



# University Budget Address

May 18, 2018



# Overview

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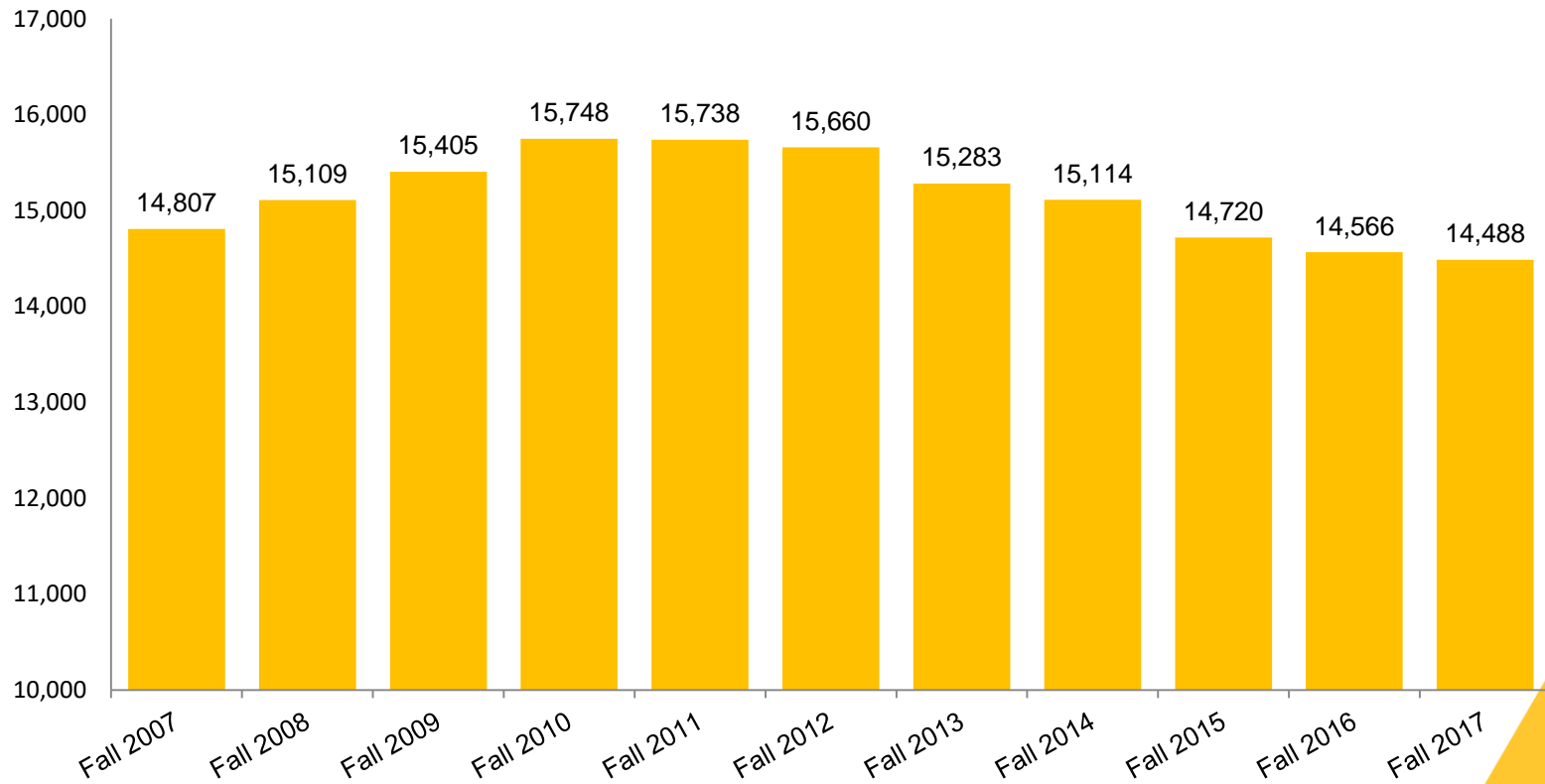
- Context for Tuition Rate Setting
  - Enrollment
  - Scholarships & Financial Aid
  - 2018 General Assembly Session
  - State Appropriations
  - Summary of Fixed Costs
  - Sources & Uses of Funds
- Tuition Rates
- Annual Operating Budget

# CONTEXT FOR TUITION RATE SETTING

# ENROLLMENT

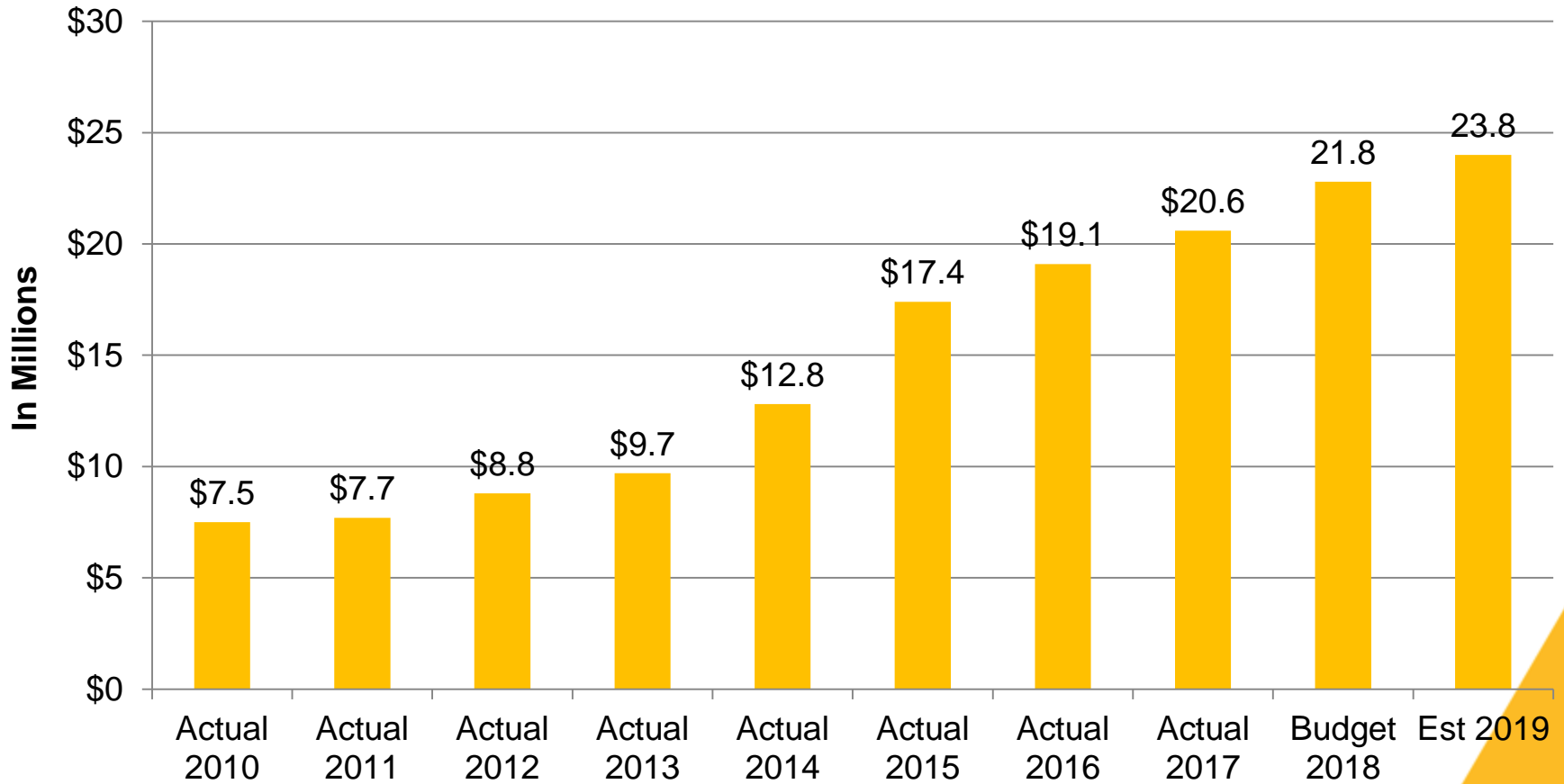
# Fall Enrollment

## TOTAL



# **SCHOLARSHIPS & FINANCIAL AID**

# Scholarships Investments



# **2018 GENERAL ASSEMBLY SESSION**





# State Budget

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- 6.25% state appropriation cut (approx \$3.1 million)
- \$31 million state-wide appropriation to the Performance Fund (NKU should receive approximately \$5.5 million)
- Total Impact: NKU should gain over \$2 million in state appropriation

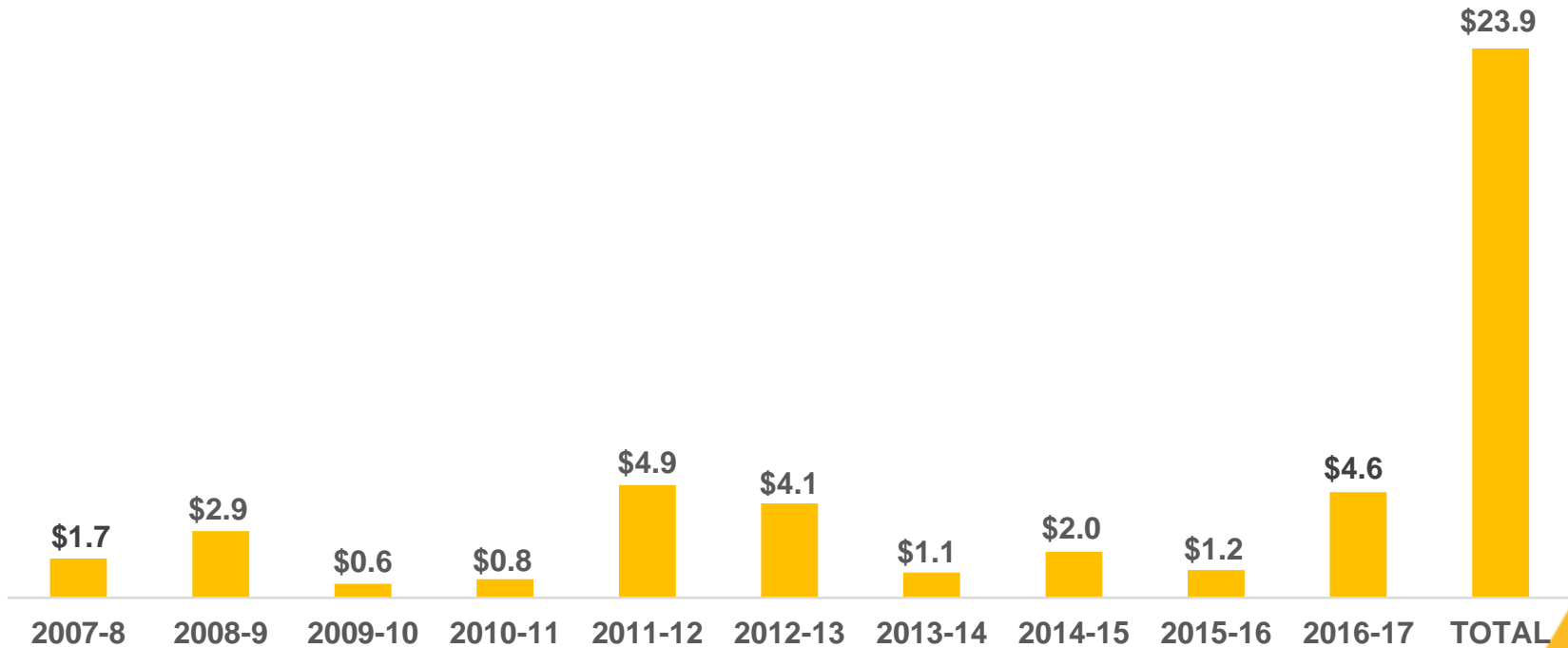
# Pension

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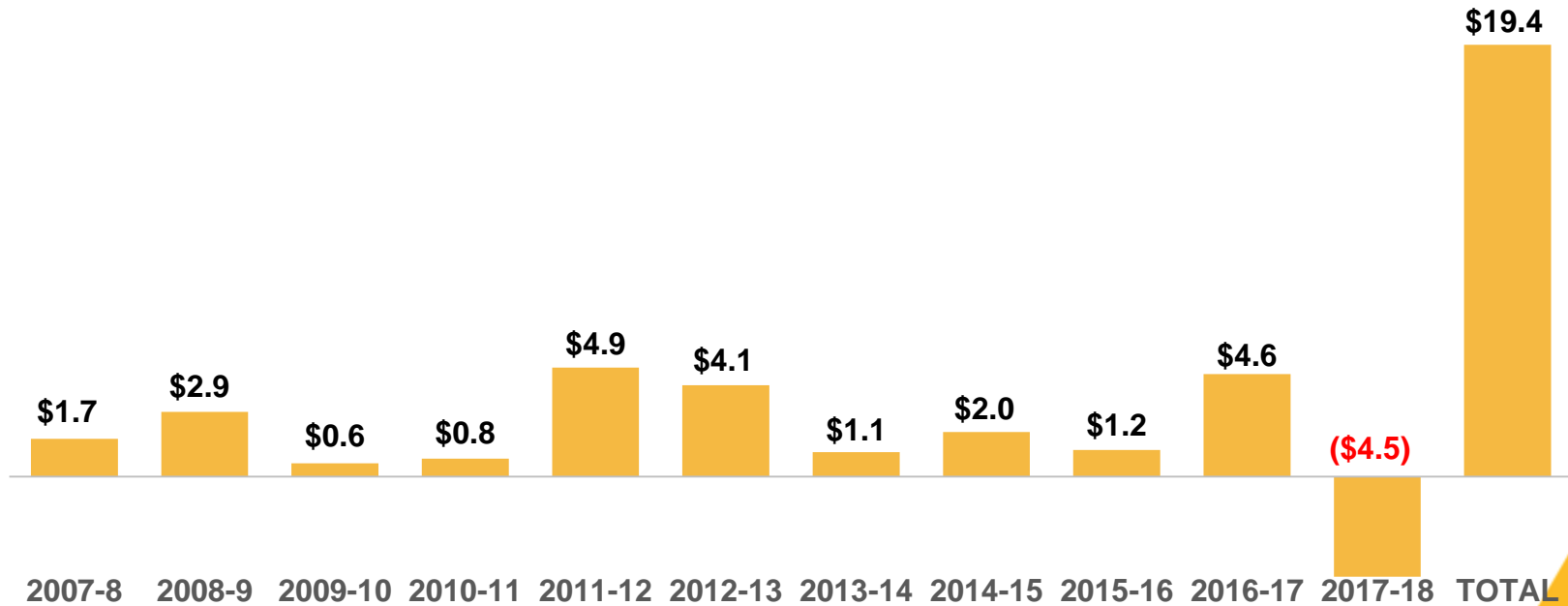
- HB362 (bill that would have allowed opt out of KERS) repealed late in session
- Companion bill passed to freeze KERS contribution rates at current level for one year
- Also tasked KERS with finding financially feasible options to deal with escalating costs

# **2016-18 STATE APPROPRIATIONS**

# State Appropriation Cuts and KERS Increases as of FY 2017

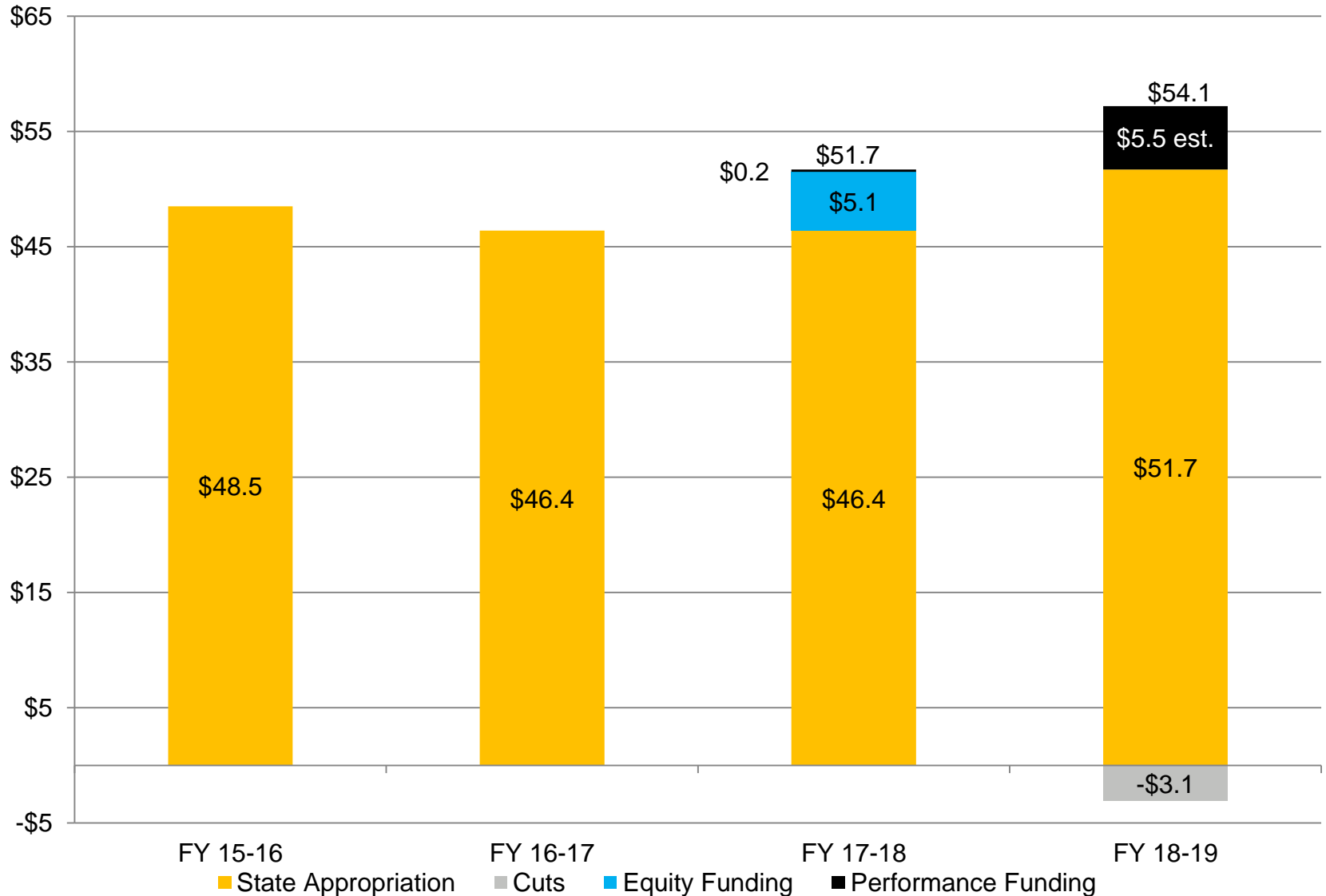


# State Appropriation Cuts and KERS Increases as of FY 2018



# State Appropriations

## 2016-2019



# SUMMARY OF FIXED COSTS

# Fixed Costs

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- Fixed cost increases of approximately \$1.5 million, primarily from increase in utilities and insurance
- HIC start-up costs of approximately \$1.3 million
  - Programming
  - Maintenance
  - Technology



# SOURCES & USES OF FUNDS

# FY19 Budget Proposal

## SOURCES OF FUNDS – State Appropriations

<b>STATE APPROPRIATION</b>	
Budget reductions of 6.25%	(\$3.1)
Increase from performance funding model *	\$5.5
<b>INCREASE IN NET STATE APPROPRIATIONS</b>	<b>\$2.4</b>

\* Estimate based on CPE calculations using last year's performance variables.

Dollar amounts in millions



# FY19 Budget Proposal

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## USES OF FUNDS

KERS rate increase	-0-
Fixed costs increase	\$1.5
HIC start-up costs (programming, maintenance, and technology)	\$1.3
FY19 financial aid increase	\$2.0
FY18 net tuition shortfall	\$0.6
<b>TOTAL USES OF FUNDS</b>	<b>\$5.4</b>

*Dollar amounts in millions*



# FY19 Budget Proposal

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## SUMMARY

### State Appropriations less Uses of Funds

Increase in State Appropriations	\$2.4
Total Uses of Funds	(\$5.4)
<b>DEFICIT</b>	<b>(\$3.0)</b>

*Dollar amounts in millions*



# FY19 Budget Proposal

## SOURCES OF FUNDS – Tuition Revenue

	<b>Tuition Percent Increase</b>	<b>3%</b>
	<b>Enrollment Decline</b>	<b>1.1%</b>
Tuition rate increase		\$3.7
Less tuition shortfalls from enrollment declines		(\$1.3)
<b>FY19 TUITION REVENUE</b>		<b>\$2.4</b>

*Dollar amounts in millions*



# FY19 Budget Proposal

## SURPLUS (DEFICIT)

State Appropriation	\$2.4
Total Use of Funds	(\$5.4)
Surplus (Deficit)	(\$3.0)
Tuition Revenue	\$2.4
<b>NET SURPLUS (DEFICIT)</b>	<b>(\$0.6)</b>

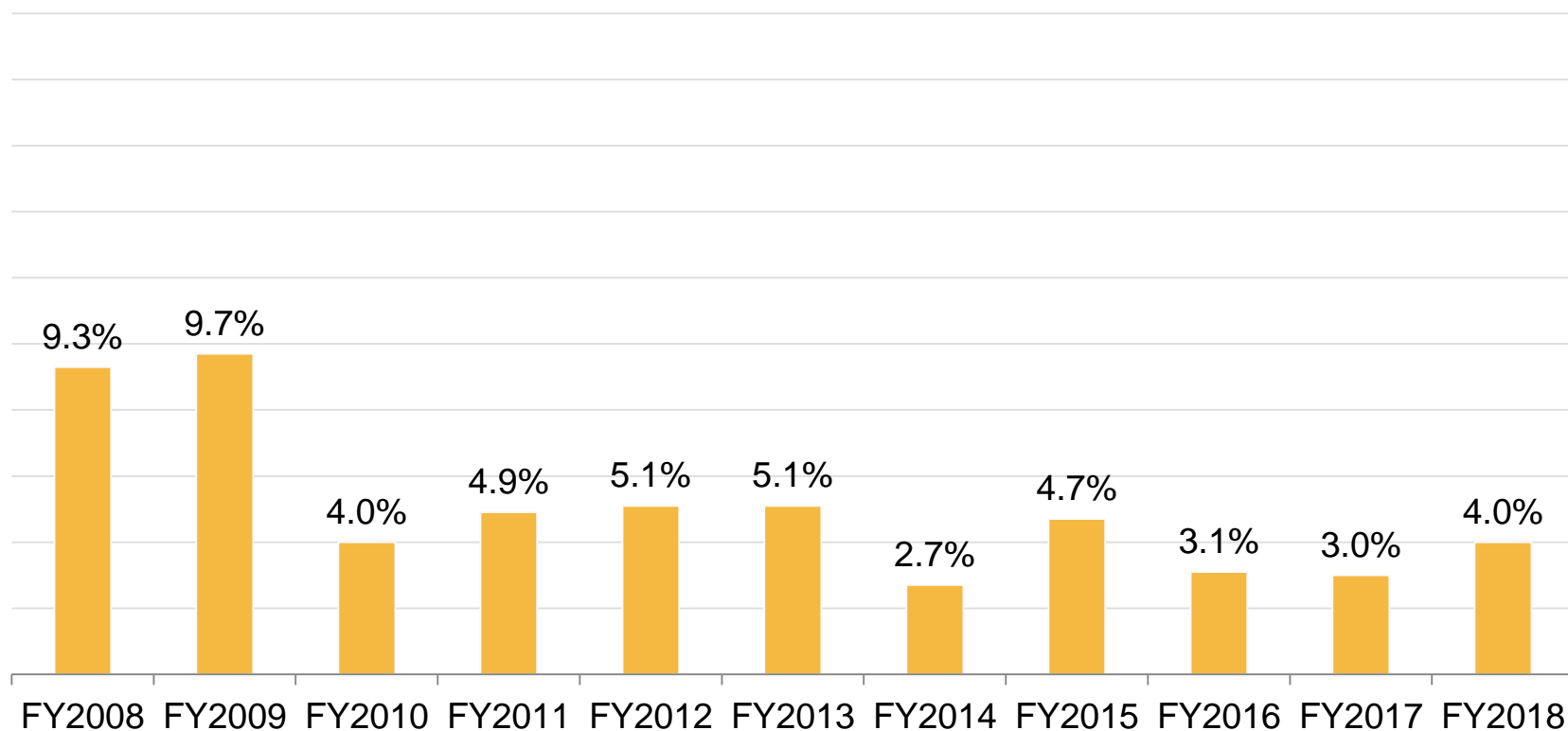
*Dollar amounts in millions*



# TUITION RATES

# Tuition Rate Increases

## RESIDENT UNDERGRADUATE





# Tuition Rate Increases

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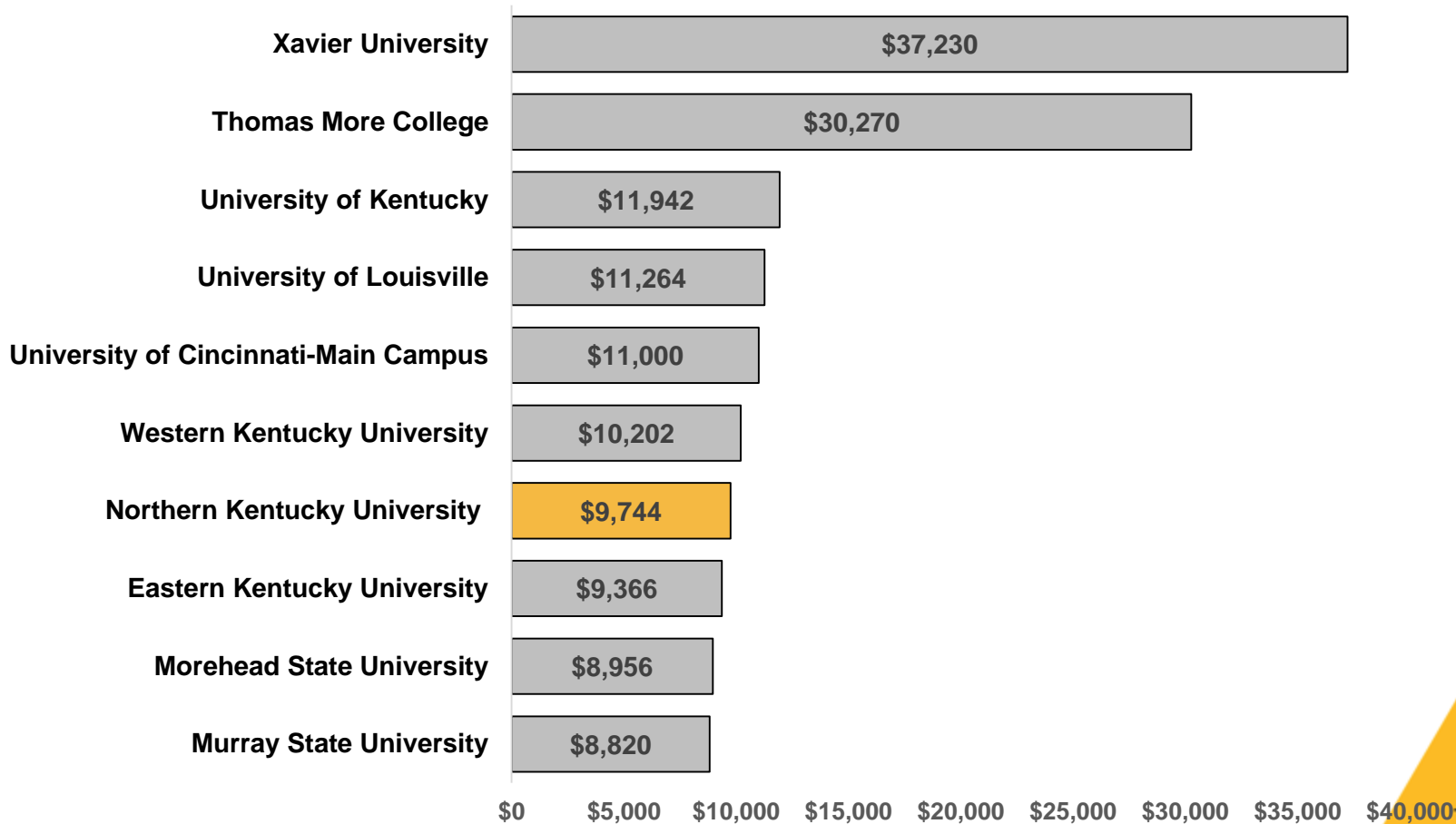
## 2018-19 Undergraduate Resident Tuition Rate Increase

3% Increase

\$280 per year

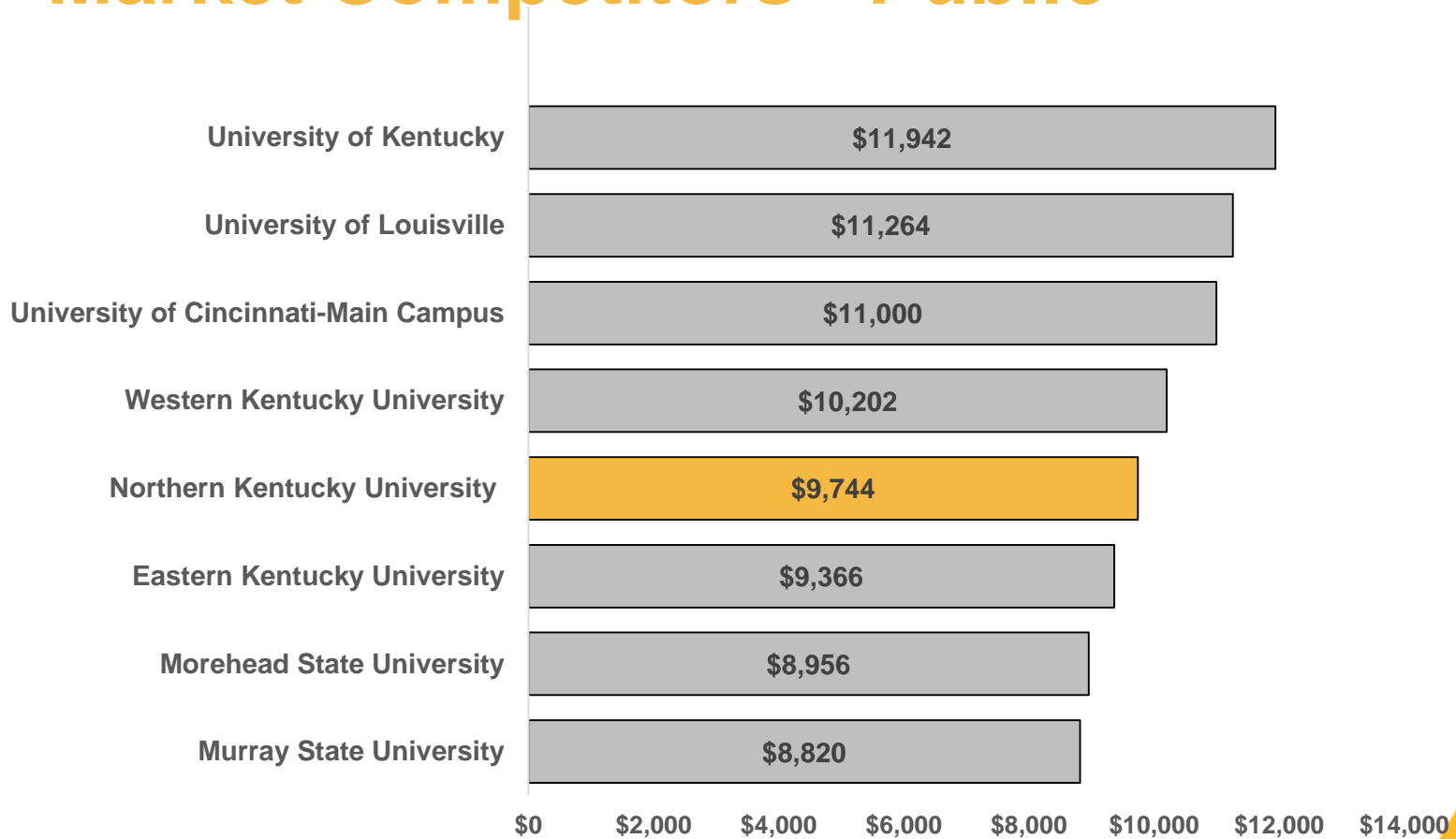
# 2017-18 In-State Tuition Rates

## Market Competitors – Public & Private



# 2017-18 In-State Tuition Rates

## Market Competitors - Public



# FY19 Anticipated Tuition Increases

## Market Competitors – Public & Private

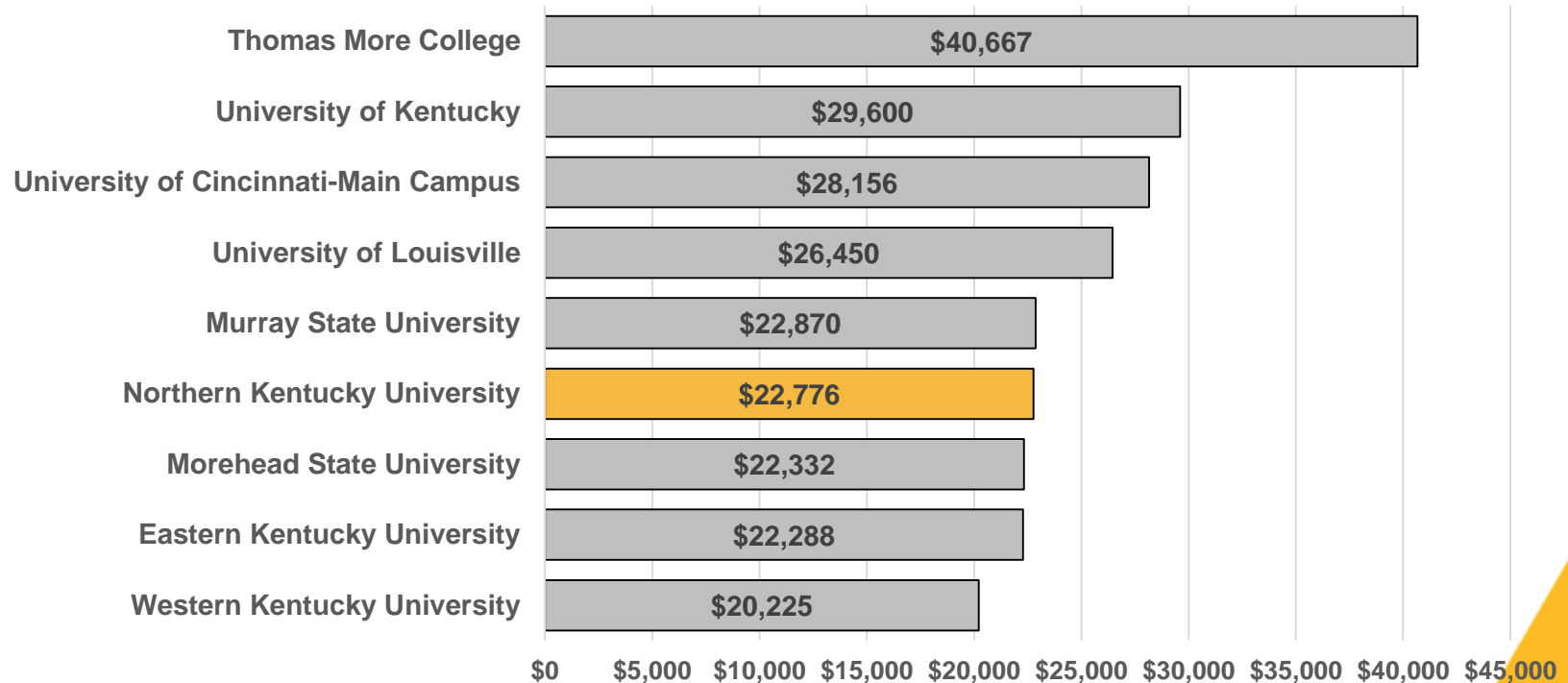
Published In-state Tuition & Fees	2017-18	Anticipated Increase	2018-19
Murray State University	\$8,820	3.00%	\$9,085
Morehead State University	\$8,956	0.00%	\$8,956
Eastern Kentucky University	\$9,366	0.00%	\$9,366
Northern Kentucky University	\$9,744	3.00%	\$10,024
Western Kentucky University	\$10,202	3.04%	\$10,512
University of Cincinnati-Main Campus	\$11,000	0.00%	\$11,000
University of Louisville	\$11,264	4.00%	\$11,715
University of Kentucky *	\$11,942	3.00%	\$12,300
Thomas More College	\$30,270	3.07%	\$31,200
Xavier University	\$37,230	3.50%	\$38,530

\* University of Kentucky has not announced its tuition increase; using estimate of 3%



# 2017-18 Cost of Attendance

## Market Competitors – Public & Private



As defined by HEA Section 472, Cost of Attendance (COA) is an estimation of average student costs for a period of enrollment. COA includes tuition and fees and allowances for room & board, books, supplies, transportation, and personal miscellaneous expenses.



# Proposed Tuition Rates

Level	2017-18 Tuition Rate	FY 2018-19 Proposed		
		Tuition Rate	\$ Increase	% Increase
<b>Undergraduate</b>				
Rate per Credit Hour				
Resident	\$390	\$402	\$12	3.1%
Metro (returning)	\$590	\$608	\$18	3.1%
Nonresident	\$780	\$804	\$24	3.1%
Online	\$426	\$437	\$11	2.6%
PACE	\$415	\$427	\$12	2.9%
RN-BSN Online Partner Rate	\$330	\$330	\$0	0.0%
School Based Scholars (per course)	\$156	\$156	\$0	0.0%
Full-time semester rate (12-16 hours)				
Resident	\$4,680	\$4,824	\$144	3.1%
Metro (returning)	\$7,080	\$7,296	\$216	3.1%
Nonresident	\$9,360	\$9,648	\$288	3.1%
RN-BSN Online Partner program rate	\$9,900	\$9,900	\$0	0.0%



# Proposed Tuition Rates

Level	2017-18 Tuition Rate	FY 2018-19 Proposed		
		Tuition Rate	\$ Increase	% Increase
<b>Graduate</b>				
<b>Graduate per credit hour</b>				
Resident	\$584	\$613	\$29	5.0%
Ohio/Indiana	\$703	\$738	\$35	5.0%
Nonresident	\$898	\$943	\$45	5.0%
SNU Computer Science Program	\$700	\$735	\$35	5.0%
Online	\$624	\$653	\$29	4.6%
<b>Business Graduate per credit hour</b>				
Resident	\$627	\$627	\$0	0.0%
Ohio/Indiana	\$737	\$737	\$0	0.0%
Nonresident	\$1,022	\$1,022	\$0	0.0%
Master of Business (MBA)	\$499	\$524	\$25	5.0%
ELOC (2-year cohort rate)	\$34,950	\$34,950	\$0	0.0%



# Proposed Tuition Rates

Level	2017-18 Tuition Rate	FY 2018-19 Proposed		
		Tuition Rate	\$ Increase	% Increase
<b>Graduate</b>				
<b>Other Graduate per credit hour</b>				
Master of Education (online)	\$518	\$518	\$0	0.0%
Doctor of Nursing Practice (DNP)	\$648	\$673	\$25	3.9%
Certificate in Nursing Anesthesia	\$717	\$746	\$29	4.0%
Master of Science in Nursing (MSN)	\$621	\$645	\$24	3.9%
College of Health Professions Norton	\$465	\$465	\$0	0.0%
St. Elizabeth RN-BSN	\$400	\$400	\$0	0.0%
Children's Hospital Graduate	\$718	\$718	\$0	0.0%
St. Elizabeth MSN	\$545	\$545	\$0	0.0%
Mercy Health Online-Graduate	\$635	\$635	\$0	0.0%





# Proposed Tuition Rates

Level	2017-18 Tuition & Fee Rate	FY 2018-19 Proposed		
		Tuition Rate	\$ Increase	% Increase
<b>Education Doctorate</b>				
Per credit hour				
Resident	\$684	\$684	\$0	0.0%
Ohio/Indiana	\$803	\$803	\$0	0.0%
Nonresident	\$998	\$998	\$0	0.0%
<b>Law</b>				
Per credit hour				
Resident	\$745	\$782	\$37	5.0%
Nonresident	\$1,205	\$1,265	\$60	5.0%
Per semester				
Resident	\$9,685	\$10,166	\$481	5.0%
Nonresident	\$15,665	\$16,445	\$780	5.0%
LLM	\$28,950	\$28,950	\$0	0.0%
<b>Mandatory Fees</b>				
Campus Recreation Fee	\$16	\$16	\$0	0.0%



# ANNUAL OPERATING BUDGET



# Summary

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The 2018-19 operating budget spending authorization is recommended at \$236,000,000.

# FY19 Budget Proposal

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# STRATEGIC BUDGET RECOMMENDATIONS

- Investments
- Reallocations
- Anticipated impact

# **MANDATES AND STRATEGIC INVESTMENTS**

# Recurring Investments

## MANDATES & STRATEGIC INVESTMENTS

Compliance/Safety requirements	\$776K
COI, CHP, Honors, & STEM-H instructional resources	\$2.2M
Compensation increase (effective January 1, 2019)	\$1.7M
Other	<u>\$524K</u>
<b>TOTAL</b>	<b>\$5.2M</b>

# Non-Recurring Investments

Compliance/Safety requirements	\$897K
Deferred maintenance	\$1.3M
Resources for capital campaign	\$635K
Other	<u>\$115K</u>
<b>TOTAL</b>	<b>\$2.9M</b>

# Investments Summary

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Recurring investments	\$5.2M
Non-recurring investments	\$2.9M
<b>TOTAL</b>	<b>\$8.1M</b>

# Sources/Uses of Funds

<b>Net surplus (deficit) before FY19 investments</b>	<b>(\$0.6)</b>
Recurring investments	<u>(\$5.2)</u>
Net recurring	(\$5.8)
Non-recurring investments	(\$2.9)
Non-recurring funds from net assets	<u>\$2.9</u>
Net non-recurring	\$0.0
<b>REALLOCATION TARGET</b>	<b>(\$5.8)</b>

*Dollar amounts in millions*



# **REALLOCATIONS/CUTS BY DIVISION**

# Budget Process

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## Objective

- Educate campus on University's financial condition and engage faculty, staff, and students to solicit input on budget development

## Feedback Solicitation

- Stakeholder meetings (deans, chairs, faculty senate budget committee, staff congress, student government association)
- Faculty budget priorities survey
- Open forums
- Revenue generation and cost saving ideas website



# Reallocations by Division

Division	Amount	% of Base
Academic Affairs	\$3.0M	3.2%
Administration & Finance	\$2.5M	7.2%
Student Affairs	\$300K	4.3%
<b>TOTAL</b>	<b>\$5.8M</b>	<b>4.3%</b>

# ANTICIPATED IMPACT

# Impact of Reallocations

<b>REALLOCATIONS</b>	
Salary/Benefits	\$4.5M
<ul style="list-style-type: none"><li>• Elimination of 11 faculty positions<ul style="list-style-type: none"><li>• 4 non-tenure track (NTTR) positions (2 filled; 2 vacant)</li><li>• 7 tenure-track positions (all vacant)</li></ul></li><li>• Elimination of 52 staff positions (9 filled; 43 vacant)</li></ul>	
Operating Expenses	\$1.3M
<b>TOTAL REALLOCATIONS</b>	<b>\$5.8M</b>
<b>STRATEGIC INVESTMENTS for FY19 include:</b>	
<ul style="list-style-type: none"><li>• 42 positions<ul style="list-style-type: none"><li>• 19 faculty / 23 staff</li></ul></li></ul>	

# Impact of Recurring Investments

OPERATING	
• Compliance/Safety requirements	\$776K
• COI, CHP, Honors, & STEM-H instructional resources	\$2.2M
• Compensation increase (effective January 1, 2019)	\$1.7M
• Other	<u>\$524K</u>
<b>TOTAL</b>	<b>\$5.2M</b>
<b>POSITIONS</b>	
	<b>+ 42</b>
• 19 Faculty	
• 23 Staff	



# FY 2018-19 Budget Address

May 18, 2018

