

University Budget Address



April 17, 2013

Overview

- ✓ Federal and State Budget Picture
- ✓ 2013-14 Operating Budget
- ✓ Strategic Planning Update

THE FEDERAL AND STATE BUDGET PICTURE

Federal Budget and the Impact of Sequestration

- ✓ Financial Aid
 - Pell Grants protected for FY13
 - Post-9/11 GI Bill protected for FY13
 - All other federal financial aid programs have been reduced
- ✓ Research
 - Most federal research budgets (NSF, DOE) will see a 5% reduction
 - NSF reduction = 2.4%
- ✓ Other
 - Federal Agency Processing and Service Delays

State Budget Update

- ✓ State tax revenues are currently projected to exceed the official revenue estimates used in the 2012-14 budget
 - No state budget cuts anticipated for 2013-14
- ✓ Agency bonds approved
 - Campus Recreation Center
 - Lakeside Terrace

Campus Recreation Center



- ✓ 85,100 SF addition, 136,924 SF renovation

Residence Hall: Acquisition/Renovation

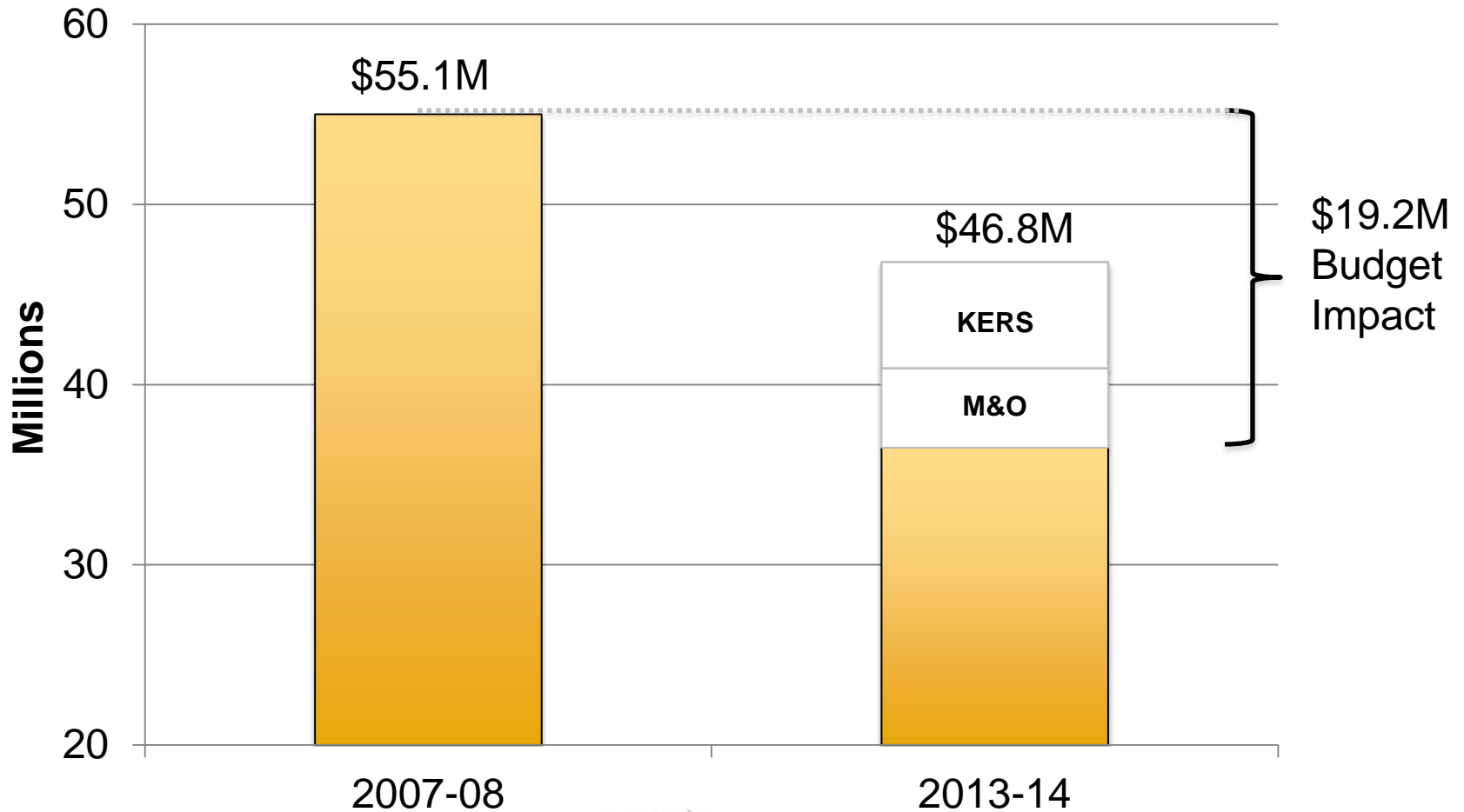


✓ 200 beds

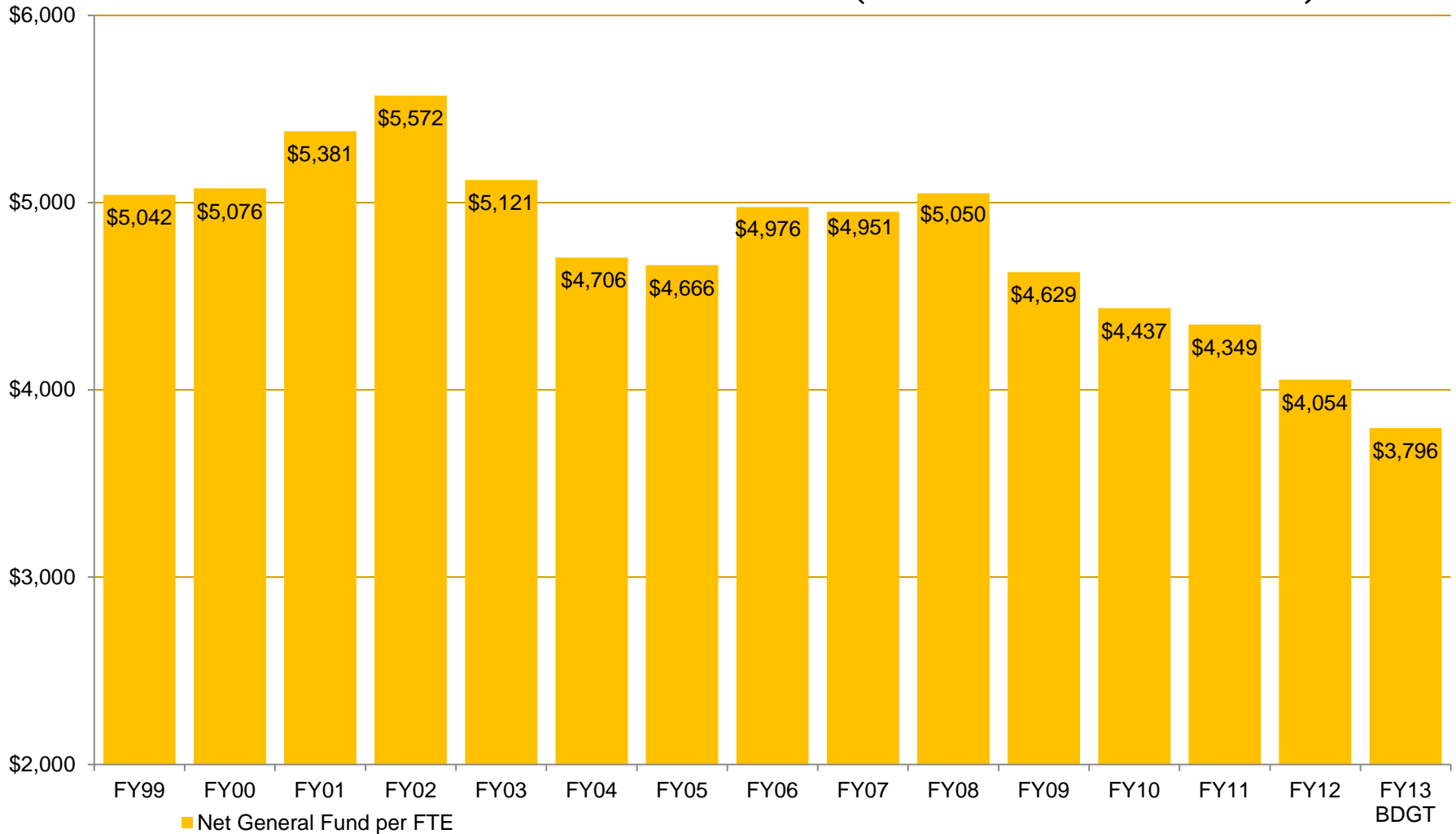
State Budget Update

- ✓ Pension reform passed in the 2013 legislative session
 - Little impact on the 2013-14 budget
 - Impact to NKU's 2014-15 budget unknown
 - * Potential \$5 million recurring impact
 - Creates new hybrid defined contribution plan for new employees hired after January 1, 2014

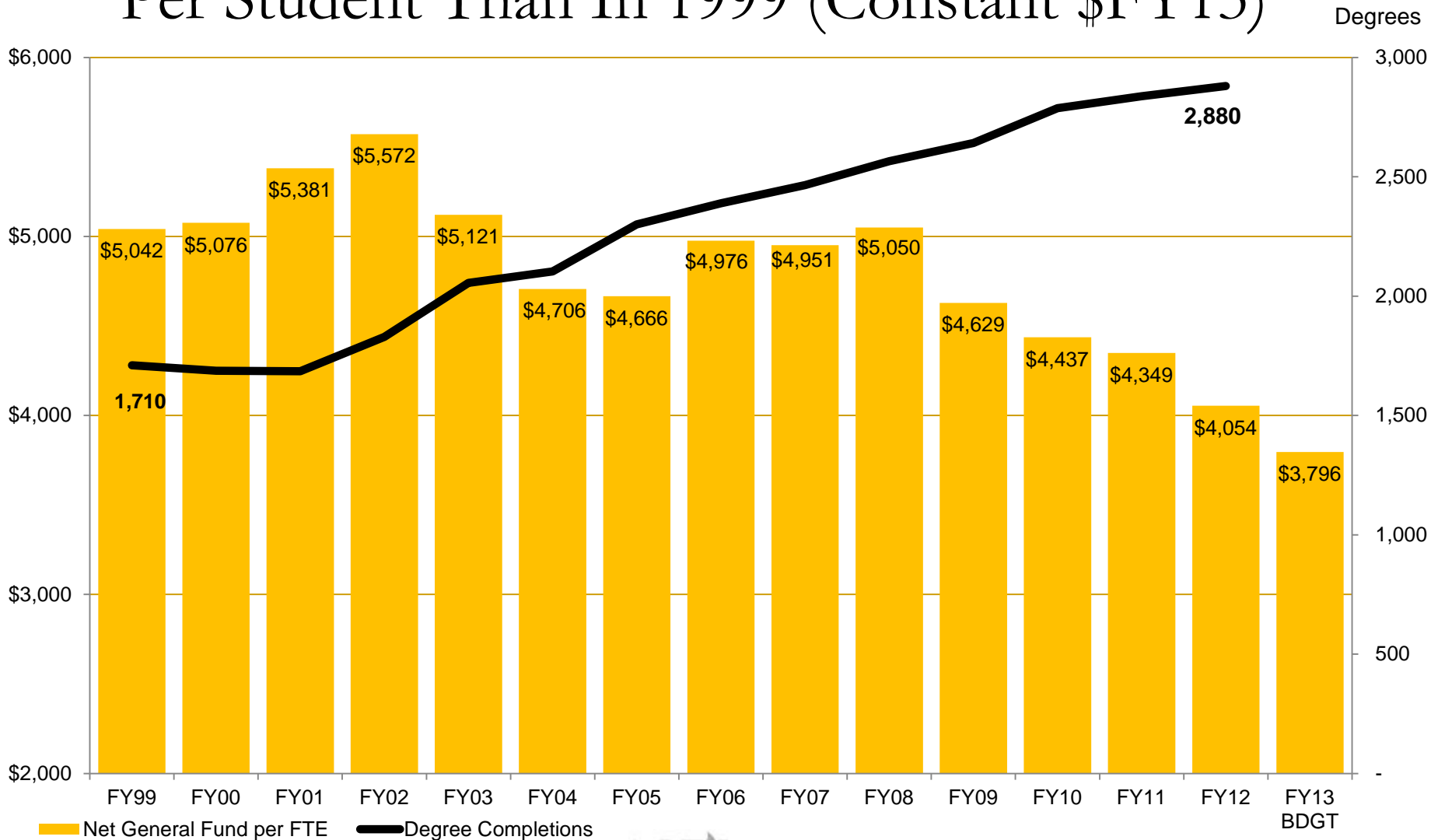
State Budget Cuts and Unfunded Obligations Since 2007-08



NKU Operates With Fewer State Dollars Per Student Than In 1999 (Constant \$FY13)

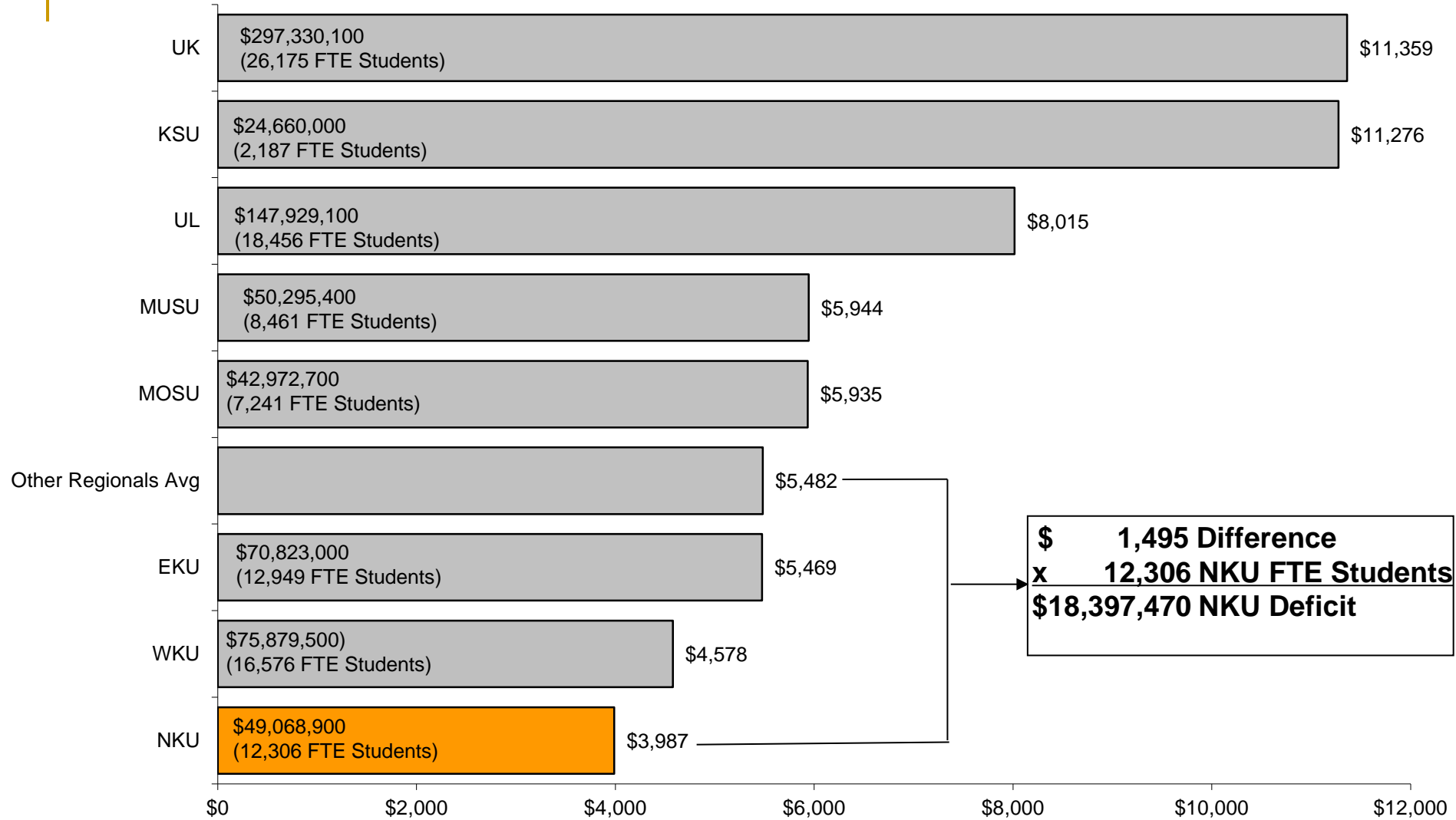


NKU Operates With Fewer State Dollars Per Student Than In 1999 (Constant \$FY13)



Net State Appropriations Per FTE Student, FY99 - FY13
 Total Degrees and Certificates Conferred, FY99 – FY12

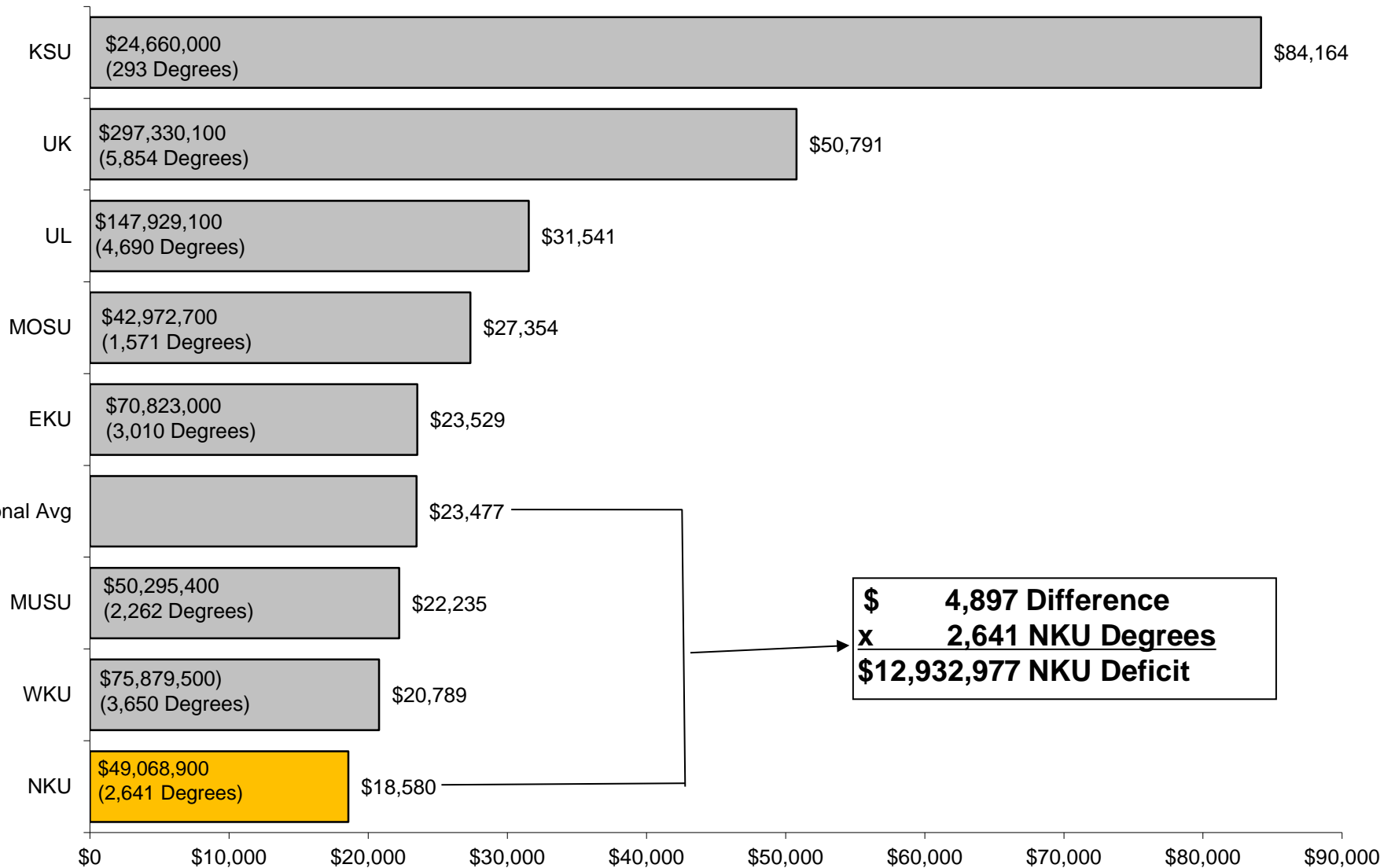
Net State Appropriation Per Fall 2011 FTE Student FY 2011-12



Net State Appropriation = State Appropriation, Less Debt Service, Less UL Hospital

FTE = Total Fall 2011 Semester Hours for Undergraduates Divided by 15 and Graduate and Law Total Credit Hours Divided by 12

Net State Appropriation Per Bachelor Degree and Above Four Year Institutions FY 2011-12



Fiscal Year End Actual Net State Appropriation Less State Appropriated Debt Service and Less UL Hospital
Degrees = Bachelor, Graduate, Doctoral, and Law (No Certificates) = Academic Year 2011-12

NKU 2014-16 State Budget Priorities

- ✓ Operating funds
 - Addressing unwarranted disparities in the distribution of state funding for higher education

- ✓ State funds to cover the cost of pension reform

- ✓ Health Innovations Center

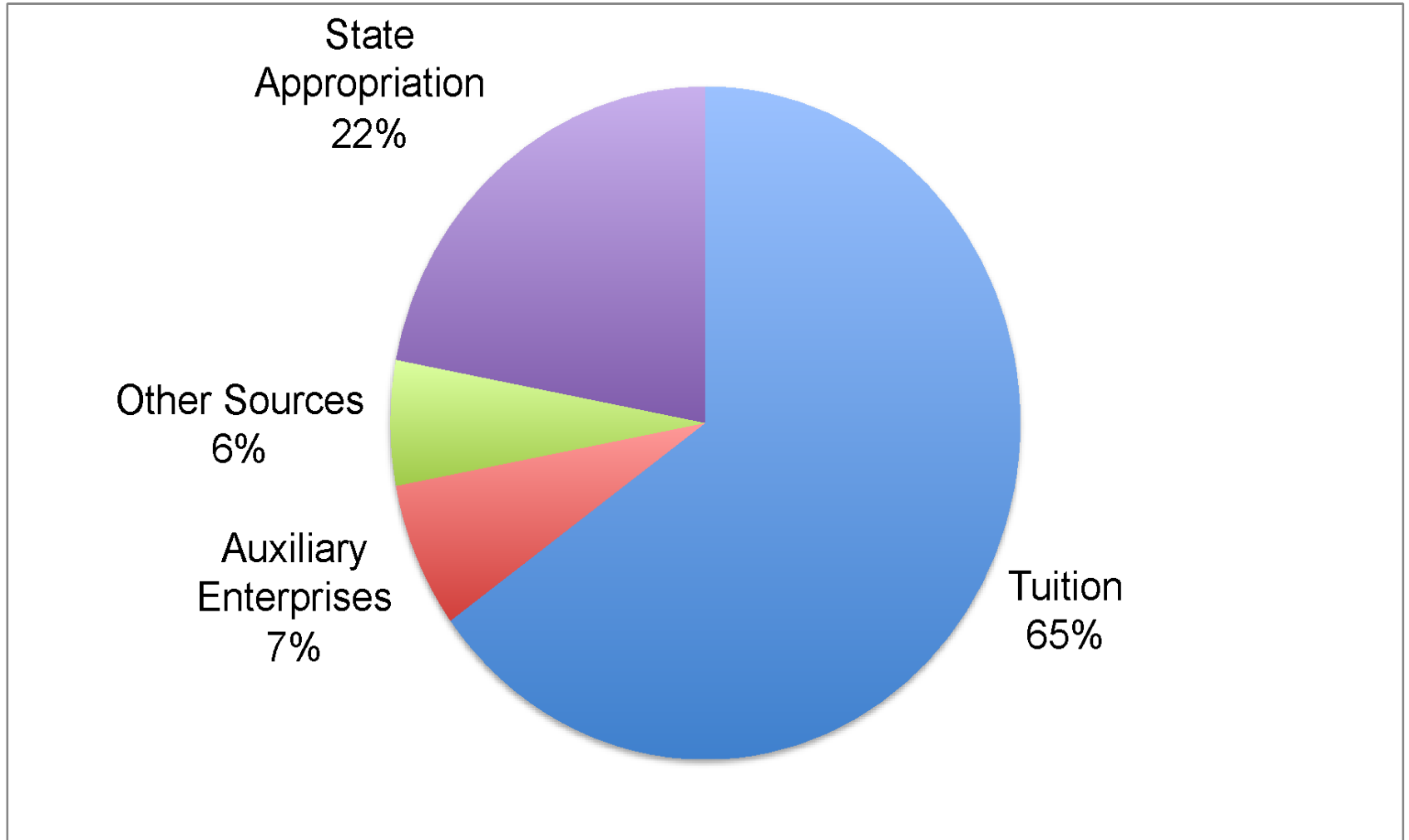
THE 2013-14 PROPOSED OPERATING BUDGET

Revenues and Expenses

	FY2012-13 Original Budget	FY2013-14 Preliminary Budget
Tuition & Fees	\$138,000,000	\$144,000,000
State Appropriation	47,000,000	47,000,000
Auxiliary Revenue	13,000,000	14,000,000
Other Sources	11,000,000	13,000,000
Non-recurring Funds	14,000,000	7,000,000
Total Sources of Funds	\$223,000,000	\$225,000,000
Personnel Costs	135,000,000	138,600,000
Operating Expenses	48,500,000	43,600,000
Financial Aid	15,000,000	17,000,000
Debt Service	16,000,000	16,000,000
Reserves	8,500,000	9,800,000
Total Uses of Funds	\$223,000,000	\$225,000,000



FY 2013-14 Projected Revenue Sources



FY 2013-14 Tuition Rates

- ✓ CPE tuition parameters
 - Resident undergraduate tuition rates expected to be capped at 3% increase for resident, undergraduate students
 - Non-resident undergraduate tuition rates must be at least two times the resident rate
 - CPE has historically approved an exception for the Metro undergraduate rate

- ✓ Graduate tuition rates priced to market
 - Graduate metro rate will be renamed to the Ohio / Indiana tuition rate and include all of Ohio and Indiana

FY 2013-14 Projected Recurring Funds

	Recurring(\$)
Net increase in central tuition revenue*	4,260,000
Less non-discretionary expenses:	
Increases in Fixed Costs	2,540,000
Essential Expenditures	130,000
Balance Available for investment	1,590,000

*** Scholarships, financial aid and tuition waivers
have been increased by \$2.2M**

FY2013-14 Essential Expenditures

	Recurring(\$)
Assessment & Accreditation Coordinator	52,900
Net Price Calculator	13,000
OSHA Safety Training	50,000
CPE Transfer Assist Position	12,800
Total	128,700

FY 2013-14 Fixed Costs

	FY2012-13 Original Budget	FY2013-14 Change	FY2013-14 Preliminary Budget
Utilities	\$5,263,600	\$211,600	\$5,475,200
Faculty Promotions		160,700	160,700
IT Contracts	1,940,500	116,300	2,056,800
Fringe Benefits (Rate Increase)			
Retirement	13,646,700	1,200,000	14,846,700
Health/Vision/Dental	9,908,700	910,000	10,818,700
FICA	6,601,800	0	6,601,800
Other Benefits	256,900	11,200	268,100
Worker's Comp/Unemployment	756,000	-116,000	640,000
Other Fixed Cost	2,580,900	42,500	2,623,400
Total Uses of Funds	40,955,100	2,536,300	43,491,400



Recurring Investments - \$1,590,000

Merit Pool: \$1.5M

- ✓ 1.5% merit pool for faculty and staff

Points of Focus: Organizational Effectiveness

Library: \$100,000

- ✓ For serial inflation and material acquisitions

Points of Focus: Teaching and Learning

Student Fee Allocation Board: \$42,000

- ✓ Recurring funds to restore previous budget cuts to funding for student activities

Points of Focus: Student Success

Faculty Positions

Full-time Faculty

- ✓ 23 full-time faculty hired for 2013-14
- ✓ 16 full-time faculty searches in progress for 2013-14
- ✓ 20 full-time faculty searches authorized in 2013-14 for 2014-15
- ✓ Additional full-time faculty lecturers

Points of Focus: Teaching and Learning

FY2013-14 Projected Non-recurring Funds

	Non-recurring(\$)
Non-recurring Sources	7,800,000
Less Non-discretionary Expenses:	
Essential Expenditures	600,000
High Priority Deferred Maintenance	2,850,000
Balance Available for Investment	4,350,000

FY2013-14 Essential Expenditures

	Non-recurring(\$)
Online Program Registration in Various States	25,000
Consulting for the Affordable Care Act	25,000
Campus Exterior Door Card Swipes	550,000
Total	600,000

FY2013-14 High Priority Deferred Maintenance

	Non-recurring(\$)
Landrum Elevator Renovation	363,000
Arc Flash Hazard Assessment	270,000
Albright Roof Replacement	980,000
Callahan Switchgear Replacement	60,000
BAC VAV Box Replacement	336,000
HVAC Campus AHU Coil Cleaning	35,000
Central Receiving / Loading Dock Roof Replacement	160,000
MEP Exterior Caulking and Sealing	319,000
Founders Hall Switchgear Replacement	120,000
Replace Acid Storage Cabinets	24,000
LAC West Yard Drainage Repair	179,600
Total	2,846,600

Non-recurring Investments

Library: \$68,000

- ✓ \$60,000 for furniture upgrades and renovations
- ✓ \$8,000 for a pilot of extended library hours in the Fall 2013 semester

Points of Focus: Teaching and Learning

Grant Administrative Support: \$62,000

- ✓ Position to reduce the administrative workload of faculty related to grants
- ✓ 2 year commitment for a position in the Office of the Comptroller
- ✓ After 2 years, this position will be evaluated for funding through F&A

Points of Focus: Scholarship and Public Engagement

Non-recurring Investments

Instructional Designers: \$250,000

- ✓ Continuation of the current online initiative

Points of Focus: Teaching and Learning

Enrollment Management: \$500,000

- ✓ Continuation of the contract with Royall & Company for student recruitment

Points of Focus: Enrollment Management

Athletics Transition Funds: \$300,000

- ✓ Continuation of the the Division 1 funding plan

Points of Focus: Organizational Effectiveness

Division 1 Update



NKU captures first ever D-I basketball victory

Non-recurring Investments: Plaza Renovation Phase 2



STRATEGIC PLANNING UPDATE

Strategic Planning Progress

- ✓ Open forums on campus
 - 7 forums with faculty and staff on selected topics
 - 3 forums with students
- ✓ Email and electronic forum available for additional comments from campus members

Strategic Planning Progress

- ✓ Seven work groups assisting the Strategic Planning Committee
 - 112 faculty, staff, and students
 - Compressed timeframe
 - Presented to the Strategic Planning Committee on March 20
 - Work group papers and presentations on web

Strategic Planning Progress

- ✓ Survey for Mission, Vision, and Values
 - 990 faculty and staff responded
 - 1,877 students responded
 - Work group studied survey results and provided recommendations to the Strategic Planning Committee
 - Summary of survey results available on website

Strategic Planning Progress

Meetings with external groups:

- ✓ NKU Alumni Association
- ✓ NKU Foundation Board
- ✓ NKU Research Foundation Board
- ✓ CEOs of large companies
- ✓ Regional human resources leaders
- ✓ Tri-county Economic Development Corp.
- ✓ City/county officials
- ✓ Rural county judge-executives
- ✓ College advisory boards
- ✓ Business councils
- ✓ Chambers of commerce

Strategic Planning Progress

- ✓ What's Next?
 - Stakeholder Conference – April 30
 - Strategic Planning Committee to draft outline for Board retreat on July 17
 - Draft plan available to campus by September 1
 - Open forums in the Fall
 - Final version presented to Board on November 13

Our Past



Our Present



Our Time. Our Future.



NEW HEALTH INNOVATIONS CENTER

