

Spring Convocation 2011



April 6, 2011

Agenda

- ✓ NKU Today
- ✓ Continuing Challenges
- ✓ Administrative Effectiveness: Huron Update
- ✓ The 2011-12 Budget
- ✓ Focus on the Future

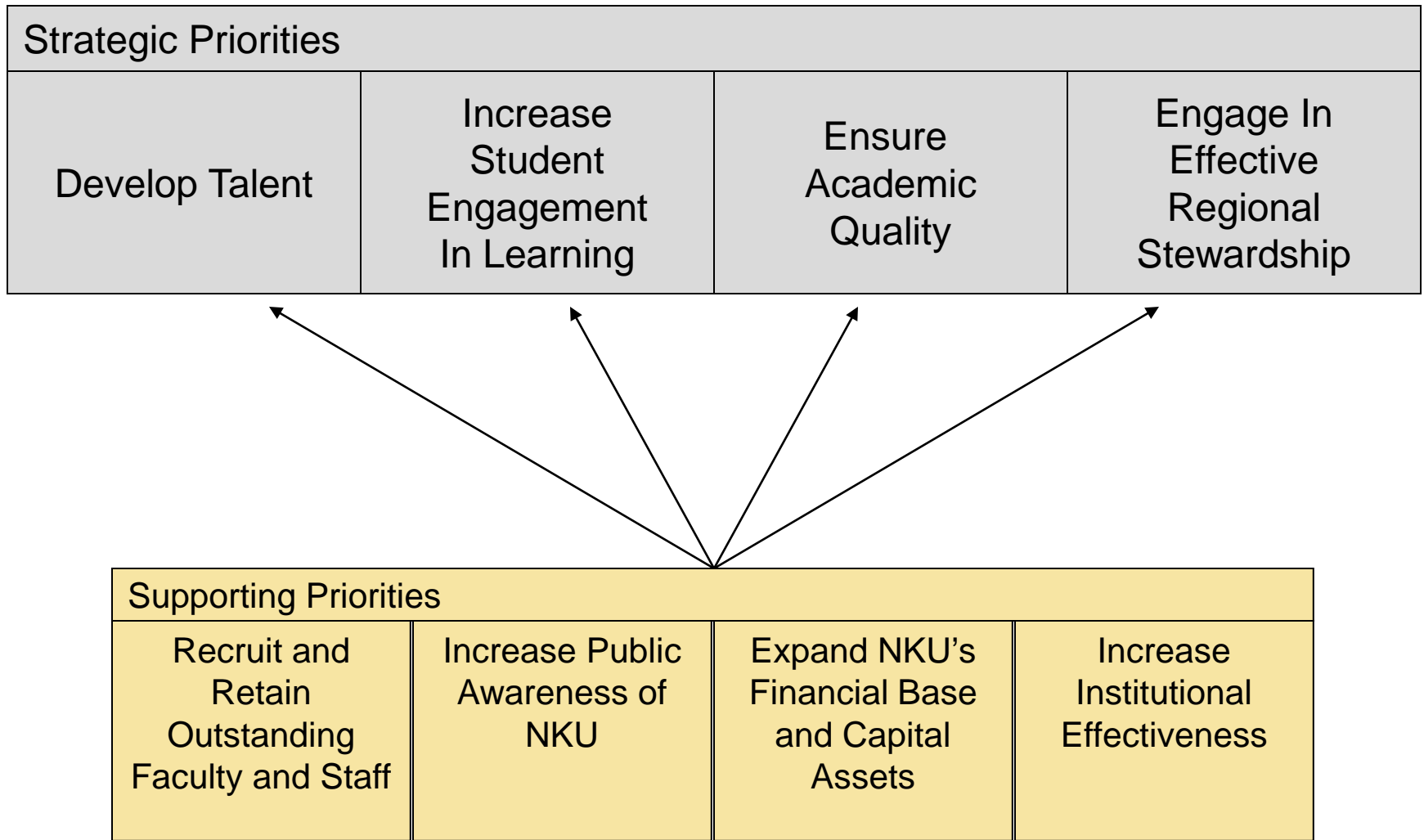
NKU: A Modern, Metropolitan University

- ✓ Nearly 16,000 students with annual growth of approx. 2%
- ✓ Nearly 2,800 degrees and certificates produced last year
- ✓ \$200,000,000 budget
- ✓ \$65,000,000 endowment
- ✓ \$7,500,000 in grants and contracts expended last year
- ✓ 2,700 faculty and staff members
- ✓ Average class size of 24.5 / student:faculty ratio of 17:1
- ✓ 76 undergraduate programs
- ✓ 49 masters and masters level certificate programs
- ✓ 2 professional doctorates
- ✓ Juris Doctorate

NKU: A Modern, Metropolitan University

- ✓ Cited by Forbes Magazine as one of America's best universities
- ✓ Several nationally ranked programs and faculty, staff, and students receiving national and international recognition
- ✓ Increasingly selective as demand for access continues to increase
- ✓ Strong Arts and Sciences core surrounded by innovative professional colleges aligned with regional and national workforce needs
- ✓ Growing areas of research and scholarly excellence which is reflected in significant increases in external funding
- ✓ Nationally recognized for our public engagement
- ✓ Increasing recognition of our athletic excellence

The Talent Imperative!



NKU Diversity Plan

Student Body Diversity	<ul style="list-style-type: none">• Undergrad enrollment• Grad enrollment
Student Success	<ul style="list-style-type: none">• Student retention• Graduation rates• Degrees conferred• Credentials conferred
Workforce Diversity	<ul style="list-style-type: none">• Faculty• Staff• Exec/Admin/Managerial
Campus Climate	<ul style="list-style-type: none">• Campus Environment Team• Comprehensive assessment of strategies and best practices implemented in support of the institutional diversity plans• Employment retention and promotion

CONTINUING CHALLENGES

Continuing Challenges

- ✓ Economic challenges that are going to be persistent and prolonged
- ✓ Growing pressures on state budgets from Medicaid and unfunded pension liabilities; significant increases in state appropriations not expected over the next 3-5 years with a possibility for continued reductions
- ✓ Changing student expectations and the role of technology in the teaching-learning process
- ✓ Changing student demographics
- ✓ Increasing competition for students amongst a broader array of providers
- ✓ Pressure around affordability
- ✓ Increasing public expectations, particularly around retention and degree production
- ✓ New requirements for transparency and accountability (federal, state, accreditation bodies)

CPE Strategic Agenda

College Readiness

Policy Objectives:

- ✓ Increase the number of college-ready Kentuckians entering postsecondary education
- ✓ Increase the number of college-ready GED graduates
- ✓ Increase the effectiveness of Kentucky's K-12 teachers and school leaders

Performance Metrics:

- New teacher excellence (top 15% nationally)

CPE Strategic Agenda

Student Success

Policy Objectives:

- ✓ Increase high-quality degree production and completion rates at all levels and close achievement gaps, particularly for lower-income, underprepared, and underrepresented minorities
- ✓ Decrease financial barriers to college access and completion

Performance Metrics:

- Degrees and credentials conferred
- Graduation rates
- Graduation rate gaps of underrepresented minority, low income, and less-prepared students
- Transfer from KCTCS to four-year colleges and universities
- Net price for low-income students

CPE Strategic Agenda

Research, Economic, & Community Development

Policy Objectives:

- ✓ Increase basic, applied, and translational research to create new knowledge and economic growth
- ✓ Increase educational attainment and quality of life in Kentucky communities through regional stewardship, public service, and community outreach

Performance Metrics:

- Research and development funding
- Degrees and credentials in science, technology, engineering, mathematics, and health-related fields

CPE Strategic Agenda

Efficiency & Innovation

Policy Objectives:

- ✓ Increase academic productivity through program innovations
- ✓ Maximize the use of postsecondary and adult education resources

Performance Metrics:

- Student credit hours – online
- Average credits to bachelor's degree

ADMINISTRATIVE EFFECTIVENESS: HURON CONSULTING GROUP UPDATE

Five Primary Areas of Focus

- ✓ Student Administrative Services
- ✓ IT Strategic Resource Allocation
- ✓ Effective Procurement Practices
- ✓ Efficiencies of NKU's business processes and optimization of SAP
- ✓ Strategic, organizational effectiveness, and cost reduction opportunities

Key Recommendation Themes

- ✓ Consider a new model for centralized academic advising
- ✓ Streamline/integrate student administrative processes
- ✓ Establish an IT priority-setting process that supports NKU's strategic plan
- ✓ Complete SAP student system implementation
- ✓ Simplify business processes, eliminate manual processes and non-value-added activity
- ✓ Strengthen customer service
- ✓ Improve pricing/strategic sourcing and procurement practices
- ✓ Take a more formal approach to policy formation and execution
- ✓ Increase investment in and support of technology-based instruction

Huron Consulting Group

Key Finding

“Compared to other universities we’ve worked with, NKU has a lean organization. By improving operational efficiency, NKU can reduce workload stress and improve customer service.”

- Huron Consultants

THE 2011-12 BUDGET

Recent Reductions in State Appropriation

Cuts in Regular State Appropriation since 2008

Beginning FY 2007-08	\$ 55.1M
Less:	
Mid-year Cut, January 2008	1.7M
Additional Cut for Beginning FY 2008-09	1.1M
Mid-year Cut, March 2009	1.0M
Additional Cut for Beginning FY2009-10	0.1M
Additional Cut for Beginning FY2010-11	0.7M
Additional Cuts for Beginning FY2011-12	1.4M
FY12 Regular State Appropriation	49.1M
Total Reduction in Regular SA since 2008	6.0M

Additional 2011-12 Recurring Budget Pressures

Griffin Hall operating and technology expenses (excluding equipment replacement)	\$ 2,000,000
Increases in fixed costs	3,700,000
FY11 recurring essential expenditures funded non-recurring	1,000,000
FY12 recurring essential expenditures*	250,000
Restoration / increases in budgeted reserves (total reserves and contingencies planned at \$6.1M)	2,150,000
Total 2011-12 Budget Pressures	9,100,000

* Essential expenditures:

1. Comply with new state and federal regulations
2. Maintain the safety and security of our students, faculty and staff
3. Protect the university from significant liability

Total Sources of Funds

Source of Funds	Recurring	Non-Recurring
Net Tuition Revenue*	\$ 6,450,000	\$ 0
State Appropriations	1,500,000	0
Budget Restructuring	5,300,000	0
Net Assets	0	6,100,000
Total Sources of Funds	\$ 13,250,000	\$ 6,100,000

* Assumes tuition increases at the same levels approved for 2010-11

Budget Restructuring

Reduced administrative infrastructure	\$ 800,000
Contained administrative and procurement related costs	2,450,000
Increasing central revenue generation	1,700,000
Increased academic productivity	350,000
Projected Recurring Funds*	5,300,000

* \$300,000 in non-recurring bridge funding required to implement budget restructuring

2011-12 Essential Expenditures

Essential Expenditures	Recurring	Non-Recurring
IT Security Enhancements	\$ 40,000	\$ 75,000
Quality Enhancement Plan		20,000
Compliance with new Federal job placement reporting requirements	108,000	5,000
Permanent position to meet State and Federal requirements for testing and disability services	45,000	
Snow and ice removal equipment		100,000
Collections Coordinator for new agreement with the KY Department of Revenue	45,000	
Deferred Maintenance including Plaza repairs and Greaves Hall		1,500,000
Total Essential Expenditures	238,000	1,700,000

Planned Centrally Funded Investment Priorities

Planned Investments	Recurring	Non-Recurring
Salary Increases – 3% Merit Pool	\$ 3,300,000	
Advising	600,000	
SAP Campus Management		TBD
Technology Investments:		
Classroom Technology and Support	150,000	500,000
Academic Software	100,000	
Disaster Recovery		300,000
Online Program Expansion – continuation		500,000
Diversity Plan	TBD	TBD
Classroom Renovations (including COB move)		1,500,000
Deferred Maintenance		1,300,000
Total Planned Investments	4,150,000	4,100,000

How It All Adds Up for 2011-12

	Estimated Recurring	Estimated Non-Recurring
Total Sources of Funds	\$ 13,250,000	\$ 6,100,000
Planned Uses of Funds:		
Griffin Hall operating and technology	2,000,000	
Increases in fixed costs	3,700,000	
FY10 recurring essential expenditures funded non-recurring	1,000,000	
FY11 essential expenditures	250,000	1,700,000
Restoration / increases in budgeted reserves	2,150,000	
Investment Priorities	4,150,000	4,100,000
Bridge funding for budget restructuring		300,000
Total Planned Uses of Funds	13,250,000	6,100,000



Focus on the Future

Protecting Our Highest Priorities

- ✓ Recruiting and retaining the best faculty and staff
- ✓ The quality of our undergraduate experience, including our reputation as an “up close and personal” institution
- ✓ Key graduate programs that relate to regional needs. Do not add new programs without a funding source
- ✓ Student advising and support programs that can be demonstrated to support student success
- ✓ Public engagement, with a particular emphasis on P-12 education
- ✓ Areas of research and creativity with the recognition that external funding must be a priority
- ✓ Key elements of our administrative functions required for us to serve our mission