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WKU president outlines priorities for lawmakers

By AARON MUDD amudd@bgdailynews.com Jan 5, 2018

Western Kentucky University President Timothy Caboni talks Friday, January 5, 2018, with a reporter at WKU's Craig Administration Center.

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Facing budget cuts and a pension system short billions of dollars, Western Kentucky University will likely face difficult decisions in the coming months, according to WKU President Timothy Caboni.

Caboni, who spoke in a wide-ranging interview Friday, said that became more apparent to him as he listened to an address from Gov. Matt Bevin at the Kentucky Chamber of Commerce's annual dinner this week.

“The governor said this will be a brutal budget session,” Caboni said, paraphrasing Bevin. “I think everyone across the state is steeling themselves for that.”

Kentucky's pension system is at least \$41 billion short of the money it needs to fund state workers' pensions over the next 30 years, according to The Associated Press. That makes it one of the worst-funded state retirement systems in the country.

In October, Bevin proposed a plan that would have eventually replaced the system with a 401(k)-style plan. State workers pushed back, and Bevin and state lawmakers have said they're working on another plan they hope to pass within the first few weeks of the legislative session.

Additionally, lawmakers have to find roughly \$1 billion to spend on the state's pension system, according to The Associated Press.

Given that, Caboni said Western Kentucky University will face some significant financial challenges.

Caboni has said the university faces a roughly \$15 million budget shortfall driven in part by declining enrollment.

That doesn't include yet another hefty expense the university is facing in pension obligations, Caboni said.

"We know that we're going to have an additional charge for one of our pensions to the tune of as high as \$9 million," he said.

Add that to a possible reduction in what the university gets from the state, Caboni said, "that is a heavy lift to do in a single year."

"It is a large-enough number where we're going to have to make difficult decisions as an institution about what good things we do today that we're going to stop doing in the future," he said.

Asked if that could translate into job losses at the university, Caboni referenced a recent decision by the university to put salary increases on hold and only fill critical job vacancies.

“I’m hopeful that we can manage through some portion of these reductions by capturing the savings from those vacancies, but there’ll be other difficult choices to make about, either programmatically, how we create cost savings.

“In previous years we’ve made the easy choices,” Caboni said. “All that’s left today are tough decisions.”

In light of that, WKU isn’t standing still.

The university’s Budget Council is working to identify places where cost savings can be created, Caboni said. Those recommendations would be finalized by mid- to late-February, he said.

WKU is also engaging in a strategic planning process that Caboni described as encouraging. That process involves students, faculty, staff and administrators working in various groups to redesign WKU’s vision.

“Their interim reports right before the break in December were exciting,” he said. “There was some creative thinking there about who we want to be and how we get there. During the course of the spring that will be honed and refined.”

For his part, Caboni isn’t sitting idle, either.

“I think the way forward for the state is to make sure that we have enough revenue to fund a budget that does the things that we need to do to grow and elevate the state economy,” he said.

Along with finding a sustainable pension solution, Caboni said he’s working with lawmakers to ensure they understand how higher education can enhance the state’s economy going forward and that the state needs a viable revenue model.

“The dollars that are coming into the state coffers today are less than what we need to sustain the budget,” he said.

When it comes to budget cuts, Caboni again referenced Bevin's remarks at the chamber dinner.



"I have a sense given the conversation (Thursday) that that number may be jarring for people," he said.

However, Caboni also stressed that Bevin's upcoming Jan. 16 budget proposal "will be the beginning of this conversation," and the reductions would not be final until a budget is passed.

Asked if he's worried about the diversion of lottery money normally used for need-based scholarships, Caboni stressed the importance of college access.

"For the Commonwealth to be successful we need students to be able to afford and have access to higher education, and that's all forms of higher education" including community colleges, he said.

In the meantime, while WKU waits for pension reform and Bevin's budget proposal, the university is taking several other steps to better engage with current and prospective students.

For potential students, Caboni said WKU is working to help them understand the realistic costs of admission based on their personal situations.

For current students, Caboni said the university is trying to promote living learning communities and experiences outside the classroom help students feel like they belong on campus.

Its efforts also extend to new students struggling academically, he added.

“Some of the work that’s happened in the fall semester is paying even closer attention to individuals who may be struggling academically and try to intervene sooner within the first five weeks to help wrap support around them,” he said.

As for students who persist beyond the first semester, Caboni said the university is revisiting how it places holds or flags on students’ accounts that keep them from registering for the next semester. He wants to move away from placing holds for unpaid parking tickets or library fees and also work with students if they’re struggling financially with the costs of attendance.

Despite the dark cloud over the legislative session, Caboni remains positive and energetic.

“While there are great challenges, there are tremendous opportunities,” he said.

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