University Budget Address

April 18, 2016
Overview

• Budget Context
  • Enrollment and Retention
  • Fixed Costs and KERS
  • Scholarships and Aid
  • State Appropriations
  • Tuition Rates

• Two-Year Budget Strategy

• Next Steps

• Enrollment Strategies
Fall Undergraduate Enrollment

Source: Institutional Research
Fall New Freshmen Enrollment

Note: New freshmen include first-time, full-time Bachelor’s (Cohort B) and Associate’s (Cohort A) degree seeking or undeclared.
Source: Institutional Research
Fall-to-Fall Retention

Note: Retention rate is based on first-time, bachelor-degree seeking undergraduate students that enter in fall semester and return the following fall. Transfer and part-time students are excluded.
Source: Institutional Research
Fall Graduate Enrollment

Source: Institutional Research
Fall Law Enrollment

Source: Institutional Research
DEGREES AND CREDENTIALS CONFERRED


Total Certificates 1,163 1,142 1,186 1,259 1,529 1,584 1,706 1,836 1,974 1,980 2,109 2,143 2,214 3,087
Associate's Degrees 1,710 1,687 1,685 1,829 2,055 2,104 2,301 2,389 2,465 2,565 2,642 2,788 2,838 2,880 2,956 2,937 3,087
Bachelor's Degrees 1,685 1,685 1,829 2,055 1,374 1,421 1,529 1,584 1,624 1,706 1,836 1,988 1,974 1,980 2,109 2,143 2,214
Master's Degrees 1,163 1,142 1,186 1,259 1,529 1,584 1,706 1,836 1,974 1,980 2,109 2,143 2,214 3,087
Law Degrees 1,163 1,142 1,186 1,259 1,529 1,584 1,706 1,836 1,974 1,980 2,109 2,143 2,214 3,087
Doctoral Degrees 1,163 1,142 1,186 1,259 1,529 1,584 1,706 1,836 1,974 1,980 2,109 2,143 2,214 3,087
Fall Total Enrollment

Source: Institutional Research
Scholarships and Financial Aid
Scholarship Investments

Note: Scholarships include institutional, international, and mandated scholarships only.
Source: Budget Office
ACT and HS GPA of Entering FT Freshmen

Note: Average ACT composite and average HS GPA for first-time, full-time, bachelor’s degree-seeking cohort.

Source: Institutional Research
Underrepresented Minority Students

Undergraduate Enrollment - Underrepresented Minority Students

Source: Institutional Research
Fixed Costs and KERS
## Fixed Costs Increases

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2016-17 Budget</th>
<th>Difference</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Utilities</strong></td>
<td>$5,069,800</td>
<td>$4,515,500</td>
<td>-$554,300</td>
<td>-10.9%</td>
</tr>
<tr>
<td><strong>IT Hardware/Software Licenses</strong></td>
<td>$2,323,000</td>
<td>$2,460,300</td>
<td>$137,300</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$7,392,800</td>
<td>$6,975,800</td>
<td>-$417,000</td>
<td>-5.6%</td>
</tr>
<tr>
<td><strong>Fringe Benefits (rate changes)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KERS Staff Retirement</td>
<td>$15,292,200</td>
<td>$19,109,200</td>
<td>$3,817,000</td>
<td>25.0%</td>
</tr>
<tr>
<td>Health/Vision/Dental</td>
<td>$14,241,000</td>
<td>$14,241,000</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>TIAA Retirement</td>
<td>$4,606,100</td>
<td>$4,606,100</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>FICA</td>
<td>$6,701,900</td>
<td>$6,701,900</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Worker’s Comp/Unemployment</td>
<td>$661,000</td>
<td>$661,000</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Life and Disability Insurance</td>
<td>$170,300</td>
<td>$189,800</td>
<td>$19,500</td>
<td>11.5%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$41,672,500</td>
<td>$45,509,000</td>
<td>$3,836,800</td>
<td>9.2%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$9,424,900</td>
<td>$9,982,500</td>
<td>$557,600</td>
<td>5.9%</td>
</tr>
<tr>
<td>Faculty Promotions</td>
<td></td>
<td>$239,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$58,490,200</td>
<td>$62,707,200</td>
<td>$4,217,000</td>
<td>7.2%</td>
</tr>
</tbody>
</table>
KERS Contribution Rates

FY 2002-03: 5.89%
FY 2003-04: 5.89%
FY 2004-05: 5.89%
FY 2005-06: 5.89%
FY 2006-07: 7.75%
FY 2007-08: 8.5%
FY 2008-09: 10.01%
FY 2009-10: 11.61%
FY 2010-11: 16.98%
FY 2011-12: 19.82%
FY 2012-13: 23.61%
FY 2013-14: 26.79%
FY 2014-15: 38.77%
FY 2015-16: 38.77%
FY 2016-17: 48.59%
FY 2017-18: 49.47%
NKU’s KERS Contribution

Millions

FY 2009-10: $3.9 M
FY 2010-11: $5.9 M
FY 2011-12: $7.4 M
FY 2012-13: $9.3 M
FY 2013-14: $10.4 M
FY 2014-15: $14.1 M
FY 2015-16: $15.3 M
FY 2016-17: $19.1 M
FY 2017-18: $19.4 M
Total Fixed Costs

FY 2009-10: $36.2
FY 2010-11: $39.4
FY 2011-12: $41.9
FY 2012-13: $46.3
FY 2013-14: $48.8
FY 2014-15: $53.5
FY 2015-16 Est: $58.5
FY 2016-17 Budget: $62.7
2016-18 State Appropriations
2016-18 State Appropriations

Assumption: 4.5% recurring cut in FY 2016-17 and $5.1M equity in FY 2017-18
Tuition Rates
Resident Undergraduate Tuition Rate Increases
Tuition Rate Increases

2015-16 Semester Tuition for Undergrad KY Resident = $4,368

- 1% rate increase = $44
- 2% rate increase = $87
- 3% rate increase = $131
- 4% rate increase = $175
- 5% rate increase = $219
- 6% rate increase = $262
Two-year Budget Strategy
FY 16-17 and FY 17-18
### 2016-17 Budget Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Across-the-board pay increase of 1%</td>
<td>$1.2 M</td>
</tr>
<tr>
<td>Tuition rate increase of 1% (net)</td>
<td>$1 M</td>
</tr>
<tr>
<td>Enrollment increase of 1%</td>
<td>$1.15 M</td>
</tr>
<tr>
<td>Average compensation/benefits for FT Faculty</td>
<td>$95 K</td>
</tr>
<tr>
<td>Average compensation/benefits for FT Staff</td>
<td>$67 K</td>
</tr>
</tbody>
</table>
Cumulative Biennial Impact

Budget reductions required assuming a 4.5% cut and $5.1M equity in FY18

<table>
<thead>
<tr>
<th>Tuition Rate Increase</th>
<th>2016-17</th>
<th>2017-18</th>
<th>Biennial Cut Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>- $4.4 M</td>
<td>$4.3 M</td>
<td>- $0.1 M</td>
</tr>
<tr>
<td>5%</td>
<td>- 5.5 M</td>
<td>3.2 M</td>
<td>- 2.3 M</td>
</tr>
<tr>
<td>4%</td>
<td>- 6.6 M</td>
<td>2.1 M</td>
<td>- 4.5 M</td>
</tr>
<tr>
<td>3%</td>
<td>- 7.7 M</td>
<td>1.0 M</td>
<td>- 6.7 M</td>
</tr>
<tr>
<td>2%</td>
<td>- 8.8 M</td>
<td>- 0.1 M</td>
<td>- 8.9 M</td>
</tr>
<tr>
<td>1%</td>
<td>- 9.9 M</td>
<td>- 1.2 M</td>
<td>- 11.1 M</td>
</tr>
<tr>
<td>0%</td>
<td>- 11.0 M</td>
<td>- 2.2 M</td>
<td>- 13.2 M</td>
</tr>
</tbody>
</table>
Cumulative Biennial Impact

Budget reductions required assuming a 4.5% cut, no equity in FY18

<table>
<thead>
<tr>
<th>Tuition Rate Increase</th>
<th>2016-17</th>
<th>2017-18</th>
<th>Biennial Cut Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>- $4.4 M</td>
<td>- $0.8 M</td>
<td>- $5.2 M</td>
</tr>
<tr>
<td>5%</td>
<td>- 5.5 M</td>
<td>- 1.9 M</td>
<td>- 7.4 M</td>
</tr>
<tr>
<td>4%</td>
<td>- 6.6 M</td>
<td>- 3.0 M</td>
<td>- 9.6 M</td>
</tr>
<tr>
<td>3%</td>
<td>- 7.7 M</td>
<td>- 4.1 M</td>
<td>- 11.8 M</td>
</tr>
<tr>
<td>2%</td>
<td>- 8.8 M</td>
<td>- 5.2 M</td>
<td>- 14.0 M</td>
</tr>
<tr>
<td>1%</td>
<td>- 9.9 M</td>
<td>- 6.3 M</td>
<td>- 16.2 M</td>
</tr>
<tr>
<td>0%</td>
<td>- 11.0 M</td>
<td>- 7.4 M</td>
<td>- 18.4 M</td>
</tr>
</tbody>
</table>
Next Steps
Next Steps

• April 27, 2016: Set tuition rates at Board of Regents Meeting

• Late April/Early May: Finalize FY 16-17 budget plan and recommendations

• Mid-May: Take FY 16-17 budget recommendations to special meeting of the Board of Regents

• Spring 2016-17 and Beyond: Review and implement, as appropriate, the cost savings ideas generated from public forums and other input from campus community

• 2016-17: Phase in implementation of new budget model

• Spring/Summer 2016: Explore possible sale of WNKU
Examples of Cost Savings Ideas

- Voluntary reduction in work hours
- Voluntary furlough days
- Campus closures/holiday breaks
- Expanded student work opportunities
- Limited options for health insurance to least costly plans
- Travel limitations
- Cloud computing
- Centralized software purchases
- Replacement of direct mail with electronic communications
- Curtailment of food and beverage purchases
- Campus-wide initiative to save on utilities costs
## WNKU Radio Station

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$457,000</td>
</tr>
<tr>
<td>2011</td>
<td>$549,000</td>
</tr>
<tr>
<td>2012</td>
<td>$479,000</td>
</tr>
<tr>
<td>2013</td>
<td>$522,000</td>
</tr>
<tr>
<td>2014</td>
<td>$896,000</td>
</tr>
<tr>
<td>2015</td>
<td>$944,000</td>
</tr>
<tr>
<td>2016 Projected</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

**Average Annual Subsidy (last 7 years)**: $692,000
Enrollment Strategies
Recruitment Strategies

Freshmen

Short Term Strategies
- Execute strategic communication plan in partnership with Marketing and Communication
- Build pipeline with “academic interest” high schools like the Kenton County Innovation Academy and Elkhorn Crossing School

Long Term Strategies
- Take advantage of future expanded housing options by aggressively recruiting in non-local Kentucky and out-of-state markets
- Market and recruit for new majors and programs associated with the HIC
- Increase visibility and opportunities to experience campus through hosting of major events
  - Governor’s Scholars Program
  - KHSAA Sweet 16 Girls’ High School Basketball Tournament
  - First Lego League Statewide Tournament
Recruitment Strategies

Transfer

**Short Term Strategies**
- Take advantage of new online programs and online strategy
- Execution of 100+ pathways, articulations, partnerships and key expansions with KCTCS, Cincinnati State and Ivy Tech

**Long Term Strategies**
- Build additional pathways with current partners and start new pathways with strategic partners outside of local area (execute through online strategy)
- Development of new academic cohorts, especially in health related fields

Graduate

**Short Term Strategies**
- Increase focus on keeping NKU students at NKU for graduate school
- Focus on stackable certificates

**Long Term Strategies**
- Develop new online and cohort based graduate programs in high-demand areas
- Develop new programs in health-related areas
Recruitment Strategies

Chase College of Law

Strategies

• Leverage new and existing scholarship resources to recruit students, particularly those from underrepresented minorities
• Aggressively market the MLS degree as a value added option for working professional
• Expand institutional partnerships for recruitment into the 3+3 degree option
• Market the new LLM degree to international students, focusing on existing institutional partners in South America, Asia and Africa
Recruitment Strategies

International

Short Term Strategies
- Leverage existing scholarship resources to recruit students with whom we have already made contact
- Expedite transcript review

Long Term Strategies
- Expand recruitment market to Latin America and Western Europe
- Develop additional academic partnerships with international universities
- Develop new articulation agreements with international universities
Retention Strategies

Short Term Strategies
• Implement Summer Spark, a summer bridge program for at-risk students
• Proactive outreach to students regarding registration, graduation, and student support programs and services

Long Term Strategies
• Expansion of University Housing and on-campus living experience
• Implement tactics to support students with unmet financial need
• Implement EAB Student Success Collaborative platform for advising predictive analytics
Concluding Remarks
University Budget Address

April 18, 2016