
APPROVAL TO DRAW FROM UNIVERSITY RESERVE

REQUEST:

Approve a draw from University Reserve Fund in an amount up to \$1,493,000, if state appropriations are not allocated by June 30, 2016.

FACTS:

Based on the directive received from Governor Matt Bevin on March 31, 2016, the State Budget Office reduced Western Kentucky University's fourth quarter state appropriation allotment by \$3,359,200 on April 1, 2016. This nonrecurring reduction is equivalent to 4.5 percent of the total annual state appropriation approved by the General Assembly (House Bill 235 passed by the 2014 Regular Session of the General Assembly). However, subsequent discussions have resulted in an agreement to modify the reduction to 2.0 percent this fiscal year.

This action comes in the final quarter of the fiscal year when most division budgets have been obligated and funds expended. In an effort to manage the immediate impact to University employees and students, it is recommended that the Board of Regents approve an allocation from the University Reserve Fund in an amount up to \$1,493,000 to balance the University budget by year end. The final amount withdrawn from the FY 2016 state appropriation will reflect final political negotiations and pending litigation. The current reserve balance is \$3,488,660. It is the intent of the University Administration to replenish the final Reserve Fund draw with nonrecurring divisional funds in FY 2017.

BUDGETARY IMPLICATIONS:

Allocating from the University Reserve Fund will pose the least amount of budgetary disruption for the University. However, there will be an impact to the campus in order to bring the Reserve back to the funding amount currently in place prior to the allocation.

RECOMMENDATION:

President Gary A. Ransdell recommends approval of a draw from University Reserve Fund in an amount up to \$1,493,000, if state appropriations are not allocated by June 30, 2016.

MOTION:

Approve draw from University Reserve Fund in the amount of \$1,493,000, if state appropriations are not allocated by June 30, 2016.