

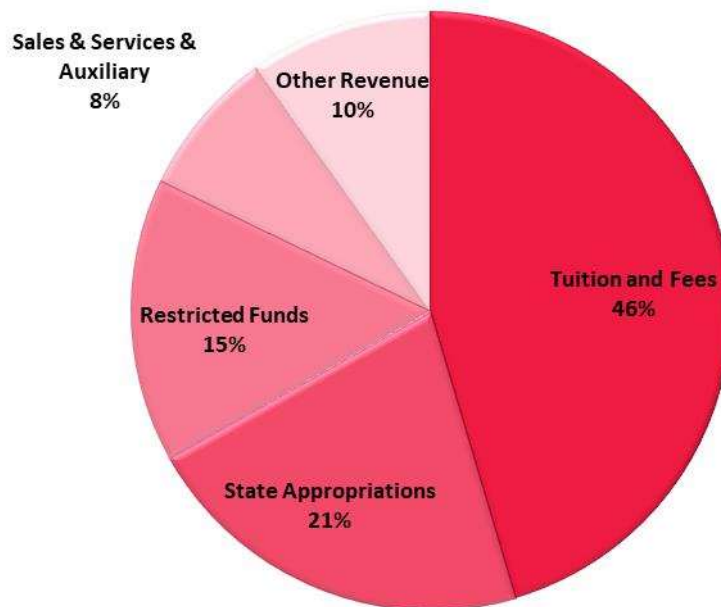
Revenue

WKU’s revenue budget for FY 2024 is \$389.9 million. This is \$6.5 million, or 2%, more than FY 2023. The largest source of revenue is tuition and fees, which represents 46% of the total revenue budget, followed by state appropriations, which represents 21% of the total revenue budget.

Table 3: Sources of Revenue

Revenue	FY 2023	FY 2024	\$ Change	% Change
Tuition and Fees	176,547,700	177,120,000	572,300	0%
State Appropriations	85,721,600	83,449,700	2,271,900	-3%
Restricted Funds	57,331,000	59,783,000	2,452,000	4%
Sales & Services & Auxiliary	32,290,700	30,975,000	1,315,700	-4%
Other Revenue	31,556,700	38,616,300	7,059,600	22%
Total	\$383,447,700	\$389,944,000	\$6,496,300	2%

Figure 4: FY 2024 Sources of Revenue



Tuition and Fees

WKU’s primary revenue source is tuition and fees, accounting for 46% of the university's total revenue budget. In 2019, the university implemented a new scholarship model to make college more affordable for incoming students by offering additional discounts. This shift places more emphasis on net tuition revenue and requires an increase in student enrollment to offset the growing financial aid commitments. Other institutions are following this same model which is increasing competition over a declining number of high school applicants. The national average of net tuition revenue has been declining since 2020. Adjusted for inflation, the average net tuition is equal to Fall 2006 totals. Fall 2023 enrollment indicators are being closely monitored with a projected increase to first-time first-year students anticipated.

After implementing the new scholarship model, the fall 2020 freshman class showed an increase in FTFY enrollment for the first time in several years. The university has focused on strategically shaping the incoming classes for the past four years, resulting in an improvement in the quality of students enrolled. The recent freshman classes have had higher average GPA scores over the past several years, which was essential in achieving record retention since the scholarship model was implemented. The most recent data on fall-to-spring retention shows an overall rate of 91.1%, a 4.8% increase since the 2017/2018 academic year. More impressively, the underrepresented minority (URM) students continued to increase at a rate of 90.8%, compared to 90.3% last year and 80.4% in 2017/2018. This successful retention boost improves returning student tuition revenue and the university’s overall financial position.

The Kentucky Council on Postsecondary Education (CPE) has the statutory authority to determine and approve tuition rates for Kentucky’s public universities. In March of 2023, CPE adopted resident undergraduate tuition and mandatory fee ceilings for academic years 2023-24 and 2024-25, enabling universities to increase tuition rates by a maximum of 5.0% over the two years and an increase of no more than 3.0% in any one year. While recognizing the university’s fiscal challenges, it is essential that affordability be maintained for our students and their families. University leadership is recommending a 3% increase for the 2023-2024 academic year.

Table 4: Tuition and Fee Revenue

Tuition and Fees	FY 2023	FY 2024	\$ Change	% Change
Undergraduate	128,893,800	130,388,000	1,494,200	1%
Graduate	14,800,000	15,201,000	401,000	3%
Other Tuition (Facilitated Tuition, etc.)	24,352,000	23,073,000	1,279,000	-5%
Fees	8,501,900	8,458,000	43,900	-1%
Total	\$176,547,700	\$177,120,000	\$572,300	0%

Table 5: FY 2024 Tuition and Mandatory Student Fee Schedule

<u>Student Level/Enrollment</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>Per Credit Hr</u>
Undergraduate			
Resident	5,556	5,718	476.50
Military Veteran/Dependent	5,556	5,718	476.50
Nonresident	13,500	13,500	1,125
International	13,824	13,824	1,152
Tuition Incentive Program	7,068	7,068	589
Graduate (Per Credit Hour)			
Resident	607	607	607
Military Veteran/Dependent	607	607	607
Kentucky/Multi-state P-12 Educator*	350	350	350
Nonresident, International	953	953	953
Nonresident, Domestic	917	917	917
Doctorate, Ed. Leadership (Per Credit Hour)			
Resident	607	607	607
Military Veteran/Dependent	607	607	607
Nonresident, International	953	953	953
Nonresident, Domestic	917	917	917
Doctorate, Psychology (Per Credit Hour)			
Resident	620	620	620
Military Veteran/Dependent	620	620	620
Nonresident, International	953	953	953
Nonresident, Domestic	917	917	917
Doctorate, Nurse Practitioner (Per Credit Hour)			
Resident	663	663	663
Nonresident	858	858	858
Doctorate, Physical Therapy (Per Credit Hour)			
Resident	643	643	643
Nonresident	909	909	909
Distance Learning (Per Credit Hour)*			
WKU Online Undergraduate	551	551	551
WKU Online Graduate (Excluding Kentucky P-12 Educator, DNP and DPT)	707	707	707
WKU On Demand Undergraduate	463	476.50	476.50
WKU On Demand Graduate	707	707	707
Active Military (Per Credit Hour)*	250	250	250
Dual Credit (Per Credit Hour)*	91	91	91

Mandatory Student Fees Per Semester

Student Athletics Fee	\$218
Student Centers Fee	\$62
Student Centers Fee, DSU Renovation Bonds	\$70
Parking Structure Fee, Creason Bonds	\$30

State Appropriation

WKU’s state appropriation budget for FY 2024 is \$83.4 million. The year-over-year change is due to the statutory annual decrease in the KERS subsidy, which is set to decrease by 10% each year, as well as distributions from the state’s performance funding model. CPE has released preliminary performance allocations, but the final distribution amounts have not been officially approved. Final approval from CPE will come in June and will occur after the Board of Regents meeting on June 2.

Table 6: State Appropriation

State Appropriation	FY 2023	FY 2024	\$ Change	% Change
Base State Appropriation	67,619,000	67,619,000	0	0%
Performance Funding	7,775,000	5,858,400	1,916,600	-25%
Gatton Academy	4,985,100	4,985,100	0	0%
KERS Subsidy	3,592,500	3,237,200	355,300	-10%
KY Mesonet	1,750,000	1,750,000	0	0%
Total	\$85,721,600	\$83,449,700	\$2,271,900	-3%

Kentucky’s performance funding pool is allocated to public universities and colleges based on how well each institution performs on 11 metrics. WKU is expected to receive \$5.9 million from the state’s performance funding pool for the FY 2024 budget (pending final performance funding model updates from CPE). Funding allocation and metrics are grouped into the following categories:

- 35% student success – degree production and student progression toward a degree.
- 35% course completion – student credit hours earned.
- 30% operational support – campus operations, services, and infrastructure that support student learning and success.

It is important to note that performance funding allocations will fluctuate each year and are based on performance metrics. The model is largely volume driven, therefore certain efficiencies are not rewarded. Due to the demographic changes, there are simply fewer high school graduates coupled with a reduction in the college going rates in Kentucky, most state universities have relied on recruiting non-resident students. WKU’s aggressive enrollment cultivation, targeted border state scholarship, and the university’s proximity to fast-growing markets such as Nashville, TN, have favorably positioned our institution at recruiting these students. However, credit hours from non-resident students are weighted at half the credit hours of resident students in the performance funding model.

The Postsecondary Education Working Group on Performance Funding is currently convening to discuss, review, and determine if the state's performance funding model for higher education is working as expected. In addition to the universities providing written feedback to CPE, this is an important opportunity to ensure incentives are effective and that funding aligns with university and CPE goals. The committee will identify any unintended consequences and recommend possible adjustments to the

governor and state legislature by the end of the calendar year. Examples of potential discussions include weighting non-resident credit hours the same as resident credit hours, and permanently allocating at least a portion of performance funds to each institution’s base.

Restricted Funds

Restricted revenue includes federal and state funds for student financial aid and research-based grants and contracts. Restricted funds are a separately identified resource for which agencies have placed limitations on how the funds may be used.

The Kentucky Higher Education Assistance Authority announced a significant increase to the College Access Program (CAP) maximum award amount for the 2022-2023 academic year. The impact of this increase exceeded initial expectations, so the FY 2024 budget is adjusted to reflect the additional CAP funds.

Table 7: Restricted Funds

Restricted Funds	FY 2023	FY 2024	\$ Change	% Change
Pell	22,000,000	20,410,000	1,590,000	-7%
College Access Program (CAP)	8,500,000	13,000,000	4,500,000	53%
KEES	12,000,000	11,250,000	750,000	-6%
Other Restricted Funds	14,831,000	15,123,000	292,000	2%
Total	\$57,331,000	\$59,783,000	\$2,452,000	4%

Sales & Services and Auxiliary

Sales & services revenue helps supplement E&G programs to offset the total funded program cost. The university has many programs and services in this category including athletic funds (ticket sales, NCAA & Conference distributions, game guarantees), application fees, and orientation fees. Auxiliary revenue includes self-supporting activities of WKU such as WKU Child Care Centers, WKU Restaurant Group, and housing (reimbursed costs from the Student Life Foundation). The year-over-year budget change is primarily due to WKU Bookstore income being reclassified as E&G due to the privatization of the store.

Table 8: Sales & Services and Auxiliary

Sales & Services & Auxiliary	FY 2023	FY 2024	\$ Change	% Change
Auxiliaries	16,607,000	15,658,000	949,000	-6%
Sales & Services	15,683,700	15,317,000	366,700	-2%
Total	\$32,290,700	\$30,975,000	\$1,315,700	-4%

Other Revenue

Other revenue includes various non-instructional programs that provide benefits to the educational mission of the university. Examples include summer camps, vehicle parking permits, and contributions from the Foundation.

Two factors increase the other revenue category compared to the prior year. The university adopted a short-term investment policy and cash management strategy, which aims to achieve the following objectives in priority order: 1) principal protection, 2) liquidity, and 3) investment earnings. This investment strategy will provide the university an additional \$3 million to apply toward the operating budget. The second increase is the reclassification of the Barnes & Noble contract to Other Revenue from auxiliaries. The WKU bookstore was an auxiliary unit, but with the privatization, these funds now are recorded as contract revenue.

To ensure stability and encourage academic success during the early years of RAMP, the Provost has developed a multi-year strategy that involves supplementing the academic colleges currently in subvention using one-time funds. This multi-year plan aims to establish an even starting point for each academic college and provide an incentive for successful strategic planning.

Table 9: Other Revenue

Other Revenue	FY 2023	FY 2024	\$ Change	% Change
Other Revenue	10,960,800	14,953,800	3,993,000	36%
Working Capital	13,620,000	13,620,000	0	0%
One-Time Sources	2,814,900	5,881,500	3,066,600	109%
Facilities and Administrative (F&A)	1,747,000	1,747,000	0	0%
Vehicle Parking Permits	1,285,000	1,285,000	0	0%
Educational Camp Revenues	1,129,000	1,129,000	0	0%
Total	\$31,556,700	\$38,616,300	\$7,059,600	22%