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

- **KSU**: $23,537,400 (2,003 FTE Students) - $21,964
- **UK**: $283,869,300 (27,635 FTE Students) - $10,772
- **UL**: $141,194,800 (18,720 FTE Students) - $7,542
- **MUSU**: $48,005,800 (8,768 FTE Students) - $5,475
- **MOSU**: $41,016,400 (7,741 FTE Students) - $5,299
- **EKU**: $67,673,700 (12,920 FTE Students) - $5,238
- **Other Regionals Avg**: Excludes KSU, NKU, UL, UK from calculation - $5,134
- **WKU**: $72,425,200 (16,003 FTE Students) - $4,526
- **NKU**: $46,835,100 (12,134 FTE Students) - $3,860

$1,274 Difference
$x_{12,134} NKU FTE Students$ = $15,458,716 NKU Deficit
## KERS Impact

<table>
<thead>
<tr>
<th>Institution</th>
<th>Projected Increase</th>
<th>Amount Funded</th>
<th>Amount Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>NKU</td>
<td>$4,883,200</td>
<td>$2,441,600</td>
<td>$2,441,600</td>
</tr>
<tr>
<td>EKU</td>
<td>$2,792,200</td>
<td>$1,396,100</td>
<td>$1,396,100</td>
</tr>
<tr>
<td>WKU</td>
<td>$2,661,000</td>
<td>$1,330,500</td>
<td>$1,330,500</td>
</tr>
<tr>
<td>MuSU</td>
<td>$1,501,200</td>
<td>$750,600</td>
<td>$750,600</td>
</tr>
<tr>
<td>MoSU</td>
<td>$1,296,200</td>
<td>$648,100</td>
<td>$648,100</td>
</tr>
<tr>
<td>KSU</td>
<td>$498,000</td>
<td>$249,000</td>
<td>$249,000</td>
</tr>
<tr>
<td>UK</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>UL</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
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

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

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

<table>
<thead>
<tr>
<th></th>
<th>FY14 Base</th>
<th>Proposed Budget Reduction</th>
<th>% Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Payroll</td>
<td>$43,664,000</td>
<td>$2,000,000</td>
<td>4.6%</td>
</tr>
<tr>
<td>Faculty Payroll</td>
<td>49,222,000</td>
<td>1,542,000</td>
<td>3.1%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>33,795,000</td>
<td>776,000</td>
<td>2.3%</td>
</tr>
<tr>
<td>Student Comp.</td>
<td>2,061,000</td>
<td>58,000</td>
<td>2.8%</td>
</tr>
<tr>
<td>Operating</td>
<td>14,573,000</td>
<td>2,464,000</td>
<td>16.9%</td>
</tr>
<tr>
<td>Capital</td>
<td>4,324,000</td>
<td>391,000</td>
<td>9.0%</td>
</tr>
<tr>
<td>Other</td>
<td>2,064,000</td>
<td>209,000</td>
<td>10.1%</td>
</tr>
<tr>
<td>Total</td>
<td>149,703,000</td>
<td>7,440,000</td>
<td>5.0%</td>
</tr>
</tbody>
</table>
Measures Not Proposed

✓ No program closures
✓ No furloughs
✓ No reduction in benefits
# FY 2014-15 Projected Recurring Funds

<table>
<thead>
<tr>
<th></th>
<th>Recurring ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring Shortfall</td>
<td>9,423,900</td>
</tr>
<tr>
<td>Offset:</td>
<td></td>
</tr>
<tr>
<td>Recurring budget reductions</td>
<td>7,440,000</td>
</tr>
<tr>
<td>Revenue from tuition rate increase</td>
<td>3,353,000</td>
</tr>
<tr>
<td>Anticipated recurring balance</td>
<td>1,603,000</td>
</tr>
</tbody>
</table>
Facilities

✓ Projects underway will be completed
  - Northern Terrace
  - Campus Recreation Center
  - Norse Commons

✓ Reduction in deferred maintenance
Our Future
Attracting Exceptional Talent

✓ More freshmen

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

✓ 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

<table>
<thead>
<tr>
<th>General Fund Bonds Provided for Capital Projects</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Kentucky University</td>
<td>$97,000,000</td>
</tr>
<tr>
<td>University of Louisville</td>
<td>80,560,000</td>
</tr>
<tr>
<td>Eastern Kentucky University</td>
<td>66,340,000</td>
</tr>
<tr>
<td>Murray State University</td>
<td>64,358,000</td>
</tr>
<tr>
<td>Morehead State University</td>
<td>49,679,000</td>
</tr>
<tr>
<td>Western Kentucky University</td>
<td>48,000,000</td>
</tr>
<tr>
<td>University of Kentucky</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Kentucky State University</td>
<td>10,400,000</td>
</tr>
</tbody>
</table>
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.”