

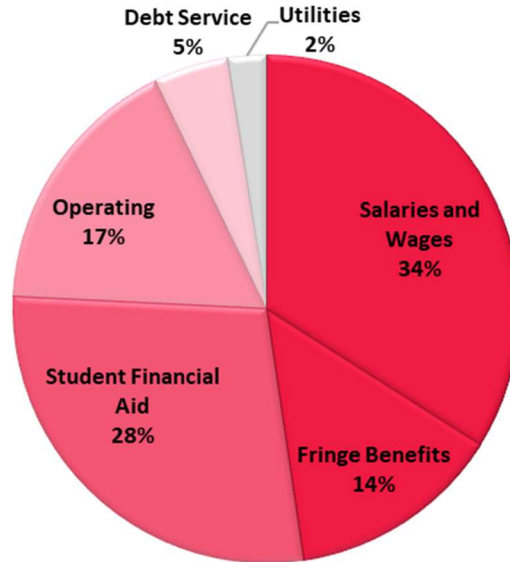
Expenditure Summary

WKU’s expenditure budget for FY 2023 is \$383.4 million. This is \$7.8 million, or 2%, more than FY 2022. The largest expenditure category is personnel, which represents 48% of the total expenditure budget, followed by student financial aid, which represents 28% of the total expenditure budget.

Table 10: Expenditures by Natural Classification

Expense	FY 2022	FY 2023	\$ Change	% Change
Salaries and Wages	125,413,413	130,280,000	4,866,587	4%
Fringe Benefits	52,302,603	52,460,000	157,397	0%
Student Financial Aid	99,721,321	107,769,000	8,047,679	8%
Operating	71,644,372	65,211,700	6,432,672	-9%
Debt Service	17,235,397	18,366,000	1,130,603	7%
Utilities	9,360,264	9,361,000	736	0%
Total	\$375,677,370	\$383,447,700	\$7,770,330	2%

Figure 6: FY 2023 Expenditures



Personnel

Personnel costs are the largest expenditure category and account for 48% of the operating cost of the university. The FY 2023 salary budget is \$130.3 million, representing an increase of \$4.9 million over the prior year. The increase in personnel expenditures is mostly attributable to grants and contracts expenditures. In the past, all projected grants and contracts were originally budgeted in the operating expenditure category, then transferred to the awarded grant index during the year. While this process will still exist, after detailed review and analysis, we’ve appropriately budgeted grants and contracts to align with actual activity. This realignment has resulted in a large increase to salaries and fringe benefits, and a corresponding large reduction to operating expenses.

Employee compensation remains a top priority for university leadership. WKU concluded 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. Inclusive of the other half earmarked from the FY 2022 budget, the FY 2023 budget allocates \$840,000 to address the most egregious outliers as identified by the compensation study. Also included in the FY 2023 budget is a 2% salary increase pool, effective January 2023. The BEC, in consultation with campus constituents, will recommend the allocation strategy of the 2% pool, which may include cost of living increases, as well as funding to address pay gaps and inversion, remedy compression, and reward performance.

WKU’s commitment to caring for employees extends beyond salary. Other benefits, including paid time off, play an important role in building a competitive total compensation package. Despite the difficult budgetary challenges facing Kentucky colleges and universities participating in the state’s pension system, employee health insurance rates remain unchanged for the fifth straight year.

Table 11: Personnel Expenditures

Personnel	FY 2022	FY 2023	\$ Change	% Change
Faculty and Staff Salaries	117,573,209	122,856,000	5,282,791	4%
Student & Graduate Assistant Salaries	7,840,204	7,424,000	416,204	-5%
Fringe Benefits	52,302,603	52,460,000	157,397	0%
Total	\$177,716,016	\$182,740,000	\$5,023,984	3%

Student Financial Aid

In addition to tuition rates, student aid is another mechanism colleges and universities use to combat affordability challenges for students and families. To maintain WKU’s commitment to remaining an institution of access and opportunity, changes were made to the scholarship model for incoming freshmen starting in the fall 2020 class. The scholarship budget represents the third incoming class to receive the more expansive model. These changes included removing the ACT requirement for almost

all merit-based and targeted academic scholarships, increasing the minimum merit scholarship award from \$1,000 to \$2,500 and reducing the minimum GPA requirement from 3.3 to 3.0. In addition to academic merit, updates were also made to the Cornelius A. Martin Scholarship to enhance opportunities for the incoming URM students.

The additional institutional financial aid in the FY 2023 budget will be applied to the academic merit changes for the new incoming class. This increase will also 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). In addition, 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.



The Student Financial Assistance (SFA) office not only works with the scholarship programs but applies all state and federal funds as well. The university will apply an estimated \$22 million in federal PELL assistance and another \$20.5 million in state assistance from the KEES and College Access Programs. This is a total of over \$40 million administered by the SFA office to assist qualifying students.

Table 12: Student Financial Aid

Student Financial Aid	FY 2022	FY 2023	\$ Change	% Change
Institutional Financial Aid	52,490,316	57,916,000	5,425,684	10%
Pell	22,000,000	22,000,000	0	0%
KEES	12,500,000	12,000,000	500,000	-4%
College Access Program (CAP)	6,500,000	8,500,000	2,000,000	31%
Other Financial Aid	6,231,005	7,353,000	1,121,995	18%
Total	\$99,721,321	\$107,769,000	\$8,047,679	8%

Operating Expenditures

Operating expenditures include debt service, maintenance, utilities, and travel, etc. The FY 2023 budget is \$93.0 million, representing a decrease of \$5.3 million over the prior year. The reduction to operating expenditures is primarily due to the realignment of grants and contracts budgets as discussed in personnel.

Debt service is the cost to the university of borrowing money to pay for capital projects that generate benefits. Renovation bond payments include debt service for Downing Student Union

renovations, as well as Diddle Arena and Parking renovations. University-wide principle & interest agency bond payments, renovation bond payments, and other debt service will be \$18.3 million for FY 2023.

Careful review of previous expenditures and a conservative projection of future costs determined that no increase in the utility expenditure budgets is necessary. This 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. The utilities budget for FY 2023 totals \$9.4 million.

Maintenance encompasses expenses related to the maintenance of buildings, equipment, and computer software, as well as non-employee janitorial and grounds services. The maintenance budget for FY 2023 totals \$16.9 million.

Table 13: Operating Expenditures

Operating Expenses	FY 2022	FY 2023	\$ Change	% Change
Supplies & Operating Expenses	49,720,997	41,733,700	7,987,297	-16%
Debt Service	17,235,397	18,366,000	1,130,603	7%
Maintenance	16,160,055	16,904,000	743,945	5%
Utilities	9,360,264	9,361,000	736	0%
Travel	5,763,319	6,574,000	810,681	14%
Total	\$98,240,033	\$92,938,700	\$5,301,333	-5%