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Passage of Biennial Budget

Fellow Faculty and Staff:

Friday evening the House and Senate passed HB 303, the 2016-18 biennial budget and delivered it to Governor Bevin. The budget document will not be available to us to review until late today, so we will study the details and provide more information in the coming days. However, we do know the key variables that will impact WKU going forward.

- **Budget Reduction:** the budget includes a recurring 4.5 percent reduction in our current state appropriated base, which is half of the originally proposed 9 percent cut.
- **Equity Funding:** the budget funds half of the requested amount for WKU and only in the second year of the 2016-18 biennium. WKU will receive roughly \$2.5 million in 2017-18 to help address the variance among the universities in our state funding per student.
- **Agency Bonds:** the budget includes approval for two projects, the proposed student parking garage (\$10 million) and part of renovation of Garrett Conference Center (\$12 million). These are bonds issued by WKU. The parking garage is funded through a student fee approved last year. The Garrett renovation will be covered by private funding to be achieved through a long-term dining services contract, which goes out to bid this summer.
- **Kentucky Mesonet:** the budget includes a \$750,000 appropriation in each year to support the operation of the Kentucky Mesonet, a statewide weather network which our Climatology faculty manage.

There were also a number of major policy issues included in the budget and in other legislation that will take some time for us to review and fully understand the details. Those include:

- **Performance Funding:** the budget authorizes a work group of campus presidents and others to develop metrics for distribution of a performance funding pool. As we understand it, current university base funding will be redistributed on a set of to-be-determined performance measures beginning in FY 2018. The pool will start at 5 percent of our FY 2018 state

appropriation, and then grow to 15 percent in FY 2019 and 25 percent in FY 2020. That money can be earned back with our performance in recruitment, retention, and graduation of students.

- **Work Ready Kentucky Program**: the budget provides \$25 million over the biennium to fund tuition scholarships for high school graduates seeking an associate's degree. This program is aimed at community colleges but also funds tuition scholarships for associate degree programs at universities. Therefore, associate degree programs at WKU now become very important.
- **Dual Credit Scholarships**: the budget provides \$15 million over the biennium for high school students pursuing dual credit. We do not yet have details on this initiative.

These are the primary budget items that pertain to WKU. The matter of the 4.5 percent reduction in our current year appropriation, the amount which was captured by the State Budget Office on April 1, is not addressed in the 2016-18 Biennial Budget. Governor Bevin has agreed to reallocate 2.5 percent of that back to the universities, bringing the total current year cut to 2 percent. However, this action is now the subject of litigation brought by the Kentucky Attorney General. We will be closely monitoring the outcome, and I will keep you informed.

It is important to note that because of the timing, the House and Senate will not be able to override any vetoes the Governor may choose to enact. The Governor has ten days to review the budget and may use the line item veto at his discretion. Once the bill is signed by the Governor, we will finalize our budget reduction plans, and I will communicate promptly to the campus.

Thank you for your continued patience. This budget presents us with a number of challenges, but we will make every effort to address those with the goal of minimizing the impact on jobs and academic programs.

In addition to the budget, a bill was passed and has been signed into law to address an important distance education variable that will likely result in significant savings for our online programs. SB140 will allow Kentucky to join an interstate compact for institutions offering distance education, and avoid online fees which we are now paying. Kentucky is the last Southern Region Education Board (SREB) state to take action to authorize institutions to join in this

nationwide agreement known as the State Authorization Reciprocity Agreement (SARA).

My compliments to our legislative team, Robbin Taylor, Vice President for Public Affairs, and Jennifer Breiwa Smith, Director of Government Relations, for their efforts on this important bill and their work throughout the session. I must also add my appreciation to our local legislators for their representation of our needs.

Gary A. Ransdell



Dr. Gary A. Ransdell | President