

UNIVERSITY OF KENTUCKY
SPECIAL SENATE COUNCIL MEETING

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OCTOBER 22, 2010

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LEE X. BLONDER, CHAIR

ROBERT GROSSMAN, VICE-CHAIR

J.S. BUTLER, PARLIAMENTARIAN

SHEILA BROTHERS, ADMINISTRATIVE COORDINATOR

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BLONDER: I'm Lee Blonder the University
Senate Council Chair, and I'd like to welcome
you to this special meeting of the University
Senate that was called by President
Capilouto.

I want to begin with a reminder
that all University Senate meetings,
including this one, are conducted in
compliance with Kentucky Open Meetings Law
and follow parliamentary procedure
established in the University Senate Rules.

Sheila Brothers, Office of the
Senate Council, is taking minutes and our --
Michelle Sohner, who's out there, she's our
Sergeant of Arms, and J.S. Butler is our
Parliamentarian.

Before we get started, I want to
review the agenda for today's meeting.
President Capilouto called this meeting of
the University Senate to address the Senate
Council memo of October 4th and the
University Senate Resolution of October 8th.

The Senate Council memo describes
feedback from faculty on the first
anticipated second round of budget cuts and
makes several recommendations.

The University Senate resolution states that the University Senate endorses the recommendations contained in the Senate Council memo of October 4th to President Capilouto and requests that the President, in the spirit of shared governance respond to each recommendation.

Further, the University Senate asks that the President report to it on the actions taken to implement or his rationale for not implementing each of the recommendations.

The recommendations endorsed in the Senate resolution include the following:

No. 1: Halt the second round of budget cuts to academic units.

No. 2: Consult with an advisory committee selected by the Senate Council to provide viable, informed, and mutually acceptable budgetary guidelines for future decisions as they impact the teaching, research and service missions of this University.

No. 3: Promote mutual respect and human dignity and diversity and inclusion in all future personnel actions.

No. 4: Direct that, in the spirit of shared sacrifice, the highest paid administrators take salary cuts.

No. 5: Eliminate the current practice in which the University contributes the entire 15 percent of the annual retirement benefit for select executives.

No. 6: Provide a point-by-point response to faculty, staff and students regarding the concerns expressed in this memo.

Having summarized the agenda for today's meeting, I will turn the floor over to President Capilouto. The President will first give a presentation, and then he will moderate the discussion and take questions from the floor.

Senators will be given preference, however, the President hopes to answer all questions if time permits.

Please remember to silence your electronic devices, raise your hand, wait to be called on by the President, and state your name and affiliation before speaking.

Student Government (unintelligible) will provide microphones to speakers. They will supply paper so that attendees can submit questions anonymously. The President

is also taking questions electronically through his e-mail and Twitter accounts, and this is meeting is being videotaped and live streamed through UKNOW.

I want to extend my thanks to everyone who worked very hard to make this meeting possible, and I now turn the floor over to President Capilouto.

CAPILOUTO: Thank you Lee Blonder and thank all of you for being here today.

I want to start off with something very simple to me; and, that is, I am on your side and we're in this together and today I'm going to try to explain why.

I never pretended to have all the answers or really to know all of the questions; and, in fact, the process we chose to go through this year was to invite your input and feedback. This is what universities are about.

I know many people are here today because you think the biggest problem we have is me, and I want to tell you that the forces we face are much bigger than me and much bigger than you.

But I want to share with you what I have discovered since my arrival here. This is a vision that you have created, and that this University is a first choice for the best and brightest students and for those students who want to be the best and brightest when they leave.

It is a first choice for research and there are many ways to measure this and I recognize all the forms of creativity we have here at the University of Kentucky. But one simple measure is the amount of funded research across all the universities in the State of Kentucky. Across federal, state and local and industry research, we're well over 60 percent of all that is done here.

And then when it comes to service, which uplifts from every county that I visit and extension center, when I visit the Salvation Army home for the homeless here and see our fingerprints on everything; when I see our hospital now able to provide tertiary and quaternary (unintelligible) care to anybody in Kentucky, to give them that piece of mind, regardless of how ill you may be, you can get care in your own backyard. That is a vision that you created and that I respect.

Now, those forces we face. This is

just a summary, but I'll start on the left. First of all, the citizen demand for accountability and it's getting down to resource level. Next door in Tennessee, it's the first state to take its entire higher education budget and allocate it according to performance measures. Sixteen other states are considering similar approaches, including Kentucky.

Our state and federal funding looks flat or declining over the next few years, and I'll elaborate on that.

Access concerns, and I'm not talking about just financial access, I'm talking about access of the non-traditional student to complete his or her degree and access for the student on campus to the classes they need to graduate.

We have opportunities because people want the high-skilled competencies that we can provide that lead job growth in this country.

And then there's a great demand that we temper these increases we've had in tuition and fees over the last decade.

What are the competitive pressures? If you look on the right here, Governors launching university alternatives. You've heard of the Western Governor -- Governors Association. Certainly, a totally online consortium of degrees.

Here in Kentucky, the Council on Post-Secondary Education is spending \$400 thousand this year and plans to spend \$4 million last -- next year on Commonwealth Universities.

This is to meet the need of those who did not complete their undergraduate degrees who are all over the state. So that's underway.

You've all heard about these venture capitalist now, edX. It involves MIT and Harvard and the University of Texas System investing large sums of money for a yet not fully understood system of online learning referred to as MOOCs.

And then we have pressures from above from elites that compete for our students, and pressures from below of those are looking for a lower cost alternative to those first years of college.

So a little bit about our State funding. I know you have all lived through this, and excuse me for reviewing it but it

-- it's important. All Right. So we peaked at 303 million dollars, excuse me, started in '01,'02 fiscal year, 303 and then we progressed 280 million.

You know, our State passes two-year budgets, and I want you to look at these red dots throughout here because despite the fact that we've had two-year budgets, we have had seven second-year cuts out of nine reflected here, (unintelligible) anticipate what happens in the next year.

The next thing I want to point out to you is this: This section right here. Okay. So we hit the recession here, and this money that propped up our funding, this stimulus money, it came from the Federal Government, through the states. Everybody expected that our recession would not be that long and deep and that the funds would bounce back in the form of state revenues. Well, they didn't. Okay. So once the stimulus evaporated and some other state funds decreased, we're down to 284 million dollars.

What did we do during this period? I think in some ways we positioned ourselves for a bright future. We grew our faculty by nine percent, we grew our administration by six and our staff by two. That's what we did during this period.

And I can't be too optimistic about these monies returning because you read the papers like I do, states face pressures in pensions, healthcare, health benefits for the employees, Medicaid, the justice system and so forth.

So what about at the Federal level these research funds that we depend upon?

So here is the doubling of -- excuse me. I am going to talk about technology, but I wasn't planning on it now. Can you move that back. There you go. Okay. Thank you.

So we have the doubling of NIH, expansion of research in the United States, it flattens out, a peak with stimulus dollars where we did quite well as a university. We got more than our share.

And then what do we face? If we continue on to the Budget Control Act, it'll be flat; if we have sequestration in January, it'll go to this amount, and if we include in that non-defense and discretionary funding if we don't include that, this research funded nationally could go from 60 to 50 million

dollars.

What would that mean to the share at the University of Kentucky, (unintelligible) the top of my head, 25 million dollars.

So then another force we face, this Technology Infused Learning. I see Ted Schatzki here. Ted and I had a conversation Friday night. He told me that his 10 and 14-year-old already experiencing this flipped classroom.

I found a prize student at Woodford County High School in an advanced chemistry course and he, too, along with all of his fellow classmates was in a flipped classroom where they did much learning in advance, some online before they got there and then the classroom is flipped where the professor engaged them in the application of what they learned.

If you read in the Chronicle last week, San Jose State University had had dismal rates of success in their energy electronics and circuits course. So what did they do, they got the lectures, they worked with MIT and Harvard, they got the lectures free from edX, that new enterprise. The video tape lectures came, and they flipped the classroom using their professors to engage in that way; their success improved then.

I don't mean to tell you that is the future. I mean to tell you, I'm not sure what all that means, but I think we should be having a conversation about it.

This competition that's growing for online learning, I've had several meetings with staff groups, and I think Mike Adams will attest that every time I have one I have somebody raise their hand and tell me about the online degree that they completed at a university around our state.

So I asked: What is the credit hour production for online learning across the State of Kentucky, and you can see that many universities are heavy into this. Louisville and Kentucky, more at this end of the spec. Again, what does that mean for our future?

I think this comment by the recently named President at MIT, Rafael Reif, really sums it up. Online education holds the key to making residential education better and less expensive, even as it

promises to offer education to many millions more people. And the equality of purely online education will depend on the residential education from which it stems.

I think these are going to leverage each other. I think that those residential campuses that invite the best and brightest and prepare people to be the best and brightest, those top residential campuses will be the ones that thrive and strive versus those that survive and struggle. And I know that we could be that kind of university.

So a little bit about our planning. The year I arrived, I literally met with thousands of people. We looked at all kinds of data. We named a university review committee, and I was overwhelmed by what I learned. I've told people often, people were doing so many good things here, it was my responsibility to learn even more about how we could go forward.

This culminated in a Board retreat looking at the university-wide committee recommendations, and the first priority was undergraduate education. That has been our focus, and I'll elaborate on that throughout the next 30 minutes.

We said that we were going to expand the student quality, academic programming, opportunities for more Kentuckians and students from the surrounding states.

Kentucky is one of those no-growth states when it comes to high school graduates; no growth. There are only three in the south that really grow; and, that is, Florida, Georgia and North Carolina. So we're in the -- that no-growth state.

Another reason that people wanted to focus on undergraduate education is this: The top line here is our first and second-year retention. We did a good job at elevating this; now we've plateaued. And when you look closely at what happens in the second, third and fourth year, in fact we've worsened and our graduation rates are not moving. They're stalled at 59 percent, and universities with similar student and faculty profiles are moving these numbers. We've been committed to this, and I want us to work together to be even more successful.

What are some of the indicators we asked, areas for improvement. This was

selected things from the sophomore attrition survey and areas for improvement from the graduating senior survey.

We asked these students: You didn't graduate in four years, tell us why? And so look at some of the things that come here that are very important to us; academic advising, major selection, you see this, changed major/lost credit, work conflicted with class, access to competitive majors, course availability, tuition and costs was the least frequently thing mentioned on -- on that graduating senior survey.

A second-party priority: Infrastructure. You people have done remarkable things in the facilities that we have but we are not going to be able to compete with what we have in place now.

An independent study looked and showed that we have the most deferred maintenance of any university in the State. We have more space that's not accessible to those who have disabilities. Average age 50 years. Our residence halls, we have 600 modern beds, 85 percent of our freshmen applied to live in those residence hall beds and were willing to pay a higher price. This is why infrastructure is a priority.

Then access and affordability. People shared that they thought this increase in tuition and fees was unsustainable. That we're on trajectory that pinched families at the same time that they were facing the woes of an economic downturn.

Lastly, work/life environment. There were several things but the biggest one that came up was compensation of our most precious resource.

These are comparisons of peers that were selected by a University committee last year, here we're down on the end. We're on the wrong side of these averages. And you look around, look back to Tennessee again on the second year with five percent salary planning.

We have a fighting fund here on campus that people would come to the office of the provost some 300 times over the last few years to ask for funds to retain people. So I'd like us to be a little more proactive. I don't like that we have to make -- use this so frequently. I want us to stay ahead of it.

Technology, you know, I just can't

-- where -- where should I point this. Maybe
-- maybe I need some direction here. That
way? Is that where...

UNKNOWN: You want to lift -- lift
your microphone.

PRESIDENT: Okay. How's that? All right.

A little bit about the planning
that we went through last -- went through
last year and what we're trying to improve
this year.

So, you know, we -- we waited for
the general assembly and the governor, and
they finally approved the project and CPE
adopted the tuition parameters and then we
asked the academic and administrative units,
we gave them parameters and targets and told
them to work on those. The units submitted
their re-allocation plans; some of those were
adjusted and then we took the tuition plan to
the Board of Trustees and really enacted our
budget.

So we had a 6 percent State budget
cut, we asked units to work -- academic units
and our extension centers throughout 120
counties, to work on a 3.3 percent budget
reduction and our administrative units and at
over 5 percent. That was the target, and we
made some adjustments.

So what about this year? So here's
the process we're in, and this is really out
of respect for you, I said last year we
compressed so much into a short amount of
time at the end of the year. I know the
conversations might be difficult, but when
everybody returns to campus, let's start a
conversation.

So we met with -- the provost and I
continue to meet with all the colleges, the
provost is going to go through a series of
meetings with the units, we'll follow-up with
meetings, we'll reassess all of this in
November and I will report to the Board of
Trustees and you and the deans about what
we've seen, what we found, what we concluded
and I'm happy to come back and do so.

I understand all of your angst
about this, but I ultimately trust you to
help us make a better informed and well
reasoned set of decisions about all this.

So I don't really have to say this,
but I need to let you know that First
Amendment Rights are alive and well at the
University of Kentucky. People have been
quite open and honest about some of the

things that they would like to say.

I'm not going to read all of these, but I've heard everything from our GAs and TAs are essential for work; stipends are too low; it's going to undermine our research; we need cost-of-living raises for the lowest paid; forego raises to save jobs; we have gender inequality in pay; (unintelligible)... aren't working properly; our libraries have been hit and don't need to be cut anymore; we're unsure about the data you use to make administrative decisions.

I am not offended by any of it. I welcome it. That's why and how you define a university.

So your themes that I would like to review. Take these one-by-one. First, the question about the vision. I want to return to what I said earlier.

This past year reminds me that we are the first choice for the best and brightest, and people questioned that when I got here; and I still believe, when I see what we do in our living/learning communities that those who are at that midrange and those who are first generation students, we're working for them to be the best and brightest when they leave.

Experts will tell you that universities cannot grow in size, quality or diversity. We did all of that this year in this class.

Our National Merit Awards went from 29 to 71. Those who are in that same category in terms of numbers last year included Duke, Dartmouth, Cal Berkeley, University of Illinois, Cornell, Ohio State.

When I go to cities like Chicago where we have overflow audiences, these things reflect so positively on our University and do help us recruit an outstanding class.

I believe your memo stated that we admitted more and more unqualified students. That is simply not the case. Our interquartile range for ACT students is 23 to 28. Last year the peers we looked at, including universities like Iowa and Missouri, which Missouri is an AAU university, that is their range in terms of their ACT scores. So I think we have a terrific class.

And then that business about the residential halls. Okay. So a year from

this August, we'll have 2,918 new resident hall beds on this campus but they're not just places for people to live. We have over 60,000 square feet of learning space in this, that could potentially include 126 classroom study rooms or multipurpose rooms; a total of the 60,000 square feet.

An important thing we -- we know is the students that live on campus have a better chance of succeeding. The other thing that's so important is the unique way we did this. This is a 100 percent funded with private equity. It's a publically traded firm that has choices about where to invest. They chose the University of Kentucky to be their showcase. They believe we have what it takes to be that residential campus, a model for those across the United States. They've invested in our University, it's going to translate certainly into good things on our campus but over 3,000 jobs in the next few years.

Now, I want start with the bottom bullet here. We commissioned assessment of our debt and our financial strength. Currently our debt level is 3.7 percent. That means our debt that we pay, just like the mortgage on your house, is 3.7 percent of our gross revenue.

We have a plan to borrow 200 million dollars. If we were to do so, that would increase that to 4.1 percent. The State of Kentucky uses as a benchmark for the State 6 percent. We're well underneath that.

We borrowed heavily over the past few years to invest in our hospital. Many people thought that that entirely evaporated our debt capacity, in fact, it grew in terms of our revenue.

So we -- we have that strength to start investing in our campus, but not just that we borrow and invest 200 million dollars, I'm committed to raising 200 million dollars in philanthropy.

I attended the Board of Advisors meeting for the College of Business and Economics planning. Everybody wanted to know was I going to make them the No. 1 college on the list to get funds from the State, and I told them what I'm told you earlier; that's not going to happen. They're not funds from the State.

And after we had a heart-to-heart talk one gentleman stood up said -- looked at

every in the room and said: All of us here have to commit to either contribute or raise 3 million dollars. That's how we're going to get a 65 million dollar (unintelligible).

We have such confidence in the progress we've made, we went to the Board at our last meeting, secured from them the permission to hire an architect (unintelligible).

I also want to tell you that a plan to house all of our voice faculty into the opera building has languished. Well, we solved that problem. I talked to Michael Tick this afternoon and Everett McCorvey and that's going to happen. That's going to happen.

And I also want to say that these other spaces that trouble me deeply, and this one maybe it's because I look at it every day when I wake up, is that chem phys building.

We have 3 to 4,000 students that enter that building every week. It's the second most utilized building on this campus. It is not a place where that modern learning can take place or discovery can take place.

And I am committed to getting that building replaced, and I'm going to ask the provost to set up a group next week because I'm confident we can get there -- that we start looking at the plan for replacing that building; and we've got to infuse technology in that building. We've got to have that modern learning that we all know is going to be demanded by our student.

Okay. So I wanted to give you this little framework and give you some what I hope is encouraging news.

So what can't we change? I've told you about this stubbornness in State revenue and Federal support and our endowments are a victim of a slow market right now. Harvard and Kentucky reported negative returns for this last year. The way it was; the way the market went.

One of the things we can change, I'll elaborate on, is net tuition revenue. How do we do it? The mix of students, in State, non-residents, transfer students, and size of the class, the retention rates and the scholarship distribution, how much we spend on those things.

Our preliminary numbers in terms of the net tuition revenue are trending up. Why? We've had enrollment growth. We grew

the number of Kentucky students. Our non-resident revenue looks like, and we're still scrubbing these, went from 25 percent to 31 one percent, and when I'm out there recruiting with a terrific enrollment management team, you learn that so many of these non-residents have Kentucky ties. They know their grandparents and their uncle had a great experience here, and that's why they want to come to Kentucky.

This year alone we had a 47 percent increase in the number of legacy scholarships.

These are people live out-of-state, and their parents went to Kentucky. So we have terrific things going on in that area, and I am confident that our provost is going to have flexibility in dealing with all the pressure points that we're identifying.

In the memo that I received....

UNKNOWN: (Inaudible).

CAPILOUTO: How did you do that?

I'm sensitive to the concerns expressed, and I quote, dramatically increasing the student-to-faculty ratio. We took a look at this. I looked at this when I first arrived. These are the top ten publically ranked universities, the 2013 edition, of U.S. News & World Report.

I decided just to list the top 10. As you can see that we're in the ballpark. Five out of 10 of those have a 17 to 1 ratio. Our ratio is 17.5 to one. I'm sure U.S. News rounds that up to 18. But what our challenge is, is do we have our resources properly distributed.

You have let me know this loud and clear. Questions about the amount we teach, the amount taught by TAs and part-times, the advising loads, the time devoted to research, to funding the research, all the questions that you've raised, that's our challenge; to take that information that you've provided, to make sure we're addressing these pressure points and that we can grow smart.

Also, the memo stated that we're growing undergraduate education at the expense of graduate education and research. So, first of all, I don't ever want to pit our mission components against one another, but with this slide I want to share with you how it is interrelated.

So on the left side, this is the student credit hour generation. So

undergraduates, 568,000 credit hours; graduate education, 155,000 and the reason this jumped up here is to let you know we use IPEDS' definition, they said starting that year you have to include professional students. Okay. So that's why it jumped it. But when I report these revenue figures here, this does not include professional students.

So if you look here, we have 206 million is total revenue, 168 is net revenue. That means -- means we spent 37.6 million dollars on scholarships. That means we netted 81.3 percent.

How does that compare with other universities? This is your sort of discount rate. What do you bring in over and above your scholarships? We do better than the average, which is about 77 percent; we are about 83 percent.

When it comes to graduate education, 55 million dollars; the net revenue is 35.5. The return is 64 percent and that doesn't entirely reflect (unintelligible) I know that graduate students teach. I know that there's another component of funds that we attract through research to fund graduate students, but I wanted to share with you that, you know, these are the dynamics we work with and doing things correctly in undergraduate education can facilitate what we're doing in graduate education.

And then research. All right. To conduct research costs money. In fact, there's an overhead rate paid by the Federal government. They come in and audit your operations, your facilities, your administrative support at different levels in all. All right. The amount of overhead we have here is 95 million. Okay.

On the bottom, this is how much we get reimbursed from the feds; this is how much from other grants, state and industry awards.

And University of Kentucky, to support all this, contributes 42 million of the 95 million dollars. And where does the 42 million dollars come from? There are really two sources; state dollars that are shrinking and tuition as you know. So just to share how these are interrelated and I don't want us to think that we're doing -- focusing on undergraduate education at the expense of these other missions, but it's to

facilitate our opportunities in those other missions.

The next question I received said: Scholarship and financial aid distribution. We're directing an ever increasing part of our budget to scholarships irrespective of need. A little picture of our scholarships. So we began investing in scholarships, certainly before I arrived, and then it jumped this past year. And why? Two reasons: There was about 10 million dollars that was a result of all the commitments we had already made. We had about three years of awarding scholarships; students stayed for the second, third and fourth year.

I did make the decision, take full responsibility for this part, 2.2 million dollars. When I arrived and I saw there were so many top-notch students who we were saying no to; who were choosing to go to other universities, choosing to go out of state. And I said, we've got to address that immediately, and we did. And, yes, later in the year athletics covered that amount. But I want to let you know that we had made these commitments, it was difficult to pull back on.

And then in terms of not looking at need, I salute all of those who came before me. Over on the right side here is our growth in our Parker Scholarship. This is for diversity, which is defined broadly here. It's defined on race and financial circumstance and region.

We grew this from about 3 million dollars to nearly 8 over the last few years. And it shows the most diverse class we've ever had here at the University of Kentucky.

Now, this does not include the athletic scholarships that are paid for by athletics for the student athletes, but this is the 57 million dollars we spent on private undergraduate scholarships.

My man.

UNKNOWN: (Inaudible).

CAPILOUTO: Thank you. Okay.

And back to: Have we awarded scholarships according to need. So this breaks down by family income into four groups, the lowest-average, low-mid, mid-high, high-family income. This is the amount of out-of-pockets costs these families would have on average after they spend grants and scholarships. These are things you do not

have to pay back; do not have to pay these monies back. These are not loans.

And you can see those with the lowest income really have net returns. They do have other expenses acknowledged, but I hope you'll appreciate that those who certainly came before me and I support it, were paying attention to need.

University Libraries.

We certainly heard this loud and clear, the provost and I. We have 55,000 periodicals we support. The library is also using their endowment revenues to modernize certain spaces for the QEP and other innovations in learning we have underway. And maintaining those periodicals is a top priority for us as we go forward.

You also asked about athletics and their contributions to our budget. Let me say that oversight of athletics comes under the Board of Trustees in new ways now. There is a consolidated athletics' budget that is presented to the Board. It was this past Sunday again as well, so this is really out of their budget from last year but I want to give you some picture of what intercollegiate athletics does.

It's one of about a dozen programs in this country that is self-sustained. All right. So what monies flow to the University? There's a service assessment. That's the overhead for the services we provide to them in payroll and HR and so forth.

The scholarships for non-athletes, this is the awards I mentioned earlier, and they've been contributing before. For their student athletes nearly 12 million dollars in scholarships. All right.

There's royalty income, this is a budgeted amount. It's up this year after, certainly, a National Championship, and then their awards for the band grant.

So a little picture about athletics. There are lessons in this for academic programs too. There are two programs, football and men's basketball that have positive net revenue. Okay. There are 133 student athletics on scholarships there. These revenues make it possible to fund 20 different sports that add to gender and color diversity on our campus. All right.

In terms of athletics, it's real important that they maintain a positive

revenue, but with Athletic Director Barnhart it's never been a question of if they're going to help, it's going to be how much. And we continue those discussions.

Two other matters. UK Healthcare. It was raised in here that there were concerns that we could not service the debt of our hospital. I would only point you to the debt capacity study that was done. It is on the website, it's been there for about 90 days and we can certainly answer questions about that.

And then the future budget model, we are looking for a way to be more transparent, to award people for creativity and entrepreneurship, to be fair in the assignment of costs, and to respect so many principles like interdisciplinary work and other values that you display.

We're going to work through that, but one of the things I -- and I don't know exactly what it's going to look like, but one of the things I do not want to do is put all this back in a black box.

And lastly, I've worked to create a false crisis, and I wish that were true; I'd unmake it. I don't like what's happening any more than you. Some days I have disappointment in my fellow citizens that we work so hard to bail out a bank but maybe we may lose a generation in the process.

But facing those realities and looking for ways to earn our way forward I think are all within our grasp.

Two more things, your recommendations. First to halt the second round of budget cuts to academic units. I cannot halt these discussions. Too much is being revealed, and we've got to find a more informed and better decision. As we go forward I'll report to you, our deans, our Board of Trustees.

Next, consult with an advisory committee selected by the Senate Council. We have two committees that exist now that look at these matters. The Provost Council on Metrics is made up of chairs, deans, center directors and faculty, and we have a financial model implementation committee, again, made up of deans and faculty and the same. I will invite Mike Adams and Lee Blonder to add additional persons to both of those committees, and we'll broaden what they look at to make sure we include these.

The issue about values, these are certainly ones that I hold true to personally and I know you do as well. Mutual respect and human dignity and diversity and inclusion and I want to hear more from them.

Next, direct that, in the spirit of shared sacrifice, the highest paid administrators take salary cuts. For example, University of California Riverside -- I -- I did watch California closely during the recession; they were one of the states that led in salary cuts and furloughs. I never thought that was a good approach.

In terms of top administrators, most of them were appointed before I got here. They took these jobs and didn't consider other jobs. There were letters of appointments made to them, and I think it's fair that we respect them.

The next point about the contribution. This is an AR here. I was unfamiliar with it when I arrived. It was unknown to me when a contract was presented to me that mine was any different than anybody else's. But it is the case and it's been in existence for years that this 15 percent of the annual retirement benefit was paid for select executives.

I discontinued that practice beginning with this fiscal year; don't plan to continue it. Again, I don't think it is the right thing to go back and change someone's letter of appointment. They accepted the job under those circumstances.

I invite the Senate Chair and the Chair of the Staff Senate to certainly meet with the Board of Trustees in terms of -- at least the Chair of the Board that involves my compensation. I'll respect any discussions and any decisions made on that.

Lastly, I want to talk to you just a moment about what our Board of Trustees asked for us to do in engaging our entire campus in a set of items that they think are vital for our future. And I'll let you read these.

Undergraduate education, infrastructure; strengthening mechanisms for faculty and staff recruitment, rewards and retention; conducting an assessment of what constitutes a strong environment for research, creative scholarship, and graduate and professional education; continuing the development and introduction of values-based

financial model; developing a plan to infuse our campus with technology and continue to develop a master plan that creates a 21st Century living and learning environment.

I look forward to talking with you about those and many other issues. Chair Blonder, I'm happy to answer questions.

BERRY: David Berry, Arts and Sciences.

With respect --

BROTHERS: Excuse me, can you wait for the microphone.

BERRY: With respect, I'm very interested in how there is a good outcome for the future of the University with apparently swinging cuts in graduate fellowships. For example, the Reedy Quality Achievement Fellowship, which I and many other faculty have used in the past to recruit outstanding graduate students, has been cut by two-thirds, so it's no longer a three-year award. It's only a one-year award.

There have also been apparently some pretty large cuts in other graduate fellowships. How is this good for our research, for our undergraduates who are taught in labs and interact with our graduate students? Where will this go in terms of the future of the University?

CAPILOUTO: Sure. Thank you for your question.

And, first of all, tell me how you were informed of those cuts? Tell me the source of the funds --

BERRY: I received a memo from the graduate school that laid out the prospective funding for a number of levels for graduate fellowships for the 13-14 academic year.

CAPILOUTO: Okay. And do you know the source of those funds?

BERRY: The source of the funds?

CAPILOUTO: I mean, when they're named for somebody, I just want to be sure, are they --

UNKNOWN: General fund.

CAPILOUTO: General Fund.

Well, I think I shared with you before that I hope we have the opportunity in growing our revenues in a smart way to be able to support graduate education, and there is -- there is no final decision made on something like that and we are happy to look at it again.

Excuse me, Lee. You told me I was suppose to give priority to --

BLONDER: To Senators first. They all have on badges and they're our first few rows

here.

CAPILOUTO: Okay. All right. I'll go right here. I think I saw your hand up.

EDWARDS: Eli Edwards. Student, College of Education.

So I want to start by thanking you for coming here today. I know you came here to listen, and I really appreciate that because I know there's been a couple of other instances where you've asked for my opinion and I gave it to you and you followed through on it. So -- and I hope the -- the same care is taken with what I'm about to bring up.

So, I'm just curious with the retention. It always seems to focus on academic advising and how crucial that is to the retention rates of the University as given by the survey, the sophomore attrition survey taken in 2011.

And I know that right now currently in several key colleges which I know this isn't -- wasn't your personal decision because it's up to each individual college on what cuts they decide to make, but in several key college academic advising is drastically being cut or, you know, just the system, it's not working.

So I was wondering how can this cuts be in line with, you know, the University's decision to increase retention and -- so, since it is college-based, is there any University-wide plan to ensure that academic advising will be strong and will continue forward since advising is so crucial to the University.

CAPILOUTO: Sure. So I think one of the -- one of the terrific issues that has surfaced in all this discussion is advising. All right. We have lots of information we have gathered. Substantially more information is being gathered today to see about how advising works; and I'm deeply committed to it.

We have interesting distribution in advising across colleges and different approaches. One of the interesting bits of information is if you look at the graduating senior survey and look at the trends in terms of satisfaction with advising, and I think we have lessons to learn from that. That's part of the engagement.

As the provost and I look at ways to go forward, it certainly is my commitment to strengthen advising. One of the things that worries me is we don't have a full

compliment of technology to support our advising, and I know we're working on that. Vince Kellen is hard at work on it.

Now, some of the things that you -- you would love to see is, first of all, is easier class planning, degree auditing, software that is used by both the advisor and the student; to be able to have that kind of capability.

We have our students churn a lot. You know, they change majors and move from college to college. To have full access to the record advising those students is the kind of capability we need to have.

So we're looking carefully at advising. We haven't made any final decisions about advising, but it's certainly high on our radar screen.

Thank you for the question.

DESANTIS: Alan DeSantis, Senator from the College of Communication and Information.

One concern that my college, Communication, including Social Work and Fine Arts has concerns ex-dean's salaries. Previously, as you know, that was paid through the provost office. It is now being transferred to us next year.

In my specific case, in the Department of Communication, we have two ex-deans who are wonderful, great knowledgeable friends but their 400 thousand dollar salary comprises about 30 percent of our total budget.

And as I stand here and address you, I can see my friend and -- and current dean standing over to my left, and he also has a home with us. So, Dan, as of right now, you can never retire because that would account for about 50 percent of our total budget.

So my question to you would be: Is there anything now in the process, which we are trying to work out equitable and fair ways of handling this -- this burden to -- to some of our colleges?

CAPILOUTO: Sure. Thank you for the question. I'm going to let Interim Provost Tracy answer. I think there's a microphone down there too.

TRACY: Currently we have a proposal, and we're working with the President's office for some non-recurring funds from the '11-'12 tuition revenue that we would then work to phase that over three years so that we would

go from a -- the college picking up one-third the first year; two-thirds the second year and all of it the third year. Hopefully that will also allow us time for some of those people to transition out of their careers. So that that's the plan that we're working under now, is a transition plan using some non-recurring funds.

CAPILOUTO: Let me get the one in the back, and then -- is that alright, Lee? And then I'll come back to....

Yes.

JONG: My name is Cynthia Jong from Sociology. I've come here for a personal issue.

Well, I -- this is about a fellow -- a graduate student. This is about a former graduate student, Bill Edwards in Sociology.

We were in the same office from 2007 to '8, and he worked as instructor in Sociology from 2008 to 2010. And in 2010 he was -- he -- he left the job. He didn't tell me, although we were really good friends. And then later I learned this was because there was a policy in the University that if you get a degree -- Ph.D. degree from -- from UK you cannot work here.

Well, I think -- well, I think the purpose for the policy is because we really want to be in top 20. What I want to say is that I think just because of this we should consider him to be -- you know, we should consider to ask him to come back because he had two years to prove that he was a really good instructor.

And also, I mean as a -- as fellow graduate student, and those who have worked with him must have some idea about how competent he was as a graduate student and as instructor, and his name is Bill Edwards.

Thank you very much.

CAPILOUTO: Thank you. I will confess that I'm -- I'm not fully aware of all the University policies, and certainly unaware of that one. We're happy to take a look at it. Thank you for raising it.

LARSON: My name is Susan Larson, I'm in Arts & Sciences, Hispanic Studies.

Graduate students provide the majority of undergraduate instruction in my college in Arts & Sciences. Their stipends are much lower than those of all of the stipends that are benchmarks.

The graduate students teach in my department, at least, exactly twice as much. We've -- that's the data, we've investigated it. They teach twice as much as graduate students at our competitor -- competitive programs.

So these -- these graduate students are very ambitious, extremely motivated people who come to the University not for the money but because basically we have Ph.D. programs that have taken decades to construct and to build.

We have an enormous amount of cultural capital. We might not have a lot of money, but they come again for the cultural capital.

So we're already strained economically; that even though what are perceived as being slight budget cuts to the graduate school fellowships for recruitment, they will have an immediate impact on the ability to remain competitive with our benchmarks and what's perhaps even more important, it's going to have an immediate impact on the quality of undergraduate instruction as early as next fall, in my opinion.

My guess my question is: My impression of your presentation, it just seems to imply that graduate education here at UK is a drain on UK's budget, and in my experience the graduate -- in just looking at the data, looking at the numbers, graduate student instruction of undergraduates is really at the heart of the undergraduate initiative here in our -- our philosophy and our mission here at the University.

So I guess my question to you is: Is my impression incorrect? And my -- the other part of my question is: What -- what are you -- what are we thinking when we talk --

CAPILOUTO: Sure.

LARSON: -- about getting rid of fellowships for graduate students to remain competitive?

Thank you.

CAPILOUTO: Well, thank you for your question and thank you for also letting me know your perceptions of what I said.

But let me say: I was -- I certainly did acknowledge what I thought was a fair assessment of the differences in cost and how you fund graduate education.

I also acknowledge that there is

teaching that goes on with that that's not entirely factored in to, I think, what was -- I tried to contain in a simple presentation.

I'm certainly aware of that. When I was in graduate school I, too, was a teaching assistant. It helped me grow and prepare me for opportunities in the future.

My challenge is, and I've seen data, that we are low in our stipend levels across a broad array of programs. And the question is, how we generate those funds to grow them given the circumstances that I've shared with you. The 50 million dollar decline in State funding has occurred year after year after year. The potential decline in Federal funding, which has been a resource for graduate students.

So what I'm hoping we can do is, recognizing graduate students and what they provide to undergraduate education, if we smartly grow undergraduate education, if we were to increase our graduation rate by just 5 percentage points, that would be 10 million dollars in recurring funds every year.

And I hope we do those kinds of things so we can do exactly what you described.

Okay. I think you're next.

BRION: Gail Brion, College of Engineering and College of Public Health.

I -- I've been hearing about this RCM budgeting process, and since we don't exactly have it worked out what we're going to do, people are still positioning themselves thinking about how it will happen, and one of the most concerning things that I've heard is how this will impact the collaborative programs.

It will siloize what has been for me in the environmental field something that's very collaborative across colleges, and I would like to know what sort of policy we can have in place to preserve these cross college?

I mean, I was basically told we should quit cross-listing courses, and this to me seems to be an inefficient use of our resources that's being brought about by this budget model. How can we work against it?

CAPILOUTO: Sure. I couldn't agree with you more, and that is a clear value that has surfaced in every one of these discussions and Provost Tracy, who is leading this dialogue has that on the forefront of how we

would introduce anything to further encourage this and not dampen it.

If you want to look at what other universities have done, look at our financial accountability website. I think we have several university models listed there. We're not the only place that has considered something like this, and I think that that is a principle we should follow in going forward.

Yes, sir.

YOUNG: Vershawn Young, the Department of English.

I wanted to ask a question about how it is that you couldn't ask the administrators -- to encourage them to take a five percent reduction but you can fire people?

CAPILOUTO: Let me say that any time somebody lost a job opportunity at the University of Kentucky it pains me. It also pains me to think that we don't prepare ourselves for the future to grow the possibility for additional jobs here and that's what I'm committed to do.

I think I stated earlier the reasons that I wouldn't go back and rescind a commitment made by this University to any individual, and I think that that too is fair. But thank you for the raising the question and thank you for your compelling expression of -- of your sentiments.

Thank you. Yes.

BLONDER: President Capilouto, we're getting several people sending notes in, so I'd like to ask a question from the notes.

CAPILOUTO: Sure.

BLONDER: Can you speak to your commitment to hiring people of color and women in upper administration? Most recently we have been -- we have seen hiring decisions made despite a pool which include women and people of color to hire white males.

CAPILOUTO: Yes, let me say that, number one, when we -- when we search we -- we certainly try to get a search committee that deeply values those expressions that you've just mentioned. Okay.

We work real hard to get a diverse pool of candidates, and we do work to hire the person we can find.

I'll only bring up one example but, you know, we just concluded a search for general counsel, I had an interim general

counsel who was female. I really tried to convince the person to be a candidate. That wasn't something that we could work out, but we hired an excellent person in Bill Thro.

But I am committed to this. It's one of the things you certainly notice about the University of Kentucky when you arrive. And it's around the tables with which I make decisions; it's diversity of perspective, of color and gender there at those tables. Those have been meaningful to me since I arrived here, and I certainly want it to be that case -- that way in the future.

WRIGHT: My name is Madlyn Wright. I'm a student from the College of Arts & Sciences.

Today the north campus parking lot was permanently close to students and employees who have passes there to begin construction on a new dorm. While I do support the improvement of campus infrastructure and think that it's really important to recruiting new students and retaining students, I have to ask: Why must this construction begin now in the middle of the semester at the sacrifice of current students and employees who have already purchased passes for the year? Also, regarding transparency and communication, why were passholders only given one-week's notice of the parking lot's closure?

CAPILOUTO: Do you mind answering that, Bob?

WISEMAN: Bob Wiseman.

The construction period for the new halls was set by the opening date of August 2014, and so if you back up an 18 to 20 months construction schedule, the situation had to take place immediately.

We did recognize that parking was going to be lost. We're creating extra spaces in some small areas around north campus. We have adjusted our parking for Good Sam employees over in our Jersey Street lot. We've increased spaces available there.

The students are probably the most inconvenienced because they have to go out to the stadium, but we are making adjustments as we can, and in the master planning process down here, we're looking at where we could locate a parking garage on north campus. So we understand the situation and we're doing our best to accommodate.

CAPILOUTO: Okay.

O'CONNOR: I'd like to just call attention to a different kind of infrastructure --

BROTHERS: Could you --
O'CONNOR: Lisa O'Connor, Communication &
Information.

If we want a top-notch distance program, we also have to have an infrastructure for that and right now, frankly, I think we're lagging far behind on that. We just tried a big pilot on campus. There was a lot of enthusiasm. We're essentially told, oh, we're going to be with blackboard for a long time because we can't afford anything else.

In terms of people who can support these things, we're short staffed; we're using go-to-meeting software. They're intended for 15 people not classroom, so I just want to highlight that that's another sort of infrastructure (unintelligible) as we go forward.

CAPILOUTO: I couldn't agree with you more. I think one of the reasons I shared this information about some of the changes you see across our State is -- you know, I'm not telling people what to do, but what I'm trying to say is: If we want to forward opportunity, we've got to have the infrastructure in place to do this and we've got to have the infrastructure arrayed in an efficient mechanism.

And visiting your college last week I have to say I was pretty dazzled by some of the online programs that are being offered by your college under some less than optimal circumstances, so thank you for letting me know.

Yes, sir?

WASILKOWSKI: Greg Wasilkowski, Engineering.

I understand that you cannot or don't want to reduce the salaries of former deans and presidents. However, I think it would very fair if they were required to have decent DOE like all other faculty have; they would have to teach and do some research and not only just to have nice offices for (unintelligible).

CAPILOUTO: I -- I'll only say I'll keep that in mind when I'm no longer president. You'll have my commitment that I understand your sensitivities to those matters.

Thank you for raising it. It's really not something I had anything to do with, but I take it seriously.

Let's have one here, and then we're going to go back to the group there.

PRATS: Armando Prats, College of Arts & Sciences.

I think that -- that I want to accept the reality that you have put up in front of us, but I think that that reality fails if you don't somehow allow it to include the dream of higher education.

So that it isn't only about providing jobs. We're not a -- a vocational school, and people have not only minds, but hearts and souls; and the four years of college can be a transformative experience for many people who come in totally unsuspecting of what a university can do for them.

And so what I would like to know is: What can you, as President and the Office of the President, do in order to work that dream into the reality?

CAPILOUTO: You have said -- could you give him the microphone back? Thank you.

You've said that quite compellingly; I agree with it; I'd love for you to share with me what you think some of the things are that my office should do to ensure that?

PRATS: Happy to do it. Thank you.

CAPILOUTO: I was going to ask you to do it now. I didn't mean to limit your -- your --

PRATS: I'll -- I'll contact you.

CAPILOUTO: Okay. We'll come back to you.

PRATS: All right.

DAVIS: Hi. I'm Heather Davis. I'm President of the Graduate Student Congress. I'm also in the Educational Policy Studies and Evaluation Program.

CAPILOUTO: Yes.

DAVIS: And our question is: What information can you provide to work with you and your office to ensure that there's a clear picture of what services and what -- what we bring to the University culture as a whole and how we can work to protect that in the future?

And the second part of the question is: I'm wondering what your vision for the role of the graduate school is given the impending budget cuts and not just the funding allocation but its role in general?

CAPILOUTO: Sure. If you don't mind, I'm going to let Provost Tracy address some of those.

TRACY: I'm sorry, I couldn't see you. I was facing this way.

So the graduate school is one of

those academic units that we're going through, like all the other colleges, and we're going through the -- the proposed reductions and then walking through the impact of those reductions.

We've not approved any cuts to the graduate school or any specific cuts. I know I've heard some comments about that today but those haven't been approved yet.

We're still looking at the '13-'14 budget and going through those things, again, looking at all those factors, gathering data and trying to make the best decisions possible to minimize the -- that impact.

So, you know, certainly you can provide information to me as well, but we're still working through that and that's not been completed yet.

CAPILOUTO: Bob, he had his hand up.

GROSSMAN: Bob Grossman, Arts & Sciences.

So first a comment: I thank you for coming here and thank you for responding to these questions. This is something that I think needs to happen more often.

But, second, the -- there are two numbers I've heard that have upset people I think more than any other numbers, and one of them I won't talk about.

But the other is 20 million dollars being put aside in debt service for a building program that hasn't been approved by the legislature.

The false crisis phrase that you mentioned earlier, I think, was directly in reference to the 20 million dollars being set aside for debt service on debt that we're not allowed to accumulate currently.

So -- and a lot of people are concerned, first of all, what will happen to this 20 million dollars if the legislature continues in its obstinacy to not give us permission that most other universities in the country have, but will it just become a playground for special projects, pet projects? But also why does all 20 million dollars have to be allocated this year when we are currently facing such drastic cuts from the State?

CAPILOUTO: I won't repeat for you again the dire straits we are in when it comes to our infrastructure here. We patch and put more good money after bad than is necessary. It is wholly inefficient to be spending millions of dollars to retrofit small labs in

antiquated buildings, to introduce entirely new heating and air conditioning systems, evacuation systems, all those kinds of things. I mean, you end up paying double for these things when you want to do them.

So we can keep on limping along like that, spending two to three million dollars probably for cobbling something together, do a building, you know, an office here, a little lab here and so forth. That's what we can do, but I don't think it's going to get us where we need to be.

As far as putting the money aside, last year the Governor did put this in his budget and we asked to have a flexible list of projects that we could use it on so that we could combine philanthropy with this debt service and really leverage funds to get more than one project off the ground.

The General Assembly didn't include that in its final budget. One of the questions I got when I went around and talked to members of the General Assembly was: Well, how are you going to pay for it? Where you going to designate the revenue? Have you done that yet, and so forth.

So one of the ways to get that approval and demonstrate that you do have the wherewithal is to make it explicit in your budget.

I'm confident that people -- first of all, despite the challenges we face, so deeply appreciate this place and what you do. We have brought countless groups on this campus now to take them through where you work.

I brought dozens of legislators here to point out the conditions that we face here. I showed them what other universities are doing around the country and I advocate strongly for a commitment.

I am confident that in the future, I don't know exactly when that is, that they will give us the opportunity to do this.

If they didn't, trust me, as much attention as we have placed upon this now, it's not going to be some piggy bank that we're going to play with. You would be consulted on how we would use it.

Yes?

WOOD: Connie Wood, Arts & Science.
Okay. Can you hear me?

I'd like to follow-up on Bob's question, and I think this gets at the heart

of it. Our academic and student support units have take -- just taken a very substantial cut. We're down to the point that any further cuts are going to degrade the very heart of the instructional mission of this University, not to mention the research and the outreach.

In order to build a building fund, the academic units have been told to prepare -- and the support units such as the graduate school and their fellowships, have been told to prepare for another four plus percent.

Have you done a cost-benefit analysis to see if the building fund and the other initiatives in undergraduate education are going to offset the negative impact that these impending budget cuts are going to have on our educational mission?

CAPILOUTO: Sure. Thank you for your question, and it's not just the building fund. It's uncompetitive salaries that worsen every year we don't address it. It's the staff member who tells me last week: You know what, you haven't done anything with my salary in five years and the people you hire in now for the same job are paid more than I am. We have (unintelligible) and those are the other things I listen to as well, so it's trying to rebalance all of this.

Believe me, I understand what you're saying. It is why the provost is going to work so closely with your units to understand the impact of the targets we are aiming for. Okay. That's the commitment we make to you. That's the dialogue that is going on here.

I told you that I feel encouraged our enrollment and what that can mean for our revenue, and I heard that the provost is going to have flexibility to look across everything we're doing and address those -- those pressure points that we see.

Yes, sir.

FARRELL: I have a comment about process and then a question about the -- about the model.

BROTHERS: Name, please.

FARRELL: Herman Farrell with the College of Fine Arts, Theater Department.

My concern as a Senator is some things that I've heard over the last couple of weeks with regard to how the senates' voice is being heard by the Board of Trustees.

Last year we had a contested battle

about an issue with regard to Gatton College. I don't want to go onto a -- into a debate about it. We went back and forth on it, and we voted against and the Board of -- the Board of Trustees ended up voting in favor of the proposal.

From what I heard from the Kentucky Kernel and from Irina Voro in an e-mail that she sent out to us just recently, there were questions about this -- call for this meeting, and even our demands coming from the Senate Council, it sounded to -- to some extent, from -- in a quote from the Kentucky Kernel, like the vice-chair of the Board of Trustees was questioning whether or not the Senate actually represents the -- and stands for and is the voice of the 2,000 members of the faculty.

You are the president of the Senate. I hope as we go forward that you will convey to them that when the Senate speaks, especially like it did last month on these issues, that we are speaking on behalf of the faculty.

The fact that you're here proves that, but I hope that you'll pass that on as well to --

CAPILOUTO: Sure.

FARRELL: -- to the -- to the Board of Trustees.

CAPILOUTO: You know, I've worked closely with our Board for the past year and half now, and I think in particular when we share with them the many challenges that you've expressed here, they internalize those and they feel them deeply as well.

I think they have the highest respect -- I think they have the highest respect for what we do here. I remind them of it all the time, and I would ask you, too, to -- they feel good about how they want to be our -- our strong advocates, and let me tell you this, too: That when we work so hard on particular things that we need to -- to have expressed at governmental levels, they -- they're our strongest advocates in those arenas as well.

And so these are people that feel deeply about our university. I am their employee. I tell them that my responsibility is to be that bridge in conversations between faculty, staff and students and our Board, and I'm committed to working in that spirit.

FARRELL: Thank you.

Now, my question, though, is based on something else. I apologize for hogging the --

CAPILOUTO: Sure.

FARRELL: -- the microphone with two questions, but back in the 1960s the notion of a University as a factory was put -- was being put forward. Now, it seems to me with this value-based financial model what's being called upon -- what -- what the units are being asked to do is becomes franchises and the University is almost like a McDonald's that's now giving franchises out to -- to particular units. That's -- I'm a lawyer and not a business person, and Gatton folks can correct me on that, but that's the way I see this model going forward.

My question is: Is that really the job of individual units to be in this position where they have to be -- have to be entrepreneurs.

I come from the College of Fine Arts, Theater Department. We do it all the time. We have to sell tickets.

But other units -- I won't name any of you, but there are other units that their job and their focus is on the educational mission, period. The notion that they also will have to take on this additional burden and responsibility seems like it's passing off to us something that's really in the realm and in the authority and the power of the university structure, meaning the upper levels.

It just seems like now we're being tasked with doing some of the job -- some -- some of the functions that you're supposed to take care of, and that's my concern.

CAPILOUTO: Well, I'd like to say that, you know, I could just ask you all to fill out a survey and tell me how to spend your money and that would be it. But the problem is you're the ones that make all this happen. And I'm going to confess, I'm not smart enough to make all the decisions across a 2.7 billion dollar enterprise. Maybe you could in the '60s; maybe you can at a small university, but here we're in a much more complex arena.

And, you know, I haven't forgotten when I visited your -- your college and somebody said to me: I just feel put upon. That -- that has really stuck with me.

I understand that, but what -- what

I -- what I ask you is: This is not just to pass it on to you. This is a way to empower you. Okay. And let me give you a couple of examples.

So when I was visiting the College of Communication last week someone told me what they had done in their fully online program and they said, you know, what, we're using Google Ads. I don't even know what Google Ads is. Far be it from me to be telling somebody how to improve it. People took fully online programs. They said, we use Google Ads. We recruit nearly 50 percent of our students now from this mechanism. It's a fully online program.

We understand that for every \$540 per applicant spent on Google Ads, we have a return of revenues of \$21,000 and you -- you may not like that, but those are fair things for people to consider when they're building a program.

They say, we want to be able to have this program and have the people that can properly -- the array of people, talent, depth to teach in this program and we think through this mechanism, we've increased tuition revenues alone, 800 thousand dollars. So they asked me: What am I going to do about the professors they need?

And what I would ask you is: You know, imagine if Administration had to make that decision for program after program after program after program. So all we're trying to do is not put ourselves on anybody, but try to say, look, we want to give you the information, we want to empower you in a system that is fair, that respects interdisciplinary activities and so forth, that allows you to seize an opportunity like that that I can't seize; you can. So that's what we're trying to do; not just pass on a liability to you at all.

Yes, sir.

HIPPISLEY: I'm Andrew Hippisley, Arts & Sciences.

At the very beginning of your presentation you said we were a research institution; and you've also said in the past that you have a wonderful faculty. I just want to make the point: Those aren't disconnected. The faculty are wonderful, brilliant minds around you, but that's because we're a research institution. And what I think a lot of people don't quite

understand and that's why the one place where memo -- memo gets emotional, we implore you but we can ask you as well, is to grow the graduate program.

We don't understand how undergraduate and graduate education is disjuncted. We see them as a seamless web of education.

So when you say that undergraduate education is the priority and graduate education is secondary, people who are research active, perhaps conduct research based teaching don't get that.

The graduate program and the research being done because of the graduate program -- program by faculty actually leads to great undergraduate students.

The best magnet program in the State of Kentucky is at Paul Lawrence Dunbar School where they do a STEM magnet program. I was there recently. Those students come to Kentucky because they do internships with our graduate -- with out research active faculty. They -- they have offers from Harvard, Princeton, I saw all of that, but they come to Kentucky because they had a wonderful time with research active faculty.

So my question is: Instead of treating undergraduate and graduate education as disjuncted priorities, could you reframe the priority as education and see the two as a seamless web, and any threat to the graduate program and the research that ensues from that program, would you please think of (unintelligible) that kind of threat?

CAPILOUTO: You know, all the things we've talked about today certainly come back to education; they certainly come back to putting students first, and I'm happy to do that and I try to do that. The provost reorganized his office to have a vice-provost for student success and that is undergraduate and graduate students.

The support we give to units is really not divided according to graduate and undergraduate education. We're, at this stage, trying to, you know, grow our way to the top rather than just certainly cut and hunker down for the future.

Undergraduate education provides an opportunity to do that. I've never seen a great research university that didn't have a great undergraduate program. I recognize that you can't do it without outstanding

faculty; you can do it with unfairly paid or compensated faculty and staff.

So when we -- you know, we're not directing a salary plan to just undergraduate professors. It's for the whole. So I agree with what you said. I entirely think that these are intertwined, and I hope you'll respect that when we go forward and try to address the pressure points you and others have raised, we will look very carefully.

Yes, sir?

MARTIN: Heath Martin from Libraries. (Unintelligible) the periodicals that you mentioned, (unintelligible) University Libraries. The feedback from the faculty also mentioned a broader set of concerns, including the book budget and the faculty and staff in the Libraries. I think that's a recognition that, I think (unintelligible)... like modernized classrooms and facilities, that a state-of-the-art library is essential to the research and teaching mission of a research institution across disciplines.

So I wonder what you would do in the context of the new budget model specifically to insure that support (unintelligible) for the Libraries continues and also because we would hope to work with whoever is provost at any given time on those issues, if there was a reason that representation of the Libraries was not included on the provost search committee that was recently announced?

CAPILOUTO: Sure. Well, first of all, it's impossible to represent every college and every unit in the University on the search committee, but as we go forward in that search, believe me, all the units that are important to the provost certainly will be involved.

The issue about, you know, a model going forward, these models that one thinks about in the future are not mindless formulaic things. They involve a good degree of judgement and assessment.

So that is a critically important unit to the fabric of this University. We're going to address it now. We're going to address it now. I'm sure we will address it, you know, in the future; whatever model we have.

Our library is an incredible resource for this University. I was so

impressed that they made the decisions working with our educational components to, you know, take space that's in there -- it's a pretty marvelous library, and -- and further advance it so it meets the educational needs of students. So we're committed to this.

But back to -- back to the other units that serve all of you, so certainly since I've been here I've heard complaints about how we don't do things so well. Some of the services we provide you aren't what you want them to be. And -- and I want you to know that part of looking at this assessment model, too, and this budgeting is how we maintain accountability of those units to you. That's as much a part of this discussion as the academic piece.

PERRY: Thanks for being here. Brea Perry, Arts & Sciences.

I have a question about one of the specific requests from the Senate memo, and that was about your response to the request for a committee that would advise you on budget issues.

CAPILOUTO: Uh-huh.

PERRY: And your response to that was that you would essentially allow the Senate to appoint people to two existing committees.

So I'm wondering what -- what you might do to prevent that from becoming a situation similar to the Board of Trustees in which faculty has one representative whose vote essentially doesn't count at all?

CAPILOUTO: Well, first of all, let me say that we already have faculty on those committees; I'm adding more. They're a deeply appreciated perspective and it includes others who hold responsibility, too.

We're not voting on a budget. The Board of Trustees votes on a budget, a general one. We are looking through a budget planning and budget ideas and recommendations will be made, and I'm going to hear from you, I'm sure, again and will continue to seek input from that group and others.

At the end of the day, I will have to make a recommendation to the Board of Trustees about a macro budget.

Yes, ma'am.

ASHLEY: Hi. My name is Ashley, and I'm a graduate student in the College of Arts & Sciences.

And I'd like to say thank you for

addressing us, first of all, and listening to our concerns.

And I'd also like to say that perhaps I'm not fully understanding some of these issues that you're raising, but I get -- from my understanding is that you're kind of emphasizing undergraduate education at the cost of some of these other programs. This has been mentioned several times.

And I'm really kind of concerned that you're not fully addressing some of these issues in graduate programs and -- and research, which makes me a little bit nervous because part of this is we are a research institution, and as a research institution we need to be able to address these issues with research and graduate programs.

I have a couple kind of specific questions. First of all, with building these graduate -- or these undergraduate residential halls, you said it's going to bring some 2,000 beds. Do we know that we are able to fill these halls in addition to the halls that we already have?

Additionally, you're talking about increasing faculty teaching load, and do we know that this increase is really going to cover all of these new incoming students that you are expecting will enter these residence halls and is that increase in faculty teaching --

CAPILOUTO: You're exceeding my memory so --

ASHLEY: Well --

CAPILOUTO: I've got two questions.

ASHLEY: Well, this is -- this kind of related, so --

CAPILOUTO: Sure.

ASHLEY: -- is this really going to --- this -- this faculty increase in teaching, is that going to cover the loss of graduate student TAs?

CAPILOUTO: Okay. So, first of all, the residence halls: So we have 2,918 beds. We turn away hundreds, and I would bet it's because students know we don't have it, thousands don't apply to live in our residence halls.

Six hundred out of six thousand beds are modern; 85 percent of our freshmen are willing to pay an additional cost to live in those 600-beds; 85 percent. So we turn away thousands who -- who want that kind of housing.

You also have to look at what other

universities are offering, and let me assure you we are way behind the curtain. You can't attract these students. I talked to a president of a university this week that's doing quite well, and he said a survey of students said, why did they choose this campus? And it was the academic programs first, but also the physical condition of the campus. It's just a reality.

Now, the important thing about this is we didn't use State funds, we didn't use our funds. This is money all from outside Kentucky that wants to be in -- wants to invest in this campus. There's no -- there's no debt of ours associated with this. This is a wonderful opportunity. This is publically traded company. They came in and assessed us as well, and said: Is this a great market for our investors. And we were No. 1 on the list.

So, believe me, there are all kinds of market assessments that made clear we can fill these beds. We have excess demand.

The question about the teaching. Okay. What we're trying to figure out is: What are the fair teaching loads, the work load issues that you raised across the units, because they vary tremendously. So we're trying to work with our deans and all to make sure, you know, we assign the resources to those places that are having the demand for teaching and learning.

What was your third --

ASHLEY: The other point was: Is this increase in faculty teaching load, is that going to kind of circumvent the issues that are going to occur by cutting graduate funding and TAs and that sort of thing.

CAPILOUTO: Yeah. So, you know, you've pushed us, a lot of you have, on the array of teaching that is done by TAs, part-time and full-time faculty, and so that's something we're exploring. I think it's a very fair question that we've got to work towards.

Yes, sir.

DE LA TORRE: Thanks so much for being here. When I listen to you, I feel very disappointed because --

BROTHERS: Name please?

DE LA TORRE: Can you hear now?

BROTHERS: No, your name?

DE LA TORRE: Oh, my name is Carlos De la Torre, I direct International Studies.

I feel disappointed because you are

not addressing some of the issues in a way which I would them addressed. For instance, you talk about a crisis. I come from originally Latin America, where a crisis means a meltdown and I see a massive effort in building infrastructure. I see athletics program growing and growing and having incredible revenue.

So I'm not convinced that there is a crisis. I am not convinced that there is a need to do all of the budget cuts that you have done so far. So please explain why this crisis is so deep that we have to go to these painful cuts that (unintelligible) people's jobs, that means increasing our teaching load; that perhaps we will be losing lecturers, losing graduate students in transforming a top research university into a mediocre teaching college because with big classes and with fewer professors in graduate school -- in the graduate education (unintelligible) will be much lower than it is now.

Thanks so much.

CAPILOUTO: Thank you.

I won't repeat everything I've said before. I will state to you that I'm -- all the things we are talking about here today, unfortunately, cost money and how we best allocate resources and empower our faculty to shape their destinies is what I'm committed to doing.

We have been very open and transparent about this budget. I did not want to rush it into the late spring of the year. Through this process, the issues that you and others have expressed, we're to going to address as best we can.

The assumptions about class sizes and section sizes and how many we have and how many we had last year. After we invested 6 million dollars in Core, what was addressed? Did those section sizes change? Those are very meaningful to me, too; very meaningful to me. That affects the quality certainly of the learning here and I'm deeply committed to address them.

Thank you. Come down to the front.
Yes?

TRUSZCZYNSKI: Mirek Truszczynski, College of Engineering.

I come back to the (unintelligible) that you are saying and I agree with this. Other universities academia under a lot of

pressure. There should be discussion of these topics on our campus, and I felt that until today there was none. At least -- at least there was none that would close the gap that exist between administration and faculty. Faculty have a lot to say about this, thought a lot about that. Perhaps, administration is thinking about that too.

The discussion today seems to indicate to me that we are thinking about these things in different ways and so I'd like to ask you to pledge that you will work to close the gap, to create functioning, meaningful forum where faculty can voice their opinions like (unintelligible) in the presence of administrators; that meetings like this don't happen once every five years but happen once a semester, that you really know what we think.

CAPILOUTO: Sure. So, I'm happy to attend your meetings. I regret that your next meeting date I already know that I have conflict, but I'll tell you a little bit about me.

I served nine years as a provost and the president I served with for nine years we attended every faculty senate meeting. I bet we missed in nine or ten years, seven or eight.

I'm very comfortable with sharing information and having this kind of dialogue; it's not foreign to me. And I will say, too, you know, I welcome, you know, the idea of a forum like this but, you know, meeting with small groups has been very helpful to me too. I hear a great deal of helpful information there, and people challenge us and we'll look for opportunities to share what we hear at those meetings as well.

ANDERSON: I have a loud voice so I'll just stay seated. Debra Anderson, College of Nursing.

I want to just mention two words that I think we're skirting around but we're talking about, and that's shared governance. It seems to me that that's really what a lot of these questions are about. And I would like for you to talk about your philosophy of shared governance in the University setting.

CAPILOUTO: Sure. Well, I've shared with you certainly how I held administrative positions in the past and the dialogue that I always like to keep open. I'm happy to -- and the way I look at this is: The folks in this

room are the folks that make things happen here. I recognize that. I have been in your shoes.

What we're trying to do is further empower units to have in their hands the levers to pull to make things happen, and that it's not just a responsibility of administration.

So part of governance to me is further empowering, especially colleges, to shape their destinies and have control over many decisions, and that not be -- rest solely in the hands of administration.

BLONDER: Several questions have been sent it. The first question: A four percent cut to the college of Arts & Sciences will amount to 26 million dollars. If half of this cut is absorbed by teaching assistant positions, the college will lose 100 TAs and 200 classes per semester.

How will this advance undergraduate education?

CAPILOUTO: Let me say this: I'm positively encouraged by the trends in our revenue. We set these as a target and we're working with every unit through a process that honestly exchanges lots of information.

I can't comment on specifics of what was just raised there, but I will give you every assurance that we're going to address all of these things going forward.

Yes?

BLONDER: In 2010 UK implemented a five-year vesting period for the University's contribution to staff and employee pensions. The first and second wave of budget cuts have and will inevitably result in the University taking back pension benefits from employees who are terminated. Not only are we losing valuable staff, this gives the appearance that the University is actually making money from firing people. What are your plans to mitigate this problem?

CAPILOUTO: Well, first of all, let me remind you again that our University grew its faculty by nine percent since the beginning of the recession; our administration by six and our staff by two. We had a reduction in force of one percent. I do not know the details of the vesting plan. That's something I'd have to ask HR about. I'm sorry, I don't know.

BLONDER: Can you give us the best and worst case scenarios in the new budget for

cooperative extension at this time?

CAPILOUTO: So cooperative extension, does everybody know what that is? You're divided on that one.

Okay. So cooperative extension, we have a long history here in Kentucky of cooperating with each county in the operation of an extension office that provides services to that county. They are rooted in our founding as an agriculture (unintelligible) university, and these have changed over time.

For instance, you can find county agents who are STEM agents and who work with -- to develop a pipeline of students in the science technology and (unintelligible).

There are Fine Arts agents out there today, but largely from the many visits I've had, they serve first and foremost the agricultural community, which is certainly important to Kentucky.

So of our 280 million dollars, you know, a big chunk comes in and goes out to the counties; it is matched by the county; tens of millions of dollars that is not spent on this campus. But that's part of our land grant mission.

So I can tell you what we did this year. (Unintelligible) another challenge. That is certainly a service unit, and it's also an academic one as well. So we started with a 6 percent State cut. Now, to be quite stark about it you could say, well, we should just pass on a six percent cut to those units.

But after lots of conversation and all, we mitigated these cuts through, really, tuition revenue. I shared with you that no other revenues have increased, and we use that to mitigate those reductions in 120 counties.

It's a tough choice to make though because there -- there is nothing here we're doing bad; not a thing; not a thing.

But what we've got now is a broad array of commitments that we want to maintain and foster and grow, and that's why we're looking for, you know, revenues to support these things.

Yes?

EDGAR: Hi. My name is Erin Edgar, and I'm on the Executive Board of the Graduate Student Congress. I'm also a doctoral candidate in the English Department and like many of the other graduate students in here,

I teach every semester.

I've been here for about two hours now, and I keep waiting to hear some kind of specifics about graduate education, budget cuts that are coming up and I -- two hours and I'm still waiting.

So can you give us some specific --

CAPILOUTO: Sure. Let me say, as I said earlier, we're going through a process to reach those decisions. It involves exchange, open forum, meetings so we're a generation of data, different perspectives to be weighed to make those decisions. That's why I can't give you the answer today.

GROSSMAN: Can I follow -- can I just follow that up. When do you expect to --

BROTHERS: Bob, wait.

GROSSMAN: When do -- Bob Grossman, Kentucky -- Arts & Sciences.

When do you expect these decisions to be made? Will there be an opportunity -- another opportunity -- once decisions -- decisions have been made, will there be an opportunity for feedback from the (unintelligible) as a whole to have a meeting such as this or -- or meetings with the Senate or Senate committees to give you further feedback before the decisions are completely finalized?

CAPILOUTO: Sure.

GROSSMAN: Date?

CAPILOUTO: As I said -- as I pointed out in the slide on planning, we have another round of discussions and decision making in November, next month. So we'll come back and consult and confer at that time.

Yes, ma'am.

DEBSKI: Liz Debski, A&S.

Yeah, so we're having a little difficulty with this idea that, you know, originally we were told that plans had to be in to the deans by October 1st; that October was a month of assessment during which, you know, the provost and you would try to figure out what the impacts of these cuts would be; and here it is we're at the end of October and -- and we still don't have any sense of the immensity of these -- of these cuts.

And, at the same time you said several times, I believe, that nothing has been implemented yet, and that is difficult to believe given that, you know, the fellowships have been cut, the advising has, in my own college, been pretty dismantled or

extraordinarily disrupted; that advising for the biggest major of the college in biology, the department to which I belong, has been taken back by the faculty and -- and we're getting reports of people that have already lost their jobs as a result of this second round of cuts, including people that are very much involved in diversity and -- and diversity recruitment programs.

And so it -- it becomes very difficult to understand when exactly this -- this faculty is going to have a opportunity to -- to react to these impending cuts or when you're, in fact, going to have any kind of cost-benefit assessment, as Connie Woods asked you earlier, about the wisdom of taking such deep cuts or perhaps, you know, again, moderating your approach on this put away of 20 million dollars.

So I'd like your reaction to that, please.

CAPILOUTO: Sure. First of all, my correction. It's not 20 millions dollars, it's 15. You've got to carefully look at those numbers in all of this, and we will.

What I'm giving you today in my willingness to be here is a commitment to listen, you know, to gather the information that you're sharing today in a heartfelt way. We have an obligation to look across our units and the way we distribute resources and to address the very matters that you've raided, and we are committed to doing that. That's the pledge I give to you.

DEBSKI: If I could follow up?

CAPILOUTO: Sure.

DEBSKI: One more thing -- and this is perhaps a terrible thing to say, but -- but it is a charge that's out there, that, in fact, you've been a bit inflexible about this budget plan; that the budget that you presented in May is exactly the budget that is -- that is going forward at this time. So could you give this -- this faculty a concrete example of how input has changed any issue about those funds?

CAPILOUTO: Okay. I think you will -- I'll ask you is to wait until we make these decisions. I put the budget -- I put the budget out there as targets to generate the very discussion we're having; to weigh these many tradeoffs and forces that we face in higher education and (unintelligible) Kentucky, so that the decisions we make are most informed

and as best as they can be.

So this is certainly an important conversation to me and I would not have prompted it if it was going to be a hollow set of -- sort of discussion.

UNIDENTIFIEDS: (UNINTELLIGIBLE/INAUDIBLE)

DEBSKI: Giving 90 days' notice and a letter told not to come into work tomorrow? That -- that's -- that's not --

CAPILOUTO: Well, you need to talk to your dean and have your dean talk to our provost about anything that's been issued like that. Okay? Do that.

Yes, sir?

GROSS: Don Gross, Arts & Science.
There's an awful lot of discussion about budgetary transparency and -- and partly you are suffering the sins of your father. This University has never been very good in open discussion policy, and sometimes we -- we're sort of told, don't listen to those rumors one hears in the graduate program, but then the other individual tells us that we're considering alternatives.

It seems to me that if you really want to talk about budgetary openness, it would be nice to know what are the alter -- if we knew what the alternatives were as opposed to having a decision made and saying, we've made these decisions, because we can't comment on the -- on how this is going to affect our program unless we know what the alternatives are.

CAPILOUTO: Fair enough. Thank you.

CHRIST: Alice Christ, College of Fine Arts.

I agree with that comment and I'd like to follow it up a little bit.

I think maybe the most important point in the Senate -- Senate Council memo is the request for a committee that would be faculty representation on the policy issues that de facto cuts raised for the whole University.

I think we have a problem -- I have a problem with the process of demanding cuts out of small, low-level individual units, which are informed by some faculty discussion but then any decisions about which cuts will be revised or reprieved only come down from the top.

So do you have a plan to incorporate a greater consensus building mechanism?

CAPILOUTO: Well, first of all, let me say that

I would hope that as we move forward in the future that many of these decisions rest with the college, and don't involve so much of administration oversight of every decision but as we work towards something like that, in the meantime -- all right, in the meantime we are really trying to engage all of the issues that you've just raised and we will try to complete this process as soon as we can with further consultation by including more people on the committees that have invested lots of time in looking at these matters.

You've already had a question.

Excuse me. I want to try to get somebody new.

CAVAGNERO: Michael Cavagnero, Arts & Sciences.

We're generally familiar with other institutions that have gone through the change in the budgeting model that's being contemplated right now, and what we hear from people at other institutions is that there's both the potential for that change but there's also problems that come up in the process of that change, particularly with respect to chasing credit -- credit hours or weighing other kinds of important (unintelligible) to the University.

What's troublesome to many people about the change in the budgeting model is that it's taking place at the same time as severe budget cuts as well as at a time when we have no permanent academic leadership on the campus in the form of a permanent provost.

And so what we're going to be doing is recruiting a provost to come into our system where all the rules have been changed in a very sort period of time, and that provost will have to accept those changes are complete.

So I'm wondering about the wisdom of implementing that change in the budgeting process at such a difficult period in our history.

CAPILOUTO: Sure. Well, let me say this about introducing any budgeting process. Please listen to me: we do not want to introduce volatility by being reckless in any introduction of any budget.

It is trying to take a step forward in transparency and empowering colleges. We don't want to do anything that doesn't give

units adequate time to plan -- and here's the other thing, we want something that is enduring so that people understand not just what may happen next year but what will happen in five years as you plan and address many of these matters.

I will say this though: If you look at all those universities, too, they certainly tweak them along the way to adjust them to the times and certainly if we go in that direction we're going to do it with great consultation with people. This is not something we're, you know, trying to do in the dark.

RICHARDSON: Frank Richardson, College of Engineering and I'm a graduate student.

There have been a couple of things -- kind of things that have gone along that have brought some concern to me, particularly when we're -- in regards to the disjoint between undergraduate and graduate education.

About two-thirds of the time I've been here I've been a TA, and I've also worked as a resident engineer in Ingels Hall so I spend 24/7 with undergraduate students, and I get to hear the feedback from them every day, good and bad, about their classes and particularly their TAs and I think there's a unique position that the TA is in by being a student themselves and typically being closer in age group to the students that allows them to communicate and help them better; and having good TAs -- over and over again from the engineering students I hear that having good TAs is instrumental in being able to understand and get the help that they need.

And I'm not sure that offshore -- off -- moving that work off to the faculty's hands is really fair to the undergraduate students if that's the decision made.

Secondly, another concern was, you expressed an unwillingness to go back and look at existing contracts that were made for executive levels and former deans. But as a graduate student, I made a commitment to Kentucky a couple of years ago about the type of environment that I would be working in, and it seems that there may be an approach to have a willingness to kind of pull the rug out from under me and do things that may threaten my ability to complete my degree.

CAPILOUTO: Thank you. Any other questions? There's one right here?

FONFRIA: Dan Fonfria, Arts & Science,
Hispanic Department.

In your presentation you said that
online education was going to be key for the
University future success.

There's rumors in our department
that the University is pushing for online
courses and one of the rumors as well is that
every of those courses is going to have UK
students.

CAPILOUTO: Every course is going to have
what?

COFIA: Yeah. All -- every online course
that the department is supposed to offer in
the future is going to have UK students
enrolled.

I don't know if you have ever taken
a foreign language class online but, you
know, most people I know who do that class
never learn a thing.

So I'm a little bit concerned. I
wanted -- I wanted to address this issue if
it's true that we have to offer -- or the
University is going to force the department
to offer the online courses and how do you
think this is going to (unintelligible) --

CAPILOUTO: First of all, I'm not forcing you
to do anything. Faculty control the content
of the curriculum here and that's the way
it's going to be. They have the
responsibility on how teaching and learning
takes place.

What I shared with you today are
forces that are upon us. We can choose to
look at them. We can make that choice. But
others are choosing to look at it, and it has
consequences for what we do.

What I think is important is that
we empower colleges and set up systems to
assess, introduce, integrate this technology
into what we do.

That's all I'm asking.

BLONDER: More questions from the notes here.

Why does your administration cut revenue-
producing teaching positions while creating
completely new bureaucratic positions such as
senior vice-president -- senior vice-provost
for student success that consume revenue.

What is the rationale for that?

CAPILOUTO: Sure. First of all, if you look at
the administrative positions, first of all,
in the office of the provost there is one
position that has been eliminated. All
right. That's a commercialization vice-

president.

I'll let the provost speak about his office and, again, you know, I didn't say this but somebody is saying we should assess people by their revenue production; and, you know, you could -- you could extend that to a place that I do not think is healthy.

That's not the way I want to look at individual faculty at all. I want to make clear that that is not the case.

TRACY: During reorganization of the provost office we eliminated four positions, four associate provost positions, and we created one position, senior vice-provost for student success. I did that because I thought it better aligned with the goals we were trying to make; and, that is, having somebody who (unintelligible) student success and brought those units together to focus on that particular purpose.

And so it's true, one position was created, four positions were eliminated; remember reorganization was part of that, and so it reduced the total number of direct reports to the provost from 36 to 24, but some of that was moving people around to different reporting structures, but that's why that was created.

So there were four eliminated, one created and the idea was to focus on student success with the idea that that would then help increase our retention rates, our student success and thus would have a direct benefit.

CAPILOUTO: Yes, sir?

PIENKOWSKI: David Pienkowski, Engineering.

It would be helpful for us if we could have a formal written business plan that detailed not only the things that you mention in your presentation but gave us a listing of all the alternative courses of action that were considered, why they were rejected and the rationale for the course of action being taken and includes all the kinds of elements one would find in a well conceived business plan appropriate for the magnitude of the undertaking that is being proposed that you'd find a first-class organization.

CAPILOUTO: Well, many of our trustees expressed such an interest, and they want them at every unit level. And, you know, I think it is fair to look at business approaches to what we do, but we are

business-like, but we're not a business. I want to share that too. And not everything is measured in dollars and cents, and that -- and I don't plan to do that, too, so we can -- we proposed an overarching budget in general terms; we are looking for certainly weighing alternatives in that, and I'm glad to come back and share with you, you know, what we conclude as we go forward.

I'll stay as long as you want to stay. If some people need to go, I understand that too. But....

BLONDER: What student services do you foresee cutting out or cutting back on? For example, the writing center, the study, tutoring, advising, counseling, diversity center, et cetera?

TRACY: I'll take a stab at that because that's into the provost office.

All those things fall under various parts of undergraduate education, student affairs, international affairs and all those, and we're going through those in the same methodical process. I'm meeting with all those leaders and beginning to walk through and saying, what are the things that are going to have -- are things going to have a negative impact and, if so, how do we begin to try to mitigate those kinds of things?

Again, hopefully, we'll be able to make some adjustments as well. I made adjustments back in May and June to, for instance, the college budget where I saw it was going to have a direct impact on UK Core teaching. And so we'll walk through those, and so folks that lead those units, Ben Withers, Robert Mock, Susan Carvalho and I are sitting down -- that's why we're having multiple, multiple meetings walking through and -- and really trying to say what is the direct impact on students? What's the direct impact on faculty, staff? How do we walk through this and make the best decisions that we possibly can.

Those are all very important things. As we walk through them, we want to make sure that we fund the things -- as best as we can, the things that are important and have a direct benefit to student success.

CAPILOUTO: Question back...

ELDRED: Janet Eldred, English Department, College of Arts & Sciences.

As I've been listening to this, I want to get back to the kind of gap because I

heard you use the word empower, empower, empower.

I'm not feeling so empowered and I suspect that many in the room aren't. And, in fact, if anything what I'm feeling is a crisis of confidence.

If I could say with certainty one thing, it would be that I have no confidence in the plan or maybe I have no confidence at this point in the process.

I've been at the University since 1987. I'm a fan of the University, I want things to go well. I want this administration to go well.

But right now my major overwhelming feeling is one I never had before and that is, I am not confident in the future of this institution, and I'm wondering how do you address those feelings because I know I am not alone?

CAPILOUTO: Sure. Let me share with you why I think -- well, let me first address your feelings of power. I'm here today out of deep respect and with a willingness to listen; and what you say means much to me. And I hope at the end of this process you'll be able to say he listened, people listened. That's what this was designed to do. So I hope you'll think differently.

About our future being bright. These are some of the things, you know, we face again. We have a flat or declining State budget. Those revenues are not going to appear any time soon.

We grew on temporary money the capacity to do lots of things. I've shared with you that our general manpower in terms of faculty/student ratios indicates that we're in the ballpark with major universities.

I also shared with you that universities that have a similar profile of students and faculty are moving these graduation rates much better than we are.

I believe we can do it. I believe it takes difficult conversations. It's challenging ideas, but I believe this: I think we can smartly grow our way to a point that empowers us to do lots of the things that I've heard today. That's what we're trying to do.

That's why having residence halls matter in recruiting of students. It's why when you take your enrollment from a 25

percent out-of-state to 31 percent, many with Kentucky connection, and your revenue shifts in a positive way, it empowers us to do the things we want to do.

And so that's the track I think we are on at a difficult time, and I'm highly confident we're going to make that future bright. I believe strongly in this place. I will work so hard for you to feel strongly as well, but thank you for being honest and open with the way you feel.

CONLEY: Hi. Lisa Conley, Arts & Sciences.

A couple of times you said that you can get back to us on the budget when decisions are made. When is that going to be? Like when is the next forum or is -- and what is the action going to be like, you know, if we don't -- if we do have suggestions for budgets and ideas and alternatives, then what is that process of working those in?

CAPILOUTO: Sure. First of all, your most certain way of expressing your concerns is through your department chair and through your dean and then through the provost, and you have fierce advocates for what you believe in, let me assure you.

And then there are processes that I will certainly use, like this and I'm glad to get back. I can't be here the next time you have a full Senate meeting, but I'm certainly willing to talk with or meet with Lee Blonder monthly and meet with her more frequently during this process that we go through to make sure we keep the lines of communication open.

RICE: Hi, I'm Jenny Rice from the Arts & Science College.

I teach rhetoric, and one of the things that we teach first year students that are taking courses is that, you know, listening is a process that means that you are not just hearing the words, but you're actually willing to kind of take a risk and have your mind changed.

And one of the questions that was asked to you earlier was about your own flexibility. So you've heard a lot tonight, it's been almost two and a half hours and it's not easy to hear people who obviously have a lot of things on their mind and some critique, but I'm wondering could you just take a second to reflect on what you've heard and -- and give us a sense of your own

willingness to risk changing your mind about certain things or are these decisions already in motion and will you come to us when these decisions have been made and ask us to accept them and try to explain to us why you've made these decisions?

Are you willing to have your mind changed at this point on any of these matters?

CAPILOUTO: Let me say I didn't go through this process as a hollow gesture. I came here to listen. The process I set up and asked the provost to work through involving with all the units, was certainly with that spirit and intent.

I said when I started today that I don't have all the questions and I certainly don't even have all the -- I don't have all the answers but I don't even have all the questions.

I also note too that we've certainly heard a lot of things here, but there's other information we need to work through and incorporate into our decision making and we're going to work to do so.

Now, I am happy and enjoy having this kind of exchange, but I also have a responsibility to be honest with you about some of the forces that we face and I'm interested in knowing your willingness to think about it too because I don't have the answers to all of them.

GRANT: I don't know that I even have a question, but I want to address something that you --

BROTHERS: Name please?

Jason Grant. I'm a French (unintelligible)... Social Theory.

I don't know that I even have a question. I just want to address something that a friend in the other room that I -- I assume she can't (unintelligible)...

I went through undergrad in English and Linguistics. I'm a product of the STEM program at Dunbar that Dr. Hippisley mentioned earlier.

I was a Gaines fellow, and I turned down offers at Brown and NYU to stay here for another two years in this program. And I don't say that to brag. I say that to point out the fact that there are reasons to stay here.

And I think specifically for the research. There are people in the French

program who are doing incredible research that I wanted to stay around. There are people in the linguistics program, there are people in the English program.

I also want to point out that there are ten of us in the program, and we teach about a 100 hour -- credit hours a semester.

I'm being asked to teach 27 students a class despite the fact that there's research that says that linguist instruction is useless over 17 students. I have an extra 10 students that are making it impossible for me to teach linguist.

That said, I do it because I'm interested in them learning French; I'm interested in the value that French has to it; I'm interested in knowing that there's research involved in French studies. So I do it because I like doing it.

They are not sources of budget for me. They are people who can learn French and can use French. I am not just their instructor. That's not the only reason I'm here. I'm here because I want to be involved with research. That's the reason I came here for undergrad; it's the reason I stayed here for graduate.

So, again, I don't have a question but what you said earlier was the reason you can't consider cutting salaries at the higher levels, higher earning people is because they came to UK expecting a certain environment and on certain, let's call it, contract.

I came to UK on a certain contract, expecting a certain environment. There's absolutely no difference. I came here instead of taking a position at Brown; instead of taking a position at NYU because there was an environment that was promised to me here, and I think that that's should be respected as much as the people who are making more than like the \$4 an hour that I make.

CAPILOUTO: I appreciate what you said. I respect what you said. I will have to be honest with you, too. Simply reducing administrative pay is not going to solve the magnitude of what we face here today. It's not. Okay.

UNIDENTIFIEDS: (UNINTELLIGIBLE/INAUDIBLE COMMENTS)

GRANT: It's not the fact that you won't, it's the fact that you think that our contract is different.

CAPILOUTO: Well, I'll work to preserve that

promise that was made to you under all the, you know, different circumstances at the time. That was also 30 million dollars ago; 50 million dollars ago. That pains me. That pains me that today, you know, when we step forward with our tax dollars we're not the highest priority. But my responsibility is to be your strong advocate for just the things you articulated, but if there are not resources there, to look for ways to grow those resources to make sure you can do what you've just described.

That's what I'm committed to doing.

Yes, sir?

EZE: My name Lazarus Eze. I'm a graduate student in College of Public Health. I'm the President of Student Public Health Association.

I've listened to the discussions and what was going through my mind the argument that graduates don't have undergrads that teach and to optimize the quality of undergraduate education, we need to keep the teaching assistants, but in my own college of Public Health we don't have undergraduates that would teach but we have doctoral students.

So I'm more afraid of the future of the College of Public Health because I feel (unintelligible) teach, but the budget cuts on the policies, funding for research in public health has also dropped and structurally our college doesn't have one of the best in the University. Our college is just two years old so (unintelligible) has made incredible progress in the last few years, but I saw one who is my (unintelligible) considering (unintelligible) program. I'm not very much encouraged to want to stay at UK to do it.

So are there any assurance that people in College of Public Health could get -- or (unintelligible) infrastructure as one of the priorities of -- of the present administration (unintelligible) benefit of having a new (unintelligible) that's (unintelligible) our faculty and we have a more (unintelligible) infrastructure in our college.

Thank you.

CAPILOUTO: You know, I certainly would like to overcome overnight the facilities question that you raised. The reason I proposed that we consider funding debt to take on that

responsibility is that's what many universities have done and it's something that we've got to seriously consider if we're going to overcome the building conditions that you describe, and I certainly know -- I served as the dean of a School of Public Health for seven years. They're very a challenging college.

They usually have low enrollments of graduate students; right? They have great research enterprises but to really thrive they have to exist on funded effort of 60, 70 percent. It puts people on a treadmill of sort grant funding.

But those kinds of sort of successes do help address some of the things that you have described. Every college here has a little different set of circumstances. That's why working with the dean and working on models that fully empower those colleges to deal with what they face is what we'd like to do in the long term.

APPIAH: My name is Frank Appiah and I am a senator from graduate school.

I really appreciate you coming and answering our questions. I really understand where you're coming from. I know the difficulties that you face because you have actually done a good job at putting them on the front and giving us an opportunity to actually see and understand them.

I think we all do appreciate that fact. But I'd also really appreciate if you could do the same thing with the details in the budget cuts. You know, put them down point-by-point. These are areas we are looking at; this (unintelligible) to cut and this is how it's going to affect graduate school or, you know, faculty or anything of that sort.

I think that (unintelligible), and thank you very much.

CAPILOUTO: Thank you.

GIANCARLO: Matt Giancarlo, Director of Undergraduate Studies and Associate Chair in English.

I'd like to ask you for a number, and if you don't have it now maybe for the assurance that you might be able to provide it in the future. This last summer I went to a major yearly conference that's held at Western Michigan University, and at a plenary session that was presided over and introduced by -- I believe it was the provost, he made a

remarkable boast or a remarkable claim that Western Michigan University had a percentage of, shall we say, overhead or administrative cost that was the lowest in his state and it was among the top ten lowest in the nation.

And I was struck by that observation and claim because it seemed like he had that information ready at hand to say what percentage the administration cost the university.

And I'm wondering if you have that number and if we don't have that number but other universities do, if we could use a number like that to compare how our university ranks next to our benchmarks to see either alternately how expensive or how cost effective our administration is.

And if we don't have that number, might we have it as a part of the transparency from your administration going forward?

CAPILOUTO: So I'm not sure where he got his benchmarks or where he got national data, but what people frequently turn to are the IPEDS data. All right. And there have been different groups -- Goldwater Institute was one and others who have done analyses of the growth of administrative overhead and those kinds of things.

I think the last one that -- I think it was Goldwater group did indicated that the University of Kentucky quite managed its overhead expenses. Is that right?

UNIDENTIFIED: (Unintelligible) and there's the Delta.

CAPILOUTO: And then there's a Delta Cost Study. We're happy to look at those kinds of things.

One of the difficulties you have, having great familiarity with those kinds of data -- or a decent familiarity with them is, you know, Western Michigan is different than a place with an academic medical center and a college of agriculture and a county extension service that stretches over a 120 counties, and it's very difficult to make certain of the comparisons but we'll go look at it. Okay.

Yes?

BLONDER: We have another group coming in here at 6:00.

CAPILOUTO: Is that -- that's not the group with the rope and the pitchforks, is it?

BLONDER: No. Would you like to request a

motion to adjourn or--

CAPILOUTO: Well, Lee, you know, you tell me if that's what I'm supposed to do. I'm deferring to you.

BLONDER: Well --

CAPILOUTO: Is that protocol here?

BLONDER: Let me, first of all, thank you very much on behalf of the Senate and the Senate Council for coming and meeting with us, and I do thank you.

CAPILOUTO: And let me thank you very much. Thank you very much.

BLONDER: And I think this is a conversation that we definitely want to continue.

We're going to need a motion to adjourn.

BRION: So moved.

BROTHERS: Name please?

BRION: Gail Brion, College of Engineering.

BLONDER: Do we have a second?

ANDERSON: Second, Debra Anderson.

BLONDER: All Senators in favor please raise your hand. Opposed? Abstain? The motion carries. The meeting is adjourned.

Thank you very much.

(END OF DIGITAL FILE)

C E R T I F I C A T E O F S E R V I C E

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

I, LISA E. HOINKE, the undersigned Notary Public in and for the State of Kentucky at Large, certify that the facts stated in the caption hereto are true; that I was not present at said proceedings; that said proceedings were transcribed from the digital file(s) in this matter by me or under my direction; and that the foregoing is a true record of the proceedings to the best of our ability to hear and transcribe same from the digital file(s).

My commission expires: January 27, 2015.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of office on this the 6th day of October, 2012.

LISA E. HOINKE
NOTARY PUBLIC, STATE-AT-LARGE
K E N T U C K Y
NOTARY ID 435798