UA3/9/7 Spring Semester Message

WKU President's Office - Ransdell

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2017 Spring Semester Message

Fellow Faculty and Staff:

As the spring 2017 semester runs its course, there are several matters about which I want to communicate with you.

**Legislative Wrap Up and Campus Forum**
First, the 2017 Kentucky General Assembly has concluded. Attachment No. 1 is a summary from Robbin Taylor of the primary bills which affect us and public higher education. The two most notable legislative actions related to us are the authorization of a Performance Funding Model for higher education in Kentucky. As you know, I personally spent a good bit of time on this effort over the last 18 months or so. I will conduct a campus forum at 3 p.m. on April 19 in the MMTH auditorium where I will be pleased to present the model, answer questions, and hopefully help interested faculty and staff gain a good understanding of its metrics, dimensions, and potential impact.

The second legislative action that will affect WKU relates to the lifting of a cap on the number of doctoral degrees awarded at comprehensive universities in Kentucky. This was an important and necessary step if we are to continue growing our portfolio of practice-based doctorates. While we do not have a pending doctoral degree proposal in play right now, a few of our colleges in Academic Affairs are contemplating new doctorates. This legislation enables that planning to proceed.

**Campus Dining Contract**
Several months ago, we shifted the oversight of our campus dining program from Financial Affairs to Student Affairs, so that Brian Kuster, our Vice President for Student Affairs, could further blend the synergies between housing and dining on our campus. In the future, more and more residence halls will have dining components in the residence hall, in addition to the branded concept restaurants and other traditional dining facilities throughout our campus. Brian Kuster and our new Director of Housing and Dining, Mike Reagle (who replaced recently retired Kit Tolbert), have successfully completed negotiations with Aramark, which was the successful bidder in the bid process for a new dining contract. Specifics related to our dining contract are in attachment No. 2.

Suffice to say, this is a significant 20-year financial agreement. Currently, our dining program generates about $20,000,000 in sales annually. All the revenues generated through this contract will be reinvested back into our dining operations, including up-front investments in the renovations of the Garrett Conference Center ($35,000,000) and the dining hall that will go on the first floor of Hilltopper Hall ($3,000,000) which is under construction along College Heights Boulevard. There are also annual contributions for facility upgrades and equipment as well as an eight percent commission on all sales. I know this contract engages a lot of money, but it is important for the campus to understand that feeding our students, faculty, staff, and visitors is a big business. This will ensure that they are timely, current, and consistent with what students expect in their campus life, and what we promise in terms of a high quality of life across our campus.

**Carry Forward Policy**
We have changed our campus Carry Forward Policy, see Attachment No. 3. The two biggest changes call on the use of carry forward funds to ensure that the university has a balanced budget at the end of each fiscal year. Any carry forward funds remaining after the campus budget is balanced will be redistributed back to the divisions in amounts proportionate with what each division contributed to the budget balancing action. The other primary change in the new Carry Forward Policy is that remaining funds from programs that have been classified as revenue dependent will no longer be exempt from the
Policy. With a campus budget well in excess now of $400,000,000, we are in a position to manage carry forward funds in such a way that we can ensure a balanced budget each year. President Caboni, however, will certainly want to study our current budget model, and ensure that he has a budget model that is consistent with the strategic planning process he will engage early in his Presidency.

**Balancing the Current Year Budget**

It is through existing carry forward funds that we will primarily balance this year’s budget by the end of the current fiscal year on June 30. As you likely know, we have a revenue shortfall of approximately $6,500,000 when current fall and spring tuition revenues are compared against budget projections for the current year. This is primarily due to a loss of students between the fall and spring semester, a decline in adult part-time learners, and a decline in international student populations. Other enrollment categories, including first-time full-time students, are increasing in modest amounts, but not enough to offset the losses in the aforementioned categories. The three sources of revenue being used to cover the deficit are a one-time reserve of $1,000,000 created a few years ago with DELO funds. The second is the use of a reserve fund of $750,000 from our Campus Health Center, which is no longer needed because of the new long-term contract with Graves Gilbert Clinic. The balance needed to cover the deficit is being drawn from carry forward funds across each of the divisions of the university.

**Five Percent Budget Reduction in FY 2018 State General Fund**

As you may recall, in the spring of 2016 the General Assembly withdrew five percent from the Kentucky Higher Education state appropriation effective with the FY 2018 budget. That amounted to a withdraw of approximately $42,000,000, shared proportionately from all of our public colleges and universities. That money was put into a pool which has sat for the last year waiting for the implementation of a Performance Funding Model. That was a major incentive for getting a Performance Funding Model completed. Had we failed to put a Performance Funding Model in place, Higher Education would have likely lost this money. Since, however, a Performance Funding Model has now been signed into law, this pool will be redistributed based on current performance within the metrics in the Performance Funding Model. The fourth attachment shows how these funds will be redistributed. The chart in attachment No. 4 excludes money withdrawn from the KCTCS share of the higher education budget, therefore, only showing the distribution among the four year institutions. As you can see, because of WKU’s strong performance, we will receive back $142,100 more than we contributed to this pool. That money will be put into the University’s contingency account, which has been all but depleted through budget cuts in recent years. The good news here is an early validation that the Performance Funding Model will serve WKU well. Of more immediate importance, we did not lose the five percent taken from our state funding.

**Smoke Free Campus**

As some of you may recall, a couple of years ago we put in place a plan to eventually become a smoke free campus. We are now two years in to that three-year phase in. We have been monitoring the 12 designated places across campus where employees are free to smoke. Traffic in those locations has been moderate. The Benefits Committee is exploring the possibility of implementing a smoking surcharge once we become a smoke free campus in another year or so. At that time, the 12 campus locations will be restored to general campus use.

**Pub—Friday Evening Hours**

With the opening of the Topper Grill and Pub, located in the Garrett Conference Center, our faculty and staff now have a gathering place where beer and wine are served. Heretofore, the Pub has been closing early on Fridays because student traffic is diminished at that time (except for private group use of the
all-purpose space adjoining the Pub). Because of several faculty requests, however, Aramark has agreed to keep the Pub open until 7 p.m. for the balance of the semester. Some faculty have requested this because of a desire to gather socially after work on Friday afternoons. It’s all yours—go for it!

**Tuition and Fee Schedule for Next Year**
The final attachment (No. 5) to this communiqué is the tuition and fee schedule for next year that will be submitted to the Board of Regents for approval at its April 2017 meeting. The Council on Postsecondary Education (CPE), at its meeting on March 31, approved a three percent tuition increase (resident undergraduate) for WKU for next fall. We are increasing our tuition by three percent, whereas other universities in the state are increasing tuition by four or five percent, except the University of Louisville which has frozen tuition for next year. We are developing a budget based on a three percent tuition increase. Minimizing our tuition increase to the extent possible is good for our students and for producing the best possible yield on the pool of applicants and acceptances for next fall.

This is a lot of information with several attachments, but I believe having clarity on these items is important. Please let me know if there is further information needed or if further clarification on any of these matters would be helpful. Thank you.

Gary A. Ransdell

*Attachments:*
~ Primary Bills Summary
~ New Dining Contract
~ Carry Forward Policy
~ Performance Funding Model Redistribution
~ Tuition and Fee Schedule for 2017-18

Gary A. Ransdell
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