1. Call to Order, Adoption of Agenda
2. Approval of Minutes from PCC Meeting of January 18, 2018
3. Chair's Report and Announcements
4. New Business
   - Information Item: Proposed Reduction of Tenure Protections in H.B. 200 (proposed Kentucky budget bill) (2 attachments)
   - Discussion Item: President St. Amand’s Letter on the Budget (1 attachment)
5. Adjournment
Professional Concerns Committee
Minutes for February 1, 2018
SU 109, 3:15 pm


1. Call to Order, Adoption of Agenda
   a. The Meeting was called to order, and the agenda was adopted unanimously.

   a. The minutes were approved.

3. Chair’s Report and Announcements
   a. Faculty Senate elections were completed. All incumbent chairs ran unopposed.
   b. Faculty Regent Rick Boyce is not running for reelection. Nominations will come out shortly.
   c. Faculty Senate adopted our amended version of the benefits proposal for temporary faculty.
   d. Senate had a few questions about our Acceptable Use policy comments. They have been submitted, but no response has been received.
   e. President St. Amand presented to the Faculty Senate about the budget.
   f. There was an open forum for Incoming President Vaidya.

   a. In the Governor’s proposed budget legislation (draft H.B. 200), Paragraph 29 adds provisions by which tenured faculty members could be more easily removed from their jobs. This paragraph is attached to the end of these Minutes.
   b. The language proposed in the bill provides weaker protections than our Faculty Handbook. For instance, Section 2 states that faculty can be removed after ten days notice if a university department or academic program has been eliminated, but puts no meaningful constraints on how the decision to eliminate a department or program is taken, nor does it define “program.”
   c. Section 3 provides for less demanding requirements for declaring financial exigency. The decision rests entirely with the Board of Regents and does not require faculty or staff input. Faculty members could be removed with ten days notice upon the declaration of financial exigency. Our Handbook requires a more rigorous and lengthy process.
   d. General sentiment is that we should oppose these provisions. Suggestions included contacting other Faculty Senate Presidents to be sure they are aware and political activism, perhaps through social media or the Faculty Senates.
   e. K. Katkin will draft a document to the President requesting a commitment that NKU will follow our Faculty Handbook, even if the law permits more lax requirements for removal of faculty.

5. New Business: President St. Amand’s Letter on the Budget
a. President St. Amand requested input to aid in budget reduction. The Faculty Senate will likely submit suggestions on behalf of the entire faculty. PCC can play a role in formulating ideas for Senate to discuss.
b. Suggestions proposed by PCC members:
   i. Athletics expenses—eliminate athletics, move down division, reduce the contribution from the NKU budget.
   ii. Reduce the size of the administration—bloat.
   iii. Consider the cost of IT to run administrative initiatives such as SSC.
   iv. Inefficiencies driven by policy—requirement to use Chartwell’s catering at a higher cost.
   v. Costs associated with the new Honor’s College.
   vi. Faculty positions being eliminated in favor of advisors, certain staff.
   vii. Auxiliaries—Housing, Parking, SU, and dining seem to be profitable but this money is outside the budget. Renovating $2M parking lots during a time of budget cuts is bad PR.
   viii. AP partnership seems like a poor deal for NKU. Should we formulate a resolution to Faculty Senate about this? Should this be combined with a larger budget resolution?
      1. Who should be the audience for the AP resolution? Eastern Michigan faculty addressed their objections to students.
      2. There seemed to be general consensus that PCC formulate two separate resolutions—one resolution with budget suggestions, and a separate resolution that raises non-budgetary concerns about the AP contract.

c. There was a question about the approach of the Senate Budget Committee to the budget reductions. Do they have access to more information than PCC members? K. Katkin said he would ask Budget Committee Chair Janel Bloch to visit PCC to discuss the budget.

6. The meeting was adjourned by K. Katkin.

Submitted,
John Farrar
AN ACT relating to appropriations and revenue measures providing financing and
conditions for the operations, maintenance, support, and functioning of the government
of the Commonwealth of Kentucky and its various officers, cabinets, departments,
boards, commissions, institutions, subdivisions, agencies, and other state-supported
activities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

29. Appointment and Removal of President, Faculty, and Employees:

Notwithstanding KRS 164.360 or any statute to the contrary, upon the recommendation
of the president of a state-funded university or the Kentucky Community and Technical
College System, each Board of Regents may remove any faculty member or employee:

(1) For incompetency, neglect of or refusal to perform their duty, or for immoral
conduct. Under this subsection a president or faculty member shall not be removed until
after ten days’ notice in writing, stating the nature of the charges preferred, and after an
opportunity has been given to make a defense before the board by counsel or otherwise
and to introduce testimony which shall be heard and determined by the board;

(2) If a university or Kentucky Community and Technical College System
department or academic program has been eliminated. Under this subsection, an
employee or faculty member shall not be removed until after ten days’ notice in writing;

and

(3) If the Board determines the university or a Kentucky Community and
Technical College System college faces a bona fide financial exigency. A "bona fide
financial exigency" means a severe financial crisis that fundamentally compromises the
academic integrity of a university or a college within the Kentucky Community and
Technical College System that cannot be alleviated except through extraordinary means.
Under this subsection, an employee or faculty member shall not be removed until after
ten days’ notice in writing.
Colleagues:

As most of you certainly have heard by now, the state budget process has started in Frankfort. Whether you listened to the Governor’s budget address to the General Assembly or read news reports following, you likely have many questions about what this all means to us, but you also likely realize that we will be confronted with making some tough decisions. These decisions will be focused on keeping us financially strong in the short term, but also supporting our core mission and expanding our areas of greatest long-term opportunity.

On December 14, 2017, I sent a message to the campus regarding our fiscal year 2019 budget process. That message alluded to the state fiscal challenges and indicated we were putting a hold on the annual budget request process for the next fiscal year. This was due to uncertainty concerning possible significant increased pension contributions and the possibility of cuts in our state appropriation for next fiscal year.

Developments in Frankfort and elsewhere since then have not improved this outlook.

First, we have been advised that our current fiscal year 2018 state appropriation is being cut by $516,000.

Second, we are aware that some of our fixed costs will increase dramatically. An announced rate increase by Duke Energy is projected to increase our utility costs by over $500,000 beginning next fiscal year. Although we have intervened with the Public Service Commission to protect our interests in Duke’s rate increase request, there will likely be an increase at some level.

Third, the Governor released his proposed budget for the 2018-2020 biennium to the General Assembly last Tuesday night (January 16). The Governor expressly indicated that this proposed budget assumes no meaningful pension reform or tax reform. The proposed budget included the following specifics that would affect NKU directly:

1. Funding for the Kentucky Center for Mathematics at NKU will be cut in its entirety ($1.3M);
2. Our general state appropriation will be cut by 6.25% ($3.2M);

Fourth, without pension reform, we previously were advised that our required KERS contribution will increase by about $13M annually.

This year’s non-recurring cut of $516,000 is a definite. An increase in our fixed costs is something we cannot influence directly.

However, the proposed direct cuts to our state appropriation and the pension cost increases, which together produce a negative budget impact of nearly $18M beginning in July 2018, are not yet final and therefore provide us a vital advocacy opportunity. At the end of this message, I provide specific information about how we can best advocate for pension relief and equity funding to mitigate the enormous adverse financial impact that we will otherwise experience.
Although advocacy to prevent some of the serious budget impact is important, considering the enormity of the possible adverse financial impact, we must take immediate action to plan and prepare for the full extent of these budget challenges.

To that end, I have asked all vice presidents to begin preparing now not only for the current year non-recurring cut, but also for the expected increase in fixed costs for next fiscal year, the proposed recurring direct cuts in our state appropriation, and the proposed increase in our pension contribution.

For the current year cut, vice presidents have been informed of their respective shares of the $516,000 reduction. As they identify how these cuts will be taken, I’d like to share with you some thoughts regarding what we all can do immediately together to strengthen our current financial position heading into next fiscal year. These efforts must be focused both on reducing our expenses and increasing our revenues.

WE NEED YOUR IMMEDIATE HELP

In addition to the cuts to be identified by each vice president to cover our reduced state appropriation this year, we need to employ other cost curtailment measures immediately. While I know that most individuals and departments operate on a fiscally conservative basis, we need to step up our efforts individually and collectively to further reduce spending.

I urge faculty, staff, and administrators across the campus to employ the below strategies, many of which were offered by the campus community during annual budget development over the past few years. I also encourage you to identify other creative solutions for not only cost containment but also for revenue generation this year. A website will be established soon to enable employees to contribute their ideas.

Operating and Capital Expenses

- Cut back on food and refreshment purchases for meetings, activities, and events.
- Postpone all minor renovations (such as moving walls or installing or removing doorways) that do not directly result in asset preservation. Facilities Management will help execute this restriction.
- Delay departmental furniture, equipment, and technology purchases.
- Curtail all other operating expenditures, including the use of carryforward funds to the greatest extent possible.

Salaries and Benefits

- Consider opportunities to activate the Voluntary Reduced Work Schedule Program, either temporarily or permanently. The Office of Human Resources can provide advice regarding this program.

Energy Conservation Measures

- Take steps to reduce energy consumption, including turning off lights, computers, and other electronics when not in use. The Office of Sustainability will provide a tip sheet to all faculty, staff, and students within the next few days.

Revenue Generation Measures

- Recognizing that we all play a role in student success, re-focus our efforts to make every student contact a helpful and positive one to encourage and support retention and persistence. We estimate
that every 1% increase in retention from first year to second year produces an increase in revenue of about $200,000 and every 1% increase in retention of all students from one year to the next produces an increase in revenue of about $1 million.

**VICE PRESIDENTIAL/DIVISION HEAD IMMEDIATE ACTION**

In addition, I have directed all vice presidents to take immediate steps to implement the following cost containment measures within their units:

- Curtail faculty, staff, and administrative travel. Any travel deemed essential shall be determined by each vice president for their respective areas on a case-by-case basis. All approved travel shall be reported to the President.
- Postpone filling vacant staff positions. Exceptions will be addressed by vice presidents and through a more rigorous vacancy management process, which requires presidential approval.
- Faculty and staff searches underway will be considered on a case-by-case basis, subject to approval of the vice president.

**2018-19 ANNUAL BUDGET DEVELOPMENT**

Taking the actions noted above immediately in the current fiscal year will provide one-time dollars that help serve as valuable bridge funds to phase in some of the anticipated dramatic recurring cuts beginning July 1, 2018.

The level of effective cuts in our available funds beginning July 1, 2018 is such that we will not be able to absorb these cuts by way of trimming at the margins. Of course, all levels of efficiencies will contribute to managing these challenges, but much more will be required. We must take a hard look at how we serve students today and be willing to make major changes.

I expect that next year’s budget will be accomplished through a combination of the following:

1. Reduce departmental expenditure authorizations, with departments having discretion regarding how to manage their reduced funding;
2. Identify strategies to increase revenues at both the departmental and university levels - we must be open to a wide range of suggestions and willing to experiment in ways we have not before;
3. Determine which functions and services are not necessary for the University to fulfill its mission, with a view toward eliminating those that can no longer be supported. Consideration given to the total university cost and the number of people served;
4. Perform detailed economic and market analyses of all functions able to be performed by independent contractors rather than NKU’s own workforce, with a view toward determining which functions may be performed more cost effectively by way of outsourcing, and make appropriate changes.
5. Continue cost curtailment measures that we are putting in place this fiscal year and strengthen our efforts across the university to support student retention and persistence.
6. Engage in advocacy efforts to minimize cuts in our state appropriation and minimize increases in our pension costs.

I recognize the anxiety and concern likely to be felt by those of you working in functions that will come under greater scrutiny. However, for those functions that must be performed, but not required to be done with our own workforce, a number of our sister higher education institutions in Kentucky have experienced significant cost savings by contracting out select functions. In doing so, they also discovered that a significant majority of their affected employees found comparable employment opportunities under more favorable terms than we can offer because of the limited financial resources we have.
Be assured that we are exploring all reasonable means to manage our budget in these very challenging times. We will continue to weigh the impact of our decisions on people and manage change to mitigate adverse impact, but we cannot afford to compromise the financial strength of the university required to perform our core mission.

I will communicate regularly with the Staff Congress, Faculty Senate, Student Government Association, and the university community at large over the coming months as we learn more about the state budget and as the NKU budget process unfolds. We will fully engage the budget governance committees that were put in place two years ago when we moved to an incentive based budget model.

Throughout the process, we will follow the principles discussed in my December 14 message Fiscal 2019 Budget, including positioning the University for both short- and long-term success and preserving our academic priorities.

INVEST IN SUCCESS

I recently sent a message to the University community asking that you take a few minutes to make a lasting impact on our University by contacting the Governor and your legislators about the need to INVEST IN SUCCESS for NKU. I am pleased to report that more than 500 members of our NKU community have sent over 1,500 messages to the Governor and our legislators.

As I alluded to earlier in this message, your advocacy is critical. If you have not engaged in this important advocacy effort yet, click here Invest in Success for instructions on how to advocate very easily and quickly to make a difference in our state funding situation and our pension costs. Remember to use your personal email account for your advocacy messages.

Make no mistake, the impact of these messages is significant. Our legislators hear from constituents on a multitude of issues, but the ones that rise to the top are those voiced the loudest and most often. It’s incumbent upon each of us to make the phone calls, send the messages, and enlist the help of family and friends to do the same.

CONCLUSION

As we move forward to address the budget challenges ahead, it’s important to keep in mind that a university, by its very definition, is a place of invention, creativity, and the art of the possible. Every day we demonstrate our ability to create a more dynamic future for our students, and I thank you for the work you do every day to advance student success.

During this unsettling period, we need to demonstrate our ability to create a more dynamic future for the university itself. I am confident that we will not only weather this storm together, but do so in a way that preserves and strengthens our university and our unwavering commitment to student success.

Gerard A. St. Amand
Interim President
Northern Kentucky University
Nunn Drive
800 Lucas Administrative Center
Highland Heights, KY 41099
Phone: 859-572-5123
Fax: 859-572-6696
Current KRS § 164.360.

KRS § 164.360(3). Appointment and removal of president, faculty, and employees.

Each board may remove the president of the university or Kentucky Community and Technical College System, and upon the recommendation of the president may remove any faculty member or employees, **but no president or faculty member shall be removed except for incompetency, neglect of or refusal to perform his duty, or for immoral conduct.** A president or faculty member shall not be removed until after ten (10) days' notice in writing, stating the nature of the charges preferred, and after an opportunity has been given him to make defense before the board by counsel or otherwise and to introduce testimony which shall be heard and determined by the board. Charges against a president shall be preferred by the chairperson of the board upon written information furnished to him, and charges against a faculty member shall be preferred in writing by the president unless the offense is committed in his presence.

**Credits**

HISTORY: 2005 c 173, Part I, K.1.(11), § 1, eff. 3-20-05; 1997 1st ex s, c 1, § 104, eff. 5-30-97; 1992 c 10, § 14, eff. 7-1-92; 1974 c 386, § 32; 1942 c 208, § 1; KS 4527-44, 4527-46.

LRC NOTES
**Legislative Research Commission Note** (7-1-06): Because of the Governor's partial veto #9 of 2005 HB 267, the amendment to KRS 164.360 which was made by 2005 Ky. Acts ch. 173, Pt. I, K.1.(11), sec. 1, was only effective until July 1, 2006. The version that was last amended by 1997 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 104, and that became effective on May 30, 1997, has been reinstated.
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