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IMPACT OF STATE BUDGET REDUCTIONS ON WESTERN KENTUCKY UNIVERSITY

DR. GARY A. RANDELL, PRESIDENT

May 15, 2009

Since 2002, state appropriations for higher education institutions have been reduced six out of eight years. For WKU state support has been reduced by almost \$12 million during these eight years. In that same period, WKU's enrollment has grown by more than 2,000 students. WKU's total increase in enrollment since Higher Education Reform was implemented in 1998 is up 34%, or nearly 5,000 students, and WKU remains the fastest growing university in Kentucky.

The greatest impact of enrollment growth at a university is the need to provide additional faculty and staff, make infrastructure improvements, and provide programs that support student success, enhance campus life, and ensure high quality instruction. Enrollment growth at WKU has not been adequately supported by the state, and while tuition is a source of revenue that helps support those needs, tuition cannot and should not be the only source of funds. Funding of public higher education is a shared state and student responsibility. Given current economic conditions and concerns over affordability, WKU has minimized tuition increases to an inflationary level. Therefore, tuition revenue can no longer cover the growing budgetary needs which significant enrollment growth demands. Decreasing state funding, limited revenue increases from tuition and dramatic growth in enrollment are incompatible trends.

In response to fiscal constraints WKU has implemented a number of efficiencies and has reduced expenditures across divisions. Our priority has been to ensure quality while protecting the core mission of the University, which includes growth and access to higher education for Kentuckians.

Primary efficiencies have been achieved in academic, personnel, information technology, energy consumption, and financial operations. Some examples include the following:

- Reduced the number of hours to graduate from 128 to 120 hours in most degree programs and implemented online degree completion for 21 academic programs.
- Many departments across campus have redistributed job responsibilities, combined duties and eliminated or restructured positions, moving some to part time and eliminating others completely. Some full-time staff positions have been replaced with graduate assistants or student workers where possible. Funds saved are redirected to partially offset inflationary increases in areas such as travel, printing, and postage within the respective divisions.
- The purchase of the new communications system allowed us to reconfigure our outside local telephone service line resulting in annual savings of \$327,000.
- Changing computer replacements for faculty and student labs from a three year to a four year replacement cycle will generate saving of \$115,000 per year.

- WKU purchased the outside cable plant from Bell South, which we had been previously leasing, for an annual savings of \$96,000.
- WKU's first Energy Savings Performance Contract affected energy usage in eight buildings and over 487,000 square feet and generated annual savings of \$252,000.
- WKU has adopted a sustainability plan to include a new Energy Policy for the campus and has engaged in a second Energy Savings Performance Contract to identify opportunities for improvements in campus energy consumption (e.g. lighting retrofits, mechanical upgrades, changes in building controls, etc.) to minimize utility cost increases in the future. A full energy audit is being performed and will impact 30 campus buildings.
- Western Kentucky University's energy savings experiment over the winter break resulted in an energy reduction of 1,052,932 kilowatt hours of electricity, 1,112 metric tons of greenhouse gas emissions, with a cost avoidance savings of \$128,340 for the three-week period.
- WKU Agriculture students are converting used cooking oil to bio-diesel to operate machinery at the WKU Farm.
- Numerous paper-to-electronic efficiencies have been created across the campus. Paperless transactions now include student applications, employee applications, performance evaluations, personnel forms, student registration, student billing, electronic invoicing and payments, department and college newsletters, directories, electronic travel reimbursements, bid procedures, purchasing, and on-line ordering of text books in the WKU Bookstore.
- WKU has implemented a self-funded workers' compensation program which includes a workplace safety initiative, achieving savings of approximately \$1.8 million in its first three years of operation.
- The WKU Board of Regents recently approved a more cost effective approach for issuing agency bonds that resulted in elimination of the debt service reserve requirement. Savings accrued to the University base budget and are dedicated to capital renewal and reduction of deferred maintenance. Not having a debt service reserve included in the most recent agency bond sale saved the University \$265,000 annually in debt payment.
- WKU eliminated credit card payments for tuition and fees and contracted with a company to provide payment alternatives and payment plans thus reducing bank charges by 81% or \$242,000.

The most significant programmatic impacts resulting from state funding reductions and a significant loss in investment income have been the following:

- Forty-two academic programs have been eliminated. 36 faculty positions, 5 administrative and 16 staff positions have been lost (\$2,408,000). The net result is a reduction in at least 110 course sections per academic year and added workloads for faculty and staff. A number of currently vacant faculty and staff positions are not being filled.

- Professional services in Washington, DC, (\$80,000) have been eliminated.
- Across the entire campus, travel, professional development and direct mail to prospective students and donors have been significantly reduced (\$241,000).
- Student success initiatives, student leadership development programs and funding for student activities have been reduced (\$43,000).
- Permanent funding for emergency maintenance repairs and for matching state capital renewal funds has been reduced (\$324,000).
- The WKU Mens' Soccer program was eliminated, and operating for other Athletic programs' was reduced (\$185,000).
- Information technology network infrastructure upgrades have been delayed, straining WKU's 10-year-old information technology network at a time when universities are expected to offer the highest level of information technology for faculty and students (\$47,000).
- The voicemail system replacement fund was eliminated, resulting in an eventual phase-out of a voicemail system at WKU. Original plans were to replace the system (\$11,000).

WKU continues to analyze programs and services for additional efficiencies, cost avoidance and funding reduction. However, we are now at a point where our only option is to reassess priorities identified in WKU's Strategic Plan through 2012. That plan calls for a number of significant investments in programs that are designed to increase student learning and aimed at attracting, retaining and supporting high quality faculty and staff. The strategic plan also focuses on faculty and student engagement in regional initiatives to improve the quality of life for Kentuckians and calls for new investments in our regional campuses. In addition, the current strategic plan focuses on addressing needs within the campus physical plant. In the coming months we will scale this plan back significantly to an affordable and more limited range of initiatives, slowing the volume and pace of our institution's responsiveness to the needs of our constituents. Our priorities at WKU are to remain financially stable, ensure a high level of quality for our students, continue to achieve diversity in our campus population, and enhance the lives of those in our surrounding communities.

WKU will minimize spending on developmental education and change our admissions standards. WKU must be able to serve those students who are seeking a quality educational experience and who intend to complete a degree program. Access in the future will be limited to those students with the capacity and the desire to succeed. New minimum admissions requirements and directed admission for under-prepared students will result in improved retention and graduation rates.

It is imperative for the Commonwealth that Kentucky's public universities offer the highest quality educational experience possible for Kentucky students and that we use our intellectual capacity to focus on regional outreach efforts, including economic development, health care services, agriculture and energy research, and support for STEM initiatives and other programs that benefit the citizens of our state. These important functions, however, must be evaluated based on the value added to the educational experience of our students. WKU's focus for the future will be on ensuring that we can serve our student population and remain engaged in our region but with a significantly smaller impact than we had originally envisioned.