



STRATEGIC PLANNING PROCESS  
WORK TEAM MEETING AGENDA

Fiscal, Economic & Political Environment Work Group

<b>Meeting Date:</b> February 1, 2013	<b>Start Time:</b> 2:30 p.m.	<b>End Time:</b> 3:40 p.m.																				
<b>Members:</b> <table style="width: 100%; border: none;"> <tr> <td style="width: 25%;">x Eric Brose</td> <td style="width: 25%;">x Charles Brown</td> <td style="width: 25%;">x Gary Clayton</td> <td style="width: 25%;">x Natasha Dempsey</td> </tr> <tr> <td>x Don Gorbandt</td> <td>x Kristi Haik</td> <td>x Sara Kelley</td> <td>x Russ Kerdolff</td> </tr> <tr> <td>x Ken Kline</td> <td>x Rick Kolbe</td> <td>x Sue Moore</td> <td>x Steve Nienaber</td> </tr> <tr> <td>x Erik Pederson</td> <td>x Ryan Salzman</td> <td>x Mary Paula Schuh</td> <td>x Leah Stewart</td> </tr> <tr> <td>x Joe Wind</td> <td><input type="checkbox"/> Karen Zerhusen Kruer</td> <td></td> <td></td> </tr> </table>			x Eric Brose	x Charles Brown	x Gary Clayton	x Natasha Dempsey	x Don Gorbandt	x Kristi Haik	x Sara Kelley	x Russ Kerdolff	x Ken Kline	x Rick Kolbe	x Sue Moore	x Steve Nienaber	x Erik Pederson	x Ryan Salzman	x Mary Paula Schuh	x Leah Stewart	x Joe Wind	<input type="checkbox"/> Karen Zerhusen Kruer		
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<b>Meeting Location :</b> Student Union 109																						
<b>Invited Guests:</b>																						

**Items for discussion/decisions (attach supporting documents as necessary)**

Item	Presenter	Time
1. Introductions & Review of the agenda		5
2. Federal fiscal/economic issues		10
3. Top priorities decision		3
4. Federal issues, laws, regulations, mandates		10
5. Top priorities decision		3
6. State fiscal/economic issues/trends		10
7. Top priorities decision		3
8. State issues, laws, regulations, mandates		10
9. Top priorities decision		3
10. Team Assignments		2

**Notes:**

<p><b>1. Introduced members present this week.</b></p> <p><b>2. Federal fiscal / Economic Issues</b></p> <ul style="list-style-type: none"> <li>• Federal Budget Outlook <ul style="list-style-type: none"> <li>○ Federal Financial Aid <ul style="list-style-type: none"> <li>▪ <b>What is the potential impact</b> on federal aid and other federal grants and contracts? (e.g., PELL grants- mandatory funding expires in September 2013)</li> </ul> </li> <li>○ Research Grants and Contract Funding <ul style="list-style-type: none"> <li>▪ What agencies are likely to see increased/decreased funding?</li> </ul> </li> </ul> </li> <li>• Interest Rates/ Inflation <ul style="list-style-type: none"> <li>○ Will interest rates remain low, or will we see a rise in interest rates over the next five years?</li> </ul> </li> </ul> <p><b>Discussion:</b> Lack of earmarks (feds appropriate grant \$ and legislature will say who receives it – non-competitive). NKU has one for Informatics for equipment;  <i>Sequestration issue</i> – will that occur in March? It would result in automatic cuts in Defense, non-discretionary, Education (TRIO) of 5 – 8%. RGC dealing with it.  Fed Wk-Study, SEOG, and default rates could be linked to federal future funding. Graduation Rates could link to that funding as well. <i>Default rates' regulations</i> could dictate what we participate in during upcoming fiscal cycles. Our default rate is a little lower than national average.  <i>What about last 5 years</i> in terms of federal cuts or increases? Are we examining that as a context? There is a history of earmarks – cuts were state, not federal funds.</p>
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## STRATEGIC PLANNING PROCESS WORK TEAM MEETING AGENDA

Other federal impacts on our budget? Health insurance regulations, though another committee is dealing with it. Are Federal Student Loans in jeopardy?

*Macro level* – sequestration looms, but politically across the board cuts cannot be allowed. There is support for Pell (Senator McConnell) and subsidized loans. Increased numbers of students are Pell eligible, but not increased funds for the program. Cannot increase dollar amount without tax increase. There are fights for senior entitlement programs. Again, will this mean taxes or cuts? No one knows. Unpredictability is the greatest issue. Congress used to earmark \$2 – 4 million to NKU annually, but that's gone. Federal Agency funds are being directed to local programs, rather than X institution. Joe doesn't see cut to grants. Healthcare – feds are paying for KY escalation, but a 3 year phase out for KY Medicaid from feds would result in an unfunded state mandate.

*Race to the Top* and such programs – will there be more of that? Should we emphasize that in the report? State is not better off. The problem has been moved, rather than solved. Grants for national & economic security will be the focus – applied research, rather than general/theoretical research. We want to be positioned to accept money, but it may not be until 2018. We must consider how to make our own money.

Stated concern about '*full paying customer.*' Someone has to pay. Not sure how we do that, but there needs to be those students who can pay their way – we have to attract them. How many employers will invest in NKU for their future employees?

*Interest rates, inflation?* Write up with broader discussion at a future meeting.

Utilize Joe and Sue as resources.

### 3. Top priorities decision:

- a. Federal financial aid including the growing level of student loan debt
- b. Funding for research, grants, and contracts
- c. General economic conditions and how they may impact NKU (interest rates, inflation rates job growth, tax policy)

#### ASSIGNMENTS:

**Write ups: Team (Erik Pederson, Gary Clayton, Leah Stewart) meets and discuss/write up a page by Wednesday, Feb. 13**

### 4. Federal issues, laws, regulations, and mandates

- Tuition prices
  - Will new regulations be forthcoming limiting our ability to increase tuition?
  - Will we have to consider sharing programs vs. cutting programs?
- Higher Education Cost Containment and College Affordability
  - Is there a legislative interest in cost containment and college affordability?
  - Could financial aid be tied to tuition?
- Student loan debt- Next housing bubble?
  - What new rules and regulations could be imposed?
  - Why not cap loans by career?
- MOOCs / for profits
  - What regulations could be imposed?
  - How could it impact us?
  - How could it impact our competition?
  - Could we impose fee-based challenges and/or charge for certification exams?
  - Will there be new regulations imposed on certificates/non-degree credentials?

\*Add compliance as an issue

**Discussion:** Affordable care for employees and students could increase. Health Counseling could be affected. ADA laws – Title II changed, Title IX looked at differently. IRS cracking down on our contractors. What will reshape our direction through 2018? Contractors – adjunct faculty? Affinity group policies will shape our employees and student demographics.

*Compliance areas* – increased resources to implement and monitor expanded regulations could strain our budget.

*Competitive forces* – MOOCs/for profits, though we're looking at regulations. Will we partner with such education providers in next 5 years?

*Enhancing revenue opportunities* – Health Informatics is building out. What about a sub-institute in Chase? Could we be paid for outsource services to assist the feds and commonwealth? Zero sum game, but better than negative balance.

*Imposed regulations* as point or not?

Will be assessed negatively as a work group if we don't mention an issue?

Public Policy could work with cost containment/affordability. Discuss impact more fully.



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### 5. Top priorities decision:

- a. General Overview of major regulations impacting NKU, including compliance requirements
- b. Revenue opportunities to NKU related to these new or revised regulations

Utilize Joe, Ken, Sue as resources.

#### ASSIGNMENTS:

**Write ups: Team (Erik Pederson, Sara Kelley, Leah Stewart) meets and discuss/write up a page by Wednesday, Feb. 27**

### 6. State fiscal / Economic Issues

- State Budget Outlook
  - What state budget pressures will we be competing with?
  - What is the anticipated trend in state funding for public institutions?
- Performance based and Outcomes based funding
  - Is there a legislative interest in Kentucky in regard to performance based funding and outcomes based funding?
  - Are other states adopting this type of model? How was it initiated?
- Pension Reform
  - How will pension reform affect NKU?
  - How does it impact our budget?
  - Will it impact our ability to recruit/ retain staff?
- New Sources of Revenue
  - Are new sources of revenue a possibility for the state of Kentucky?
    - Tax Reform
      - 529 Savings Plan (State operated college savings plan) - The Tax Commissioner has recommended implementing a tax deduction for 529 savings plan contributions. How will this affect higher education?
    - Gambling
    - Industrial hemp production
- Cost Containment and College Affordability
  - Is there a legislative interest in cost containment and college affordability?
  - If we demonstrate cost containment, how will affordability impact our state funding? What happens if we do not comply?

### 7. Top priorities decision – this will be decided at future meeting.

### 8. State issues, laws, regulations, and mandates

- Tuition Pricing
  - Will new regulations be forthcoming limiting our ability to increase tuition?
  - What are the possible changes to KEES and CAP grants? Will they be fully funded?
- \$10,000 Degree
  - Will this be coming to Kentucky? How will it impact NKU?
  - Are there ways to lower costs?
- \* Length to graduate
- Statewide Commonwealth College Initiative
  - What is it and what are the implications for NKU?
  - Is it reciprocal or are these shared programs between four year institutions like our 2 plus 2 agreement with KCTCS?
- Guns on Campus
  - Will Kentucky become one of the states that require public institutions to allow guns on campus?

**Discussion:** State passes laws, but we deal with CPE and BOR.

*Will CPE step in to take over tuition rates? What would they do in regard to tuition?*

*Changes to KEES. Merit over Need aid and should it be funded at same rates?*

*CA, TX, FL - \$10K degree. Assess risk? Strong interest for lower cost degrees for traditional students.*

*Commonwealth College – Western Governors' U model being adopted by a number of states. CPE assessing this.*



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AASCU – *State laws regarding guns on campus.* A number have adopted such laws allowing guns on campus.  
*Inability to bond w/o state approval.* \$600K threshold. Restrictions on funds. Bonding through Campbell County would still require state authorization.

Are *state regulations* for NKU the same for UK? TX has legislated exemptions. UK – other methods for sources of revenue (foundation, etc.). Regulations are across the board for KY public educational institutions.

*Shorter graduation time:* AP classes or dual enrollment in secondary are methods. States leaning toward \$10K are factoring those items.

### 9. Top priorities decision:

a. Time to degree & graduation rates

b. Cost of degree linked to tuition pricing and affordability

c. Alternative pathways to degree attainment, raising educational attainment levels, adult learners

(Guns as a limited item)

(Capital Restrictions mentioned)

Utilize Ken, Joe, Sue, Mary Paula as resources

### ASSIGNMENTS:

**Write ups: Team (Ryan Salzman, Sara Kelley, Steve Nienaber) meets and discuss/write up a page by Wednesday, Feb. 13**

**Everyone else: keep reading, posting on Blackboard, and be ready to discuss.**

**\*\*\*\*NEXT MEETING: FRIDAY, FEBRUARY 8, 2:30 – 3:30 p.m. in Student Union 109. \*\*\*\***