

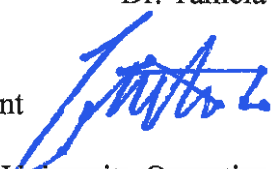


OFFICE OF THE PRESIDENT

June 22, 2018

MEMORANDUM

TO: Board of Regents
Dr. Phillip W. Bale, Chair
Dr. Claus Ernst
Mr. Frederick A. Higdon
Ms. Julie Harris Hinson
Mr. Stephen Mayer
Mr. Jason L. McKinney
Mr. Gillard B. Johnson III, Vice Chair
Mr. George Nichols III
Mr. J. David Porter
Mr. John W. Ridley
Dr. Tamela W. Smith

From: Timothy C. Caboni, President 

SUBJECT: 2018-19 Western Kentucky University Operating Budget

Enclosed for your review and approval is the proposed 2018-19 Western Kentucky University operating budget for the fiscal year that begins July 1, 2018, and ends June 30, 2019. I am appreciative of the collaborative efforts of members of the Budget Council, the President's Cabinet and the leadership within the University's Finance and Administration division to develop this budget proposal.

The 2018-19 Operating Budget represents our path forward following a difficult and challenging year for the entire WKU community. We have successfully navigated our way through approximately \$27,000,000 in planned expenditure reductions, which are reflected in this budget. We have reduced our workforce by 150 positions and eliminated one college as well as administrative positions including each of the regional campuses, and we will continue to implement efficiencies and streamline our workforce as vacancies are created through attrition and retirements.

In the coming year, we will begin the important work of implementing a new budget model that will align resources with areas of growth and reward innovation among the divisions, colleges and departments. This will be a critical strategy as we continue to manage through declining support from the Commonwealth and growing costs for pension and health care benefits for our employees. Our work to yield and retain more students will be ever more important, and we will manage our resources in a way that enables us to do more in this regard.

The Spirit Makes the Master

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I am most pleased that we will reward our employees with a four percent salary increase pool. Salary increases will be effective January 1, 2019. A small pool for market/equity/counter offers also will be created with guidelines for allocation to be developed this fall.

The attached operating budget reflects a slight decline of \$204,900 in our state appropriation resulting from a \$4,619,000 total reduction in state funds, which are mostly earned back through the Performance Funding Model. This budget also reflects the decrease of \$75,100 in the state appropriation to the Gatton Academy budget. The reduction did not result in the loss of any students.

The Kentucky Council on Postsecondary Education (CPE) set parameters for tuition and fees at 6% over the biennium. This budget includes the Finance and Budget Committee of the WKU Board of the Regents recommendation to implement a four percent increase, or \$200 per semester, for resident undergraduate students. In addition, the Committee recommends an addition of \$50 to the online course fee for full time students, which will provide an estimated additional revenue of \$1,600,000.

The work we have done this year to reduce expenditures, to begin implementation of a new budget model and to develop a strategic plan that reflects our mission to be a student-centered, applied research university has put us on stable ground going forward. I am grateful for the manner in which our campus community has come together this year. Our process has been transparent and inclusive, and the campus input has been critical. Thank you for the support that you have given as well. The changes we have made have set WKU on a course for growth and reinvestment, and I am optimistic that we will emerge a stronger, more focused institution as we seek to serve our students, our region and our Commonwealth in the future.

Enclosure

xc: Ms. Julia McDonald, Assistant to the President for Board and Executive Relations