

## **Budget and Finance Committee Recommendations**

We want to lead the discussion in the SEC and at the Senate about the following topics. The intent is to generate agreement that will lead to additional resolutions before the end of the academic year. We all would like to see WKU create a pool for compensation increases.

The following points present ideas that could be pursued with this goal in mind:

**1. Reassessing and revising the budget:**

In the absence of cuts, WKU gives each unit the same budget they received the previous year, regardless of performance, need, or spending. If there are cuts, they are often distributed to every division based on their percentage of the budget. This process can create inequities over time. (In some sense this is similar to the state process that allocates funds to various universities. WKU has been rightfully complaining about inequities that we experience with state funding created by such a process over time.) A university-wide assessment of *every* unit would enable WKU to reevaluate its spending habits, and reallocate based on our Statement of Purpose. However, such a process can be painful, controversial, and time consuming.

**2. Earmarking of savings from eliminating positions for compensation:**

Former Provost Emslie attempted this process; however, the Provost, in consultation with the Deans, ultimately agreed to give up this money to balance the Academic Affairs budget and cover Academic Affairs' share of the budget cuts. This reabsorption should not be possible: like a bond payment, or the AC in summer, funds accumulated through attrition of positions need to stay in place for compensation.

**3. Prioritizing wage increases in the base budget:**

To free up funds to accomplish this, areas must be identified where we can be more efficient. It seems clear that for an organization where the majority of expenses are salaries and wages that this process is hard and would ultimately demand more from employees. However, our analysis has shown that even within Academic Affairs the increases in funding have kept pace with HEPI inflation and with changes in enrollment. This must also be true for the institution as a whole. Thus we must ask the question: what were we doing in FY 2016 that we did not do in FY2004? Are these additional things that we are now doing really essential or are they things that we can reduce again?

**4. Restricting new building and renovation to fully state-funded projects:**

Only fully state-funded construction and renovation should be allowed to proceed. We also should carefully consider how to deal with additional maintenance costs for any new building. We have too many buildings funded by dedication of tuition and fees that are *not* essential to instruction and research, the core mission of any university. Once these buildings are constructed, repaying the bonds ultimately takes priority over wages or any other WKU budget priority. This process is crippling future budgets: our current bond service payments in FY2106 are around \$12,000,000; see the Budget Report in the Appendix: Debt Service FY2016 and Buildings/Renovations financed by Bonds for a list of new and renovated buildings that are serviced by bonds. Furthermore, it seems that we have created additional square footage at a rate that cannot be justified, unless we are projecting future growth in our student population.