



A LEADING AMERICAN UNIVERSITY WITH INTERNATIONAL REACH  
OFFICE OF THE PRESIDENT

June 27, 2014

**MEMORANDUM**

TO: Board of Regents  
Mr. David Porter, Chair  
Mr. Freddie Higdon, Vice Chair  
Dr. Phillip Bale  
Ms. Keyana Boka  
Dr. Melissa B. Dennison  
Ms. Cynthia Harris

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

FROM: Gary A. Ransdell *Gary*

SUBJECT: 2014-15 Western Kentucky University Operating Budget

Attached for your review and approval is the 2014-15 Western Kentucky University Operating Budget, which is our fiscal plan for the year beginning July 1, 2014, and ending June 30, 2015. The budget totals \$392,297,000.

The 2014-16 biennial budget approved by the Kentucky General Assembly in the 2014 Regular Session included a 1.5 percent reduction for higher education institutions in fiscal year 2014-15 and flat funding for fiscal year 2015-16. WKU's state appropriation was reduced by \$1,106,300. The General Assembly also approved funding for half of the employer contribution obligation to the Kentucky Employee Retirement System, which resulted in a significant cost avoidance for the comprehensive universities. This amounts to approximately \$1.3 million for WKU. Our total annual state appropriation is now \$72,649,400 or 18.5 percent of our total budget.

I am most pleased that for the first time since the 2006-08 biennium, the General Assembly has approved state-funded capital projects for public universities. We can now begin planning the final phase of the Science Complex Renovation with construction on Thompson Complex beginning in 2015.

Finally, the General Assembly approved an additional \$2.0 million annually to fund our request to expand the Gatton Academy enrollment from 120 to 200, beginning in 2015. This funding increase will be reflected in the FY 2016 operating budget.

The Kentucky Council on Postsecondary Education (CPE) has statutory authority to set parameters for tuition and fees at Kentucky's public universities. At the request of the University Presidents, the CPE concurred with setting a two-year tuition cap of 8 percent with a maximum

*The Spirit Makes the Master*

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of 5 percent in either year for resident undergraduate students. Therefore, we have built our budget on a 4.8 percent tuition rate increase for resident undergraduate students and 5.1 percent for resident graduate students. Tuition for online courses will increase only 4 percent for undergraduate students with graduate students paying 5 percent more next academic year. This, along with the state support for our KERS retirement contribution increase and with reallocations among the various divisions of the University, will allow us to balance our budget for next year.

This budget includes a cost of living adjustment of 1 percent with a floor of \$500 for each employee, just over \$1 million to permanently fund the 2014 increase from \$471 to \$525 per month in the university contribution to faculty/staff health insurance premiums, and \$2.5 million to meet employer contribution obligations to the Kentucky Retirement Systems in which many of our employees participate. It also includes funding for various contractual obligations, faculty promotions, and most importantly over \$4.2 million in additional funding for student financial assistance including scholarships, waivers, and grants and aid. This budget also addresses some \$5 million in funding deficits, including approximately \$1.1 million in the state budget cut, and over \$3 million in revenue declines from a lower enrollment in the current year. Privatization of our Health Center and some cost savings in executive level salaries on the Administrative Council will net another \$1.1 million to address the remaining budget shortfall. All divisions have now determined how their respective divisional budgets will be balanced. We have been able to protect most campus jobs and avoid catastrophic reductions.

Despite the trend of continued state budget cuts, we are indeed achieving progress toward our highest strategic priorities. Our international student population is increasing. We are achieving our goals for the WKU Honors College. More WKU students than ever are studying abroad. More are competing for and winning top national and international scholarship awards. The Gatton Academy continues to be recognized as the top high school in America. We are more focused than ever on increasing the number of KCTCS transfers, and our doctorate programs in Nursing, Physical Therapy, and Educational Leadership are in full swing. Fundraising and alumni support remains strong as well. The fall semester will open with a grand celebration of the new Downing Student Union, and we will begin a new chapter in University Athletics as we enter Conference USA. The campus is vibrant, and our faculty and staff are hard at work.

Thank you for your service and continued support of Western Kentucky University and the Commonwealth of Kentucky.

GAR:cg

Attachment