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UA3/9 Budget for 2010-12 Biennium

WKU President's Office

Gary Ransdell

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Budget for 2010-12 Biennium

faculty-all-bounces@lists.wku.edu [faculty-all-bounces@lists.wku.edu] on behalf of Gary Ransdell [gary.ransdell@wku.edu]

Sent: Wednesday, April 28, 2010 4:05 PM

To: faculty-all; staff-all

Fellow Faculty and Staff:

As you are aware, the General Assembly adjourned the 2010 regular session without passing a state budget for the 2010-12 biennium which begins July 1. Discussions are continuing between leadership in the House and Senate and with the Governor, and the Governor has indicated he plans to call a special session to complete work on the budget sometime in May.

There have been two similar situations in recent years where the General Assembly did not pass a budget by the start of the new fiscal year. Since that time, the Kentucky Supreme Court has ruled that certain state government operations, such as public universities, cannot expend funds without an approved budget. You have likely read media reports about this dilemma, so I thought it would be helpful to provide some clarification.

In a worst case scenario, if the General Assembly were to fail to approve a budget before the beginning of the new fiscal year on July 1, then we would theoretically be forced to discontinue operations until such time as a budget is passed. This has never happened in our state's history, so there is no precedent for such a circumstance. I believe this is a highly unlikely occurrence, and I am hopeful that our leaders can agree on a budget in the coming weeks. Either way, we will be prepared to address the circumstance should it occur.

As we seek to build an institutional budget for next year, we have decided to work from the common elements in both the House and Senate budget proposals from the regular session. Using those numbers, it appears likely that when they do pass a budget, WKU's state appropriation will be reduced by \$1.2 million for fiscal year 2010-11. Neither budget proposal included critical new funding for maintenance and operations of new facilities, nor did they include funding for a mandated increase in institutional costs for the KERS and KTRS state retirement systems. These costs represent significant unbudgeted expenses to us.

On a related matter, the Council on Postsecondary Education (CPE) has approved a tuition increase for WKU of 5 percent for next year. We estimate that our fixed-cost increases for the year—including maintenance and operations for new facilities, retirement, health care costs, financial aid, scholarships, library subscriptions, technology contracts, etc.—significantly exceed the revenue generated by a 5 percent tuition increase. Therefore, fixed-cost increases in excess of tuition revenues simply compound our state-mandated budget cut for FY 2010-11.

We will be addressing these matters in the weeks ahead as we anticipate taking a budget to the Board of Regents for approval in late June.

I will keep you posted as we continue to deal with these matters.

Thank you.

Gary A. Ransdell