

Patti Minter

Faculty Regent Report for Summer 2011

Part I: June Budget approval meeting

On June 24, the Board of Regents met for a Special Budget Approval meeting, and the Board's committees met in the afternoon to set the agenda for the third quarterly meeting in July. You can find the agenda for the meeting here:

http://www.wku.edu/regents/documents/bor_special_budget_approval_meeting_06-24-11.pdf

The Board approved a budget that includes (to give you a snapshot) more than \$164 million in revenues from student tuition and fees (42.8 percent of total revenue). The university's support from the state of Kentucky is 20.1 percent of the total budget (26.9 percent of the unrestricted E&G budget), which represents a 1% decrease in total state funding from the 2010-2011 budget. WKU is no longer a "state university," so much as it has become a state-supported university. Obviously this is a trend we all wish would reverse.

You can find the 2011-2012 Budget here:

http://www.wku.edu/Dept/Support/FinAdmin/11_12BudgetPage.htm

In April, the Council on Postsecondary Education approved a 5 percent cap for WKU's potential tuition increase along with other comprehensive state universities, and President Ransdell then recommended this to the Board. Tuition for an in-state WKU student costs \$4,042 in the fall; you can see the costs for other groups on the fee schedule included in the budget on p. 13 of the budget book. Part of this tuition increase was used to fund the 1% across the board raises (with a \$500 floor and \$1000 cap) for faculty and staff. For reference, the Board of Regents passed a 5 percent tuition increase in June 2010 as well. One major change is the shift to charging graduate students per credit hour, as opposed to a flat tuition amount for a full-time load. Many concerned graduate students and faculty contacted me about this change.

The tuition increase passed with only one dissenting vote from Student Regent Billy Stephens. Unfortunately, the podcast from the June Board meeting has not yet been posted on the Regents homepage, but when it is available, please listen to the discussion of the budget. The 9-1 vote on tuition looks like a quick burial of student concerns, but the comments that several regents made led to a thoughtful discussion. Given the objection to tuition increases, I asked Mr. Stephens why students supported the \$70 per semester DUC renovation fee passed at the April BOR meeting. The \$70 fee is approximately one quarter of the total cost for Fall 2011 tuition. I argued that covering the increasing cost of educating students, supporting research, and compensating employees is at least as important as renovating a student center. You can see the student-endorsed fees on the CPE website here:

<http://www.cpe.ky.gov/about/cpe/meetings/June+10+CPE+Meeting.htm>

Other comments speak to the larger issues that have shaped our financial reality and to problems that loom large in our future. One regent stated that that she had no idea until she read the budget that 41% of WKU students received federal Pell Grant aid. Another (a former member of the Kentucky General Assembly) pointed out that the cost shifting from taxpayer-supported university funding to a model in which almost 50% of costs are borne by students is in essence a middle-class tax increase; he noted that as a lawmaker he had voted for tax cuts during good economic times, and would not have done so if he knew then what he now knows. The general tone of the discussion and questions was that while we all recognized that tuition increases are necessary in the absence of other funding sources, we are deeply concerned about the human costs and potential for unintended consequences.

In that vein, I asked specifically that our administration use the coming year to gather data for a market study on whether or not WKU is in danger of pricing itself out of the market. As you know from communication from the President, our budget and financial health is tied to growth, retention, and at the very least, maintaining current enrollment levels (whether we as faculty like it this model or not). Many faculty have contacted me this summer to express concerns that we may be hitting the limits of what the market will bear. We must not risk a sudden drop in enrollment based on cost.

Our debt service on agency bonds is now 13.2 million (or 4.7% of the E&G budget—debt service for the DUC project will be funded by the student fee for the life of the debt, so it is will be excluded from the E&G calculation). This has grown slightly during my tenure on the Board and represents the long-term trend towards obligations that restrict how we can spend these monies—it ties up funds that could be used for anything else. The discussions about federal funding for Pell Grants and student loan programs impact every aspect of this university, and I urge faculty to follow this debate as Congress returns to Capitol Hill this fall. It is difficult to understate the damage that would be done to WKU from a cut in a funding program in which 41% of our students participate.

Please contact me with any questions or comments, and I hope for better times.

