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UA3/9/7 Governor Matt Bevin's State of the Commonwealth Address

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Governor Matt Bevin’s State of the Commonwealth Address

Fellow Faculty and Staff:

Last night Kentucky Governor Matt Bevin gave his State of the Commonwealth address and presented his two-year budget plan, which is the first step in the budget approval process. As you know, I have been hopeful that we would see investment of new funds for higher education as the economic environment improves nationally and in our state. This plan, however, calls for substantial reductions across state government, including university base budgets, largely in an effort to shore up funding for the Kentucky pension systems, including the Kentucky Teacher’s Retirement System.

There are essentially four parts to the Governor’s budget plan that I want to address with you:

1) Reduction in State Appropriation
   - Current fiscal year: 4.5% reduction, approximately $3.3 Million cut from WKU by June 30, 2016.
   - Effective July 1, 2016: 9% reduction in state appropriation to university base budgets, approximately $6.7 Million cut from WKU.

2) Performance Fund Reallocation
   - The Governor’s stated goal is to achieve 100% reallocation by 2020 of the state funds that currently go to universities and the Kentucky Community and Technical College System as a mechanism to provide an incentive to align educational outcomes with Kentucky’s workforce needs.
   - Effective July 1, 2017, one-third of the base state appropriation for universities would be captured to establish an outcomes-based funding pool that would essentially redistribute funds based on achievement of performance indicators.
   - He proposes to devote 2/3 of the total base funding for higher education to performance funding in FY 2019 and 100% in FY 2020. Essentially this means that universities would have to earn our state appropriation based on a set of outcomes that have yet to be determined but that would likely be aligned with recruitment, retention and graduation of students, with emphasis on career fields that meet pressing workforce demands.

3) Equity Funding
   - Also included in the Governor’s proposal is an added appropriation for WKU and also for Northern Kentucky University to address the inequity that exists in the per-student funding among the state’s comprehensive universities. Addressing this equity issue is a critical priority for WKU and will help level the playing field for our students who are paying a disproportionate share of their education in comparison to students at other Kentucky universities. The Governor’s budget would add $2.6 Million in FY 2017 and another $2.6 Million in FY 2018 to our state appropriation.

4) Capital Projects
   - The Governor’s proposal does not include state bonding or agency bond authority for any university capital projects.

There are many details of this plan that are yet to be understood, and with regard to performance funding, those details have yet to be defined. So we are a long way from fully knowing how WKU will be
impacted by these proposals. I am confident, however, that WKU will fare well in any measure that is outcome or performance based. Certainly the measure of our challenge is substantial. I cannot at this time even begin to describe how we would address the proposed reductions. It is important, however, for me to stress that this is the first step in the budget approval process that will unfold over the next few months. As the budget makes its way through the General Assembly – beginning with the House of Representatives and then to the Kentucky Senate (I inadvertently reversed the order of that process in my earlier communication this week!) - our Public Affairs team and I will be diligently communicating with legislative leadership, Governor Bevin and his staff to improve our position in the state budget. I will communicate with you regularly on our progress throughout the legislative session. I ask that you continue to do what you do best – provide our students with high quality instruction and service, and let’s stay focused on ensuring a positive, high energy campus environment.

Thank you.
Gary A. Ransdell

Dr. Gary A. Ransdell | President