



A LEADING AMERICAN UNIVERSITY WITH INTERNATIONAL REACH
OFFICE OF THE PRESIDENT

June 21, 2013

MEMORANDUM

TO: Board of Regents
Mr. Freddie Higdon, Chair
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Mr. Cory Dodds
Ms. Cynthia Harris

Mr. Jim Johnson
Mr. James Kennedy
Dr. Patricia H. Minter
Mr. John Ridley
Mr. Laurence J. Zielke

FROM: Gary A. Ransdell

SUBJECT: 2013-14 Western Kentucky University Operating Budget

Attached for your review and approval is the 2013-14 Western Kentucky University Operating Budget, which is our fiscal plan for the year beginning July 1, 2013, and ending June 30, 2014. The budget totals \$393,959,000.

As you are aware, the 2012-14 biennial budget approved for Kentucky by the General Assembly in the 2012 Regular Session included a reduction for higher education institutions in fiscal year 2012-13 and flat funding for fiscal year 2013-14. WKU's state appropriation was reduced by \$4,952,100 last fiscal year, and there are no further reductions in state appropriation this year. Our total state appropriation is \$72,425,200.

The Kentucky Council on Postsecondary Education (CPE) sets the parameters for tuition and fees at Kentucky's public universities, and this year the CPE has set the cap at 3% for resident undergraduate students. Therefore, we have built our budget on a 3% tuition increase for resident undergraduate students and a 5% increase for most other rates, which includes graduate and online courses. The budget assumes an enrollment level of fall 2011 and challenges Enrollment Management and the campus to exceed this level.

As we have discussed previously, our fixed cost increases for the 2013-14 fiscal year exceed the budgeted tuition revenue increase by \$1,119,000. In addition, we have devoted one-time, or nonrecurring, funds to pay for a number of recurring obligations that total \$1,020,000. In an effort to ensure a structurally balanced budget going forward, the Administrative Council and I elected to achieve a total reduction of \$2,139,000 and reallocate a portion to build those unfunded recurring obligations into the base budget. We achieved the total reduction through four primary means: program eliminations and consolidations \$645,000; program reductions \$308,000; expenditure

The Spirit Makes the Master

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curtailments and revenue adjustments \$983,000; and other efficiencies and cost savings to be evaluated and determined at a later date \$203,000. While this has been a difficult decision-making process, I am pleased that we have achieved a balanced budget without across-the-board reductions and without lay-offs or furloughs, as has been the case throughout most of state government. We have also protected the 2% salary increase that was provided to faculty and staff this year – this budget builds that into the base going forward.

Although this budget forces us to make some unexpected reductions, we have made strategic decisions that allow us to continue making progress on the campus Action Plan priorities. I am most pleased that we will devote \$500,000 to faculty market adjustments for some 200 faculty members whose salaries are below 93% of the average salary of faculty at our benchmark institutions. (For the University as a whole, the salary for tenure-eligible faculty is at 93% of benchmark median. This action will make considerable progress toward moving more faculty to the University average.)

WKU continues to be an institution of choice for students in Kentucky and throughout the globe. We are growing our international student population and achieving our goals for the WKU Honors College. The Gatton Academy has been named the number one high school in America for the second consecutive year. Our students are competing for and winning some of the top national and international scholarship awards. Fundraising and alumni support is strong. This summer we will welcome our first class of Doctor of Physical Therapy students. The Health Sciences Complex at The Medical Center of Bowling Green will open this August as will a portion of the Downing Student Union, scheduled for final completion in 2014, and we will break ground this year on a new home for the Honors College and International Programs. There is much about which to be optimistic – much progress to be made and many new opportunities ahead of us.

Thank you for your service and continued support.

GAR