



REAL AMBITION

REAL SUCCESS

NKU 

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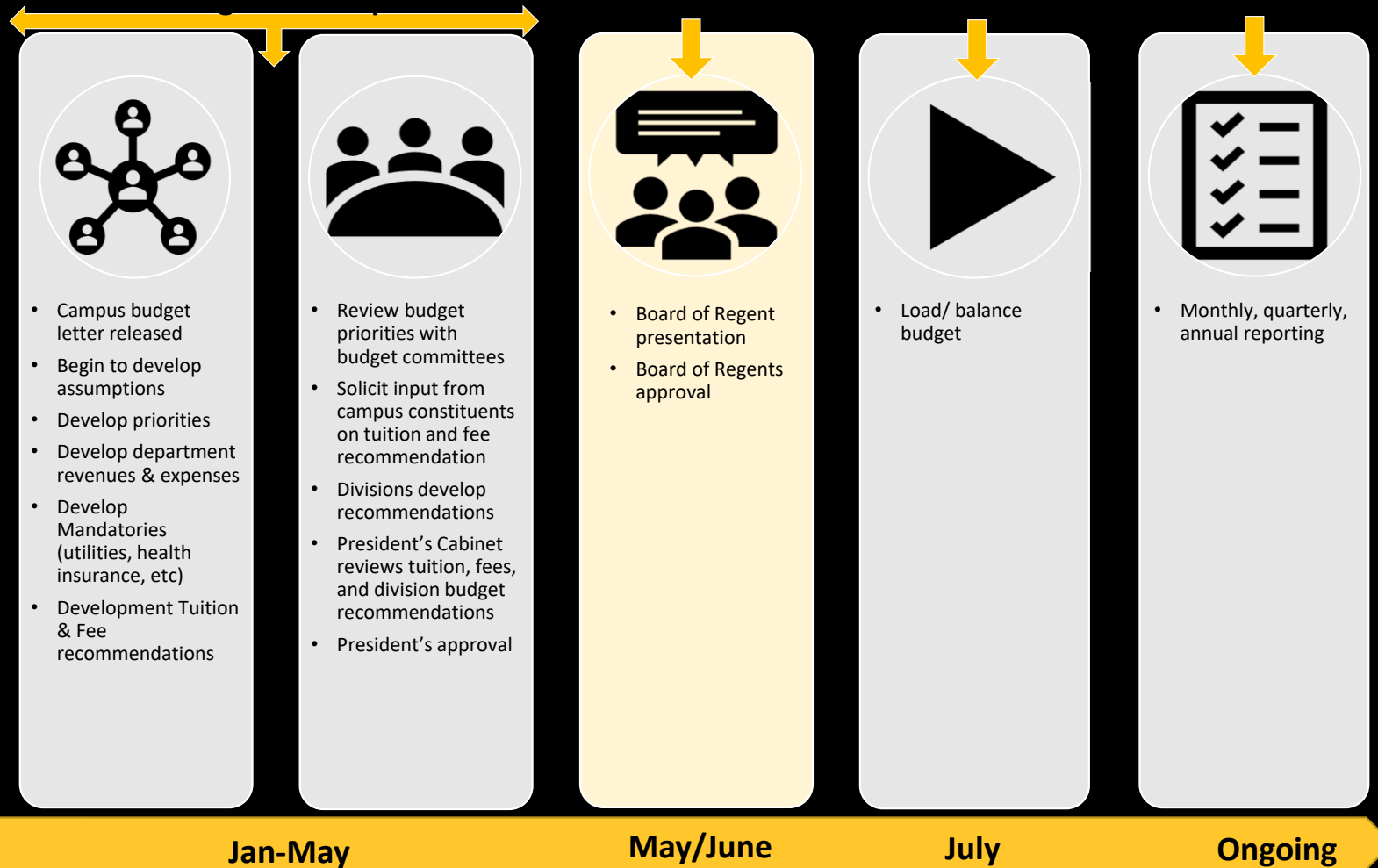
FY 24 Budget Overview & Discussion

June 2023





Budgetary Process





Key Takeaways

Budget Process

- Multidisciplinary Finance/IT Team – several sets of eyes developing, problem solving & considerable testing of assumptions/projections
- Eliminated vestiges of RCM Budget Process – Central vs. Non-Central
 - Realigned structure to current organizational structure
- Implemented true Recurring/Non-Recurring Structure
- Significant Communication with Shared Governance Groups
 - How to engage given resource constraints?
- Transparent
- Engagement of Unit Leadership – developing assumptions, budget moves, sign offs, etc
- Automated Reporting Process with Board Format
- Movement towards “All Funds” budgeting
- Ended Carryforward Policy & Reliance – No Net Changes to Board Approved Budget



FY 23

Estimated Budgetary Actions Implemented

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Spending Reductions (Cuts)

- Recurring: \$20.3M
- One-Time: \$3.6M (this amount will continue annually)

Spending Reallocations (Moves – does not include faculty lines)

- Recurring: \$1.5M
- One-Time: \$11.5M

Spending Avoidance

- One-Time: >\$3M

Overall Adjustments implemented in FY 23: > \$39.9M (15% budget)

Estimated Employment Impact for FY 24: ~125 less full-time positions



FY 23 – FY 25*

Budgetary Changes

Recap

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- ✓ **Financial Aid Realignment ~\$8M**
 - ✓ Modify merit award programs and eliminate stacking
 - ✓ Realign EDGE program
 - ✓ Fully leverage federal and state aid programs
 - ✓ Strategically utilize Foundation Funds
- **Revenue Enhancements ~\$10M**
 - \$2.6M goal for FY 24
 - Housing Occupancy
 - Recreation Center & Parking
 - Program Growth & New Programs
- ✓ **Expenditure Reductions ~\$12M**
 - ✓ Staff Reductions
 - ✓ Operating Expenses
 - Outsourcing
 - Academic Commons
 - Instructional Costs



FY 23 Projections

What Changed?

- **Projected loss from operations of ~\$19M vs \$15.9M**
 - Loss lowered by use of non-operating funds of \$5M
- **Revenues: spring tuition revenues ~\$3.5M lower**
 - Incremental gifts for Fin Aid of \$1M not fully recognized
- Expenses in-line with revised budget
- Auxiliary losses not included in revised budget
- Unexpected costs:
 - Presidential Transition Expense
 - US 27 Legal Cost
 - Financial Aid Overages



FY 24 Budget



Key Assumptions

Financial

- 3% across the board tuition increase with limited exceptions
- Rate increases in Housing, Dining, Parking
 - Removed Prior Year Financial Decisions
- Continued Reinvestment/Reallocation
 - Marketing
 - Enterprise NKU
 - Enrollment Management and Transfers
 - Growth Programs
 - Asset Preservation Match
- Health Insurance increases
- No Across the Board or Merit Employee Compensation Increases
- \$3.6M Salary Savings requirement remains
- State Performance Funding Increase ~\$1.3M
- Enrollment Changes (generally credit hour declines)



Revenues

Requested Rate Increases

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- Tuition: 3%
 - UG FT On Campus Base KY Resident \$152
 - \$5,256 from \$5,104 per semester
- Dining: 8.5%
 - Most Popular Plan: 225 Block: \$2,230 from \$2,055
- Housing: Varies 4.9% to 7.8% based on room type
 - Most Popular: Double with Semi-Private: \$3,650 from \$3,450
- Full Time Student Parking Annual Pass: 9.6%
 - \$286 from \$261 (FY 24 & FY 25)
- Full Time Faculty/Staff Parking Annual Pass: 6.2%
 - \$429 from \$404 (FY 24 & FY 25)



Tuition

Historical Rates

Undergraduate

On Campus

Full Time

KY Resident

Year	Amount	Increase \$	Increase %
23-24 Prop	\$10,512	304	3%
2022-2023	\$10,208	200	2%
2021-2022	\$10,008	96	1%
2020-2021	\$9,912	0	0%
2019-2020	\$9,912	264	2.7%
2018-2019	\$9,648		



Parking

Historical Rates

**Student Annual
Full Time**

Year	Amount	Increase \$	Increase %
23-24* Prop	\$286	25	9.6%
2022-2023	\$261	5	2%
2021-2022	\$256	0	0%
2020-2021	\$256	0	0%
2019-2020	\$256	6	2.4%
2018-2019	\$250		



Dining

Historical Rates

Ultimate Plus Meal Plan Per Semester

Year	Amount	Increase \$	Increase %
23-24* Prop	\$2,479	194	8.5%
2022-2023	\$2,285	75	3.4%
2021-2022	\$2,210	60	2.8%
2020-2021	\$2,150	115	5.7%
2019-2020	\$2,035	60	3%
2018-2019	\$1,975		

Rates based on an estimated 8.3% national food inflation factor



Housing

Historical Rates

**Double with Semi Private
Per Semester**

Year	Amount	Increase \$	Increase %
23-24* Prop	\$3,650	200	5.8%
2022-2023	\$3,450	100	3.0%
2021-2022	\$3,350	25	0.75%
2020-2021	\$3,325	175	5.6%
2019-2020	\$3,150	150	5.0%
2018-2019	\$3,000		

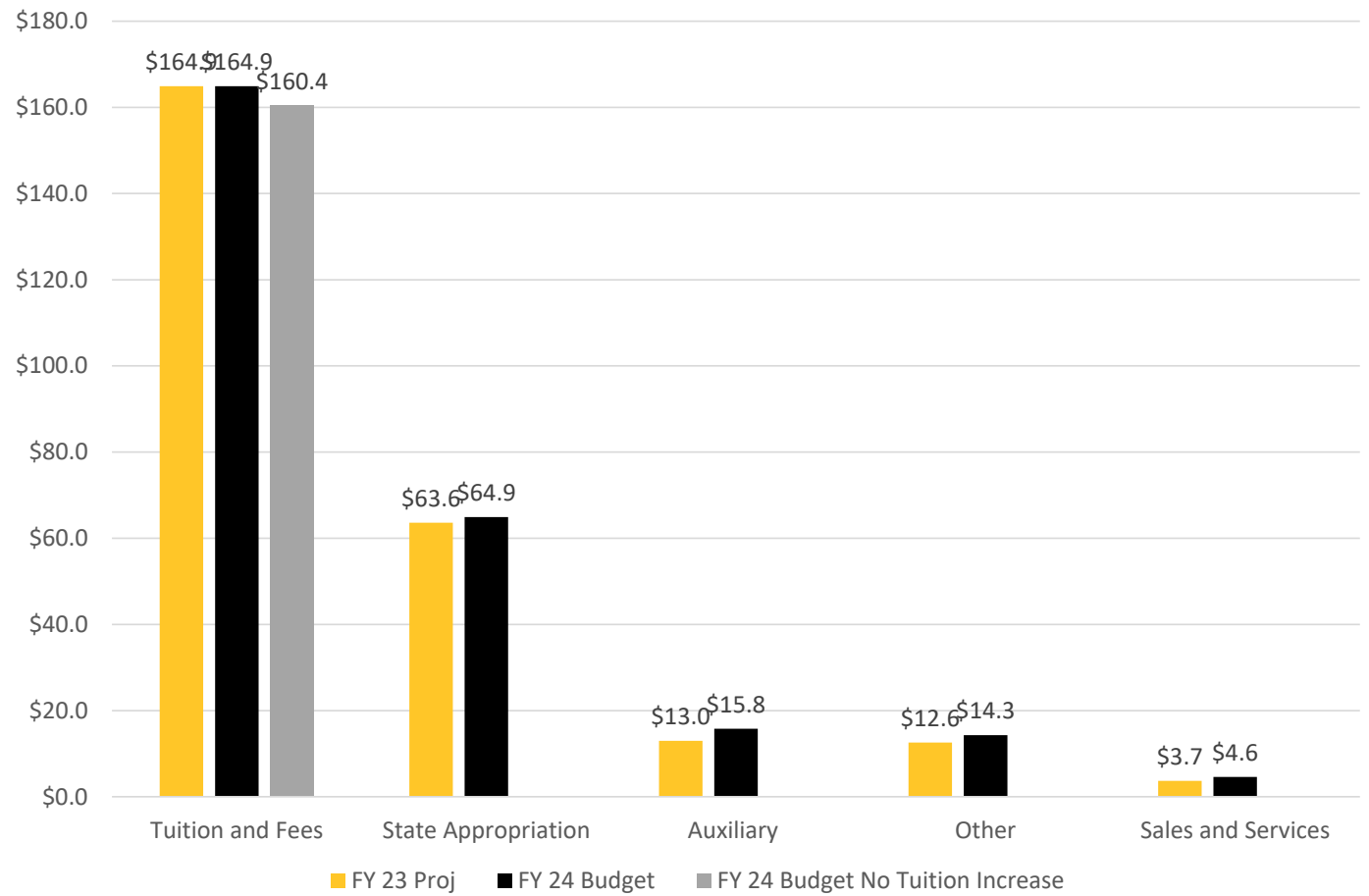
NKU Rates will remain amongst the lowest in the Commonwealth and Region



FY 24 Proj Revenues

\$264.5M

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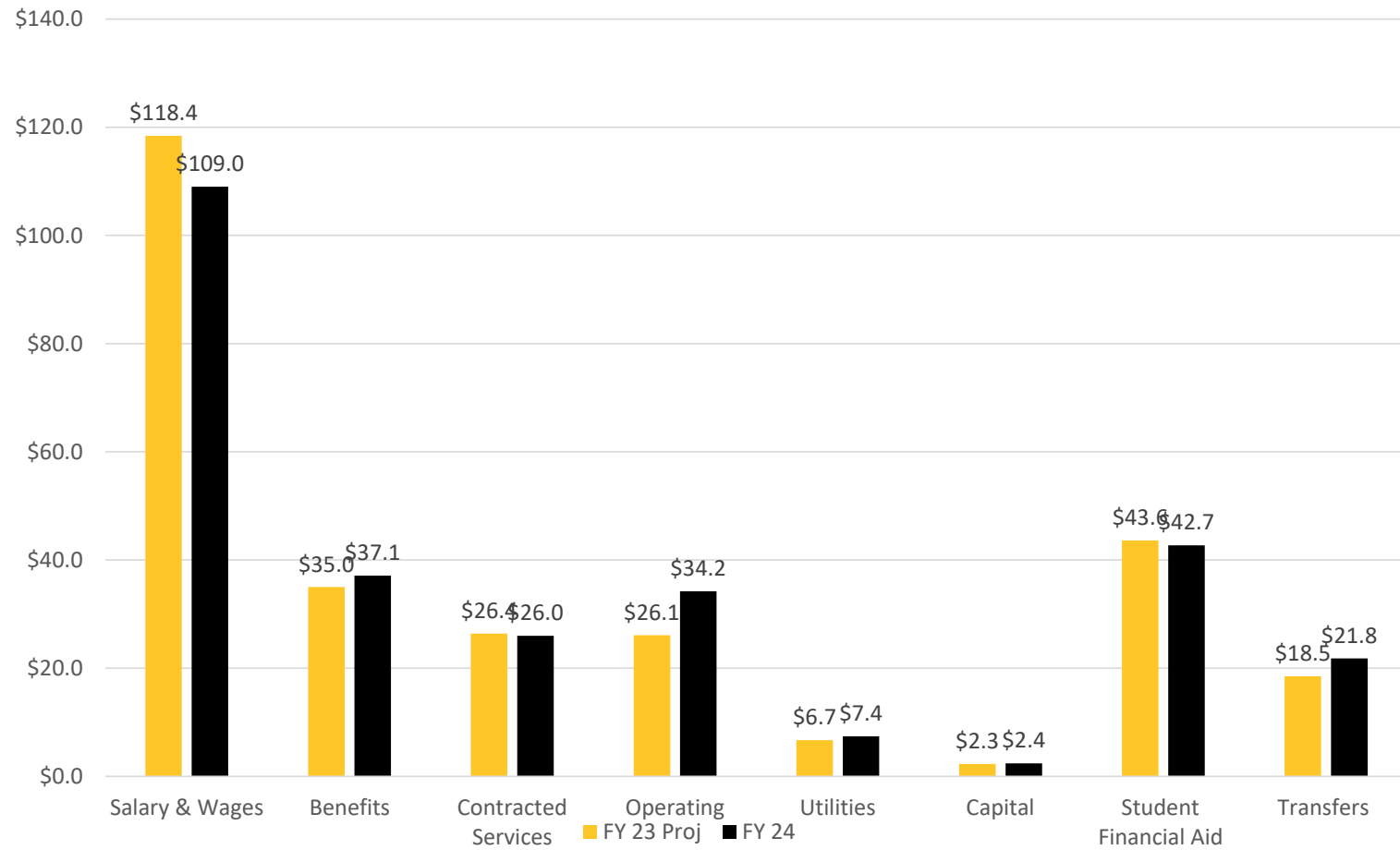




FY 24 Proj Expenses

\$280.6M

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FY 24

Proposed Budget

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(\$'s in millions)

	FY 23 Projected	FY24 Proposed	Increase/ (Decrease)
Revenue/Sources			
Tuition/Fees (Gross) - Resident	\$69.1	\$67.3	(\$1.8)
Tuition/Fees (Gross) - Non Resident	54.3	55.4	1.1
Accelerated Online (Gross)	41.5	42.2	0.7
State Appropriation	63.6	64.9	1.3
Sales/Services	3.7	4.6	0.9
Other Revenue (e.g., Invest Income, rentals)	12.6	14.3	1.7
Auxiliary Revenue	13.0	15.8	2.8
Total Revenue/Sources	\$258.0	\$264.5	\$6.5
Expenditures/Uses			
Salary and Wages	\$118.4	\$109.0	(\$9.4)
Fringe Benefits	35.0	37.1	2.1
Contract Services	26.4	26.0	(0.4)
Operating	26.1	34.2	8.1
Utilities	6.7	7.4	0.7
Capital	2.3	2.4	0.1
Student Financial Aid	43.6	42.7	(0.9)
Transfers (e.g., Debt Service)	18.5	21.8	3.3
Total Expenditures/Uses	\$277.0	\$280.6	\$3.6
Revenue/Expense Difference	(\$19.0)	(\$16.1)	\$2.9
Planned Use of Reserves	\$19.0	\$16.1	\$0.0



Non-Recurring Expenditures

- Student Financial Aid Transition ~\$8.2M
- FVSP December Salaries & Benefits ~\$850k
- ERP Project/HANA \$600k

Investment Through One-Time Non-Operating Funds:

- Separation Incentives and Transition Costs ~\$2.3M
- Asset Preservation Match ~\$2.3M
- Additional Marketing \$600k (pending final plan)



What Changed?

- Utility Increases ~\$750k
- FY 23 Financial Aid estimates higher in spring than projected
- Delay in changes in Governors Scholarship changes ~\$500k
- Health Insurance Increases
- Revenue declining at increasing pace commensurate with national trends at regional institutions
 - On-campus undergraduate
 - Law



Reallocations

Reallocation Investments Examples

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Reallocations for Investment in Strategic Priorities

- **\$3.82 million in FT faculty positions reallocated in FY23, FY24 (to date)**
- Invested in Faculty Hires in Growth Areas:
 - MAcc, Construction Management, Supply Chain, Computer Science, Nursing, Occupational Therapy
- Made Hires in Student Success/Areas of Critical Need:
 - CINSAM, SOTA, Ed Leadership, Bar Prep, Field Placement, Legal Writing, Stealy Department Heads, Gen Ed & Assessment, Financial Aid, Adult & Transfer Center
- Invested in Part Time Faculty:
 - \$1.55 million to CHHS
- Supported New Program:
 - Online cybersecurity

Will be opportunistic and continue this reinvestment strategy as opportunities arise



FY 24 Budget

What does all of this mean?

- **Projected loss from operations of \$16.1M**
 - \$9.6M Recurring
 - \$6.5M Non-Recurring(Net)
- **Will require use of reserves of \$16.1M to fund operations**



Future Needs

Not Included in FY 24

- Enterprise Resource Planning (EPR) System (\$20-\$40M)
- Deferred Maintenance Outside of Asset Preservation
- Onboarding Expenses for New President
- Possible Increased Insurance Needs
- Additional Housing Debt Service (FY 25 ~\$450k annually)



Risks

- Enrollment Levels & Mix
- State Performance Funding
- Deferred Maintenance
- Use of one-time Foundation Funds to support core expenses
- Continued Pressure on Salaries/Benefits



Improvement Plan

FY 25 (Year 3) Original Targets

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- Planned Expenditure Reductions ~\$1.8M
- Targeted Revenue Growth ~\$6.5M
 - State Funding for YSA \$2.5M
 - Housing \$200k+
 - Academic Programs \$2.2M
 - MSN*
 - Law*
 - New Online
 - Retention Improvement \$700k
 - Other Sources (leases, program revenues, etc) \$900k
- Scholarship Fundraising ~\$3M (one time)



Improvement Plan

FY 25

(Year 3)

**Targets to
Implement**

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Expenses

- Instructional Cost Reductions Year 2: \$1.8M (Targeted)
- Additional Recurring Expenditure Reductions: \$5M (New)

Revenue

- Young Scholar's Academy Revenues: \$2.5M (Targeted)

Total Improvements: >\$9.3M

Reinforcing culture of:

- continuous evaluation of ongoing costs,
- focus on enrollment opportunities,
- seeking new programs (including online),
- Seeking alternative revenue sources, and
- incremental fundraising



Questions?