



PRESIDENT'S MESSAGE

Dear Fellow Faculty and Staff:

As you know, we are managing through an unprecedented reduction in our university budget that has affected every division across the campus. I am aware of the significant stress this places on each of you and am thankful for how you have supported one another during the past several months, while continuing to provide outstanding education and support services to our campus community.

The initial phase of our budget stabilization plan included many steps to address a \$15 million structural imbalance in our budget. This was the cumulative result of enrollment declines and the use of carry-forward funds to balance the current year budget. The University Budget Council worked for months to identify strategies to reach the targeted \$15 million reduction. We have implemented most of their recommendations and achieved a total reduction of \$13,192,740 in the first phase of bringing expenditures in line with revenues.

Now that the state has finalized its budget, we have the information needed to implement the second phase of reductions, balancing our institutional budget for 2018-19.

We followed the core tenets of protecting campus units most closely associated with recruitment, enrollment and student success and shielding our academic programs. We did not further reduce units in a way that could jeopardize their primary functions. In the attached information, you will see the percentage of the total reduction listed by division and college. Please note, we continued the Budget Council's practice of allocating reductions among academic units based upon multi-year enrollment and revenue trends. You also will notice the overall

percentage reductions were borne more heavily by support units than by the colleges, in an attempt to minimize reduction to the academic core.

Institutional leaders at the division, dean, department head or unit manager levels constructed plans for what might be reduced in their areas. We intentionally devolved this decision-making process and avoided a “top-down” approach, so decisions were made closer to the areas affected.

The following three strategies will result in over \$14 million in additional budget savings:

- 1 **We will further reduce division and college budgets by \$5,640,000. See *attached spreadsheet for reduction totals per division and academic college.***

The division reductions resulted in the elimination of 10 filled staff positions, the conversion of one full-time position to part-time, the elimination of 20 vacant positions (12 faculty and eight staff), and moving eight non-tenure faculty positions to temporary funds. All employees whose positions were eliminated will receive full pay and benefits through June 30. There will be no additional loss of positions as a result of these budget actions.

To achieve savings and efficiencies at the administrative level, we will reorganize the administrative functions within the Information Technology division. With the retirement of Vice President for Information Technology Gordon Johnson, we will shift the oversight of IT to the Finance and Administration division and name an assistant vice president to manage IT operations, who will report to the Vice President for Finance and Administration, Ann Mead, beginning July 1.

We also have eliminated the position of Chief Enrollment Officer in the Academic Affairs division and have merged the offices of Admissions, Registrar, Financial Aid and Student Advising into the Division of Student Affairs. This creates a new Division of Enrollment and Student Experience and achieves some administrative savings. More importantly, it links functions focused on student recruitment with those concerned with student life. This is an innovative model and one that will bring more focus and direction to our

efforts to be a student-centered university.

Additionally, the Office of Sustainability will move from Facilities Management to the new Division of Enrollment and Student Experience, aligning a student-centric program within the division most focused on student engagement.

Finally, on Monday we announced our decision to close the WKU Floral Shop on May 6. This follows an unsuccessful months-long effort to reach an agreement with a group of local florists. Given the financial challenges we are managing, we chose not to engage further in a dispute with local business owners. We will continue offering the floral design program at WKU and will work to ensure that those students have meaningful experiential learning opportunities in this field.

2 For the 2018-19 budget we will include a line item of \$5,230,000 to be achieved through savings captured from vacant positions.

We will continue the hiring slow-down we began last fall, with all new vacancies undergoing a thorough review by the Personnel Action Approval Committee. Thus far we have created \$5.8 million in savings captured from vacant positions.

3 We will include a line item to capture carry-forward funds for an additional year in the amount of \$3,536,000.

As we continue to work toward a revised budget model, we will use institutional carry-forward funds one final time as a “step-down” to the new funding model, which goes live July 1, 2019. In this process, we will wean ourselves off the use of one-time dollars to fund recurring costs, further enhancing the stability of our finances.

Once fully implemented, we will have reduced our expenditures for the coming year by \$27,599,000. The 2018-19 fiscal year budget will be presented to the Finance Committee of the Board of Regents in a special called meeting on May 11, and the full Board will meet June 22 for final approval.

This has been a daunting task for the entire WKU community. We have endured a

reduction in our budget more than four times the magnitude of any previous year in recent memory and have taken significant steps to become more efficient in our organization. We also are working toward a new budget model that will prevent similar budget imbalances in the future. Even more importantly, this new model will align resources with areas of growth, and it will reward innovation.

Our continued elevation of WKU would not be possible without the extraordinary work we have done this past year. The changes we have made set WKU on a course for new growth and reinvestment. Our emerging strategic plan and shared vision for the future is enabled by the difficult decisions we have made as a community. Thank you for your sacrifices and continued commitment to our university and our students.

Best,

A handwritten signature in black ink, appearing to read 'Timothy C. Caboni', with a stylized flourish at the end.

Timothy C. Caboni

Proposed Budget Reduction by Division, Effective July 1, 2018

<u>Division</u>	<u>Reduction I</u>	<u>Reduction II</u>	<u>Total Reductions</u> *	<u>Original</u> <u>FY 2018 Budget*</u>	<u>Reduction as %</u> <u>FY 2018 Budget</u>
Provost/Academic Affairs**	2,958,187	912,000	3,870,187	53,551,992	0.072
GFCB	57,551	224,611	282,162	11,523,021	0.024
CEBS	921,462	407,215	1,328,677	12,000,814	0.111
PCAL	674,508	630,933	1,305,441	21,355,261	0.061
Ogden	237,479	462,033	699,512	25,447,115	0.027
CHHS	265,357	853,204	1,118,561	18,865,980	0.059
University College	765,927	104,104	870,031	5,668,995	0.153
International Officer	568,202	54,806	623,008	3,308,524	0.188
Athletics	994,081	145,402	1,139,483	15,534,235	0.073
Chief Facilities Officer	1,209,060	492,413	1,701,473	28,079,717	0.061
Philanthropy	453,840	82,378	536,218	4,572,759	0.117
Finance/Administration	718,537	338,758	1,057,295	9,874,163	0.107
General Counsel	28,807	31,206	60,013	872,205	0.069
Information Technology	844,287	410,101	1,254,388	11,928,086	0.105
Presidential	92,707	8,173	100,880	910,046	0.111
Public Affairs	270,000	99,909	369,909	4,266,363	0.087
Student Affairs	633,611	153,617	787,228	8,314,451	0.095
Enrollment Management	683,627	136,244	819,871	8,046,307	0.102
University Wide	646,550	93,153	739,703	9,897,155	0.075
Subtotal	13,023,780	5,640,260	18,664,040	254,017,189	0.073
Other	168,960		168,960		
Total	13,192,740	5,640,260	18,833,000	254,017,189	0.074

*Excludes carry forward, budget reduction reserve, debt payments, and student financial aid

**Division excluding the colleges listed separately

Three-Component Budget Balancing Strategy

Capturing vacant positions/program eliminations	\$	5,230,000
Carry forward/budget model step-down		3,536,000
Division reduction, Phase II		5,640,260
Total		14,406,260
Division reduction, Phase I		13,192,740
Total	\$	27,599,000

