

# **2016-17 Budget Update**

**February 11, 2016  
Staff Congress**



# Outline

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- Overview of FY 17 Budget Process
- State Funding Update
- Budget Exercise
- Planning for FY 18

# Overview of FY 17 Budget Process

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## Objective

- Educate campus on University's current and projected financial condition and engage faculty and staff in conversations about budget development

## Timeline

- Solicit feedback – *February and March*
  - Stakeholder meetings, open forums, survey results
- Budget development process – *February and March*
  - Divisions complete budget exercise
- Budget recommendations – *April*
  - Refine assumptions based on state budget
  - Make budget decisions
  - Present final recommendations to campus and Board



# STATE FUNDING UPDATE

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# Governor's Proposed Budget

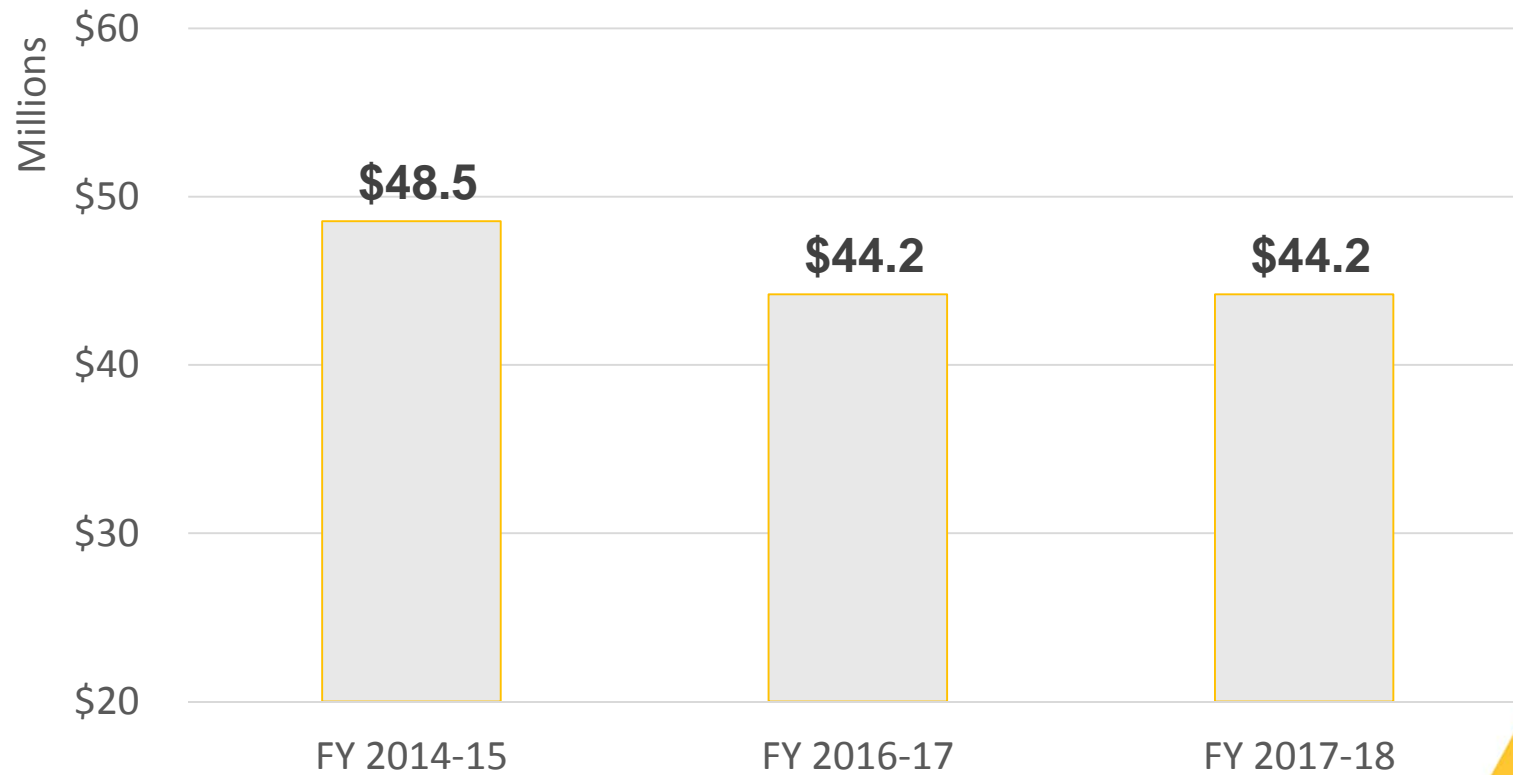
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- Governor recommended cutting universities by 9% over next three years
  - 9% cut in FY 2016-17 (-\$4.3 M)
  - Total 9% cut carried forward in FY 2017-18 (flat funding)
- Governor acknowledged funding disparities by adding equity funding for NKU
  - \$5.3 M in FY 2016-17
  - Additional \$5.3 M in FY 2017-18 for total of \$10.66 M
- Governor recommended beginning transition to new funding model for FY 18

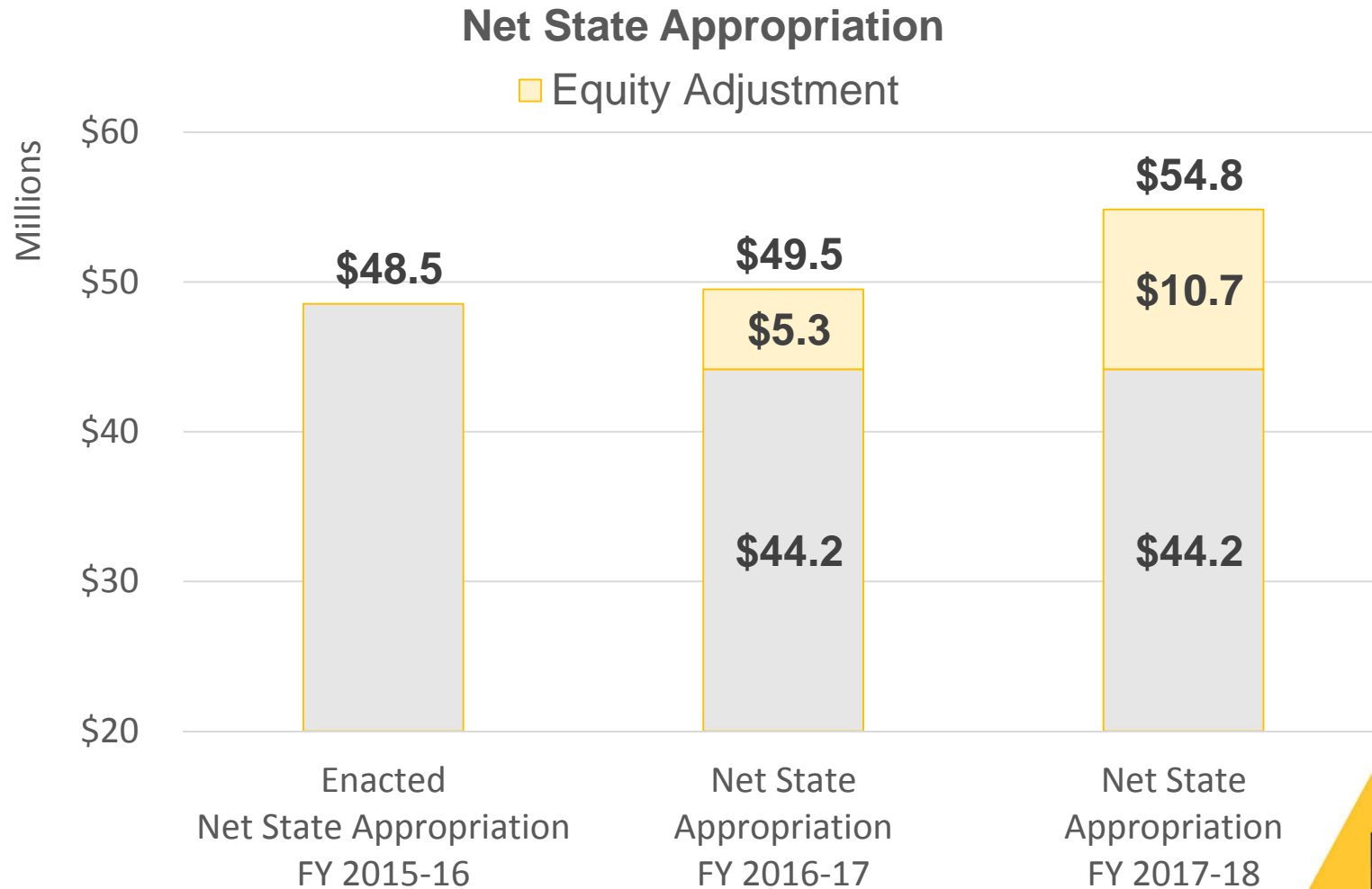
# Governor's Proposed Budget

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Net State Appropriation

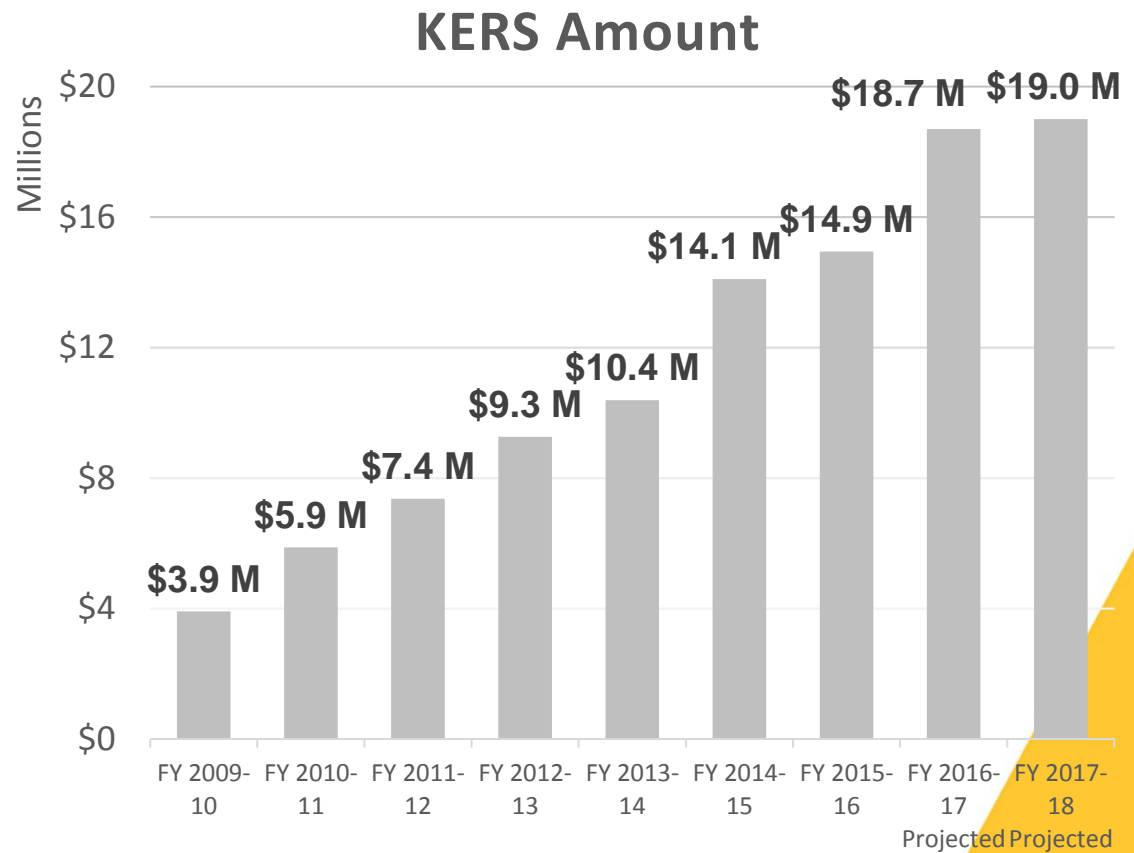


# Governor's Proposed Budget after Equity



# Kentucky Employee Retirement System (KERS)

KERS Rates	
FY 10	11.61%
FY 11	16.98%
FY 12	19.82%
FY 13	23.61%
FY 14	26.79%
FY 15	38.77%
FY 16	38.77%
FY 17	48.59%
FY 18	49.47%

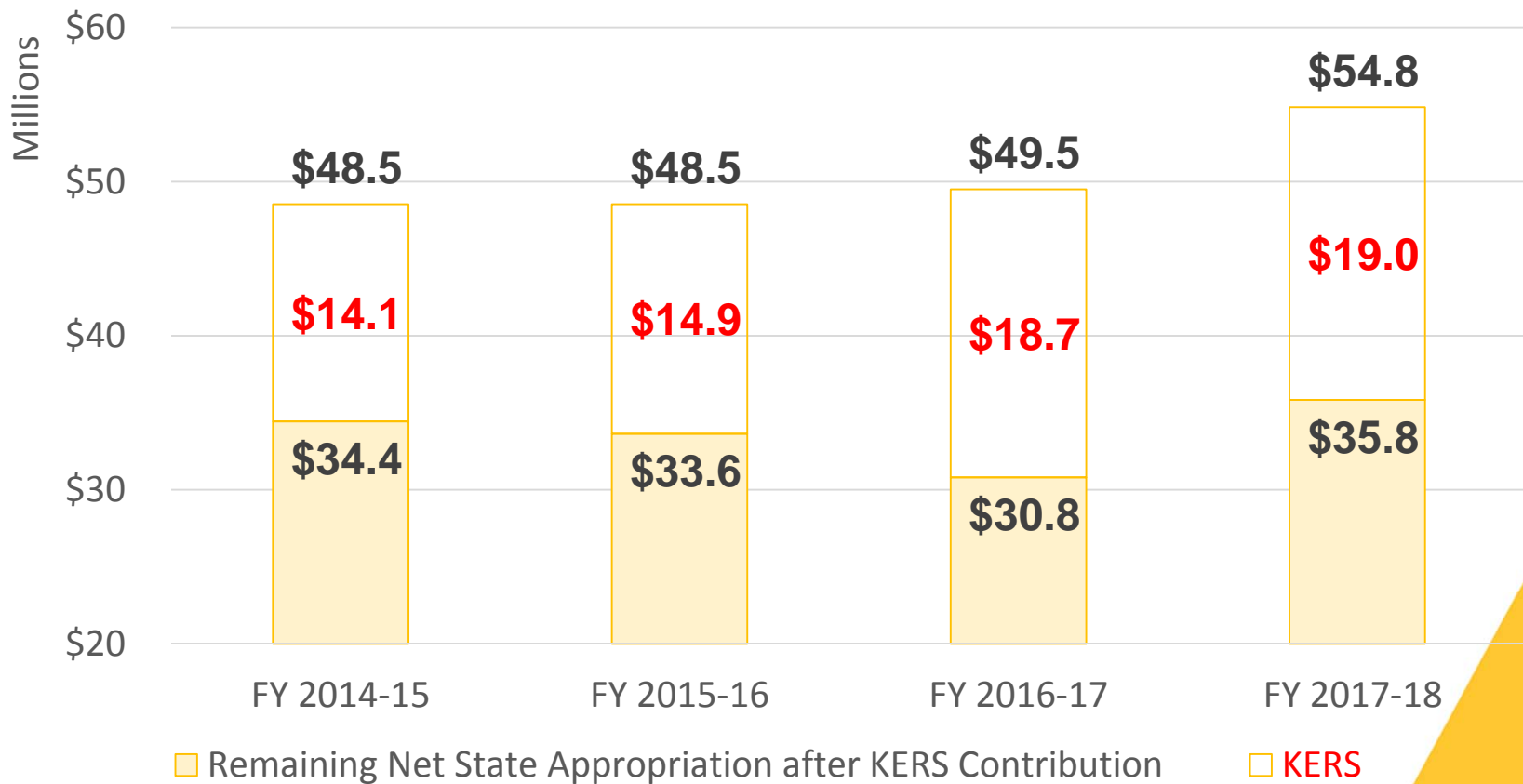


Note: FY 17 and FY 18 are projected from Governor's Proposed Budget





# Governor's Proposed Budget Impact of KERS on State Funding



# 2016-17 BUDGET EXERCISE

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# 2016-17 Budget Exercise

## Assumptions

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- Source of Funds
  - Tuition rate increase of 4%
  - Enrollment decline of 2%
  - Scholarship increase projection
  - Appropriations – Governor’s proposed budget
- Use of Funds
  - KERS – Governor’s proposed budget (from 38.8% to 48.6%)
  - Fixed costs increase projection

# 2016-17 Budget Exercise

## Source of Funds

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<b>Tuition</b>	
Tuition Rate Increase (4%)	\$4.9 M
Tuition Shortfall FY 16	-\$2.6 M
Tuition Shortfall FY 17	-\$2.3 M
Net Tuition	\$0
<b>Scholarships</b>	
Scholarship increases FY 16	-\$0.5 M
Scholarship increases FY 17	-\$1.4 M
Net Scholarships	-\$1.9 M
<b>Net Tuition Revenue</b>	<b>-\$1.9M</b>

# 2016-17 Budget Exercise

## Source of Funds

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<b>State Appropriation (Gov. Proposed)</b>	
State Cut (9%) in FY 17	-\$4.3 M
Equity Funding in FY 17	5.3 M
Net State Appropriation	\$1 M

# 2016-17 Budget Exercise

## Use of Funds

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<b>Use of Funds</b>	
KERS Rate Increase	-\$3.9 M
Fixed Costs	-\$0.4 M
Compensation Increase (2%)	-\$2.3 M
Budget Recurring Reserve	\$1.5 M
Closing METS	\$0.3 M
<b>Net Use of Funds</b>	<b>-\$4.8 M</b>

# 2016-17 Budget Exercise Surplus (Deficit)

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<b>Source of Funds</b>	
Tuition (Less scholarship increases)	-\$1.9 M
State Appropriation	\$1 M
Net Source of Funds	-\$0.9 M
<b>Use of Funds</b>	
Net Use of Funds	-\$4.8 M
<b>Net Surplus (Deficit)</b>	<b>-\$5.7 M</b>

# 2016-17 Budget Variables

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Across-the-board pay increase of 1% =	\$1.2 M
Tuition rate increase of 1% (net) =	\$1 M
Enrollment increase of 1% =	\$1.15 M
Average compensation/benefits for FT Faculty =	\$95 K
Average compensation/benefits for FT Staff =	\$75 K



# 2017-18 NKU BUDGET PROCESS

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# Transition of Budget Process from FY 17 to FY 18

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- FY 17
  - Utilize model to allocate funds
  - Educate and solidify budget governance committee roles and responsibilities
  - Review budget policies
  - Use space committee to prioritize maintenance and renovation projects
- FY 18
  - Utilize model to allocate funds
  - Budget governance committees will make recommendations on budget requests
  - Refine budget policies

# FY 18 Budget Process Overview and Timeline



	A	B	C	D	E
	Collect Data & Develop Assumptions	Develop Cost Allocations	Develop Budget Requests	Finalize Funding Decisions	Update Throughout Fiscal Year
Purpose	Forecast and allocate University revenues; collect allocation variable data	Review administrative support budgets and allocate costs	Collect funding requests from academic and auxiliary units	Review funding requests and set University budget	Revise budget based on updated forecasts and data
Participants	Budget Office, IR Office, Governance Committees (space)	Governance Committees (central units), Admin. Support Units	Deans and Auxiliary Units	Exec. Leadership, Governance Committees (Exec. Budget)	Budget Office, Executive Leadership
Proposed Timeline	Sept. – Oct.	Nov. – Dec.	Jan. – Mar.	Apr. - May	Ongoing



# QUESTIONS AND DISCUSSION

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