

**Minutes of Budget & Finance Committee Meeting**  
**Northern Kentucky University**  
**May 30, 2024**

The Budget & Finance Committee of the Northern Kentucky University Board of Regents met on Thursday, May 30, 2024 in the James C. and Rachel M. Votruba Student Union, Room 105.

**Meeting Opened**

Committee Chair Brad Zapp called the Budget & Finance Committee to order at 9:30 am, and asked Tammy Knochelmann, Secretary to the Board of Regents to call roll.

**Roll Call**

The following members of the Budget & Finance Committee were present: Cori Henderson, Ken Perry, Sandra Spataro, Brad Zapp. Ms. Knochelmann announced that a quorum of the Committee was present.

NKU Senior Staff in Attendance: Cady Short-Thompson, President; Chris Calvert, Vice President for Administration & Finance/CFO, Angela Fulkerson, Director, University Accounting & Treasury Services, Mary Paula Schuh, Sr. Director, Planning, Design, and Construction, Syed Zaidi, AVP, Facilities Management, Jamie Younger, Director of Budget & Financial Planning, Grant Garber, Vice President for Legal Affairs & General Counsel, Tammy Knochelmann, Secretary to the Board of Regents and Amy Ishmael, Assistant Director, Institutional Research

**Business Items:**

Regent Spataro seconded Regent Henderson's motion to approve the minutes of the February 29, 2024 Budget & Finance Committee Meeting. (*Motion carried by unanimous vote*)

Regent Zapp noted the removal of the Quarterly Dashboard/Financial KPIs Update from the agenda and turned the meeting over to VP Calvert.

**CFO Report:**

VP Calvert discussed the following CFO priorities:

**Visibility into Financial Performance**

GAAP vs. Management Reporting – VP Calvert highlighted gross tuition and fees compared to GAAP Tuition and Fees and Net Tuition Revenue, noting a decline in Net Tuition Revenue in 2023 compared to 2017.

VP Calvert provided a FY24 review comparing FY23 12-month Actual and FY24 March 31 YTD, highlighting variances in key areas.

VP Calvert provided a FY24 Cash Flow Analysis and Forecast noting that Cash Flow (YTD) has improved compared to FY23, primarily due to reductions in cash flow for expenditures. While a decrease in cash flow is expected year-over-year, the decrease is anticipated to be significantly lower than prior year.

VP Calvert then transitioned to the FY25 Draft Budget (Unrestricted) first noting issues that need to be corrected and then outlining the progression of the draft budget. He clarified that the FY25 Budget Deficit of \$2.8MM Unrestricted Recurring Only, as presented to the Board in March, excluded a Non-Recurring \$4.8 MM Expense.

After much discussion by the committee, Regents Zapp and Perry recommended budgeting the Non-Recurring Expense as Deficit, given dependence on tuition revenue, uncertainty caused by current FAFSA situation and historical annual enrollment declines of 3-5%.

***VP Calvert reviewed the FY25 Draft Budget Versions highlighting modifications in BOR Review Version Compared to Finance Committee Recommendation:***

- *Gross Revenue same*
- *Scholarships and Discounts increased (reduces Net Tuition Revenue)*
- *Personnel Expense Contingencies Restored*
- *Deferred Maintenance Restored*

***Conclusion:***

- *Revenue assumptions are still increased compared to recent actual, but less aggressive compared to BOR review.*
- *Higher expenses provide the administration with more flexibility to meet budget objectives if revenue is less than expectations*

*Regent Henderson seconded Regent Perry's motion that the Budget & Finance Committee recommend the Board of Regents approve a modified FY25 budget with \$1,000,000 reduction in gross tuition and fees (decreasing net tuition revenue by the same amount) and remain at a \$4,800,000 non-recurring net operating loss. (Motion carried by unanimous vote)*

**Information Items**

VP Calvert provided the updates in follow-up to committee inquiries from the February 29 meeting:

**Write-offs of Student Receivables** - Board Policy requires approval for any write-off >\$500. In response to the committee's inquiry regarding allowance compared to actual bad debt, VP Calvert stated that Student Collections as a percentage of Net Tuition Revenue average <2%; Allowance for bad debt average ~4; Actual collections compared to allowance seem appropriately conservative; and we do not have aging schedules based on student segment (i.e., semester, student type, etc.)

**Internal Loans** - VP Calvert reported two (2) current internal loans.

1. Baseball Field with remaining P&I balance of \$113,280.84; final payment 9/30/27
2. ERP loan with remaining P&I balance of 528,228.22; funds reserved to pay ERP load in full by 6/30/24.

**Other Write-Offs (Non-Student Receivables)** – VP Calvert reported a net reduction in the non-student receivables categories from Prior Year, with Actual Write-Offs in FY22 and FY23 of \$6,100 Housing Receivables and <\$40K Financial Aid Receivables.

**Cash on Hand** – VP Calvert reported cash on hand as of 3/31/24 is \$99,617,000. Cash and Cash Equivalents represent approximately 5 months of operational cash flow and debt service. He restated his priorities of **Reversing Declining Cash Flow are Improving Cash Reporting and Visibility**.

**Housing P&L** – VP Calvert reviewed the Housing P&L that projects loss in FY24. Regent Perry stated, once again, the need for leadership to create a housing plan that corrects the year-over-year financial losses. Regent Spataro added that it is important to find people who “fit” while trying to find ways to boost residential rates.

**Finance and Transactions Approval Policy** - VP Calvert and VP Garber reviewed the proposed Finance and Transactions Approval Policy, a new policy that establishes when Board approval is required for various transactions, e.g., contracts, construction projects, legal settlements and financial items.

*Regent Spataro seconded Regent Perry’s motion that the Budget & Finance Committee recommend the Board Of Regents approve the Finance And Transactions Approval Policy at the June 12, 2024 meeting as submitted as Board Recommendation D-1. (Motion carried by unanimous vote)*

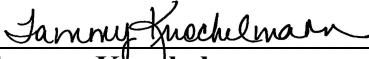
### **New Business**

VP Calvert noted the recent closing of the Bond Refinancing with savings equal to projection and the successful SAP conversion to the HANA database.

### **Adjourn**

Being there was no further business to discuss, at 11:04 a.m. Regent Henderson seconded Chair Zapp’s motion to adjourn. (*Motion carried*)

Respectfully Submitted,

  
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**Tammy Khochelmann**  
Secretary to the Board of Regents