



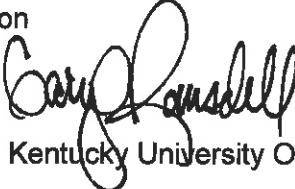
A LEADING AMERICAN UNIVERSITY WITH INTERNATIONAL REACH
OFFICE OF THE PRESIDENT

June 23, 2017

MEMORANDUM

TO: Board of Regents
Mr. Frederick A. Higdon, Chair
Dr. Phillip W. Bale
Dr. Barbara G. Burch
Ms. Andi Dahmer
Ms. Cynthia Harris
Ms. Julie A. Hinson

Mr. Gillard B. Johnson III
Mr. Jason McKinney
Mr. J. David Porter
Mr. John W. Ridley
Dr. Tamela W. Smith

FROM: Gary A. Ransdell 

SUBJECT: 2017-18 Western Kentucky University Operating Budget

Attached for your review and approval is the 2017-18 Western Kentucky University Operating Budget, which is our fiscal plan for the year beginning July 1, 2017, and ending June 30, 2018. The budget totals \$413,651,000.

This is the second year of the 2016-18 biennial budget, which was approved by the Kentucky General Assembly in the 2016 Regular Session. State appropriated funds for the year total \$74,653,800, including \$2,347,900 in equity funding, which represents approximately half of the amount identified by the Kentucky Council on Postsecondary Education necessary for WKU to achieve the median funding per student in comparison to other comprehensive universities in the Commonwealth. The equity funds are dedicated to fund a one percent faculty and staff salary increase, which is the third installment of a three-part phase-in of a three percent total salary increase over the biennium. The state budget also included \$2 million to support the operations of the Gatton Academy for Math and Science, which will enable the Academy to bring this total enrollment to 192 students.

The 2017-18 fiscal year budget also includes \$142,100 from the performance funding pool, which represents funds earned over and above the five percent of our budget that was withheld by the Commonwealth last year. Through SB153 the 2017 General Assembly established the framework for performance funding for universities beginning with the 2017 fiscal year and beyond. By FY 2020, 100 percent of state appropriated funds to universities will be achieved through a performance funding distribution that includes measures for student progression and graduation, with added incentives for degrees earned by underrepresented minorities and low-income students as well as for degrees earned in the high-wage, high-demand STEM+H (science, technology, engineering, math and healthcare) workforce sectors.

The Spirit Makes the Master

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State appropriations now reflect 18 percent of our total budget.

There could be some significant financial challenges in FY 2018. Budgeted tuition revenue is approximately \$4.4 million less than the previous fiscal year. This budget reflects a four percent decline in fall and spring tuition revenue in FY 2017 and a projected decline of two percent for FY 2018. Carry forward funds will ensure that the University will not finish the year with a deficit.

Projected fixed costs and strategic commitments total \$8,286,100. The divisions have reallocated \$1,368,500 to ensure a balanced budget.

The Kentucky Council on Postsecondary Education (CPE) set parameters for tuition and fees for WKU at three percent for this fiscal year. This budget reflects our recommendation for a tuition increase of three percent, or \$145 per semester, for resident undergraduate students. (Refer to the Executive Summary for additional information.)

Higher education will continue to face a number of daunting challenges in the coming year as the Commonwealth struggles to deal with the unfunded liabilities within its pension systems. It remains to be seen how tax reform might result in either new revenues or revenue growth opportunities for Kentucky and how higher education could benefit, but we must be actively engaged in those discussions and advocate for those things that will benefit our institutions and our students. We must continue to manage costs and address our own internal pressures to fund salary increases for faculty and staff as well. We also must be cognizant of the changing international dynamics as those relate to enrollment, which can have a significant impact on revenue for WKU. It will be critical to find opportunities for enrollment growth that also result in total revenue growth for the University.

I am grateful for the opportunity to serve my alma mater as President for the last 20 years, and I thank each of 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