

Budget Review Subcommittee on Postsecondary Education
Thursday, February 13, 2014
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Mr. Chairman, members of the committee, good morning. Thank you for giving me and my colleagues the opportunity to describe the impact of the proposed 2.5% operating cut on our students, as well as the merits of the Governor's proposed capital budget.

With respect to the proposed 2.5% operating cut, that reduction must be considered in the context of the full budget proposal and in relation to the cuts Northern Kentucky University has endured over the last six years.

In FY 08, NKU received more than \$55 million in state support.

This year, NKU received approximately \$46 million in state support.

From FY 08 through this current fiscal year, our University's contribution to the KERS pension system has increased by approximately \$8 million. None of this increase has been funded by the state.

Next year, our KERS contribution will increase by nearly \$5 million -- the largest increase for any university in the Commonwealth. The University will have to pay this recurring increase to the state pension system as a result of legislation passed last year to address the pension shortfall.

In addition to this extraordinary recurring cost increase of \$5 million, we will lose more than \$1 million as a result of the proposed 2.5% cut.

The net effect of the proposed cut, plus the KERS unfunded mandate, is more than \$6 million. Therefore, within just the past six years, the total negative impact on our budget from the cuts and the KERS increases will be approximately \$23 million – a 40% impact.

Yet, during that same period, our student enrollment has increased.

I was pleased that the Governor has proposed that the state will provide funding for 50% of the anticipated KERS increase. But the Governor's proposal leaves a shortfall for our university of nearly \$2.5 million – a sum that is twice the size of the proposed 2.5% cut.

I strongly urge you, on behalf of our students, and the faculty and staff who serve them, to eliminate the proposed budget cut of 2.5% and to **fully** fund the state mandate for the KERS contribution.

If you don't do so, these cuts will have a widespread impact and will significantly impede our progress in executing our new strategic plan, *Fuel the Flame*. This planning process involved

those we serve—our students, employers, other school systems, and non-profit organizations. We asked every group and every person what they needed from NKU to be successful.

At the core of the plan are five goals—student success, talent development, academic innovation, community engagement, and institutional excellence. To succeed, we must align our resources with these goals.

But with these proposed cuts, the unfunded state KERS mandate, increases in fixed costs, and already committed student financial assistance, we will have to reduce our expenses by approximately \$6 million beginning next fiscal year.

That's \$6 million that we will not be able to invest in full-time faculty to reduce our undue reliance on part-time faculty. In all likelihood, we will have to rely even more heavily on part-time faculty.

That's \$6 million that we will not be able to invest in faculty and technology to keep up with demand in our College of Informatics. In five years, student enrollment in our informatics programs has doubled to more than 2,000 majors.

That's \$6 million that we will not be able to invest in staff who are available to advise and support our increasingly diverse student body, including working adults, online students, and veterans. These post-traditional students represent approximately 50% of the undergraduates who are 25 years of age or older when they graduate from NKU.

That's \$6 million that we will not be able to invest so that students have real-world experiences—like internships, co-ops, work-study, and service learning projects. These are experiential learning opportunities that prepare students for successful careers and meaningful lives.

Please help us move forward into the future with the resources to help our students succeed, so that they will spur economic growth.

With respect to the Governor's proposal for capital projects, we were very gratified that the Governor proposed a substantial investment in infrastructure – particularly academic infrastructure.

At NKU, we are preparing to create a new health innovations facility that will support an integrated portfolio of programs to prepare healthcare professionals for the 21st century. In the Commonwealth and throughout our region, there is a well-documented need to expand existing programs and to create new programs to educate these healthcare professionals. NKU will incorporate a variety of interdisciplinary academic programs in our new health innovations center. Because of our severe space limitations, we are unable to expand our health-related programs without this new academic facility.

When our collective efforts successfully translate this ambitious concept into a tangible reality, we will improve the health of our community and the Commonwealth.

We will also promote economic growth and vitality by producing graduates who earn good incomes, by providing trained talent for healthcare providers, and by improving the productivity of the broader workforce. And our innovative approach will be a model for other educational institutions and communities to emulate.

This project will have an immediate economic impact by creating hundreds of construction related jobs. More importantly, over the next 10 to 20 years, our Commonwealth will be able to meet the health care industry growth demand and simultaneously, through our University's efforts, we will be driving down the cost of health care in our state and our region through better education, preventative care, and consumer health knowledge.

On one level, some perceive that this project is about money to build a new building. In reality, this project is about the most human aspect of education – preparing students to serve other people and helping organizations improve the health and well-being of their employees.

In fact, this project is so important to our community and Commonwealth that Sara Giolando, Senior Vice President and Chief Strategy Officer at St. Elizabeth Healthcare, is here today in support of the Health Innovations Center. Ms. Giolando and St. Elizabeth's believe that the Health Innovations Center is critical to their need to obtain healthcare professionals trained at the intersection of multiple disciplines, to comply with the Affordable Care Act requirements, and to set the standard for hospital and healthcare innovation. Mr. Chairman, if you or other members of the committee would like to learn more about the importance of this project to the broader community, Ms. Giolando is prepared to briefly address this body and answer your questions at the end of our presentations.

I urge you to approve the Governor's funding plan for NKU's health innovations center.

The Governor also included a number of agency bond projects in his budget. These projects are funded by the universities and not through the state's general bonds. We support the proposed agency bonds. Frankly, though, if the legislature needs to prioritize its investments, our first priority is the funding for the health innovations center because it is an academic building that will have a sustained and significant positive impact on the economy and the health of the region and the Commonwealth.

In conclusion, I want to remind you that the budget decisions you make affect people.

Every day, I learn more about our people – specifically about the many ways our faculty and staff contribute to the success of our students. Let me share one example with you.

At the September meeting of the Board of Regents, one of our outstanding students, John Crum, gave a presentation about his undergraduate research project. John is a senior, majoring in biology. His faculty advisor is Dr. Erin Strome, a biology professor.

John's research examined whether specific genes increase the risk of developing cancer. John conducted research to determine whether one particular gene – MSH5 – increases the likelihood that a person will develop breast cancer.

At the end of the presentation, John told the Regents how his undergraduate research experience changed his life – not just his educational experience at NKU, but his life.

John told us that, prior to this experience, he was very shy. In fact, he hadn't even been able to talk to a faculty member about the possibility of supervising his project.

According to John, he finally summoned the courage and sent an email to Professor Strome. She then interviewed him, and she agreed to supervise his research project.

John described the simple act of sending an email as one of the best decisions he had made in his life. He said, "I met people I'll never forget. Friends for life. I've made memories for life."

With respect to his advisor, John told the Regents that Professor Strome was "really fun, yet still professional."

Then he said, Professor Strome "demanded more responsibility for my actions than anybody else in my life. She has helped me to be more confident, yet stay humble."

John concluded his remarks by describing his research experience with Professor Strome this way: "It has not only made me a better scientist, but also a better person."

This special story demonstrates the abiding value of the personal relationship between a teacher and a student.

John Crum and Dr. Strome are with me this morning. John made special arrangements to take a chemistry exam at 6:00 this morning just so he could be here with us. It is my privilege to introduce John and his faculty mentor, Dr. Strome, to you today.

The proposed cut, and the unfunded budget mandate, affect more than 15,000 NKU students just like John, and 2,000 faculty and staff just like Dr. Strome, who are working to make a tangible difference in the lives of the people we serve.

As you contemplate these very difficult decisions, I hope that you will remember the people at NKU – and the people at all of our universities. These people are your constituents. Their stories are compelling. And their lives inspire all of us. They represent the future of our great Commonwealth.

Mr. Chairman, members of the committee, thank you for the opportunity to be with you today. I am happy to answer your questions.