



WESTERN KENTUCKY UNIVERSITY

BOWLING GREEN, KENTUCKY 42101

Office of the President

January 5, 1981

MEMORANDUM

TO: Vice President James L. Davis
Vice President Harry K. Largent
Vice President John D. Minton

FROM: Donald W. Zacharias

SUBJECT: Budget Planning for 1981-82

I am writing to provide written documentation for some of the oral requests that I have given you in recent months. I also want to repeat several of the earlier warnings that I expressed during discussions we held at various times this fall.

First, I want to commend each of you for the way you have handled the problem of being underfunded in the past. Western Kentucky University has made remarkable progress despite the state's record of failing to support it at a significant level. Compared with other state universities, Western has an outstanding record of holding down its per-student cost. Taxpayers and students have been getting a bargain.

Second, we face a major financial crisis. You are painfully aware of one cut we have had to absorb for 1980-81. An additional reduction has been announced for 1981-82, and we know that there may be still another reduction before we enter the next fiscal year. We anticipate a tuition increase, but it has not been adopted by the Council and probably will give us only minor relief. The increase will certainly help but cannot possibly solve the crisis.

Under these circumstances it is imperative for us to do the following:

1. Document with care the direct and indirect impact of each budget reduction upon the quality of education provided by Western.
2. Inform the people in each budgeting unit that we face a severe financial situation that is likely to remain with us for at least the next three years if current state funding policies remain in effect.

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3. Analyze in detail the operating costs of each unit under your supervision. You may wish to divide current functions into categories of fixed expenditures (most of these are budgeted centrally and include mandated expenditures, debt services, postage, utilities, and the like), essential expenditures (housing, food services, academic programs with major enrollments), and preferred expenditures (new programs, special equipment, special services of various types). Use whatever system best fits the budgeting unit but subject every activity to careful examination. I am asking Dr. Paul Cook to conduct a similar analysis of the areas under his supervision.
4. Submit to this office as soon as possible preliminary plans which indicate how we can consolidate current operations and improve the quality of all remaining activities. The changes will require reduced administrative costs and efforts to achieve efficiency through consolidation of as many small budget units as possible.
5. Propose changes in fee schedules in areas (other than tuition) which can be used to generate money for solving long-range problems. This would include housing, parking, concerts, various publications, athletic tickets, laboratory equipment, and all other activities that might be provided by establishing or increasing fees.
6. Use the most creative people in your areas to recommend innovations that will help us achieve the goals of preparing a sound budget, offering a quality education, and providing reasonable compensations to the people who are retained by the university.

This is going to be a troublesome and stressful process for everyone. Since state officials insist they have no funds to help us through this crisis, we frankly have no choice about making cuts. The only questions are where and how. I need your help and obviously offer mine as we try to protect the university's strengths while eliminating any marginal activities that may still exist. This cut is going to cause the elimination of positions and the dismissal of some personnel. You must be prepared to make those recommendations and defend them when we are challenged by people who refuse to believe there is a financial emergency. My hope is that we can move through this period with the minimum of hostility and affect the employment of a limited number of people. If we are to achieve that hope, I will need your continued assistance and recommendations.

DWZ:ewe

cc: Members of the Board of Regents
Mrs. Mary Sample
Dr. Paul Cook