




A LEADING AMERICAN UNIVERSITY WITH INTERNATIONAL REACH  
OFFICE OF THE PRESIDENT

June 24, 2016

**MEMORANDUM**

TO: Board of Regents  
Mr. Frederick A. Higdon, Chair  
Dr. Melissa B. Dennison, Vice Chair  
Dr. Phillip W. Bale  
Dr. Barbara G. Burch  
Ms. Cynthia Harris  
Mr. Gillard B. Johnson III  
Mr. J. David Porter  
Mr. Jay Todd Richey  
Mr. John W. Ridley  
Dr. Tamela W. Smith  
Mr. Laurence J. Zielke

FROM: Gary A. Ransdel 

SUBJECT: 2016-17 Western Kentucky University Operating Budget

Attached for your review and approval is the 2016-17 Western Kentucky University Operating Budget, which is our fiscal plan for the year beginning July 1, 2016, and ending June 30, 2017. The budget totals \$402,252,000.

This is the first year of the 2016-18 biennial budget, which was approved by the Kentucky General Assembly in the 2016 Regular Session. It includes a 4.5 percent decrease in state funding for fiscal year 2016-17. Although the Commonwealth experienced a modest budget surplus in the fiscal year that is ending and consensus forecast estimates indicate a favorable economic outlook for the upcoming year, the Governor and the General Assembly imposed reductions to state agencies and universities in an effort to divert funds to the state pension systems. We were, however, able to secure \$750,000 in annual operating funds to support the Kentucky Mesonet, a statewide weather and climate monitoring network that we have maintained since 2010 using unbudgeted university funds. That amount is reflected in the total annual state appropriation, which is now \$72,040,200 or 17.9 percent of our total budget.

Among the priorities that were achieved in the state budget were partial funding for equity, an effort to help bring WKU's state funding per student to the median of the comprehensive universities. The General Assembly approved \$2,347,900 in the second year of the biennium, which represents approximately half of the amount identified for WKU to achieve the median funding per student. We will receive that additional funding on July 1, 2017. Although not included in the current budget document, those funds are already dedicated to fund a salary increase for faculty and staff, which will be phased in this fiscal year.

The General Assembly approved two agency bond projects for WKU. We will proceed in the next few months with construction of a \$10,000,000 parking garage to be located in the Creason Lot, funded with a \$30 per semester student fee. We also received authorization to

*The Spirit Makes the Master*

Western Kentucky University | 1906 College Heights Blvd. #11001 | Bowling Green, KY 42101-1001  
phone: 270-745-4346 | fax: 270-745-4492 | web: www.wku.edu

Equal Education and Employment Opportunities • Printing paid from state funds, KRS 57.375 • Hearing Impaired Only: 270.745.5389

Memorandum to Board of Regents  
Page 2  
June 24, 2016

issue up to \$12,000,000 in agency bonds for the renovation of Garrett Conference Center. The funding source will be finalized through our dining contract, which is currently out for bid. State funded projects were not funded in this biennium, so our plans for a new Gordon Ford College of Business will continue to be delayed.

The Kentucky Council on Postsecondary Education (CPE) set parameters for tuition and fees for WKU at 4.65 percent for this fiscal year. This budget reflects our recommendation for a tuition increase of 4.5 percent, or \$215 per semester, for resident undergraduate students. (Refer to the Executive Summary for additional information.)

The combination of reduced state appropriation, enrollment pressures, and fixed cost increases, including a KERS employer contribution rate change from 38.77 percent to 48.59 percent, leaves us with significant revenue challenges. We will, however, move forward with our highest priority and fund a 3 percent salary increase for all budgeted full-time faculty and staff. We will phase the increase over the course of the 2016-17 fiscal year as follows: 1 percent on July 1, 2016; 1 percent on January 1, 2017; and 1 percent on July 1, 2017. We will dedicate revenue generated from tuition this year and the equity funding to salaries in fiscal year 2017-18.

Over the course of the next year we will be engaged in discussions with Governor Matt Bevin, leadership in the General Assembly, and the CPE to determine goals and metrics for performance, which will determine how up to 25 percent of our funding will be distributed going forward. We must focus all of our efforts on ensuring student success and sustaining a high level of academic quality and relevance in our degree programs in order to successfully compete for performance funds. There is a great deal of uncertainty in what lies ahead for Kentucky's public universities given these dynamics, and we will work diligently to ensure that WKU is well-positioned.

Thank you for your service and continued support of Western Kentucky University and the Commonwealth of Kentucky.

GAR:km

Attachment

xc: Ms. Julia McDonald, Assistant to the President for Board and Executive Relations