

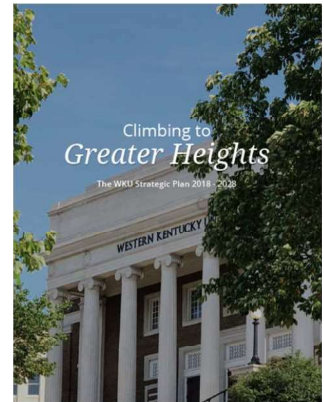
Executive Summary

Introduction

Western Kentucky University (WKU), home of the Hilltoppers, is a state-supported university located in Bowling Green, KY, the state’s third most populous city. Our hilltop campus is a place of beauty and friendliness. WKU continues to be a strong community partner in Bowling Green and beyond, by preparing students of all backgrounds to be productive, engaged, and socially responsible citizen-leaders of a global society. The university provides research, service, and lifelong learning opportunities for its students, faculty, and other constituents. WKU enriches the quality of life for those within its reach. WKU’s total enrollment is approximately 16,800 with five academic colleges offering undergraduate, graduate, and doctoral degrees.

Climb With Us - Climbing to Greater Heights

The 2023-24 academic year completed the sixth year of the WKU Strategic Plan, *Climbing to Greater Heights 2018-2028*. The Strategic Plan Implementation Committee evaluated the progress made to date and concluded that WKU is on or ahead of schedule for most of the goals at the midpoint of the strategic plan. The reaffirmation process through the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is underway with final reports for this cycle due in 2024 and 2025. Accompanied by the merger of the WKU and College Heights Foundations, WKU concluded its most successful decade of fundraising to further learning opportunities within and outside the classroom for our students. WKU provides an affordable, student-centered, total college experience where in class learning and applied research combine to prepare students to live and excel in a global society.



Climb with Us – Our Students



OUR STUDENTS

Affordability & Accessibility

WKU is committed to student financial assistance providing an affordable college experience

The WKU Opportunity Fund was established to provide student assistance

A Diverse Body of Students

Work with regional educational systems to provide educational opportunities through outreach

Establish regional, national and international conduits for attracting students

Completion & Success

WKU is committed to student success by enhanced programs to increase student retention and completion

Climb With Us – Our Hill



Sustainable Budget Model

The implementation of the RAMP model has provided more transparency as well as been the driver of innovative initiatives

A Culture of Innovation

A continued commitment to innovation within the academic units as well as the success of the WKU Innovation Campus is an essential part of the university's current and future success

Research & Creative Activities

WKU is committed to being an applied research institution which breeds success for our students

Climb with Us – Our Community

OUR

Community and Beyond

Henry Hardin Cerry's decision to locate WKU high on a hilltop in beautiful Bowling Green, Kentucky, was intentional. Overlooking the city from the Hill was symbolic of President's Cherry's commitment to caring for the community by education it's citizens. Today, WKU is an economic engine for the region and the commonwealth, and our reach extends across the globe through our faculty, staff, students, and alumni. This plan recognizes the need for WKU to be intentional in our partnerships with the in the communities that surround us, to be actively engaged in elevating the economies in those communities, and to build the talent pipeline that will fuel the future workforce for the commonwealth.

A Regional Lighthouse

WKU is the key to regional success by developing the necessary skilled workforce to enhance the economic development of South Central Kentucky and the region

Continuing Education

By continuing to promote and provide targeted education with corporate partnerships, the university can help maintain the skills necessary in the new and changing economy.

Quality of Life

The quality of life is a high priority of the university, from the benefits offered to employees, to the cultural programs available to the region. With numerous offerings from multicultural events to the arts and athletics, the university is critical to the entire city, county and region.

Budget Governance Structure

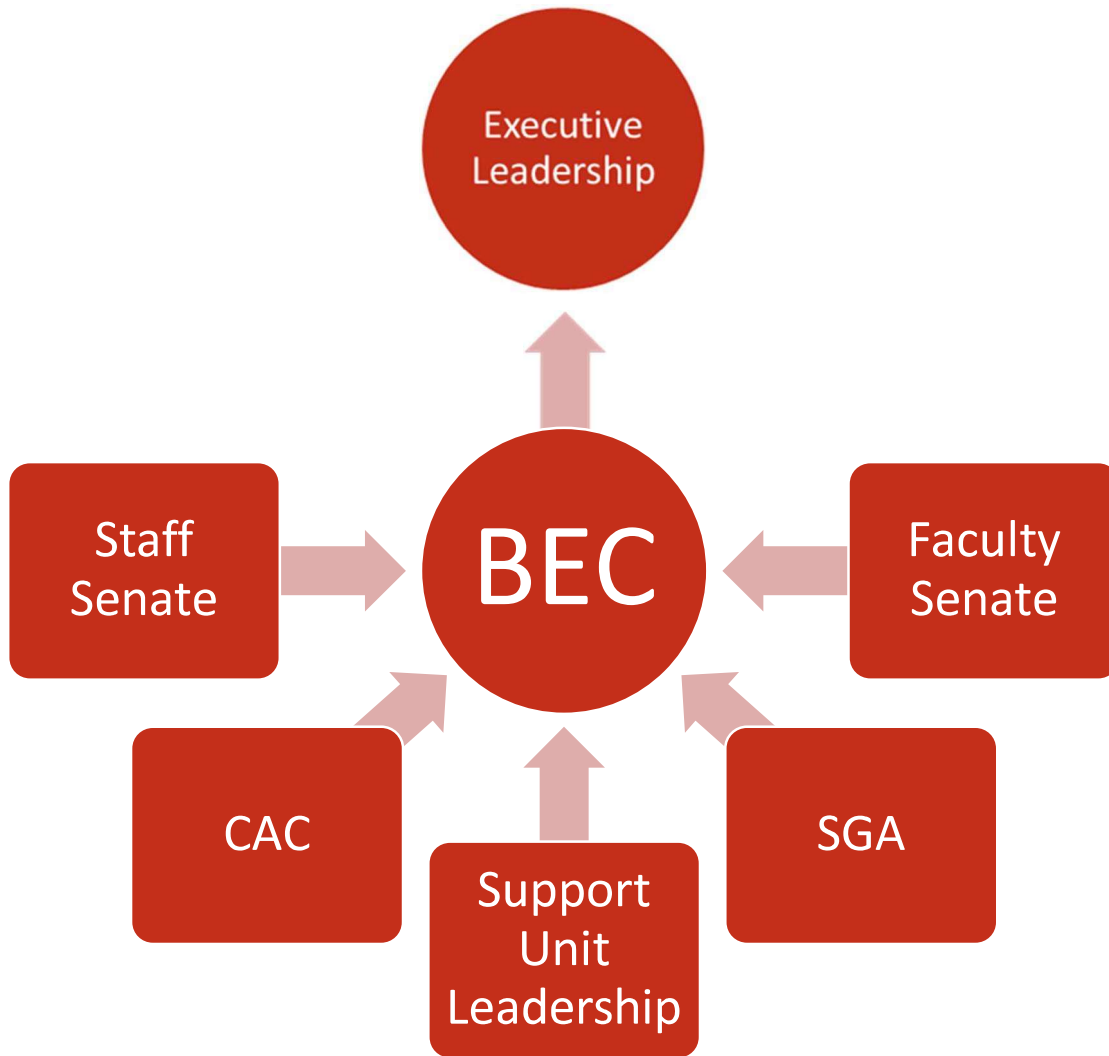
The campus community's input plays a vital role in the budget planning process at WKU. Our budget development process is a comprehensive planning effort and reflects a collaborative environment, guided by continuous discussions among deans, support unit leaders, budget governance committees, and campus leadership. This inclusive process ensures that decision-making considers the perspectives of all relevant parties, upholding our commitment to shared governance and transparency as we develop budgets that align with the WKU strategic plan, *Climbing to Greater Heights 2018-2028*.

The governance structure under RAMP includes the Budget Executive Committee (BEC) and Capital Allocation Committee (CAC). These committees comprise broad campus representation, which include faculty, staff, student, and administrative representation.

Development of the FY 2025 budget began in the fall with meetings of the budget governance committees, the Axiom budgeting and labor management software opening to deans, vice presidents, and budget managers, and initial enrollment and tuition revenue projections. Several budget updates, enrollment projections, and budget scenarios were shared with the BEC throughout the planning process to help inform and assist committee members with budget priorities and salary increase recommendations. In April, the BEC completed its charge and made a salary increase recommendation to campus leadership.

Figure 1 summarizes the many opportunities for the campus community to provide input into the budget development process.

Figure 1: Budget Governance Structure



Members of the BEC include faculty, staff, and administration, as well as representatives of the faculty and staff Senates and the Student Government Association. The committee’s objectives are to review recommendations from vice presidents and the Provost regarding support unit budget requests, recommend strategic funding priorities, and conduct outreach across university on resource allocation priorities. The committee also submits final budget recommendations to campus leadership.

Budget Executive Committee

Chairs:

Corinne Murphy
Dean of College of Education & Behavioral Sciences

Jordan Basham
Staff Senate Chair

Members:

Evelyn Thrasher
Dean of Gordon Ford College of Business

David Brown
Dean of Ogden College of Science and Engineering

Tania Basta
Dean of College of Health & Human Services

Terrance Brown
Dean of Potter College of Arts & Letters

Amanda Trabue
Vice President of Philanthropy & Alumni Engagement

Kurt Neelly
Faculty Senate Representative

John-Mark Francis
Assistant Vice President, Marketing & Brand Strategy

Bryson Davis
Director of Student Financial Assistance

John McCammon
Senior Associate Athletic Director

Ron DeMarse
Faculty Representative

John Sunnygard
Associate Provost for Global & International Affairs

Susan Eagle
Faculty Senate Chair

Kirk Atkinson
Faculty Senator

Jason Cansler
Staff Senate

Anthony Paganelli
Faculty Senator

Holli Drummond
Faculty Representative

Ron Demarse
Faculty Representative

Brian Campbell
Staff Senate Representative

Salvador Leon
Student Government Association Representative

Jeppie Sumpter
Assistant Vice President for Information Technology Services

Non-Voting Members:

Robert Fischer *Provost & Vice President for Academic Affairs*

Susan Howarth *Executive Vice President for Strategy, Operations and Finance*

Bruce A. Schulte *Associate Vice President for Strategy, Performance & Accountability*

Renaldo Domoney *Assistant Vice President for Budget, Finance & Analytics*

Brian Dinning *Executive Director of Budget and Financial Planning*

Jessica Gilland *Director of Academic Budgets & Resources*

The CAC is comprised of faculty, staff, and administration representation and is tasked to advise the BEC and university regarding the use and allocation of academic space and deferred maintenance fund requests. The committee ensures that the university uses its space and fiscal resources as effectively and efficiently as possible in furtherance of the WKU Strategic Plan.

Capital Allocation Committee:

Co-Chairs:

David Brown
Dean of Ogden College of Science and Engineering

Bryan Russell
Chief Facilities Officer

Members:

Tania Basta
Dean of College of Health & Human Services

Rodney Hounshell
Inventory Control Coordinator

Morgan Moran
Staff Senate Representative

Ken Branch
Director of Facilities Management

Jessica Steenberg
Scheduling Applications Coordinator

Les Forsythe
Senior Associate Athletic Director

Amy Fugate
Accounting & Financial Reporting Director

Travis Wilson
Academic Department Chair

Ron Ramsing
Faculty Member

Non-Voting Members:

Brian Dinning
Executive Director of Budget & Financial Planning

Renaldo Domoney
Assistant Vice President for Budget, Finance & Analytics

Bruce A. Schulte
Associate Vice President for Strategy, Performance & Accountability

Joshua Montgomery
GIS Specialist

Budget Priorities

The FY 2025 Budget is WKU’s financial plan for the fiscal year beginning July 1, 2024, and ending June 30, 2025. The FY 2025 Operating Budget is \$394.2 million and includes revenues and expenditures from Education & General (E&G), Restricted, and Auxiliary Enterprises. E&G revenue consists of unrestricted revenue (primarily state appropriation and tuition and fees). Restricted funds are a separately identified resource which agencies have placed limitations on how the funds may be used (primarily federal and state funds for student financial aid and grants and contracts). Auxiliary Enterprises revenue is from self-supporting activities of WKU such as housing (reimbursed costs from the Student Life Foundation) and the WKU Restaurant Group.

Table 1: WKU Total Budget

Fund	FY 2024	FY 2025	\$ Change	% Change
Education & General Funds	314,374,000	306,373,000	8,001,000	-3%
Unrestricted E&G	304,831,700	297,401,000	7,430,700	-2%
Revenue Dependent E&G	9,542,300	8,972,000	570,300	-6%
Restricted Funds	59,783,000	70,878,000	11,095,000	19%
Auxiliary Enterprises	15,787,000	16,979,000	1,192,000	8%
Total Budget	\$389,944,000	\$394,230,000	\$4,286,000	1%

The university places a strong emphasis on fulfilling its mission to support the success of its students, which guides its fiscal decision-making process and rewards strategic performance throughout the organization. The FY 2025 budget priorities include funding for the following important initiatives:

Figure 2: FY 2025 Budget Priorities



The university established an enrollment council to review the historical scholarship awards and modify the current system in an effort to maximize the benefits to students with unmet needs. This effort will result in keeping tuition affordable for our student body, positioned to be academically successful, while also being fiscally responsible with university funds.

The president is committed to providing annual salary increases. This budget includes a 2% salary pool, which is the fourth consecutive budget to include an increase. In order to recruit and maintain talented employees, this commitment continues to be a top priority.

Innovation in academic initiatives and programs refers to the development and implementation of new majors, teaching methods, incorporating High Impact Practices, modernizing of curriculum, and using advanced technologies to enhance the overall learning experience, and improve educational outcomes to create effective learning environments that prepare students for success in the 21st century.

The goal of innovative academic initiatives and programs is to make learning more individualized, engaging, and effective for students. By embracing innovative academic initiatives and programs, universities can create more dynamic and effective learning environments that help students adapt to the changing needs of the global job market, foster creativity, and critical thinking skills, encourage collaboration and problem-solving abilities, and address the unique learning needs of each student.

At WKU, research plays an integral role in achieving our university mission and differentiating the WKU Experience from that of other institutions across our region. Our undergraduates engage in research typically accessible only to graduate students elsewhere. By enabling them to participate in our

projects, we inspire the next generation of scholars and innovators. The president is committed to funding these opportunities with the strategic investment fund.

The past two years inflation has impacted the operating budget more significantly than in the past. Our strategy includes monitoring the significant increases to ensure funding is available to those impacted the most without making a blanket increase.

Budget Realignment Strategy

Upon President Caboni's arrival in 2017, university leadership began taking steps to address challenges in the university's budget. The budget difficulties at that time were substantial, and correction strategies would need to be applied incrementally. One of the most significant planned strategies was to eliminate the longstanding practice of utilizing an estimate of year-end carry forward funds as a source of revenue to balance the budget, a strategy that is not sustainable nor fiscally prudent. This was a strategy that dated back to 2005, with balances as high as \$29.8M before President Caboni addressed the issue and the balance decreased to \$3.7M. Plans to completely remove this practice from the budgeting process were paused due to declining enrollment and the uncertainty presented by the COVID-19 pandemic. Now that we have navigated out of the uncertainties of the pandemic, including the expiration of HEERF funding, reversed a decade long enrollment and revenue decline and fully implemented the RAMP model, we are poised to take the final step to ensure that we are fully engaged in overall budgetary best practices that lead to long term budget stability. Now the university is experiencing increased revenues due to positive expense controls and our first enrollment increase in 13 years, WKU is well-positioned to realign the budget to match actual revenues to actual expenses.

In addition to the carry forward, there are existing credit balances from prior vacancy elimination initiatives and university-wide reduction plans. These balances total approximately \$4.8 million and are being combined with FY25 anticipated budget increases, including the 2% compensation pool, the increase in employer health insurance premiums and an inflationary pool. These items are all being consolidated so a total budget realignment strategy can be instituted with one target goal. The budget realignment strategy results in a spending plan that closely resembles the FY24 institutional spending targets.

Vice-Presidents and Deans will lead divisional alignment strategies, which include a 10% overhead recovery to be charged to all revenue dependent and auxiliary accounts. This practice is consistent with budgeting policies of many universities and will be utilized to fund administrative charges related to those indexes. This approach provides equity among programs in a decentralized budget model and enables leadership to measure the true cost of a program to guarantee efficiency. We anticipate completing this realignment process within the next two years, with an estimated \$18 million in the first year.

Table 2: Budget Realignment Summary

Revenue Adjustment - \$16.4M

- Carry Forward
- RAMP Subvention

Expenditure Adjustment - \$4.8M

- Vacancy credits
- Reduction Target - University Wide

FY25 Budget Initiatives - \$3.7M

- 2% compensation increase pool
- Employer funded Health Insurance contribution
- Inflationary pool

Resource Allocation, Management and Planning (RAMP)

A key component of “Our Hill” in WKU’s strategic plan necessitates the university to implement a budget model that is sustainable, supports institutional priorities that ensure student success, and rewards strategic performance across the enterprise. Our commitment to the mission of supporting the success of students served as the primary driver of the fiscal decision-making process.

WKU has embraced fiscal responsibility by adopting and fully implementing a decentralized, resource allocation budget model, and completed its transition to the Resource Allocation, Management and Planning (RAMP) budget model last year for the development of the FY 2023 operating budget. Rather than a historical, incremental budgeting process, RAMP is an incentive-based approach that uses the principles of responsibility-centered management (RCM) and is a financial management philosophy that supports decentralized decision-making to allow us to incentivize and reward performance. By assigning ownership of revenues and expenses to the academic colleges, RAMP fosters entrepreneurship, encourages efficiency, and promotes sound educational choices. Administered by the provost, this budget model also establishes a subvention fund to support internal investments for academic colleges based on strategic priorities. The RAMP model is maturing, with this budget being the first time all five academic colleges were in balance, so subvention funds could be used for new initiatives rather than bringing the college out of a deficit. Key principles of the budget model include:

- Create incentives that promote the advancement of campus goals
- Simplicity
- Enhance transparency
- Revenue ownership and accountability for academic units
- Encourage engagement and collaboration

Table 3: FY 2025 RAMP Budget

Metric	College of Health and Human Services	Ogden College of Science and Engineering	Potter College of Arts & Letters	Gordon Ford College of Business	College of Education and Behavioral Sciences	Academic Units Totals
Tuition & Fees	38,364,202	44,622,494	46,502,572	24,825,573	21,966,097	176,280,939
Scholarships, Fellowships, and Waivers	(10,518,945)	(16,269,689)	(17,604,849)	(8,402,377)	(7,098,056)	(59,893,916)
Grants & Contracts	2,125,732	3,979,479	1,259,224	2,000	6,505,898	13,872,333
State Appropriations	16,239,820	21,811,075	19,512,268	9,116,068	14,026,244	80,705,476
Other Revenue	284,607	1,449,520	377,613	441,545	2,598,163	5,151,449
Total Revenues	46,495,417	55,592,879	50,046,828	25,982,810	37,998,345	216,116,280
Total Direct Expenses	25,006,249	31,005,738	24,445,600	13,513,400	22,014,673	115,985,660
Total Indirect Expenses	18,357,191	19,748,608	15,980,889	10,016,040	15,381,678	79,484,406
Total Expenses	43,363,440	50,754,345	40,426,489	23,529,440	37,396,351	195,470,066
Margin	3,131,977	4,838,534	9,620,339	2,453,370	601,994	20,646,214
Participation Fee Payment (Outflow)	(6,990,389)	(8,340,158)	(8,550,729)	(4,307,633)	(4,668,214)	(32,857,124)
Margin for Subvention Pool Disbursement	(3,858,412)	(3,501,624)	1,069,610	(1,854,264)	(4,066,220)	(12,210,909)
Subvention Fund Disbursement (Inflow)	3,858,412	3,501,624	0	1,854,264	4,066,220	13,280,520
Strategic and Mission Enhancement Fund	250,000	250,000	200,000	200,000	250,000	1,150,000

Subvention Pool

The RAMP budget model allocates revenue, such as tuition and fees and state appropriation, to each of the five academic colleges based on pre-determined metrics. These revenues are then subject to a 13% participation fee to provide a subvention pool administered by the Provost. The total subvention pool for the FY 2025 budget is approximately \$32.9 million, which is partially utilized to fund Auxiliary and Support Unit programs at the same level as the prior year. The remaining funds are for the Provost to award to the academic colleges, after meeting with the Deans, to remain in balance or fund new strategic initiatives.

To ensure stability and encourage academic success during the early years of RAMP, the Provost developed a multi-year strategy that involves supplementing the academic colleges in subvention using one-time funds. The FY25 budget is the first year the participation fee funded the total distribution and no one-time dollars were needed to supplement any unit. This shows the maturation of the RAMP model and the initiative developed in prior years have garnered success to get to this point.