Strengthening Our Capacity to Serve

FY 2005-06
Operating Budget Recommendation
March 23, 2005
Vision

Northern Kentucky University will become a preeminent, learner-centered, metropolitan university recognized for its contributions to the intellectual, social, economic, cultural, and civic vitality of its region and the Commonwealth.
Core Values

Learner Centered
Excellence
Access with the Opportunity to Succeed
Public Engagement
Intellectual and Creative Freedom
Multiculturalism
Innovation and Creativity
Collegiality and Collaboration
Strategic Priorities

- Broaden Access
- Enhance Academic Quality
- Strengthen Public Engagement
- Enrich Student Experience
- Advance Full Mission of Metropolitan University
- Improve Campus Facilities & Environment
- Ensure Institutional Effectiveness
FY 05/06 Goals

• Sustain our Momentum

• Support Our Strategic Priorities

• Enhance Academic Quality & Capacity in Response to Students and Community (VVV)

• Protect Against Future Uncertainty
  – Impact of
    • State Budget Deficit
    • Gateway Community College (Competition)
    • Admissions Standards
CPE’s
Five Questions of Reform

- Are more Kentuckians ready for Post Secondary Education?
- Is Kentucky Post Secondary Education Affordable for its Citizens?
- Do more Kentuckians have Certificates and Degrees?
- Are College Graduates Prepared for Life and Work in Kentucky?
- Are Kentucky’s People, Communities, and Economy Benefiting?
Legislative Update
The Good News

- State Revenues are Exceeding Projections for this Year
- New Level of Bi-Partisan Cooperation
- Northern Kentucky Caucus Stood as One and Got it Done
- Strong Support from Governor and Legislative Leadership
- First Step in Tax Modernization will help Stabilize Revenue Streams
- Recognition of Northern Kentucky’s Importance to State’s Economic Future
- Recognition of NKU’s Role in Regional Economic and Social Progress
Legislative Update
The Bad News

• State Confronts a $500M Structural Deficit at the Start of Next Fiscal Year (FY 2007)

• Medicaid and Other Health Costs Continue to Rise

• Non-Recurring Funds were used to Support Recurring Obligations

• This years’ budget increase ($6.5M) must be netted against the nearly $4M reduction of the past two Years
Legislative Budget Highlights

- **Operating**
  - Projected Change in State Support for FY2006 ($6.5 million recurring) (*Note 1)
    - Past Enrollment Growth = $993K
    - Restoration of Recurring Cuts = $1.96M
    - Proportional Base Increase = $758K
    - Benchmark Equity = $1.88M
    - M&O of New Facilities = $997K

- **Capital**
  - Bank of Kentucky Center ($54M State Bonds $6M Restricted)
  - New Student Union ($35.8M)
  - Parking Deck ($10.6M Restricted)
  - I-275 AA Highway Connector ($1.9M for design) (*Note 2)
  - John’s Hill Road Right of Way and Utilities ($2.85M)

*Note 1 - Represents a 16.2% operating increase, the highest percentage increase of any state university.
*Note 2 - State and Federal Funds.
INVESTMENTS
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Reserve (Approx. 9% of $46M State Appropriation)</td>
<td>$4,009,400</td>
</tr>
<tr>
<td>New Student Union</td>
<td>$800,000</td>
</tr>
<tr>
<td>Estimated Fixed Costs Increase</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>- Utility 20%</td>
<td></td>
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<tr>
<td>- Health Insurance Rate 18%</td>
<td></td>
</tr>
<tr>
<td>- Scholarships 10%</td>
<td></td>
</tr>
<tr>
<td>- Banking Services 48%</td>
<td></td>
</tr>
<tr>
<td>FY 04/05 Merit/Equity (3.5% Faculty/Staff)</td>
<td>$2,392,000</td>
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<tr>
<td>Campus Admin. Systems – PRISM - (2nd yr. of 7 yr. lease)</td>
<td>$983,200</td>
</tr>
<tr>
<td>Campus Phone System (3rd yr. of 5 yr. lease)</td>
<td>$275,900</td>
</tr>
<tr>
<td>Other Base Adjustments/Commitments</td>
<td>$3,548,900</td>
</tr>
<tr>
<td>Subtotal – Operating (Non-Discretionary)</td>
<td>$14,409,400</td>
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</tbody>
</table>

*Note – Other Base Adjustments/Commitments include revenue sharing agreements with Athletics, Chase Law, Summer, in addition to current fiscal year return of Pell Grants for students receiving F’s who did not withdraw and did not earn the F, etc.*
FY 05/06 Investment Highlights
Strategic Priorities

Enhance Academic Quality – ($2.2M)

16 Full Time - Faculty Positions - $1,203,000

Chemistry - Lecturer
Public Administration - Assistant Professor
Art - New Media - Assistant Professor
Director of Interdisciplinary Programs
Business Ethics - Assistant Professor
MBA - Assistant Professor
Entrepreneurship - Associate Professor
Education - Endowed Chair
Education (Counselor) - Assistant Professor
Educational Technology - Assistant Professor
Associate Dean of Education - Undergraduate
Honors Program - Lecturer
Construction Management - Assistant Professor
Social Work/Human Srvs./Counseling - Masters - Assistant Professor
Computer Information Tech - Assistant Professor
Computer Science - Chairperson
FY 05/06 Investment Highlights
Strategic Priorities
(Continued)

Academic Quality & Capacity (continued)

- **Staff Positions**
  - Computer Science – Secretary $33,300
  - Data Analyst (SACS/Program Assessment) $51,700
  - First Year Programs – Secretary (increase hrs.) $3,300

- **Part-Time Clinical Faculty** $100,000

- **Library Resources** $120,000

- **College of Comp, Information & Communication** $300,000

- **Academic Infrastructure** $109,300
  - Faculty Development Awards $20,000
  - Instructional Equipment $50,000
  - Compustat Database $16,000
  - International Business Center $15,000
  - Honors Program Operating $8,300

- **Faculty/Staff Based upon Growth Need** $170,100

**TOTAL ACADEMIC QUALITY & CAPACITY** $2,200,000

*Note – Total investment in Academic Quality & Capacity - 4.4M in 2 yrs. (recurring)*
FY 05/06 Investment Highlights
Strategic Priorities
(Continued)

• Broaden Access ($247K)
  - Adult Focused Programming ($150K)
  - Grant County Program ($97K)

• Strengthen Public Engagement ($355K)
  - METS Equipment Lease ($355K)

• Enrich the Student Experience ($454K)
  - GLVC Expansion ($58K)
  - Athletics Compliance ($50K)
  - Latino Student Affairs ($55K)
  - Board Fee Allocation Increase ($35K)
  - Financial Assistance ($82K)

• Advance Full Mission of a Metropolitan University ($529K)
  - Diversity Faculty Pool ($80K)
  - Enhance Associate Provost/Dir of Retention Efforts ($50K)
FY 05/06 Investment Highlights
Strategic Priorities (Continued)

- **Ensure Institutional Effectiveness** ($631K)
  - IT Web Manager and Security Manager ($100K)
  - Two Percent Operating Increase ($170K)
  - Campaign and Major Gift Programs ($320K)

- **Improve the Campus Facilities and Environment** ($2.5M)
  - Renovations ($1.9M) (nonrecurring)
  - Old Science Renovations ($300K)
  - AS&T Renovations ($680K)
  - Administrative Center Renovations ($65K)
  - Johns Hill Road Data/Cabling ($150K)
FY 05/06 Investment Highlights
Strategic Priorities
(Continued)

- Old Science Network ($30K)
- Classroom Upgrades ($200K)
- Grooms Sculpture-Relocate ($20K)
- Wayfinding ($320K)
- Outdoor Furniture ($75K)
- Public Area Furniture ($30K)
- Call Boxes Expansion ($30K)
Strengthening Our Capacity to Serve
FY 2005/06
Investment Summary

Enhance Academic Quality* $2,206,500
Broaden Access $247,500
Strengthen Public Engagement $355,800
Enrich the Student Experience $454,100
Advance the Full Mission of a Metropolitan University $529,000
Ensure Institutional Effectiveness $631,100
Improve the Campus Facilities and Environment $2,569,400

Operating (Non-Discretionary) $14,409,400

Total - Increase in Bgt. Investments $21,402,800

*Note - Includes $2.2 Million for second year of Academic Quality & Capacity Initiative.
REVENUE OUTLOOK
## FY 2005/06
### SCHEDULE OF FUNDING SOURCES

**NEW FUNDS**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>State Appropriation</td>
<td>$6,500,000</td>
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<tr>
<td>Tuition (*Note)</td>
<td>$4,181,000</td>
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<tr>
<td>Other Central Revenues</td>
<td>$563,300</td>
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<tr>
<td>Other (METS, Summer Camps, Music Prep, etc)</td>
<td>$356,500</td>
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<tr>
<td>Auxiliaries (Housing, Food, Child Care)</td>
<td>$161,500</td>
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Subtotal New Funding: $11,762,300

**BASE REDISTRIBUTION**

<table>
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<tr>
<th>Source</th>
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<tr>
<td>Base Budgeted Reserves</td>
<td>$3,932,400</td>
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<tr>
<td>Contingency Funds</td>
<td>$669,900</td>
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Subtotal Base Redistribution: $4,602,300

University Net Assets (nonrecurring): $5,156,700

**TOTAL – FY 05/06 Funding Sources**: $21,521,300

*Note – Represents an increase of $276 per semester in the Resident Undergraduate Tuition Rate. Includes projected enrollment decline of 150 FTE UG.*
TUITION
RECOMMENDATION
Tuition Principles

• Sustain Affordability
• Remain Price Competitive
• Reduce Discounting
• Allow for Needed Investments
### SEMESTER CREDIT HOUR RATES

<table>
<thead>
<tr>
<th></th>
<th>TUITION 2005-2006</th>
<th>TUITION 2004-2005</th>
<th>INCREASE</th>
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<tbody>
<tr>
<td><strong>RESIDENT</strong></td>
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</tr>
<tr>
<td>Undergraduate</td>
<td>$205</td>
<td>$182</td>
<td>$23</td>
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<tr>
<td>Graduate</td>
<td>$265</td>
<td>$235</td>
<td>$30</td>
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<tr>
<td>Business Graduate</td>
<td>$284</td>
<td>$252</td>
<td>$32</td>
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<tr>
<td>Law</td>
<td>$422</td>
<td>$385</td>
<td>$37</td>
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<tr>
<td><strong>NONRESIDENT</strong></td>
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<tr>
<td>Undergraduate</td>
<td>$402</td>
<td>$379</td>
<td>$23</td>
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<tr>
<td>Graduate</td>
<td>$545</td>
<td>$515</td>
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<tr>
<td>Business Graduate</td>
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<td>$583</td>
<td>$30</td>
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<tr>
<td>Law</td>
<td>$921</td>
<td>$841</td>
<td>$80</td>
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<td><strong>METRO</strong></td>
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<tr>
<td>Graduate</td>
<td>$385</td>
<td>$355</td>
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<tr>
<td>Business Graduate</td>
<td>$385</td>
<td>$355</td>
<td>$30</td>
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<tr>
<td>Law</td>
<td>$751</td>
<td>$685</td>
<td>$66</td>
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*Note 1 - Approximately, $60 of the total semester tuition rate increase will be used to support the New Student Union construction project

*Note 2 - Approximately $120 of the total semester tuition rate increase will be used for investment in Academic Quality

These rates are subject to change based upon Board of Regents review.
Strengthening Our Capacity to Serve

QUESTIONS