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

- $55.1M in 2007-08
- $46.8M in 2013-14

$19.2M Budget Impact
NKU Operates With Fewer State Dollars Per Student Than In 1999 (Constant $FY13)

Net State Appropriations Per FTE Student, FY99 - 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

- **KSU**: $24,660,000 (293 Degrees)
- **UK**: $297,330,100 (5,854 Degrees) [$50,791]
- **UL**: $147,929,100 (4,690 Degrees) [$31,541]
- **MOSU**: $42,972,700 (1,571 Degrees) [$27,354]
- **EKU**: $70,823,000 (3,010 Degrees) [$23,529]
- **Other Regional Avg**: $23,477
- **MUSU**: $50,295,400 (2,262 Degrees) [$22,235]
- **WKU**: $75,879,500 (3,650 Degrees) [$20,789]
- **NKU**: $49,068,900 (2,641 Degrees) [$18,580]

$4,897 Difference

$12,932,977 NKU Deficit
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

<table>
<thead>
<tr>
<th></th>
<th>FY2012-13 Original Budget</th>
<th>FY2013-14 Preliminary Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td>$138,000,000</td>
<td>$144,000,000</td>
</tr>
<tr>
<td>State Appropriation</td>
<td>47,000,000</td>
<td>47,000,000</td>
</tr>
<tr>
<td>Auxiliary Revenue</td>
<td>13,000,000</td>
<td>14,000,000</td>
</tr>
<tr>
<td>Other Sources</td>
<td>11,000,000</td>
<td>13,000,000</td>
</tr>
<tr>
<td>Non-recurring Funds</td>
<td>14,000,000</td>
<td>7,000,000</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>$223,000,000</strong></td>
<td><strong>$225,000,000</strong></td>
</tr>
<tr>
<td>Personnel Costs</td>
<td>135,000,000</td>
<td>138,600,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>48,500,000</td>
<td>43,600,000</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>15,000,000</td>
<td>17,000,000</td>
</tr>
<tr>
<td>Debt Service</td>
<td>16,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>8,500,000</td>
<td>9,800,000</td>
</tr>
<tr>
<td><strong>Total Uses of Funds</strong></td>
<td><strong>$223,000,000</strong></td>
<td><strong>$225,000,000</strong></td>
</tr>
</tbody>
</table>
FY 2013-14 Projected Revenue Sources

- State Appropriation: 22%
- Other Sources: 6%
- Auxiliary Enterprises: 7%
- Tuition: 65%
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**

<table>
<thead>
<tr>
<th>Description</th>
<th>Recurring($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in central tuition revenue*</td>
<td>4,260,000</td>
</tr>
<tr>
<td>Less non-discretionary expenses:</td>
<td></td>
</tr>
<tr>
<td>Increases in Fixed Costs</td>
<td>2,540,000</td>
</tr>
<tr>
<td>Essential Expenditures</td>
<td>130,000</td>
</tr>
<tr>
<td><strong>Balance Available for investment</strong></td>
<td><strong>1,590,000</strong></td>
</tr>
</tbody>
</table>

* Scholarships, financial aid and tuition waivers have been increased by $2.2M
## FY2013-14 Essential Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Recurring ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment &amp; Accreditation Coordinator</td>
<td>52,900</td>
</tr>
<tr>
<td>Net Price Calculator</td>
<td>13,000</td>
</tr>
<tr>
<td>OSHA Safety Training</td>
<td>50,000</td>
</tr>
<tr>
<td>CPE Transfer Assist Position</td>
<td>12,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128,700</strong></td>
</tr>
</tbody>
</table>
# FY 2013-14 Fixed Costs

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2012-13 Original Budget</th>
<th>FY2013-14 Change</th>
<th>FY2013-14 Preliminary Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>$5,263,600</td>
<td>$211,600</td>
<td>$5,475,200</td>
</tr>
<tr>
<td>Faculty Promotions</td>
<td>160,700</td>
<td></td>
<td>160,700</td>
</tr>
<tr>
<td>IT Contracts</td>
<td>1,940,500</td>
<td>116,300</td>
<td>2,056,800</td>
</tr>
<tr>
<td>Fringe Benefits (Rate Increase)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>13,646,700</td>
<td>1,200,000</td>
<td>14,846,700</td>
</tr>
<tr>
<td>Health/Vision/Dental</td>
<td>9,908,700</td>
<td>910,000</td>
<td>10,818,700</td>
</tr>
<tr>
<td>FICA</td>
<td>6,601,800</td>
<td>0</td>
<td>6,601,800</td>
</tr>
<tr>
<td>Other Benefits</td>
<td>256,900</td>
<td>11,200</td>
<td>268,100</td>
</tr>
<tr>
<td>Worker’s Comp/Unemployment</td>
<td>756,000</td>
<td>-116,000</td>
<td>640,000</td>
</tr>
<tr>
<td>Other Fixed Cost</td>
<td>2,580,900</td>
<td>42,500</td>
<td>2,623,400</td>
</tr>
<tr>
<td><strong>Total Uses of Funds</strong></td>
<td><strong>40,955,100</strong></td>
<td><strong>2,536,300</strong></td>
<td><strong>43,491,400</strong></td>
</tr>
</tbody>
</table>
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
<table>
<thead>
<tr>
<th>Non-recurring Sources</th>
<th>7,800,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Non-discretionary Expenses:</td>
<td></td>
</tr>
<tr>
<td>Essential Expenditures</td>
<td>600,000</td>
</tr>
<tr>
<td>High Priority Deferred Maintenance</td>
<td>2,850,000</td>
</tr>
<tr>
<td><strong>Balance Available for Investment</strong></td>
<td><strong>4,350,000</strong></td>
</tr>
</tbody>
</table>
## FY2013-14 Essential Expenditures

<table>
<thead>
<tr>
<th>Non-recurring($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Program Registration in Various States</td>
</tr>
<tr>
<td>Consulting for the Affordable Care Act</td>
</tr>
<tr>
<td>Campus Exterior Door Card Swipes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Project Description</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>Landrum Elevator Renovation</td>
</tr>
<tr>
<td>Arc Flash Hazard Assessment</td>
</tr>
<tr>
<td>Albright Roof Replacement</td>
</tr>
<tr>
<td>Callahan Switchgear Replacement</td>
</tr>
<tr>
<td>BAC VAV Box Replacement</td>
</tr>
<tr>
<td>HVAC Campus AHU Coil Cleaning</td>
</tr>
<tr>
<td>Central Receiving / Loading Dock Roof Replacement</td>
</tr>
<tr>
<td>MEP Exterior Caulking and Sealing</td>
</tr>
<tr>
<td>Founders Hall Switchgear Replacement</td>
</tr>
<tr>
<td>Replace Acid Storage Cabinets</td>
</tr>
<tr>
<td>LAC West Yard Drainage Repair</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
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
NKU captures first ever D-I basketball victory
Non-recurring Investments: Plaza Renovation Phase 2
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.