Northern Kentucky University
Spring Convocation

Staying focused on the future while managing the present...
2009 Master Plan Update

- Approved by the Board of Regents on March 11, 2009
  - Totals 2.1 million new square feet
  - Adds 2,147 beds to achieve a total of 4,000 beds
  - Creates 3 athletic centers
  - Includes 9,000 new parking spaces
  - Expands campus boundaries
2009 Master Plan Update
Center for Informatics
The Talent Imperative!

Vision Statement

Northern Kentucky University will be nationally recognized as the premier comprehensive, metropolitan university that prepares students for life and work in a global society and provides leadership to advance the intellectual, social, economic, cultural, and civic vitality of its region and of the commonwealth.
The Talent Imperative!

Core Values

NKU is committed to:

✓ Placing learners and their learning at the center of all that we do.
✓ The highest standards of excellence in every dimension of our work.
✓ Access to education that holds high expectations for all students and provides support for their success.
✓ Public engagement that advances the progress of the region and commonwealth.
✓ Intellectual and creative freedom and the free expression of ideas.
✓ A culture of openness and inclusion that values diversity in people and ideas.
✓ A work environment that encourages and rewards innovation and creativity.
✓ A campus climate that supports collegiality, collaboration, and civility.
The Talent Imperative!

<table>
<thead>
<tr>
<th>Strategic Priorities</th>
<th>Increase Student Engagement In Learning</th>
<th>Ensure Academic Quality</th>
<th>Engage In Effective Regional Stewardship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop Talent</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting Priorities</th>
<th>Recruit and Retain Outstanding Faculty and Staff</th>
<th>Increase Public Awareness of NKU</th>
<th>Expand NKU’s Financial Base and Capital Assets</th>
<th>Increase Institutional Effectiveness</th>
</tr>
</thead>
</table>
08-09 Original State Funding

- 6%, $3.3M, recurring State funding cut for 08-09
  - Additional $500,000 recurring allocation for regional stewardship

- No Maintenance & Operating for the Bank of Kentucky Center and Student Union ~ $4.6M allocation calculated by the CPE
08-09 State Funding

- Consensus forecasting group projected a $457M revenue shortfall for 2008-09
- Governor projected 6.7% cut for postsecondary, without new revenue
- Unprecedented cooperation among Governor Beshear and the General Assembly to reduce cut to 2% through new tax measures
  - Your messages and those from other educators were heard
- Executive Order for budget reductions issued March 24
  - NKU cut = $1,046,300 (~ 2%)
    - Hiring restrictions
    - Travel restrictions
    - Operating budget reductions excluding instructional units
09-10 State Funding Picture

- Consensus forecasting group to meet this summer
  - Shortfall could be up to $1 billion for 09-10

- Governor likely to call a special session to address 09-10 state budget shortfall

- NKU budget projects $2,430,000 cut for 09-10
  - Additional $1,384,000 cut plus the current cut of $1,046,300 which was ordered for 08-09
State Budget Cuts Since 08-09

<table>
<thead>
<tr>
<th>Recurring Budget Cuts</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>08-09 Recurring Cut ~ 5%</td>
<td>$2.8M</td>
</tr>
<tr>
<td>Projected 09-10 Recurring Cut ~4.6%</td>
<td>$2.4M</td>
</tr>
<tr>
<td>Total Recurring Cuts ~ 9.6%</td>
<td>$5.2M</td>
</tr>
</tbody>
</table>
Our Progress Continues

In spite of a nearly 10% reduction in our State funding over the last two years, we have been able to:

✓ Invest in compensation
✓ Continue hiring faculty and fill key staff positions
✓ Expand support for high demand programs
✓ Preserve scholarships
✓ Make significant progress on our SAP implementation
✓ Absorb significant enrollment increases
✓ Strengthen our web presence
✓ Open the Student Union and BOK
Historical State Funding Increases

Significant progress has been made addressing our State funding inequity over the past 7 years

<table>
<thead>
<tr>
<th>KY Institution</th>
<th>% increase in SA 2001-02 to 2008-09*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Kentucky University</td>
<td>33%</td>
</tr>
<tr>
<td>Kentucky State University</td>
<td>27%</td>
</tr>
<tr>
<td>Western Kentucky University</td>
<td>24%</td>
</tr>
<tr>
<td>KCTCS</td>
<td>22%</td>
</tr>
<tr>
<td>Morehead State University</td>
<td>14%</td>
</tr>
<tr>
<td>Eastern Kentucky University</td>
<td>12%</td>
</tr>
<tr>
<td>University of Kentucky</td>
<td>9%</td>
</tr>
<tr>
<td>Murray State University</td>
<td>9%</td>
</tr>
<tr>
<td>University of Louisville</td>
<td>7%</td>
</tr>
</tbody>
</table>

* Excluding Debt Service and U of L Hospital
State Funding Has Not Kept Pace

Inflation Adjusted NKU Total Public Funds per FTE
(Tuition plus State Appropriations*)

* State Appropriation less Debt Service  ** HECA Inflation Adjusted, 2006 Base Year, 2008 & 2009 est.
2009-10 Tuition Rates

- Resident Rate - $11 per credit hour increase (4%)
  - CPE set a 4% undergraduate resident tuition increase cap for the comprehensive institutions

- Metro Rate - $11 per credit hour increase (2.4%)

- Indiana Rate – $17 per credit hour increase (5.7%)
  - Set at 1.12 times the resident rate based on the Indiana Reciprocity Agreement

- Nonresident Rate – $35 per credit hour increase (7.0%)
  - CPE set the non-resident floor at 2 times the resident rate
  - NKU received an exception to charge 1.88 times the resident rate for 09-10; will increase to 2 times by 11-12
## 09-10 Central Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Increase in Tuition Revenue</td>
<td>7,708,000</td>
</tr>
<tr>
<td>Decrease in Other Central Revenues (Mostly Investment Income)</td>
<td>(1,330,000)</td>
</tr>
<tr>
<td>Anticipated Continuation of 2% cut in State Appropriations</td>
<td>(1,046,000)</td>
</tr>
<tr>
<td>Forecasted Additional 2.7% Cut in State Appropriations</td>
<td>(1,384,000)</td>
</tr>
<tr>
<td><strong>Total Increase in Central Revenues</strong></td>
<td><strong>3,948,000</strong></td>
</tr>
</tbody>
</table>
# 09-10 Recurring Expenditure Budget

<table>
<thead>
<tr>
<th>Increase in Central Revenues</th>
<th>3,948,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Costs and Base Adjustments</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Scholarships and Revenue Sharing Agreements</td>
<td>1,600,000</td>
</tr>
<tr>
<td>Central Investments</td>
<td>120,000</td>
</tr>
<tr>
<td>Increase Budget Reserve</td>
<td>1,158,000</td>
</tr>
<tr>
<td>Reductions in Division Budgets</td>
<td>(2,430,000)</td>
</tr>
<tr>
<td><strong>Total Changes in Central Expenditures</strong></td>
<td>3,948,000</td>
</tr>
</tbody>
</table>
## 09-10 Non-recurring Expenditure Budget

<table>
<thead>
<tr>
<th>Budgeted Fund Balance</th>
<th>6,500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Informatics construction supplement</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Information Technology</td>
<td>1,260,000</td>
</tr>
<tr>
<td>PRISM</td>
<td>1,040,000</td>
</tr>
<tr>
<td>Athletics transition to BOK</td>
<td>100,000</td>
</tr>
<tr>
<td>Support for Capital Campaign</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total Non-Recurring Budgeted Expenditures</strong></td>
<td><strong>6,500,000</strong></td>
</tr>
</tbody>
</table>
Reserves for 09-10

- Budget Reserve at $4.7M
- University Contingency at $550K
Other Budget Developments

- Received an additional $5M in bond funds in the current year Road Plan to extend University Blvd. to Johns Hill Road, alleviating traffic congestion related to university growth and BOK events.

- Senator McConnell secured $1.9 million to help with the technology funds needed to complete the Center for Informatics.

- Through our agreement with the City of Highland Heights, we will break ground on a new Soccer Stadium.
Planning / Budget Assumptions

- Recession impact will last another 2-3 years
- Little new recurring money (state funding and tuition)
- May be some new non-recurring funds
- Additional investments/capacity will come primarily from reallocation, productivity increases, and cost containment practices
- Continued strong demand for NKU
- *The Talent Imperative!* and SACS recommendations will be the major focus for our work through 2012
Unanswered Questions

- State revenue forecast for 09-10?
- Outcome of special legislative session?
- Amount of federal stimulus funds?
- 09-10 enrollments?
  - Freshman confirmations are up 10.4%
  - Freshman applications are up 38.1%
    - over 6,000 applications for the first time ever
  - Freshman regular admits are up 17.9%
  - Kentucky resident applications are up 46.5%
  - African-American student applications are up 54%
  - Scholarship applicants scoring 29 or higher on the ACT are up 33.8% (an increase of 44 students)
Staying focused on the future while managing the present...