

Minutes of the Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky, January 16, 1935.

The Executive Committee of the Board of Trustees of the University of Kentucky met in President McVey's office at the University January 16, 1935, at 10:30 a.m. The members of the Committee present were Judge R. C. Stoll, chairman; Miller Holland and J. B. Andrews. President Frank L. McVey and Secretary D. H. Peak were also present.

1. Minutes Approved.

The Minutes of the meeting of the Executive Committee of October 23, 1934, were approved as published.

2. Financial Report.

The financial report for December was filed and ordered to be recorded in the Minutes. It reads as follows:

EXHIBIT "B"

Statement of Income and Expenditures
Month of December 1934

	<u>Previously Reported</u>	<u>Current Month</u>	<u>Fiscal Year To Date</u>
General Fund Income			
Federal Appropriation	14,250.00	7,125.00	21,375.00
Int. on Endowment Bonds	2,162.50		2,162.50
Int. on Liberty Loan Bonds	850.00		850.00
Vocational Ed. Bd.	7,892.97	2,170.81	10,063.78
State Appro.-Back Sal- aries	71,100.00		71,100.00
State Appro. - Repairs to Bldgs.	276.42	175.00	451.42
State Appro.-Sum.Sch.	9,000.00		9,000.00
Special Agr. Appro.	12,371.72		12,371.72
State Appro.-General	258,152.68	74,183.90	332,336.58
Student Fees	100,015.25	1,628.61	101,643.86
Student Fees - Sum.Sch.	40,105.99	20.00	40,125.99
Student Fees - U.H.S.	4,370.00	120.00	4,490.00
Student Fees - El.Tr. School	3,489.00		3,489.00
Student Fees - Un.Ext.	9,497.52	1,893.17	11,390.69
Misc. Receipts	2,996.67	2,600.99	5,597.66
Rentals	1,339.60	236.00	1,575.60
Men's Dormitories	8,082.85	282.00	8,364.85
Total	<u>545,953.17</u>	<u>90,435.48</u>	<u>636,388.65</u>

Expenditures			
Instruction	288,900.84	70,997.43	359,898.27
Adm. Exp. and Maint.	116,686.07	20,615.30	137,301.37
Additions and Better.	5,266.33	1,852.71	7,119.04
Total	<u>410,853.24</u>	<u>93,465.44</u>	<u>504,318.68</u>
Excess of Income over Expenditures	<u>135,099.93</u>	<u>(3,029.96)</u>	<u>132,069.97</u>
 Patterson Hall Income			
Board	31,602.01	476.88	22,078.89
Misc. Receipts	65.00	71.25	136.25
Room Rent - Sum.Sch.	1,326.00		1,326.00
Total	<u>22,993.01</u>	<u>548.13</u>	<u>23,541.14</u>
 Expenditures			
Expense	7,731.63	6,096.53	13,828.16
Additions and Better.	25.50		25.50
Total	<u>7,757.13</u>	<u>6,096.53</u>	<u>13,853.66</u>
Excess of Income over Expenditures	<u>15,235.88</u>	<u>(5,548.40)</u>	<u>9,687.48</u>
 General Fund Income	568,946.18	90,983.61	659,929.79
General Fund Expend.	<u>418,610.37</u>	<u>99,561.97</u>	<u>518,172.34</u>
Excess of General Fund Income over Expenditures	150,335.81	(8,578.36)	141,757.45
Accounts Payable - liquidated	(71,100.00)		(71,100.00)
Excess of Expenditures over Receipts for General Ledger accounts	<u>(35,506.63)</u>	<u>(6,692.16)</u>	<u>(42,198.79)</u>
Excess of Receipts over Expend. for the fiscal year to date - General Fund	<u>43,729.18</u>	<u>(15,270.52)</u>	<u>28,458.66</u>
Excess of Receipts over Expend. for the fiscal year to date - General Fund			28,458.66
Cash in Bank July 1, 1934 - General Fund			<u>(4,289.95)</u>
Cash in Bank December 31, 1934 - General Fund			<u>24,168.71</u>

Experiment Station Income

Hatch - Federal Appro.	7,500.00		7,500.00
Milk and Butter - Cash Rec.	4,001.72	813.72	4,815.44
Beef Cattle Sales	239.89	65.00	304.89
Dairy Cattle Sales	357.75	15.31	373.06
Sheep Sales	61.11	130.00	191.11
Swine Sales	230.67	23.00	253.67
Poultry Sales	564.75	130.48	695.23
Farm Produce Sales	315.41	311.44	626.85
Horticultural Sales	263.35	46.00	309.35
Seed Test	876.90	95.42	972.32
Seed Inspection	3,266.05	33.49	3,299.54
Rentals	2,722.35	94.67	2,817.02
Miscellaneous	889.11	24.50	913.61
Fertilizer - Fees	7,290.01	(1,527.76)	5,762.25
Public Service - State Ap.	6,804.80	3,393.61	10,198.41
Public Service - Misc. Rec.	5.00	5.00	10.00
Feeding Stuffs - Fees	12,196.25	2,285.06	14,481.31
Adams - Federal Appro.	7,500.00		7,500.00
Serum - Sales	320.24	55.93	376.17
Serum - Virus Sales	31.00	4.65	35.65
Serum - Supply Sales	48.80	11.75	60.55
Serum - Misc. Rec.	8.75	18.50	27.25
State Appro.	24,590.70	403.25	24,993.95
Creamery - License Fees	6,238.55	10.50	6,249.05
Creamery - Testers' Lic.	1,928.02	58.00	1,986.02
Creamery - Glassware Test.	327.75	61.70	389.45
Robinson - State Appro.	4,567.51	1,242.61	5,810.12
Robinson - Misc. Rec.	1,751.91	204.21	1,956.12
West Ky. - State Appro.	6,314.88	684.54	6,999.42
West Ky. - Misc. Rec.	3,646.79	198.37	3,845.16
Purnell - Fed. Appro.	30,000.00		30,000.00
Nursery Inspection - State Appro.	600.00	150.00	750.00
Nursery Inspection - Fees	1,147.42	130.00	1,277.42
Blood Test	20.75		20.75
Total	<u>136,628.19</u>	<u>9,172.95</u>	<u>145,801.14</u>

Expenditures

Expense	111,528.07	24,109.87	135,637.94
Additions and Better.	4,973.70	196.49	5,170.19
Total	<u>116,501.77</u>	<u>24,306.36</u>	<u>140,808.13</u>
Excess of Income over Ex- penditures	20,126.42	(15,133.41)	4,993.01
Excess of Expenditures over Receipts for General Ledger accounts	(20,502.54)	7,508.16	(12,994.38)
Excess of Expenditures over Receipts	<u>(376.12)</u>	<u>(7,625.25)</u>	<u>(8,001.37)</u>
Excess of Expenditures over Receipts for the fiscal year to date - Experiment Station			(8,001.37)
Cash in Bank July 1, 1934 - Experiment Station			<u>13,586.85</u>
Cash in Bank December 31, 1934 - Experiment Station			<u>5,585.48</u>

Extension Division Income			
Federal Smith-Lever	74,154.38		74,154.38
Federal Aqd. Co-op.	15,500.00		15,500.00
Federal Supplementary	26,545.52		26,545.52
Federal Capper-Ketcham	18,400.49		18,400.49
State Smith-Lever	61,830.60	1,069.34	62,899.94
County and Other	1,589.35	340.39	1,929.74
Total	<u>198,020.34</u>	<u>1,409.73</u>	<u>199,430.07</u>
Expenditures			
Expense	<u>159,404.71</u>	<u>33,472.37</u>	<u>192,877.08</u>
Excess of Income over Expenditures	<u>38,615.63</u>	<u>(32,062.64)</u>	<u>6,552.99</u>
Excess of Income over Expenditures for the fiscal year to date - Extension Division			6,552.99
Cash in Bank July 1, 1934 - Extension Division			<u>(585.04)</u>
Cash in Bank December 31, 1934 - Extension Division			<u>5,967.95</u>
Trust Fund Income			
Student Loan Fund	568.45	232.28	800.73
Student Notes Paid	1,426.65	417.83	1,844.48
Total Receipts	<u>1,995.10</u>	<u>650.11</u>	<u>2,645.21</u>
Expenditures			
Expense	4,162.22		4,162.22
Student Notes	15.00		15.00
Total Expenditures	<u>4,177.22</u>		<u>4,177.22</u>
Excess of Expenditures over Receipts			<u>(2,182.12)</u>
Excess of Expenditures over Receipts for the fiscal year to date - Trust Fund			(1,532.01)
Cash in Bank July 1, 1934 - Trust Fund			<u>3,823.72</u>
Cash in Bank December 31, 1934 - Trust Fund			<u>2,291.71</u>
Summary			
General Fund Income	568,946.18	90,983.61	659,929.79
Experiment Sta. Inc.	136,628.19	9,172.95	145,801.14
Extension Div. Inc.	198,020.34	1,409.73	199,430.07
Trust Fund Income	568.45	232.28	800.73
Total	<u>904,163.16</u>	<u>101,798.57</u>	<u>1,005,961.73</u>

5.

General Fund Expenditures	418,610.37	99,561.97	518,172.34
Experiment Sta. Expend.	116,501.77	24,306.36	140,808.13
Extension Div. Expend.	159,404.71	33,472.37	192,877.08
Trust Fund Expend.	4,162.22		4,162.22
Total	<u>698,679.07</u>	<u>157,340.70</u>	<u>856,019.77</u>
Excess of Income over Expenditures	205,484.09	(55,542.13)	149,941.96
Accounts Payable - liquidated	(71,100.00)		(71,100.00)
Excess of Expend. over Rec. for General Ledger accounts	(56,009.17)	816.00	(55,193.17)
Student Loan Fund - Notes	<u>1,411.65</u>	<u>417.85</u>	<u>1,829.48</u>
Excess of Receipts over Expenditures for the fiscal year to date - Combined Fund	<u>79,786.57</u>	<u>(54,308.30)</u>	<u>25,478.27</u>
Excess of Receipts over Expenditures for the fiscal year to date - Combined Fund			25,478.27
Cash in Bank and on hand July 1, 1934 - Combined Fund			<u>14,535.58</u>
Cash in Bank and on hand December 31, 1934 - Combined Fund			<u>40,013.85</u>

Abstract of item shown on Statement of Income and Expenditures as "Excess of Expenditures over Receipts for General Ledger accounts \$55,193.17"

	<u>Debit</u>	<u>Credit</u>
Accounts Receivable	49,906.53	
Insurance Paid in advance	1,016.53	
Sundry accounts	<u>4,270.11</u>	
	55,193.17	

3. Estimate of Income and Expenditures.

An estimate of income and expenditures for the year ending June 30, 1935, compiled by L. H. McCain, accountant, was presented. The estimate shows that the University must receive the total of State appropriations and must keep expenditures within the unexpended balances of departmental budgets, in order that the budget may be balanced for the fiscal year.

4. Allotments - State Board of Finance.

The Business Agent presented the statements of condition of University accounts as of December 31, 1934, made by State Budget Officer, Nat B. Sewell. He also presented statement by Sam S. English, Executive Secretary of State Board of Finance of Allotments to the University of Kentucky for the period from January 1, 1935, to March 31, 1935.

Statement of Mr. English is copied as follows:

At a meeting of the Board of Finance and Budgetary Control held January 8th, 1935, the Board made allotments for the first three months of the last half of the ensuing fiscal year. Your allotment was for the amount of the following:

	Allotment	Balance from <u>last semester</u>
College Division	\$ 164,500.00	1,435.18
College of Agriculture	6,250.00	378.28
Experiment Sta., Lexington	12,500.00	6.05
Experiment Sta., Quicksand	3,000.00	1,826.65
Experiment Sta., Princeton	3,500.00	233.61
Experiment Station, Analysis	5,000.00	199.19
Nursery Inspection	250.00	422.58
Agricultural Extension	27,000.00	100.06

We wish to call to your attention the fact that the allotments were made for a three months period of time, with the view of keeping all departments within their budget. We must impress on the heads of the departments that it is imperative that they should curtail all expenses possible; as it is absolutely essential that all live within their budget appropriations.

If your department shows a balance to your credit, as of December 31st, 1934, that amount is automatically added to the three months allotment."

The total of allotments and balances for the period ending March 31, 1935, is shown by the following table:

Allotments to the University of Kentucky
1934-1935

Fund	Appropriation	Allotment for First Six Months	Allotment to March 31st
College Division	679,000.00	339,500.00	164,500.00
College of Agriculture	25,500.00	12,750.00	6,250.00
Summer School	9,000.00	9,000.00	
Repairs	9,000.00	9,000.00	
Experiment Station	50,000.00	25,000.00	12,500.00
Experiment Station Analysis	22,000.00	11,000.00	5,000.00
Princeton Sub-Station	15,000.00	7,500.00	3,500.00
Quicksand Sub-Station	15,000.00	7,500.00	3,000.00
Agricultural Extension Division	126,000.00	63,000.00	27,000.00
Nursery Inspection	2,500.00	1,250.00	250.00
Unpaid Salaries	71,100.00	71,100.00	
	<u>1,024,100.10</u>	<u>556,600.00</u>	<u>222,000.00</u>

5. Gross Receipts Tax.

The Business Agent made the following report on sales tax law as applied to the University:

Under a recent decision of the Court of Appeals of Kentucky, it seems that the University is required to collect sales tax in certain instances. The University has the following sources of income in addition to direct state and federal appropriations:

College:

Student fees
 Rents
 Interest on bonds, etc.
 Miscellaneous income
 Miscellaneous sales
 Meat sales
 Cafeteria sales
 Room rent Men's Dormitories
 Room rent and board Girls' Halls

Experiment Station:

Sales - milk, etc.
 Sales - live stock
 Sales - farm produce
 Sales - serum, virus, etc.
 Fees under state laws
 Test and inspection charges under state laws
 Rents
 Miscellaneous income
 Miscellaneous sales

I consulted Attorney General Wootton, and he said he had given an opinion that the schools were not required to collect the tax, however, that, under the decision referred to above, in certain instances the tax should be passed to the consumer and collected by the schools. He mentioned specifically the cafeterias. He also mentioned admission to athletic events, etc. He said that he will give a written opinion on request.

The following is quoted from Chapter twenty-five, Acts of 1934, Section 2. "The term, 'Sales at retail', is hereby defined for the purposes of this act as sales of tangible personal property not intended for resale. The term, however, does not include casual sales by a person not regularly engaged in making sales; sales by farmers of commodities which they or their tenants or employees have produced on their farms.

Section 5. Every charitable and educational institution in the State of Kentucky and institutions thereof when engaged in activities made taxable by this act shall be completely exempt from its provisions."

In determining liability under and putting into application the law, I call attention to the following:

1. Shall the Attorney General be asked for an opinion?
2. Is payment of tax retroactive; that is, shall we pay tax on collections made previous to the decision?

3. The facts so far as known have been passed on to Mr. Boles of the Athletic Council and to Mr. Fowler of the Guignol Theatre.

4. The cafeterias are now charging the sales tax. It is necessary, however, to make application to the Tax Commission and to make report thereon. Shall one or more applications be made? Shall the Business Office make reports?

5. It seems that no other college collections are subject to the tax, unless it be sales of meats; that is, sales of meats of animals butchered for class instruction.

6. I am of the opinion that room rent in Men's Dormitories and room and board collections in Girls' Halls are not subject to the tax. In support of this, I quote the following: "The term, 'places of amusement and for entertainment', is hereby defined for purposes of this act as including hotels and restaurants (as defined in Carroll's Kentucky Statutes, 1930 Edition, Section 2059), theatres, dance halls, ball parks, and other athletic exhibits or contests, etc."

Carroll's Statutes referred to above says, Section 2059: "Hotels and Restaurants Defined - Every building or structure kept, used as, maintained or advertised as, or held out to the public to be a place where sleeping accommodations are furnished to the public whether with or without meals, shall for the purpose of this act be deemed a hotel.

"Every building or structure, and all buildings in connection, kept, used or maintained as, or advertised as, or held out to the public to be a place where meals and lunches are served without sleeping accommodations, shall for the purposes of this act be deemed as a restaurant and the person and persons in charge thereof, whether as owner, lessee, manager or agent, for the purpose of this act shall be deemed the proprietor of such restaurant and whenever the word 'restaurant' shall occur in this act it shall be construed to mean such structure as herein described."

7. It seems that no Experiment Station collections are subject unless it be sales of serum, virus, etc., this being bought and resold. I have submitted the question to Dean Cooper.

After considering the above report, it was the opinion of the members of the Committee that the liability of the University for collection and report of sales tax applies only (if at all) to Cafeteria sales and admittance fees to games, entertainments, etc. The Business Agent was authorized to make further inquiries in regard thereto and to set up collection of tax according to the ruling of the State Tax Commission.

6. Investments.

The Business Agent made the following report:

I have not been able to invest in state warrants the proceeds of sale of Liberty Bonds, the Brent fund on hand and Student Loan fund on hand for the reason that since the December meeting of the Board of Trustees, I have received no state warrants from Frankfort and it now seems likely that state warrants will not be issued for January payments. I know of no other satisfactory investment for these funds. If the Committee desires that other investment be made, I shall appreciate directions and information in regard thereto.

Liberty bonds have not been sold. I consulted Mr. Courtney of the First National Bank and Trust Company and he advised leaving the bonds until the warrants could be secured. He says that the bonds will sell at any time at a premium and that perhaps the amount of premium will increase rather than diminish. However, as the time for turning the bonds in is approaching, should the sale be made and funds held for investment?

He was authorized to make further investigation of suitable investments and the question of sale of Liberty Bonds. If it is found desirable to act either on investment of funds or sale of Liberty Bonds, he is directed to confer with President McVey and the Chairman of the Executive Committee, R. C. Stoll.

7. Burglary, Hold-up Insurance, and Bonds of Employees in the Business Office.

On motion and second the Business Agent was authorized to take out additional burglary and hold-up insurance to the extent of probable loss. He was further authorized to have employees in his office bonded, the blanket form of bond being suggested.

8. Change of Rate of Interest on Time Deposits in Banks.

A letter from the First National Bank and Trust Company showing change of interest rate from 3 to 2½ per cent, effective January 1, 1935, on time and savings deposits, was presented. Under the present national bank laws, no interest can be paid on daily balances, and the University has not received interest thereon since June 16, 1933.

9. Accounting in State Offices under New Fiscal Laws.

The following statement made by the Business Agent was ordered inserted in the Minutes:

Under the new fiscal laws, for each of the University appropriations and revolving funds, credit is given on the records of the Auditor's office. All orders for purchases, requisitions for salaries and wages and contracts are charged to the proper accounts in that office. It is, therefore, necessary that all such orders, etc., be submitted to the Auditor before June 30th of the fiscal year and that the estimated expenditures do not exceed the amount of appropriations. Bills for such orders, etc., may be paid on or before September 30th following the end of the fiscal year. Any balance in the appropriations or funds, if not expended by that date, will revert to the State but no new orders may be submitted after June 30th.

This means that any bills made and charged before June 30th of the fiscal year, not on orders, etc., submitted to the Auditor before that date, will not be paid. It also means that unless our estimated cost is accurate, there will be a balance or overdraft in each of the appropriations. That there will be a small difference one way or the other is unavoidable for it is almost impossible to accurately estimate the cost but I think the difference will be negligible if we exercise a fair degree of care in making the estimates.

10. Payment of Bills Dated before June 30 of Fiscal Year. State Journal Bills.

The Business Agent stated that under the new fiscal laws no purchase made or bill dated prior to June 30 of any fiscal year may be paid from funds or appropriations of the ensuing fiscal year, except on contracts properly approved by state officials. All funds not expended before the end of the fiscal year revert to the general fund of the State. Therefore, it is necessary that all orders be made and entered on the books of the State Auditor, together with the actual or estimated cost thereof, before June 30. The books are not closed for payment of bills on such orders until September 30, following.

In this connection he made report on State Journal bills as follows:

In October the State Journal Company sent to the University bills for printing orders made before June 30, 1934; College, \$903.15; Experiment Station, \$740.50. The Business Office did not receive these bills until October and each of the bills is stamped by the State Printing Commission as of date after June 30, 1934. There was no possibility of paying them out of last year's funds. With these facts in mind, I submitted to the State Auditor, requisition for the amount due from College funds, charging it to College Revolving funds and requisition for the amount due from Experiment Station funds, charging it to Experiment Station Revolving funds. Each of these requisitions was approved by the Auditor. In due time, vouchers were made up as required by the Auditor and submitted to his office for payment. Payment was refused because bills were dated prior to June 30, 1934. I stated on the requisitions and vouchers the facts in regard to date of bills, time of receipt by this office and approval by the Printing Commission.

I then consulted Mr. Sam English, Executive Secretary of the Board of Finance, and he said the question had been discussed in a Board meeting and the prevailing opinion was that the bills can not be paid and, in all probability, they will have to be submitted to the next session of the Legislature for action. It seems that the State Journal Company has such unpaid bills, due by other state departments and institutions.

I can not see that it is any fault of the University that these bills have not been paid but it may be that some action should be taken by the University in regard thereto.

There may be other such bills of the State Journal Company that have not yet been presented to the University.

No action was taken, there apparently being nothing to do, but to await further action, if any, by the State Finance Board.

11. Fire Insurance.

Report by Business Agent:

I submit the correspondence of Klair and Scott which was presented at the December meeting of the Board of Trustees in regard to fire and tornado insurance. In connection with this, I submit letter received today from Messrs. Klair and Scott, written at my suggestion.

All fire insurance policies will have to be renewed by March 14th. I think it is desirable to write the insurance for three years and, if possible, fix the date of expiration on July 1st. Perhaps the whole question can be left as it is for further investigation and report at the next meeting of the Committee.

Klair and Scott's suggestion:

With reference to the fire insurance on the University schedule which expires March 14th, we again wish to call to the attention of the Executive Committee the large amount of saving in writing this for a three year term. As stated by you, it will be more preferable if the insurance could be arranged to be dated July 1st, so we wish to offer the following plan. To write the insurance from March 14th, for a period of one year and then on July 1st, 1935, to cancel, pro rate and write one-third for a term of one year, one-third for a term of two years, and one-third for a term of three years, and then after the first period, all to be written for terms of three years. This plan will distribute the insurance cost approximately even after the first year, and we believe you will be greatly pleased with this plan should you deem it advisable to put it in force.

While we are on the subject of insurance, we again must call to your attention the fact that approximately all insurance companies interested in the windstorm insurance on the University properties, are very much disconcerted over the very low insurance to value carried and it is extremely hard to get the companies to remain on the various risks as they feel any windstorm insurance on less than valuation of 50% is unprofitable and they would prefer not to have it. We trust that when your Executive Committee will upon investigation and study of this situation to be able to authorize fire insurance written as above outlined and also they will view the windstorm insurance situation in a manner more satisfactory to the insurance companies.

Should there be any further information regarding your insurance which you may desire, we will be pleased if you will call upon us.

Yours truly,

Klair & Scott
(Signed) Per Thos. S. Scott.

The Business Agent was authorized to make further investigation and to report to the February meeting of this Committee.

12. Tornado Insurance.

Report of Business Agent:

I call your attention again to the question of tornado insurance which is mentioned in letter from Klair and Scott. I do not believe it best to pay a large amount of premium on tornado insurance or any other insurance out of this year's funds. However, it may be advisable to restore insurance on the Administration building to the original amount before the recent loss and also to insure such buildings, including the gymnasium, as have no tornado insurance, in some amount, and that should be done without delay.

The Business Agent was directed to place tornado insurance on the gymnasium building and on such other buildings not now insured as the President and Business Agent may decide proper to insure, and to have the insurance on Administration building restored to amount it was before the reductions caused by the losses in year 1934.

13. Service Building - Indebtedness.

The Business Agent made the following statement regarding the indebtedness on lease of Service Building:

The lease on Service Building with the Central District Warehousing Corporation calls for five more payments of \$10,000 each; due respectively on the first day of July for the next five years and the interest thereon at six per cent per annum from July 1, 1934. In addition to this, the University pays city, state and county taxes and premium on insurance, the combined amount of the payments at the beginning of this fiscal year being \$2287.68. It has been suggested that this debt may be refinanced at an interest rate of four and one-half per cent. Such refinancing may make a saving in interest, taxes and insurance premiums of probably \$2,000.00.

The Business Agent was authorized to make further investigations, and to get the opinion of the Attorney General as to the manner in which such refinancing may be done.

14. Out-of-State Travel.

Report of Business Agent:

At the December meeting of the Board of Trustees, I reported the fact that the State Board of Finance had held up all requests for out-of-state travel expense. I consulted Mr. Sam English, Executive Secretary of the State Board of Finance, since that date, and he informed me that

he expects some opinion from the Attorney General's office at an early date. He says that Assistant Attorney General Hogan had the matter in hand at the time Mr. Hogan died and that it had been transferred to Assistant Attorney General Brown. He said that the Board of Finance will probably rely on the opinion of the Attorney General and the question may not be taken into the courts.

Memorandum by President McVey:

MEMORANDUM RELATING TO OUT-OF-STATE TRAVEL IN CONNECTION WITH THE UNIVERSITY OF KENTUCKY.

December 15, 1934

There are three phases of out-of-state travel that I call attention to in this memorandum. The first of these relates to attendance upon various national associations in which the University of Kentucky holds membership. These associations are in many instances standardizing agencies in which membership is a distinct recognition of a university's standing. The meetings held by these associations take place at different times of the year, and are attended by representatives of institutions that hold membership in them.

NATIONAL ASSOCIATIONS:

I am giving under this heading a list of different national organizations in which the University as an institution has membership:

American Association of Colleges of Business and
Commerce
American Council on Education
Association of American Colleges
Association of American Law Schools
Association of Land Grant Colleges and Universities
Association of Teachers Colleges
National Association of Business Agents and Executives.
National Association of Registrars

The second group of organizations are largely learned societies devoted to the development of specific fields of science, literature and art. These associations deal with problems of teaching in their fields, material that is now very important, and the general drifts, educational and scientific, that are essential to the intellectual welfare of the membership. The policy of the University in regard to these associations has been to give a moderate aid to those attending who appear on the programs of the associations. The University, therefore, has in various instances allowed members of the staff railroad fare to and from the meeting place.

THE LEARNED SOCIETIES AND ASSOCIATIONS:

The American Association for Adult Education
 American Association for the Advancement of Science
 American Association of Physical Education
 American Economic Association
 American Historical Society
 American Library Association
 American Mathematical Society
 American Physical Society
 American Political Science Association
 American Psychological Society
 American Sociological Association
 Association of Teachers of English
 Modern Language Association
 Mississippi Valley Historical Society
 National Advisory Council on Radio in Education
 National Tax Association
 National Education Association

FEDERAL BUSINESS AND RELATIONS:

The most important of all relations which the University has are those developing out of federal business connections, and relations with the Departments of the United States Government. These relations have to do with many contacts arising out of activities of the federal government in connection with different states. From time to time meetings are called bringing in the workers for the purpose of discussing governmental, economic and social relations. It is very important that our people should be there. Sometimes travel expense is allowed for, but generally we have to rely upon funds of the state to meet such travel costs. For the University to fail to send representatives means that sooner or later it will be dropped from the list of states cooperating in these fields.

May I add that an educational institution, especially a university that wishes to keep up with all that is happening in the scientific world must take part in the work of these different organizations, and the members of its staff should attend the meetings as far as possible. The sum expended for travel by the University of Kentucky during the year for attendance upon these organizations is in the neighborhood of \$2,000.

Data compiled by Dean Evans:

Shanks v. Commonwealth, 219 Ky. 212, 292 S. W. 837.

The state auditor procured a check from the state treasurer, payable to himself, in the sum of \$269.25 in the year 1924, which check was cashed by him. The sum was claimed as necessary expenses for "official business" in attending the national convention of state auditors in Salt Lake City. An action

to recover the same was brought by the State's Attorney. The Budget Act of 1924, Chapter 112, sec. 4, reads as follows:

"There are hereby appropriated out of the general expenditure fund for the use of the department of auditor of public accounts of the commonwealth of Kentucky for the fiscal year ending June 30, 1925, as hereinafter set out the following sum for the following purposes: (a) for salaries and clerical hire \$35,000.00; (b) for providing stamps, office supplies and necessary traveling expenses \$4,000.00."

Similar provision was made for the traveling expenses of the State Board of Agriculture, State Banking Department, State Tax Commission and State Inspector and Examiner.

Section 53 of the Act requires, however, that with respect to any expenses incurred on such trips outside the state on official business a request for such trip must be filed with the Commissioners of the Sinking Fund and approved by them. Shanks claimed that the trip in question was official business and that the Board of Sinking Fund Commissioners had approved the expenses for the trip. By a 4 to 3 opinion, the Court of Appeals held that such expenses were not "official business" in that the advantages derived by the commonwealth were too remote. It further held that the authorization by the Commissioners of the Sinking Fund was not conclusive as to whether the expenses incurred were incurred on official business.

An extended dissenting opinion by Judge Dietzman was filed, concurred in by the Chief Justice Clay, and a second dissenting opinion was filed by Judge McCandless, who dissented simply on the ground that the approval by the Board of Sinking Fund Commissioners precluded further inquiry on the matter.

The only Kentucky case considered by the court was Beauchamp v. Snider, 170 Ky. 220, 185 S.W. 869, in which it was held that a county school superintendent could not charge as expenses on official business certain expenses made by her while attending the sessions of the Kentucky Educational Association at Louisville. This case was decided on three grounds: (1) that the expense had not been previously authorized; (2) that the expenditures were not made in the county, the court inferring that only expenses incurred in the county could be paid under the statute; although the statute did not expressly say so; (3) that these were not necessary expenses. Judge Dietzman questions the third and says that the first two are sufficient for the result.

One argument in the Shanks case was that the trip to Salt Lake City was educational rather than official and that the auditor was not engaged in an educational business. There seems to be no direct bearing in the Shanks case upon the issue whether employees of the University of Kentucky may have their expenses paid when traveling in the interest of the University or on matters connected with the University.

It is interesting to know that Kentucky Statutes #4396--(8) authorizes the state superintendent to attend, at the expense of the state, educational associations, conventions and conferences, whether within or without the state, for the purpose of keeping informed and familiar with progressive educational policies and practices, that the schools of the state may be more efficiently served.

So far as I have found, there is no statutory provision affecting the matter. It seems clear that the two Kentucky cases cited do not affect the matter.

15. Treasurer's Bond and Selection of Depository.

Reference is made to item 22, Minutes of the Board of Trustees, December 11, 1934. Further action was deferred, the Business Agent being directed to consult Attorney General Wootton in regard to question of Board of Trustees and Treasurer's duties under Chapter 65, Sec. 28, page 327, of the Acts of the General Assembly of Kentucky, 1934.

16. Back Deed.

The Business Agent presented the question of disposal of the Miles Back deed to University of property for Robinson Station, dated October 29, 1934. He was directed to put the deed in University files, subject to orders of the Board of Trustees or Executive Committee as to transferring it to the Secretary of State, the property being purchased with trust funds.

17. Senator C. O. Graves - Gift of Bull.

Dean Cooper reported that Senator C. O. Graves had presented to the Experiment Station a fine Hereford bull. On motion and second President McVey was authorized to express to Senator Graves the appreciation of the Board of Trustees for the generous gift.

18. Appointment of Committee.

Reference is made to Item 28, Minutes of the Board of Trustees of December 11, 1934. President McVey reported that Governor Laffoon had appointed the following committee; Miller Holland, G. C. Wells and J. B. Andrews. He further stated that

the case is under consideration of the Committee and that report is not ready for this meeting of the Executive Committee. On motion, the Committee was given further time.

19. Department of Archaeology and T. V. A. - Contract.

On November 1, 1934, the Department of Archaeology entered into an agreement with the Tennessee Valley Authority to classify material of archaeological and historical significance unearthed in clearing away the reservoir area of Norris and Wheeler Dams. The contract was made through the University and payment was made to young men and young women selected by Professor Webb to do the work. The original contract was for \$735.00, and it is now desired that a renewal or extension of that contract be made to the extent of \$1200.00. The original contract was approved and the President was authorized to have the new contract executed.

20. Tuition Members of University Staff - Senate Resolution.

President McVey reported the following excerpt from the Minutes of the University Senate meeting of January 12, 1935:

Some members of the Senate raised the question concerning the University practice of charging fees to instructors who wished to take work in the University and it was pointed out that in some institutions instructors and their wives were allowed to register without payment of fees. It was suggested that it would be a fine gesture for the University to adopt this plan, and the following is a statement in brief of the reasons offered: 1. That the \$10 meant more to the faculty member than it did to the University; 2. That during the depression they had had their salaries cut 10 per cent; 3. They were not making any too much money anyway. 4. That they were a select group.

The main points in President McVey's statement were as follows: 1. That as a policy the University did not wish members of the teaching staff to take work in the University with a view of using it toward a degree from the University. 2. That the Board of Trustees had gone on record as requiring that all persons who take work in the University be accorded the same treatment, no privileges to be given to the faculty that are not extended to every citizen. A motion was made and seconded that the Senate recommend to the Board of Trustees that fees be remitted to members of the faculty who wished to take work either as auditors or for credit. After a general discussion it was explained that the motion was intended to apply only to full-time members of the teaching staff. When put to a vote it was passed by a vote of 43 to 25.

After hearing the report, the Committee said that in the case of Barker vs Crum, the question of free tuition was determined and that no action on the resolution of the Senate is necessary, members of the University staff not being entitled to free tuition.

The Court's conclusion in part:

"In the case of Barker vs Crum, reported in Kentucky Reports (1917) Vol. 117, certain students in the University of Kentucky asked to be granted the right to attend the University free from charges for tuition, matriculation fees, room rent, fuel and lights, and travel expense to and from home to Lexington, claiming such rights under subsection 7 of Section 4636a of Kentucky Statutes. The Fayette circuit court ruled in favor of the students, Crum and others. Upon appeal by President Barker, the Court of Appeals reversed the decision of the lower court, stating: 'We conclude, therefore, that neither of the grounds relied upon is maintainable and that so much of subsection 7 of Section 4636a of the Kentucky Statutes as exempts the appellees from paying matriculation and tuition fees, room rent, fuel and light and traveling expenses violates Section 3 of the bill of rights and is void' ... 'in that it confers special privilege and emoluments to the appellees who have rendered no public service within the meaning of that section.'"

21. State Fair Exhibit - 1935.

President McVey presented a letter from Elmer G. Sulzer, head of the Publicity Department, relative to State Fair Exhibit for 1935, together with an outline of the proposed exhibit. President McVey stated that the 1934 exhibit had cost the University about \$1,000.00 and that the 1934 project and expense therefor were duly approved by State authorities. The letter is copied as follows:

"I have received assurance from Mr. Garth Ferguson, Secretary of the Kentucky State Fair, that the space that we desire for next year in the M & M Building will be available to us. This is not official until the meeting of the State Board of Agriculture in January, but in view of the expression of opinion from him, I am preparing tentative plans for our State Fair exhibit. I have held a committee meeting and we have agreed upon the general points, the proposal for which I am enclosing. You will note that the estimate in this proposal includes the operating expenses of the exhibit as well as the general preparation expenses. The transportation and setting up of the exhibit is a matter that Mr. Crutcher will deal directly with you on and his expenses will not be included in the publicity allotment. As was the case last year, the various departments are asked to assume the expense of preparing their own exhibits.

"The set-up as outlined in the attached proposal represents what I consider to be the optimum minimum size of the University exhibit. I have made my estimates purposely rather high for the reasons outlined in the proposal. As soon as I have your comments on this with the statement as to what you want me to undertake we will start perfecting the plans."

The Committee by motion duly seconded and passed approved of the ~~project~~, the expense not to be in excess of \$1,000.00.

22. Radio, Tobacco Market, Music Programs, Tobacco Programs.

The radio station of the Courier Journal and the Louisville Times, during the latter part of December, 1934, cut off the privilege of the University to broadcast news about tobacco trends and the market, without first advising President McVey. The situation is best set out in the following letters:

Letter of Mr. Miller Holland, member of the Executive Committee:

"I stopped in Louisville yesterday to see Mr. Credo Harris of WHAS relative to the broadcasts from the University. Mr. Harris was not in, but I talked with Mr. Joe Eaton and Mr. W. L. Coulson. They had been advised of my engagement with Mr. Harris and were prepared to discuss the questions involved. They agree that they will not insist upon the execution of any bond indemnifying WHAS against liability on account of the infringement of copyrights on music which may be offered by the University studio; but they insist that the list of numbers to be performed must be furnished at least twenty-one days before the date of performance and that the blank form provided for that purpose must be accurately and completely filled out. These forms are then submitted to an agency in New York and are checked there and also by the librarian of WHAS so that the danger of infringement may be reduced to a minimum.

"However, they complain that the fifteen minute period from eleven thirty to twelve o'clock on Tuesday and Thursday is a dangerous spot. It seems that this period has been filled by Lexington musicians and usually by a dance orchestra which frequently plays its own arrangements of popular music. WHAS does not desire to assume the risk of such a performance. They suggest that this program be omitted entirely unless something of an educational nature, furnished and performed by the University, can be substituted.

"I talked with Mr. Elmer Sulzer yesterday afternoon, after my interview with Mr. Eaton and Mr. Coulson, and told him just what I have told you.

"The broadcasting of prices paid for tobacco on the Lexington market presents a more serious question. I am certain that the complaint originated with buyers and warehousemen of Louisville, who are in competition with the Lexington market. I know that Mr. Harris wrote to James W. Baldwin, executive officer of the code authority at Washington, D. C., and stated very fully the complaints which were being made relative to the broadcasting of tobacco prices by the College of Agriculture. He gave it as his opinion that such information is 'commercial' and ought not to be furnished free of charge. He said that WLAP at Lexington had been paid one hundred and twenty-five dollars by the warehousemen to broadcast this information and that it was unfair competition for WHAS to permit the information to be broadcasted free. In the letter Mr. Harris told the executive officer that it was his opinion that such a broadcast was unfair and ought to be discontinued. Mr. Baldwin's reply was simply an approval of the position taken by Mr. Credo Harris. This correspondence convinces me that the ruling would not have been suggested by Mr. Harris if the buyers and warehousemen of Louisville had not complained. Mr. Coulson surprised me by saying that the warehousemen of Lexington had paid the University for broadcasting this information. I had been advised by Mr. Sulzer that the University received no compensation for making this broadcast. Mr. Coulson produced a copy of a letter from Dean Cooper to you, in which it was recited that the warehousemen had contributed six hundred and fifty dollars to the new studio to "aid in giving marketing information." It seems that WHAS is not being paid. I do not believe that the broadcasting of marketing information, including prices, can be continued unless an agreement is made with the Louisville buyers and warehousemen."

Letter of President McVey to Mr. Credo Harris:

"I have delayed discussing the points raised in the conversation between Mr. Miller Holland, a member of the Board of Trustees of the University of Kentucky and Messrs. Eaton and Coulson. I have waited until I could talk with Dean Cooper and others about the matter. I am now bringing these points to your attention, so that you may understand the viewpoint which the University takes on this matter.

"It was a surprise to us when the broadcasting of news about tobacco trends and the market was cut off. You probably do not recall that the Courier Journal at its own expense printed a price sheet to be distributed among farmers, so that they could put down the prices as they were announced over WHAS. To have this method of distributing information eliminated, in view of past relations and policy, was indeed a surprise.

"There seems to be some misunderstanding about the situation. The University has not received any money from the Lexington Tobacco Board of Trade for radio broadcasting. It has never received any money from the same organization or from any other organization to assist in refurbishing and enlarging the radio studio at the University.

"The only basis of the statement seems to be that in the past five years the Lexington Tobacco Board of Trade gave money, three times in all, for the study of the tobacco situation; and this money was not provided for the purpose of broadcasting.

"We do not know about any arrangement that WLAP has made, by which it received payment by warehousemen for broadcasting information about the market. I wonder if this is actually the case.

"May I say also that the distribution of market trends and market prices from the largest tobacco market in the world would seem to me to be in order quite as much as the broadcasting of prices of stocks, bonds and cattle from the different markets.

"I am concerned about the decision in that it was made without giving us an opportunity to discuss it with you, and to present the facts as they are.

"I am sure that you will agree with me in the general policy that an educational program must be free to express what it considers true and wise, and that such an attitude on your part and ours is essential to the high standard of a radio program. May I also say that the University has never received any payment for the transmission of radio programs, and has distinctly made it the rule not to accept any remuneration for anything that is said over the radio.

"An opportunity to discuss these matters with you will be appreciated."

As the season of tobacco sales is about over, further consideration of the question was deferred.

Music Programs:

President McVey presented a file of correspondence dated in the month of December, 1934, between the University and the management of the radio station of the Courier Journal and the Louisville Times, relating to the subject of broadcasts of copyrighted music. It was suggested that the University sign an agreement to file proposed musical programs with the management of WHAS, 21 days before the date of the program. The agreement further stated that the University indemnify WHAS for loss on claims where music was broadcast without the agreed notice having been given. Chairman of the Executive Committee, R. C. Stoll, and President McVey stated in their letters the necessity of referring the proposed agreement to the Executive Committee. In the meantime, beginning with December 24, 1934, following the request of Joe Eaton, program director of WHAS, the musical broadcast numbers of the University were temporarily discontinued. Later it was agreed by representatives of WHAS with Mr. Miller Holland representing the University that the execution of the agreement will not be pressed, but that filing copy of proposed programs as stated above will be required.

23. Board Membership.

President McVey reported two vacancies on the Board of Trustees:

Joseph D. Haydon, failure to accept appointment of December 3, 1934.

Senator C. O. Graves, information of resignation having been given by Senator Graves.

24. Firemen Training School.

President McVey presented a program of the First Annual Firemen Training School under the auspices of The Kentucky Firemen's Association. The Association asked the privilege of holding the school at the University of Kentucky. The request was duly granted on motion and second, and the sessions will be held in the auditorium of the Training School February 12-13-14, 1935.

25. K. E. R. A. - Sewing Project.

The Superintendent of Buildings and Grounds reported:

This is a continuation of C. W. A. Project set up last spring for women. It was revived last September and since that time we have had the services of about 22 women doing general cleaning in class rooms, laboratories,

libraries, dormitories and cafeterias at no cost to the University.

They have notified us that the project will be discontinued after Thursday of this week unless these women can be placed on work of more permanent benefit to the University such as general sewing on window shades, napkins, sheets, pillow slips, machine covers, tarpaulins, draperies, couch covers, burlap paper bags and so on.

There is plenty of this work to be done if we had the money for materials, that is goods, thread, buttons and so on. If you desire to help keep these persons further employed and continue the project it will be necessary to appropriate about \$140.00 for materials.

The President was authorized to act as he deems advisable in regard to appropriation of funds to continue the project.

26. Change of Name of Individual.

The Secretary presented the following letter from the Registrar:

As Secretary of the Board of Trustees, will you please hand the following matter to President McVey, for his interpretation or if he prefers, that of the Board:

A student in the College of Law, John L. Cedziwoda, has presented a notice that he is changing his name to John L. Lewis (See Exhibit A). This man has been advised by the Law Faculty that he is not required to get a court order in order to change his name. I have been following the attached excerpt from the Kentucky Statutes (Exhibit B). It has been very helpful to me, for many cases are presented.

Since there are many cases presented and there is a difference of opinion as to my duties in regard to this matter, I am asking for an interpretation.

The Committee referred to Carroll's Kentucky Statutes, 1930 edition, Chapter 90, Sec. 3717-18-19-20 as to procedure in such cases, and stated that it is necessary that this law be complied with in order to have names changes.

27. Engineering College.

President McVey stated that Acting Dean Freeman, of the Engineering College, had requested a temporary leave of absence for rest and recuperation, and that he, the President, believing same to be necessary, had granted the leave on January 1, 1935, subject to the approval of the Executive Committee. The President stated that he had appointed D. V. Terrell, head of the Civil Engineering Department, to act as dean of engineering during Professor Freeman's absence. On motion and second, the acts of the President were approved, the leave to be on pay for an indefinite period, subject to further action by the Executive Committee or the Board of Trustees.

The President further stated that a committee of the Engineering College, headed by Professor Terrell, is actively engaged in a study of the present status of the college in regard to departmental divisions, curricula and research, that he had been enabled from reports and suggestions made to him to formulate a better idea of the work of the college and to consider its needs.

He was authorized to proceed with the studies in connection with the committee referred to and act for the present as seems advisable to him in regard to curricula and organization.

The completion of the organization of a committee on research was continued for further consideration of the Executive Committee.

In the meantime, however, the analysis of coal and other such analyses were authorized, the provisions for such to be approved by President McVey.

28. Committee on Candidates for Degrees.

On motion duly carried, Judge R. C. Stoll and Mr. James Park, members of the Executive Committee, were made a committee to act for the Board of Trustees for the approval of candidates for degrees at mid-semester commencement, January 28, 1935. The Committee is to act on recommendation submitted to it by the University Senate.

29. Leave of Absence Granted the President.

President McVey was granted the privilege of being absent from his office and official duties for a few weeks beginning in February, 1935.

30. Appointments and Other Staff Changes.

Appointments

Mrs. Elizabeth Hatcher, assistant in the University Commons at a salary of \$75.00 a month, starting with the month of February, 1935.

Miss Annie Sue Montgomery, acting Reference Librarian in the absence of Miss Norma Cass, from February 1 to September 1, 1935. The December minutes state that Mrs. Hornsby is to serve as Reference Librarian. Mrs. Hornsby is in the order department in charge of gifts and exchanges.

Miss Lucille Meyers, assistant supervisor in the residence halls for women. Miss Meyers has been employed since Mrs. Tilton's resignation, being paid from student help budget. Miss Meyers is to be placed on a salary basis at \$40.00 a month.

J. Pirtle Stewart, assistant in electrical laboratories, during the absence of J. E. Wilkins, at \$75.00 a month for the months of February, March, April and May.

Lysle Croft, graduate assistant in the department of Psychology, in the absence of Edward Newbury, at \$300 for the second semester, increased from \$150.00.

John V. McQuitty, graduate assistant in the department of Psychology, at \$2.00 an hour for recitation and \$1.00 an hour for laboratory sections, during the absence of Mr. Newbury in the second semester.

Miss Jessie Lee Jones, stenographer in Stenographic Bureau, beginning February 1, 1935, for five days each week from 1:30 to 5:00 o'clock in the afternoon, salary \$40.00 a month.

Miss Frances Irvin, clerk in Entomology and Botany, Experiment Station, effective February 1, 1935, salary \$70.00 a month.

Mrs. E. G. Trimble was appointed by the Advisory Committee of the Y. W. C. A. as assistant secretary of that organization for the second semester of 1934-35, during the absence of Miss Augusta Roberts, salary \$55.00 a month payable from funds of the organization and University contributions. (Approved).

Dr. G. F. Doyle, part-time physician in the department of Hygiene, for the vacancy on account of the death of Dr. Frank Hughes; January 1, 1935, at a salary of \$125.00 a month.

Appointments - Extension Division

Miss Lillian Brinkman, field agent in Home Economics, effective January 1, 1935, and continuing until June 30, 1935, at a salary of \$200 a month. Miss Brinkman serves during the absence of Miss Florence Imlay, who has been granted sabbatical leave for that period. Miss Brinkman is a graduate of the University of Minnesota and has a master's degree from Columbia University.

Jesse B. Brooks, Field Agent and Instructor in Agricultural Engineering, salary \$2,000.00 a year, effective February 1, 1935, appointed to fill the vacancy caused by Mr. Howard Matson's resignation. He is a graduate of Alabama Polytechnic Institute.

Leaves of Absence

J. E. Wilkins, College of Engineering, extension of leave without pay from January 10 to July 10, 1935.

Miss Ethel L. Parker, department of home economics in vocational education, sabbatical leave for the year beginning September 1935 and ending June 1936, on one-half pay. She expects to study and do research in the graduate school of Ohio State University.

E. J. Asher, department of Psychology, sabbatical leave on half pay for the school year 1935-36. He expects to study toward completion of his doctor's degree.

A. E. Bigge, head of the department of German Language, sabbatical leave on half pay for the school year 1935-36. He has been offered a scholarship in the University of Heidelberg.

Miss Augusta Roberts, secretary of the Y. W. C. A., was granted leave of absence for the second semester of 1934-35 by the Advisory Board of the Y. W. C. A., her salary during the period of leave being fixed at \$45.00 a month, payable from funds of the organization. (Approved).

Change of Employment

Mrs. Mabel Allen, stenographer in Stenographic Bureau, beginning February 1, 1935, from 8:30 to 12:30 a. m. six days in the week, salary \$65.00 a month.

Resignation

Miss Sue Layton, Library Assistant in Art, effective at the end of the first semester 1934-35.

Resignations - Extension Division

Mrs. Zilpha F. Bruce, Home Demonstration Agent, Warren County, effective December 15, 1934.

Robert T. Harrison, County Agent, Hart County, effective December 31, 1934.

J. E. Wilson, County Agent, Grant County, effective December 31, 1934.

M. F. Goff, County Agent, Pulaski County, effective December 31, 1934.

D. S. Greene, County Agent, Leslie County, effective January 15, 1935.

On motion, duly seconded, the Committee adjourned.

D. H. Peak, Secretary, Board
of Trustees