



A LEADING AMERICAN UNIVERSITY WITH INTERNATIONAL REACH
OFFICE OF THE PRESIDENT

June 26, 2015

MEMORANDUM

TO: Board of Regents
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Ms. Janet "Nicki" Taylor
Mr. Laurence J. Zielke

FROM: Gary A. Ransdell *Gary*

SUBJECT: 2015-16 Western Kentucky University Operating Budget

Attached for your review and approval is the 2015-16 Western Kentucky University Operating Budget, which is our fiscal plan for the year beginning July 1, 2015, and ending June 30, 2016. The budget totals \$396,565,000.

This is the second year of the 2014-16 state biennial budget, which was approved by the Kentucky General Assembly in the 2014 Regular Session. It included no increase in state funding for fiscal year 2015-16. We were pleased, however, that the General Assembly approved an additional \$2 million annually to fund our request to expand the Gatton Academy of Mathematics and Science enrollment from 120 to 200. That amount is reflected in the total annual state appropriation, \$74,649,400 or 18.8 percent of our total budget.

The enacted budget also included \$48 million in state bonds for construction and renovation of Thompson Complex. The old Thompson Complex North Wing was demolished earlier this year, and work is beginning on construction of a new state-of-the-art science building. The Center Wing will undergo modest renovations. We expect both to be complete by 2018.

The Kentucky Council on Postsecondary Education (CPE) set parameters for tuition and fees at Kentucky's public universities for this biennium at a total tuition increase of 8 percent over both years of the biennium, with a maximum of 5 percent in either year for resident undergraduate students. Therefore, this budget reflects the second year of that action (following a 4.9 percent increase last year), and tuition will increase by 3.1 percent for resident undergraduate students (refer to the Executive Summary for additional information).

The Spirit Makes the Master

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While enrollment remains strong at WKU, we continue to see a decline in part-time adult learners, including those at the graduate studies level, and this is indeed taking a toll on our budget. International recruitment is growing at a high rate, and our traditional student population remains steady. We have experienced considerable success in competing for Kentucky's best and brightest students, and enrollment in the WKU Honors College is at an all-time high. These students are raising the academic profile of WKU and are being recognized nationally and internationally with academic awards and scholarships.

We have strengthened our scholarship awards in order to be competitive for these students, but in so doing we have stretched our budget capacity and must now address that by redirecting funds within the University budget to achieve a balanced budget for FY 2016. We must reallocate approximately \$7.9 million within our existing budget. Division heads have identified targeted reductions in each of their budgets. We have also reallocated central funds from facilities capital and contingency to reduce the impact of reallocations on smaller divisions. Administrative Council is prepared to implement the base budget reallocation with every effort to protect core services and have the least possible impact on students.

My biggest disappointment for the new fiscal year is that we are unable to provide even modest salary increases for faculty and staff. As we look ahead, our highest priorities are to meet enrollment targets for all categories of students so that we produce more revenue than needed to fund fixed cost increases in FY 2017; drive up performance measures, such as graduation rates, that are likely to be drivers for new state funding in the future; and sustain a high level of academic quality. If we can achieve all of these, then I am confident we can set aside funding for compensation in the next budget.

Thank 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