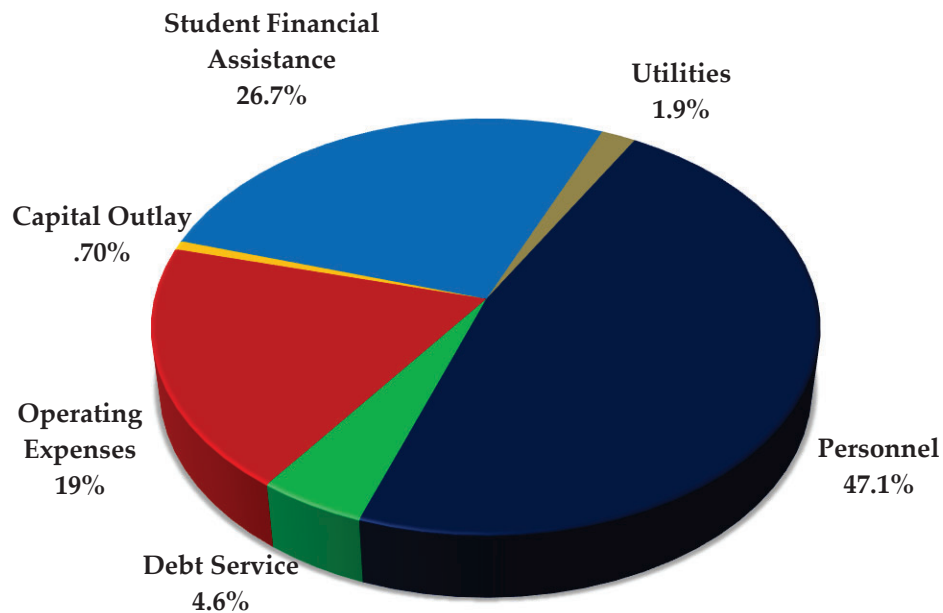


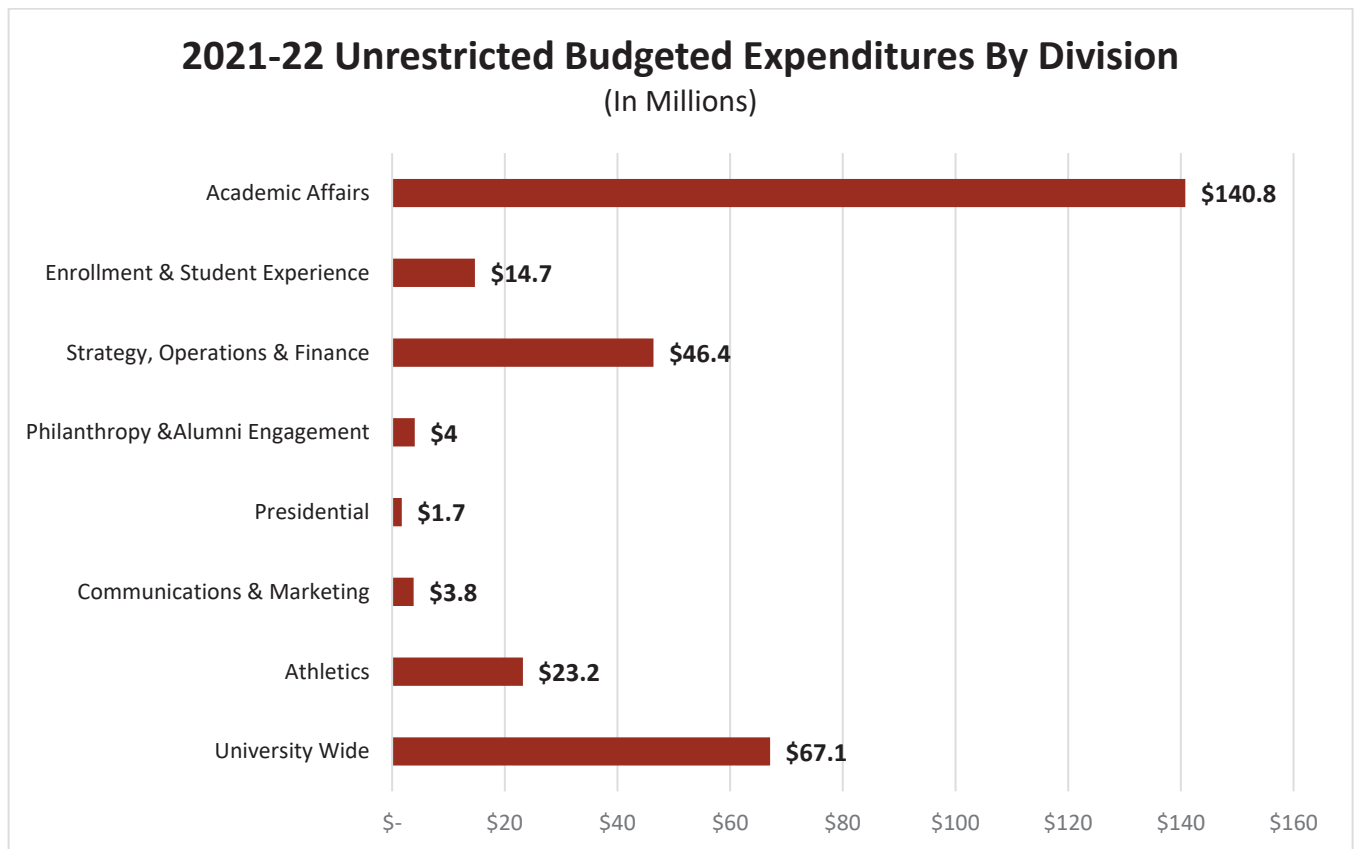
The 2021-22 budgeted expenditures, by major classification, are summarized as follows:

2021-22 Total E&G Expenditures by Major Classification



Total Budgeted Expenditures (In Millions)

Major Classification	Unrestricted	Restricted	Auxiliary	Total
Personnel	\$170.3	\$.10	\$6.6	\$177.1
Operating Expenses	\$49.6	\$15.0	\$6.6	\$71.2
Utilities	\$7.1	0	0	\$7.1
Capital Outlay	\$2.2	0	\$.50	\$2.7
Student Financial Assistance	\$57.8	\$42.6	0	\$100.4
Debt Service	\$14.7	0	\$2.6	\$17.2
Total	\$301.7	\$57.7	\$16.3	\$375.7

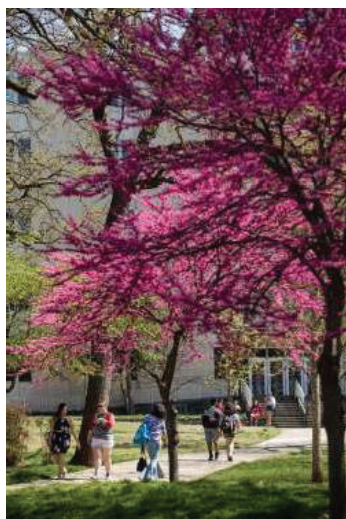


FY22 expenditures are down in all major categories, with the exception of Student Financial Assistance. Student Financial Assistance increases by approximately \$5 million over FY20 in response to WKU’s new aggressive scholarship model.

Academic Affairs, WKU’s largest division, totals \$135 million or approximately 49% of the total unrestricted E&G budget. Strategy, Operations & Finance, WKU’s second largest division, totals \$48 million or approximately 17% of the total unrestricted E&G budget.

University-wide expenditures include bond payments, institutional scholarships, and additional funding for potential increases in the Kentucky Retirement System contribution rates.

Salary Highlights



Personnel costs are the largest expenditure category and account for 47% of the operating cost of the university. Included in the budget are full-time positions (filled and vacant), as well as pooled budgets for part-time faculty and staff, graduate assistants, and student employees.

In March 2019, WKU began a campus-wide compensation study with the primary goal of creating a compensation philosophy, salary structure and pay administration guidelines, and a long-term compensation plan for the campus community. Market analysis for both faculty and staff began in late fall of 2019 with market matches sent to campus managers in January 2020 and complete study findings and recommendations were due to campus leadership in Spring 2020.

Due to the unique circumstances and financial impact of the Covid-19 health crisis, the compensation study and performance development projects were placed on hold in March 2020. WKU remains committed to the creation of a sustainable campus-wide compensation plan and the implementation of the new performance development project. The campus community will reengage with the study in the coming months. The BEC recommended creating a small salary pool to help fund these initiatives, while the president recommended increasing this pool to 2% of the university budgeted salaries. Within the upcoming months, university leadership working with campus constituents will develop strategies for distribution of these funds. Increases will be effective January 1, 2022.

Lastly, the university approved a voluntary separation incentive program (VSIP) in FY21 as an employee-centered strategy for making appropriate workforce adjustments and creating opportunities for organizational renewal and invention. VSIP allowed eligible faculty and staff attain retirement status, seek other professional opportunities or otherwise cease employment with WKU. VSIP resulted in 125 university employee participants (52 Faculty and 73 Staff) effective June 30, 2021.

Fringe Benefit Highlights

The fringe benefit expenditure budget rose for FY22 as a result of an increased retirement calculation. The Kentucky Retirement System contribution rates were

Expenditure Highlights

2022 Operating Budget



increased in the enacted state budget as anticipated in previous years. WKU remains well positioned to navigate increases to this rate in the coming fiscal year, as an approximate \$4.9 million was budgeted and the General Assembly provided additional short-term appropriation to offset the increase. Contribution rates for KTRS and WKU's ORP (Optional Retirement Plan) will remain the same for FY21.

Health insurance premiums and contribution rates are currently under review, but no change is anticipated for FY22.

Employee Benefits Cost Chart
Western Kentucky University
 Effective July 1, 2021

Benefit Category	Percent/Amount
Retirement	
TRIS	15.865%
ORP	8.74%
KERS	85.03%
KERS-Hazardous	36%
TRIS TRP	25.91%
FICA	7.65%
Unemployment Compensation	N/A (centrally funded)
Workers' Compensation	.50%
Employer Disability Insurance	.20%
Employer Life Insurance	\$50.40/year
Employer Health, Dental & Vision Insurance	\$8,460.00/year

Sample Benefits Cost Calculation
 \$60,000 salary & TRS Retirement:

TRIS @ 15.865%	\$9,519.00
FICA@7.65%	\$4,590.00
Workers' Compensation @ .50%	\$300.00
Disability @ .20%	\$120.00
Life Insurance	\$50.40
Health, Dental, & Vision Insurance	\$8,460.00
Total Cost	\$23,039.40
Total Percent of Salary	38.40%

Sample Benefits Cost Calculation
 \$35,000 salary & KERS Retirement:

KERS @ 85.03%	\$29,760.50
FICA@7.65%	\$2,677.50
Workers' Compensation @ .50%	\$175.00
Disability @ .20%	\$70.00
Life Insurance	\$50.40
Health, Dental, & Vision Insurance	\$8,460.00
Total Cost	\$41,193.40
Total Percent of Salary	117.70%

Part-Time positions scheduled to work an average of 30 or more hrs/wk for 6 months or longer are eligible for full benefits at the full fringe rate upon hire. Part-time positions scheduled for less than 30 hrs/wk, or if hours will vary by week and it is unknown if hours will average 30 or more hrs/wk, may only be subject to Social Security and Workers' Compensation charges. However, if a TRS covered position is 70% time or greater, TRS contributions must be withheld both for the University and the employee. If a KERS covered position averages 100 hours or more per month, then KERS contributions must be withheld both for the University and the employee. KERS contributions are not applicable for appointments less than 6 months. If a position averages 30 hrs/wk or more during a 12 month measurement period, health insurance (per ACA regulations), and all other benefits must be offered for the subsequent 12 month period.

Financial Aid Highlights

FY22 budgeted institutional scholarship expenditures will increase by approximately \$2 million. This increase is to support the new Border State scholarship program as well as the Hilltopper Guarantee for first-time freshmen entering WKU in the fall of 2021.



This new scholarship model provides a scholarship to offset the out-of-state cost for any first-time freshman from the seven contiguous states (Tennessee, Missouri, Illinois, Indiana, Ohio, West Virginia, and Virginia). Additionally, the Hilltopper Guarantee provides a last-dollar scholarship for all PELL eligible students with a 3.0 GPA. These changes are essential to maintaining WKU's affordability and accessibility for all students and their families.

Utilities Highlights

FY21 utility expenditures decreased by approximately \$400,000 over prior year. This decrease highlights the Hilltopper community's commitment to efficiency and environmental sustainability. Many campus buildings utilize energy efficient lighting fixtures that are also occupancy controlled to reduce energy costs. The campus community continues to participate in energy conservation periods, such as Winter Break, and heating/cooling are kept at minimal levels when buildings are unoccupied to also reduce utility costs. It is anticipated that utility costs could rise with increased activity on campus in the fall semester.

Debt Service Highlights

University-wide principle & interest agency bond payments, renovation bond payments, and other debt service will remain at \$14.7 million for FY21. Renovation bond payments include debt service for Downing Student Union renovations, as well as Diddle Arena and Parking renovations.

FY22 Fixed Cost Increases

As part of the RAMP budget process, the Operating Allocation committee provided recommendations to the Budget Executive Committee for the prioritization of FY22 fixed cost or unavoidable cost allocations. The Budget Executive Committee recommended the following fixed cost increases to be included in the FY22 budget:

Fixed Cost Increases	
IT Software Funding/Contract Increases	\$ 415,560
Ogden Graduate Assistantships	\$ 60,000
Marching Band Funding	\$ 160,000
Strategic Investment Fund Increase	\$ 185,000
Total	\$ 820,560