Dear Colleagues:

As we begin developing the budget for fiscal year 2022-2023 (FY23), we recognize that for nearly two years now, the campus community has persevered through a pandemic while continuing onward together in our quest to becoming a more student-ready, regionally engaged university that empowers diverse learners for economic and social mobility.

This past academic semester we were able to have the vast majority of our classes taking place in person after a year of transition and largely remote learning. It was wonderful to walk around campus in person and see the students, faculty, and staff who make this such a wonderful place.

We begin the budget process with cautious optimism. As I referenced back in March 2021, we had some positive news on the legislative front but headwinds remain. Because of our sound fiscal management during the past two years, and the incredible work of the faculty and staff, we are on target to finish FY22 on budget. The successful resolution of the pension issue that kept long-serving staff in KERS also resulted in much needed financial certainty. For 2022, we have also frozen medical premiums, added a one-time bonus and a paid parental leave benefit.

For FY23, we must deal with several key challenges. First, we cannot rely on any additional federal stimulus funds which were critical in addressing budget shortfalls this year. Nor can we continue to fund recurring expenses with one-time dollars. In addition, we must address the following questions. Will the retention and persistence rates of our undergraduate students trend upwards after a steep decline this year? Will new enrollments at both the undergraduate and graduate level stabilize and
perhaps grow? Will state appropriations through the performance funding model be increased? How much will our mandated healthcare costs and other fixed costs climb as inflationary pressures grow? In a Covid-impacted economy, how do we recruit and retain diverse talent?

To that last point I want to make clear that an institutional priority will be to undertake a comprehensive plan that includes the steps necessary to provide a reasonable performance/merit based salary increase to all eligible faculty and staff, to implement the next phase of the salary range adjustment process based on the new salary range structure, and to address as much as possible, salary compression/inversion issues.

In my past budget development communication in December 2020, I shared the principles that will guide the development of the budget. While those principles are still valid, let me share some of my expectations of units/departments/colleges/divisions as they prepare their budget requests.

- We will clearly articulate the rationale for investments in those activities in Box 1 and aligned with Success by Design - the campus-wide projects with a special emphasis on closing equity gaps across student subpopulations – and promote process improvements.
- We will identify cost efficiencies across academic and operational activities by benchmarking against appropriate productivity measures and the CPE Performance Funding formula. In addition, we will identify reallocations based on specific Box 2 activities.
- We will invest in Box 3 entrepreneurial activities that generate revenue and ROI. In particular we will incentivize collaborations and partnerships to create greater financial sustainability.

Throughout the budget development process, we will solicit ideas and suggestions to keep the campus community engaged and informed. We will consult with Staff Congress, Faculty Senate, Student Government Association, Council of Chairs, Academic Affairs Council and the relevant budget committees. All suggestions and ideas will be considered as we develop a budget recommendation for approval by the Board of Regents in June 2022.

Thank you all for all the hard work and dedication that goes into the creation of our annual budget. I look forward to working with you on this endeavor.

Sincerely,
Ashish
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