

# 2014 Annual Budget Presentation

## April 30, 2014



# Today's Presentation

- ✓ *Fuel the Flame* – Implementation
- ✓ 2014-15 budget
- ✓ Our future

**FUEL THE FLAME  
STATUS REPORT**



# Implementation Teams

- ✓ Enrollment Strategies
- ✓ Academic Innovation
- ✓ Student Retention & Success
- ✓ Financial Resources
- ✓ Marketing & Public Awareness
- ✓ Human & Organizational Development
- ✓ Facilities & Sustainability
- ✓ Technology Support
- ✓ Community Engagement

# Opportunities for Campus Input

- ✓ 9 open forums for faculty and staff
- ✓ 3 open forums for students
- ✓ Online forms for feedback from faculty and staff
- ✓ Online form for feedback from students

# Next Steps

- ✓ Metrics and targets at May Board of Regents meeting
- ✓ Implementation team recommendations due June 1
- ✓ Update to the Board of Regents in July
- ✓ Campus update at Fall Convocation
- ✓ Lead sponsors identified, timelines set
- ✓ Implementation updates throughout the year
- ✓ Measure, evaluate, and communicate

# Executive Dashboard

- ✓ Two “Gold Standard” metrics
  - Total degrees conferred
  - Credit hours successfully completed
- ✓ An additional 17 metrics under the 5 strategic goals
  - Student retention
  - Graduation rates and degrees in STEM+H fields
  - Credits earned to degree
  - Assessment of student learning
  - Experiential learning and community impact
  - Enrollment by level
  - Grants/contracts/gifts
  - Diversity

# Fuel the Flame – Conclusion

- ✓ Excellent progress towards implementation
- ✓ Campus community has informed every aspect of implementation plans
- ✓ Demonstrated persistence and discipline – reason for genuine optimism



# Operating Budget Development

# Current Financial Position

- ✓ Solid financial position
  - Stable rating from Moody's
  - Record number of bidders on bond projects
  - Continued prudent financial management

# Context – Enrollment

- ✓ Record number of graduates in FY 2013
- ✓ Smaller freshman class in Fall 2012 resulting in fewer returning students in 2013-14
  - ✓ Exercised discipline in our admissions standards
- ✓ Graduate enrollment weakened
  - ✓ Planned decline in number of law school students
  - ✓ Some other programs experienced unexpected declines
- ✓ Temporary decline in transfer students as a result of reduction in community and technical college enrollments

# Current Year Enrollment

- ✓ Total Fall 2013 enrollment down 400 students (compared to Fall 2012)
  - ✓ Undergraduate enrollment declined 1.7%
  - ✓ Graduate enrollment declined 6%
- ✓ Spring enrollment down 1.9%
- ✓ Tuition revenue short of budget by approximately \$2.2M

# External Factors – State Operating Budget

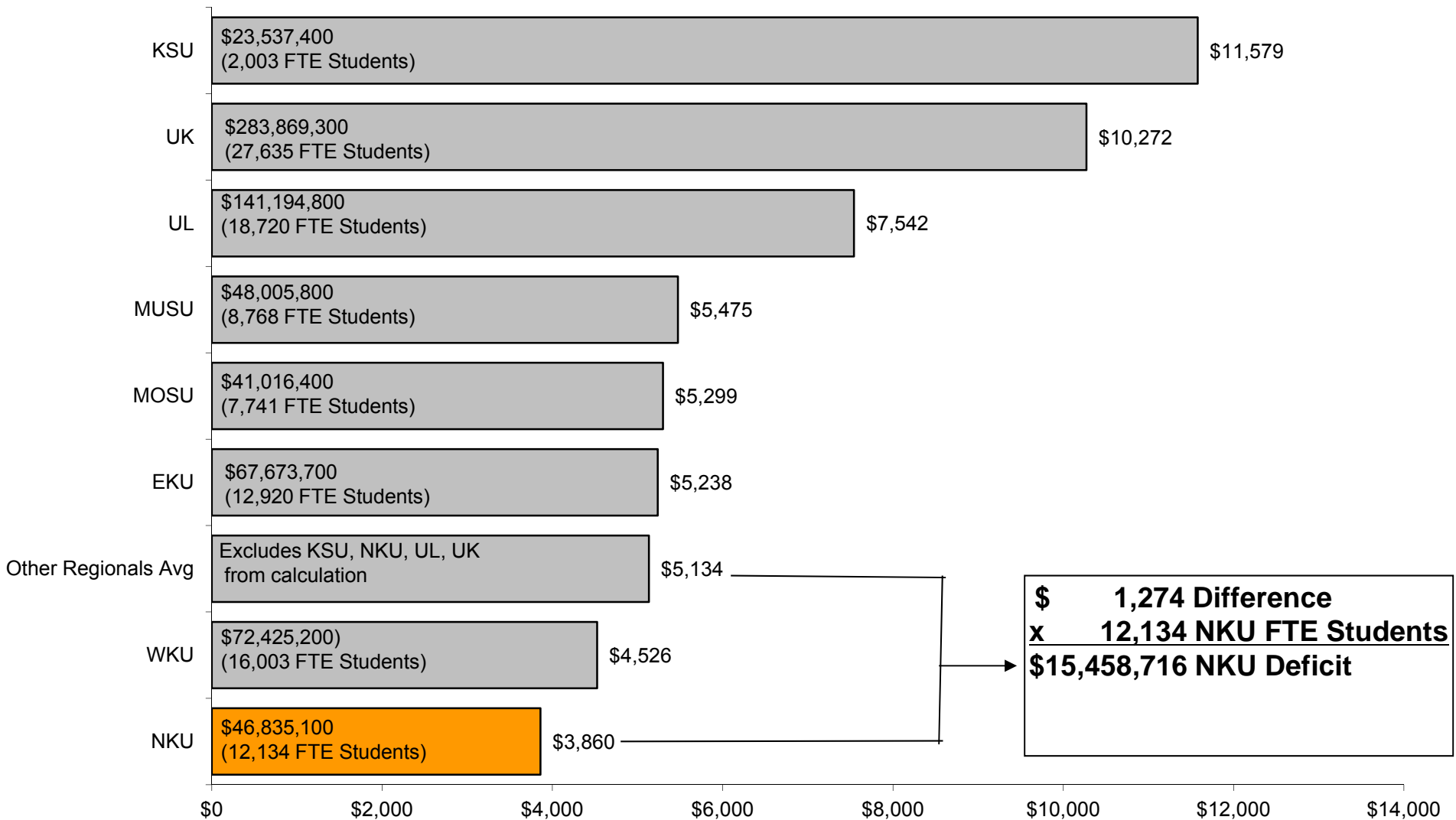
**\$2,441,600** Unfunded KERS increase

**\$739,000** 1.5% state appropriation reduction

---

**\$3,180,600** Total negative budgetary impact

# State Funding Per FTE Student



# KERS Impact

Institution	Projected Increase	Amount Funded	Amount Unfunded
NKU	\$4,883,200	\$2,441,600	\$2,441,600
EKU	\$2,792,200	\$1,396,100	\$1,396,100
WKU	\$2,661,000	\$1,330,500	\$1,330,500
MuSU	\$1,501,200	\$750,600	\$750,600
MoSU	\$1,296,200	\$648,100	\$648,100
KSU	\$498,000	\$249,000	\$249,000
UK	\$0	\$0	\$0
UL	\$0	\$0	\$0

# Two Additional Factors

- ✓ Increase in financial aid and scholarship support
  - Approximately \$4.5 million
- ✓ Fixed cost increases
  - Approximately \$1.7 million



# FY 2014-15 Projected Recurring Shortfall

	Recurring(\$)
State budget reduction	739,100
Net increase in KERS contributions	2,441,600
Increase in scholarships and financial aid	4,528,000
Increases in fixed costs	1,715,200
<b>Total Budget Gap</b>	<b>9,423,900</b>

# Revenue from Tuition Rate Increases

- ✓ CPE tuition parameters
  - Cap on resident, undergraduate tuition rate increases of 8% over two years, not to exceed 5% in any one year
- ✓ Recommendation to the BOR for 14-15
  - 4.75% resident, undergraduate tuition rate increase
  - Comparable increases for most graduate programs
- ✓ Estimated Revenue -- \$3,353,000

# Budget Reduction Process

- ✓ Need to reduce recurring expenses
- ✓ Vice Presidents had 5% budget reduction target for their divisions as a whole
  - VP's had discretion to strategically apply reductions and differentiate among units
  - Each VP recommended a preliminary budget reduction plan
  - Preliminary plans were accepted as submitted by VPs
    - Exception of Government and Community Relations and Legal Affairs, which had smaller reductions

# Proposed Reductions by Division

Division	FY14 Base	Proposed Budget Reduction	% Reduction
Academic Affairs	\$109,067,000	\$5,453,000	5.0%
Administration & Finance	21,280,000	1,064,000	5.0%
Student Affairs	6,299,000	315,000	5.0%
University Advancement	4,769,000	238,000	5.0%
Athletics	4,858,000	243,000	5.0%
Institutional Effectiveness	1,273,000	64,000	5.0%
Legal Affairs	777,000	12,000	1.5%
President's Office & BOR	987,000	49,000	5.0%
Government & Community Relations	393,000	2,000	0.6%
Total	149,703,000	7,440,000	5.0%

# Measures Proposed

- ✓ Reductions in operating budgets within divisions and colleges
  - Approximately \$2.5 million

# Measures Proposed

- ✓ Position eliminations
  - Considered vacant positions and attrition first

# Next Steps – Process

- ✓ HR will conduct a thorough review
  - Position reduction plans are still being evaluated and are subject to change
- ✓ Notifications to affected personnel by June 15
- ✓ 60-day notice rather than the standard 30-day notice
- ✓ Severance based on length of service to the University
- ✓ Transitional support services provided
- ✓ Ability to apply as an internal candidate at the University for one year

# Recurring Reductions by Expense Category

	FY14 Base	Proposed Budget Reduction	% Reduction
Staff Payroll	\$43,664,000	\$2,000,000	4.6%
Faculty Payroll	49,222,000	1,542,000	3.1%
Fringe Benefits	33,795,000	776,000	2.3%
Student Comp.	2,061,000	58,000	2.8%
Operating	14,573,000	2,464,000	16.9%
Capital	4,324,000	391,000	9.0%
Other	2,064,000	209,000	10.1%
Total	149,703,000	7,440,000	5.0%



# Measures Not Proposed

- ✓ No program closures
- ✓ No furloughs
- ✓ No reduction in benefits

# FY 2014-15 Projected Recurring Funds

	Recurring(\$)
Recurring Shortfall	9,423,900
Offset:	
Recurring budget reductions	7,440,000
Revenue from tuition rate increase	3,353,000
Anticipated recurring balance	1,603,000

# Facilities

- ✓ Projects underway will be completed
  - Northern Terrace
  - Campus Recreation Center
  - Norse Commons
- ✓ Reduction in deferred maintenance

# Our Future

# Attracting Exceptional Talent

## ✓ More freshmen

	Fall 2012	Fall 2013	Fall 2014	Two Year %
Applications	6,308	8,227	9,240	46%
Admits	3,918	4,649	4,991	27%
Confirmations	1,359	1,636	1,591	17%
Final Freshman Enrollment	2,107	2,226	N/A	N/A

## ✓ Great students!

- Average ACT of Fall 2014 confirmed students is 23.1

# State Appropriation

## ✓ CPE Resolution

“The Council hereby resolves that as a result of budget deliberations over the past year, it is evident that **there is a need for the development of a comprehensive funding model that aligns the Commonwealth’s investment in postsecondary education with the Commonwealth’s postsecondary education policy objectives.**”

# Health Innovations Center

- ✓ \$97 million in state funds for design and construction
- ✓ Anticipated target date: Fall 2017



# State capital budget comparisons

General Fund Bonds Provided for Capital Projects	
Northern Kentucky University	\$97,000,000
University of Louisville	80,560,000
Eastern Kentucky University	66,340,000
Murray State University	64,358,000
Morehead State University	49,679,000
Western Kentucky University	48,000,000
University of Kentucky	35,000,000
Kentucky State University	10,400,000



# Health Innovations Center Programming and Planning

- ✓ Internal Committee
- ✓ External Committee
- ✓ RFP for architectural firm
- ✓ Long-term programmatic and financial plan
- ✓ Partnerships and investors

# Signs of a Bright Future

- ✓ Attracting great students and great people
- ✓ Sound financial ground
- ✓ Enrollment strategies for Fall 14 working
- ✓ Outcomes-based funding gaining traction
- ✓ Remarkable achievements across the University

# Northern Kentucky More Inspirational than the Ivy Leaguers

Felipe Fernandez-Armesto, William P. Reynolds  
Professor of History at the University of Notre Dame

**“Eat your heart out, Harvard. You’re not as good as Northern Kentucky University.”**

