

From: nkunews-bounces@listserv.nku.edu on behalf of [Geoffrey Mearns](#)
To: [nkunews Listserv](#)
Subject: [NKUNews] New Budget Model - CORRECTION
Date: Monday, February 09, 2015 3:39:30 PM
Attachments: [ATT00001.txt](#)

Dear Colleagues:

As I shared with you before the holidays, last summer I formed an internal task force to implement the strategy identified in the strategic plan: “develop an all-funds approach to budgeting and ensure budget processes align resources with strategic goals.” This task force assessed our current budget process and identified national best practices in university budget development. The task force recommended that our university develop a decentralized, incentive-based approach to budgeting. This recommended approach will incorporate incentives to overcome our ongoing challenges with enrollment and retention. Our current budget process does not provide this incentive. NKU is highly tuition-dependent; tuition generates more than 67% of our education and general revenues. With increased pressure on student recruitment and state caps on tuition increases, increasing net tuition revenue to fill budget gaps and fund investments is becoming more and more difficult.

In addition, the new budget model will align with our strategic priorities, allocate resources to promote student success, stimulate strategic growth, encourage innovation and entrepreneurship, and support transdisciplinarity and institutional excellence. This approach will support growing revenue sources beyond student tuition and state appropriation. As you know, I have been fighting to get the State to provide NKU with the appropriations we deserve. But we cannot count on state appropriations to fuel our growth. We have to be entrepreneurial and innovative. And we need a budget model that supports these efforts.

Since my last message, we completed a competitive bid process that asked industry experts for their experience with the development and implementation of incentive-based budget models. As a result of our evaluations, we have selected Huron Consulting Group as our partner. Huron has successfully helped design budgeting and financial planning models at more than 30 higher education institutions. At NKU, they will assist us in facilitating decision-making, building a new financial model, and engaging key campus stakeholders. Working closely with the steering committee, comprised of the Provost and Executive Vice President for Academic Affairs, the Senior Vice President for Institutional Effectiveness, the Vice President for Administration and Finance, and our six college deans, Huron will help us develop a model that promotes student success, strategic growth, innovation and entrepreneurship, as well as transdisciplinarity and institutional excellence.

From now through the end of March, we will work together to build an initial financial model, based on fiscal year 2014. Once we reach that target, we will spend the next two months sharing the proposed methodology with various groups on campus to collect feedback, identify refinements that may be needed, and address questions or concerns. Our goal is to have a new model in full operation for Fiscal Year 2017 (which begins July 1, 2016), with the upcoming Fiscal Year 2016 as a “parallel year” where we continue to use our current system while testing the new model.

Consistent and open communication is critical for this initiative. In addition to existing channels, a web page is being created where you may find updates and additional resources (<http://newbudgetmodel.nku.edu/>). I will also be hosting an open forum on February 16 from 1:00 to 2:00 in the Otto M. Budig Theater to provide an overview of the initiative and answer your questions. If you have any questions, I encourage you to attend the forum or contact any member of the steering committee, the Budget Office, or you may email newbudgetmodel@nku.edu.

Thank you for your continued support.

Geoff

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