L. Snyder, on recommendation of Professor Morris She-rago, head of the Department, approved by Dean Boyd, was appointed technician in the Department of Bacteriology, College of Arts and Sciences, at a salary of \$600.00 for the year.

Miss Garnett Rainey, on recommendation of Dean Cooper, was appointed clerk in the Department of Horticulture, effective June 15, at a salary of \$75.00 per month.

Annie Sue Montgomery, on recommendation of Miss King, was continued as substitute Reference Librarian for July and August, 1934, at a salary of \$75.00 per month.

Mary Alice Salyers, on recommendation of Miss King, was employed as assistant in charge of Graduate Reading Room, College Library, for nine weeks beginning June 18, 1934, salary \$12 per week.

Leaves of Absence

Norma Cass, on recommendation of Miss King, College Library, was granted leave of absence from June 15 to July 31, 1934, without pay, to be extended to August 31, 1934, with pay. Miss Cass is to attend summer school at the University of Michigan.

Dr. W. W. Dimock, Department of Veterinary Science, on recommendation of Dean Cooper, was granted leave of absence beginning about August 15, 1934, for thirty days. He will accept an invitation from the manager of the British Bloodstock Agency to visit England and France to give technical advice and lectures.

Resignations

E. F. Williams, assistant county agent, Simpson County, effective June 30, 1934.

Mrs. Pauline Howard Elliston, clerk in the Department of Horticulture, effective July 25, 1934.

Ted S. Besh, field agent in Dairying, effective August 5, 1934.

Miss Margaret McClure, clerk in the Department of Entomology and Botany, effective July 1, 1934.

County Agents

Wilford Graves, Assistant County Agent, Madison County, effective from June 16, 1934, to July 1, 1934, at salary of \$50.00 a month, salary to be paid from Federal Capper-Ketcham Fund.

John R. Collins, Assistant County Agent, Franklin County, effective June 16 to July 1, 1934, at salary of \$50.00 a month, salary to be paid from Federal Capper-Ketcham Fund.

Jacob L. Karnes, Assistant County Agent, Union County, effective June 16 to July 1, 1934, salary of \$50.00 a month, salary to be paid from Federal Capper-Ketcham Fund.

E. F. Williams, Assistant County Agent, Simpson County, effective June 16 to July 1, 1934, at salary of \$50.00, salary to be paid from Federal Capper-Ketcham Fund.

James C. Downing, Assistant County Agent, Harrison County, effective June 16 to July 1, 1934, at salary of \$50.00 a month, salary to be paid from Federal Capper-Ketcham Fund.

Leslie Holmes Ellis, Assistant County Agent, Graves County, effective June 16 to July 1, 1934, at salary of \$50.00 a month, salary to be paid from Federal Capper-Ketcham Fund.

Nevin Lee Goebel, Assistant County Agent, effective June 16 to July 1, 1934, salary to be \$50.00 a month, salary to be paid from Federal Capper-Ketcham Fund.

J. W. Michael, County Agent, Knott County, effective June 12 to December 31, 1934, at salary of \$1600.00, salary to be paid as follows: Federal Capper-Ketcham \$100.00 a month, County \$33.33-1/3 a month.

Changes in Employment

President McVey recommended that the following persons be placed on special work basis:

- F. E. Tuttle, research in Chemistry, \$1980.00.
- J. T. O. Noe, work on Kentucky literature, \$1680.00.
- A. C. Zembrod, proceed in teaching Romance Languages, \$1680.
- J. M. Davis, tutoring in Mathematics, \$1827.00.

The motion that the recommendation be adopted was made and passed.

Reassignments Extension Division and Experiment Station

The following recommendations made by Dean Cooper were approved:

June 30, 1934

President Frank L. McVey
University of Kentucky

Dear President McVey:

In response to my request under date of December 1, 1933, approval was given to the dean and director to make such re-assignments of members of the staffs of the Extension Division and Experiment Station as conditions may warrant; to change and set up new duties as may be deemed desirable; to rearrange the proportionate salary payments from the various funds in accordance with the duties assigned, and to employ and to terminate employment as may be required to carry on the various emergency activities.

The Federal Government has advised that during the coming fiscal year, the various adjustment programs will be continued and that there may possibly be new assignments. In addition, we have been informed that a compliance division is to be set up.

This work, which will be a part of the Agricultural Extension Service, will be financed through two sources: (1) The regular appropriations made for the conduct of agricultural extension work; (2) the specific budget set up by the Department of Agriculture, which the dean and director will be authorized to expend, all payments to be made from Washington.

May permission be given for me to continue to handle these matters as provided in response to my letter of December 1? If such approval is given, I shall maintain, as previously, the salary schedules approved by the Board of Trustees and maintain the expenditures within the budgets. I shall only make such transfers and re-assignments and re-employment as are essential to the ready conduct of the work under the authorization of the Federal Government.

In this connection, I wish to advise that the Compliance Division which is to be set up will be financed by Federal funds. May I have the approval of the Board to give this cooperation and to indicate the set-up required?

(Signed) Thomas Cooper
Dean and Director

On motion the Committee adjourned.

(Signed) D. H. Peak
Secretary, Board
of Trustees