



# **2012-14 Biennial Budget Update**

**NKU Board of Regents  
Policy and Finance Committee  
November 9, 2011**

# 2012-14 Biennial Budget Recommendation

**Capital  
Request**

**Operating  
Request**

**Other  
Investment  
Pools**

NKU #1 Capital  
Project: Health  
Innovations  
Center

# CPE 2012-14 Capital Budget Recommendation

## NKU 2012-14 Capital Budget

- Capital Budget Request is included in meeting agenda
- 46 projects totaling \$505 million
- Top Priority - State Bonds
  - Health Innovations/Founders Hall Renovation - \$92.5 Million
- Top Priority - Agency Bonds
  - Campus Recreation Center Expansion/Renovation - \$45 Million

# CPE 2012-14 Capital Budget Recommendation

## CPE Multi-Biennial Capital Investment Strategy

- \$3 Billion over 3 biennia
- Formula: blend of 60% VFA, 20% FTE, 10% Research and 10% TPF, with a \$15 million base funding amount
- For NKU - \$192,197,400 - 6.4% of system total over 6 years

Asset Preservation	\$101,226,700	53%
New & Expanded	\$ 90,970,700	47%

# CPE 2012-14 Capital Budget Recommendation

## CPE 2012 Space Model

- Nationally benchmarked, formula-based comparison of institutional space
- Compares actual space to guideline formulas
- Space Model generates a 'guideline' of 1,227,222 square feet for NKU – a current deficit of **268,779 square feet**, a 28% deficit, and the largest percentage deficit among the senior institutions
- NKU's deficits (based on 2010 data)
  - Classrooms – 39,000
  - Labs – 75,200
  - Recreation Space – 52,600
- NKU square feet per FTE comparison (2009 data)
  - NKU has 78 square feet per FTE
  - Comprehensives (excl. KSU) have an average of 123 square feet per FTE

# CPE 2012-14 Capital Budget Recommendation

## VFA Facility Condition and Space Adequacy Study

- Coordinated by CPE and completed in 2007
- Evaluated condition and adequacy of most academic buildings on system campuses
- Highlighted need to increase funding for asset preservation (AP) while maintaining momentum for new space
- Each institution's VFA analysis resulted in a recommendation for future investments in AP and New/Expanded. VFA's recommendations for NKU:
  - Asset Preservation - 53%
  - New/Expanded - 47%

# CPE 2012-14 Capital Budget Recommendation

## Implementation of CPE Funding Proposal

- NKU's share for 2012-2014: \$64,065,800
- If funded in one biennium, no guarantee of funding in the next biennium
- 25% of the AP money can be moved to New, and vice versa
- If funded in 2012, would allow university to begin design and construction of the \$92 million Health Innovations project

# CPE 2012-14 Capital Budget Recommendation

## Proposed Multi-biennial Capital Investment Pool (2012-2018)

Institution	2012-18 Capital Investment Pool	2012-14 Recommended Allocation	% of Total	Estimated Annual Debt Payment For 2012-14 Allocation
University of Kentucky	\$814,064,700	\$271,354,900	27.1%	\$27,135,490
University of Louisville	\$661,871,700	\$220,623,900	22.1%	\$22,062,390
Eastern Kentucky University	\$189,501,300	\$63,167,100	6.3%	\$6,316,710
Kentucky State University	\$86,778,000	\$28,926,000	2.9%	\$2,892,600
Morehead State University	\$136,882,200	\$45,627,400	4.6%	\$4,562,740
Murray State University	\$143,517,600	\$47,839,200	4.8%	\$4,783,902
Northern Kentucky University	\$192,197,400	\$64,065,800	6.4%	\$6,406,580
Western Kentucky University	\$273,627,900	\$91,209,300	9.1%	\$9,120,930
KCTCS	\$501,559,200	\$167,186,400	16.7%	\$16,718,640
System Total	\$3,000,000,000	\$1,000,000,000	100.0%	\$100,000,000

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# **NKU #1 Capital Project**

## **Health Innovations Center**

### **Presentation by:**

- Gail Wells, Vice President and Provost, Academic Affairs
- Denise Robinson, Dean, College of Health Professions
- Jeffrey Smith, Chair, Psychological Science

# CPE 2012-14 Operating Budget Recommendation

Institution	M&O	College Readiness	Research	Student Success	Total	Total per FTE	% of Total	% of Net SA FY 2011-12
UK	\$6,788,200	\$831,800	\$10,000,000	\$6,532,500	\$24,152,500	\$933	24.8%	8.0%
UL	\$7,102,100	\$855,600	\$5,000,000	\$4,070,000	\$17,027,700	\$931	17.5%	11.3%
EKU	\$3,898,000	\$1,098,100		\$2,105,000	\$7,101,100	\$523	7.3%	9.8%
KSU	\$1,000,000	\$775,000		\$512,500	\$2,287,500	\$974	2.4%	12.7%
MoSU	\$2,924,300	\$888,200		\$1,122,500	\$4,935,000	\$743	5.1%	11.3%
MuSU	\$762,600	\$899,500		\$1,452,500	\$3,114,600	\$371	3.2%	6.1%
<b>NKU</b>	<b>\$4,393,900</b>	<b>\$829,200</b>		<b>\$1,825,000</b>	<b>\$7,048,100</b>	<b>\$576</b>	<b>7.2%</b>	<b>14.1%</b>
WKU	\$3,299,400	\$1,202,500		\$2,540,000	\$7,041,900	\$422	7.2%	9.1%
KCTCS	\$9,947,600	\$9,814,600		\$4,840,000	\$24,602,200	\$420	25.3%	12.0%
<b>TOTAL</b>	<b>\$40,116,100</b>	<b>\$17,194,500</b>	<b>\$15,000,000</b>	<b>\$25,000,000</b>	<b>\$97,310,600</b>	<b>\$598</b>	<b>100%</b>	<b>10.0%</b>



Note: Excludes Bucks for Brains

# CPE 2012-14 Operating Budget Recommendation

## Maintenance and Operations Funding for New Facilities

*Maintenance and operations funds for new buildings, including Griffin Hall, Student Union, and the Bank of Kentucky Center. Request amount is based on a formula and is intended to cover maintenance and custodial staff, utilities, supplies, equipment, etc. Request includes facilities opened or opening after the 06-08 biennium since the state has not provided funding since that time.*

Institution	M&O FY 2012-14	% of M&O Total	% of Net SA FY 2011-12
University of Kentucky	\$6,788,200	16.9%	2.2%
University of Louisville	\$7,102,100	17.7%	4.7%
Eastern Kentucky University	\$3,898,000	9.7%	5.4%
Kentucky State University	\$1,000,000	2.5%	5.4%
Morehead State University	\$2,924,300	7.3%	6.7%
Murray State University	\$762,600	1.9%	1.5%
<b>Northern Kentucky University</b>	<b>\$4,393,900</b>	<b>11.0%</b>	<b>8.8%</b>
Western Kentucky University	\$3,299,400	8.2%	4.3%
KCTCS	\$9,947,600	24.8%	4.9%
TOTAL	\$40,116,100	100.0%	4.1%



Net State = Appropriation as Enacted less Debt Service, UL Hospital Contract, and KSU Land Grant Match

Total includes unfunded M&O from 2010-12 Biennial Budget and Facilities Coming on Line during the 2012-14 Biennium

# CPE 2012-14 Operating Budget Recommendation

## College Readiness

*Funds to support college readiness and SB1 initiatives such as teacher preparation programs, support for underprepared students, and P-12 outreach. Request amounts are based on a formula that includes the number of teacher education degrees and number of underprepared students.*

Institution	College Readiness FY 2013	% of College Readiness Total	% of Net SA FY 2011-12
University of Kentucky	\$831,800	4.8%	0.3%
University of Louisville	\$855,600	5.0%	0.6%
Eastern Kentucky University	\$1,098,100	6.4%	1.5%
Kentucky State University	\$775,000	4.5%	4.3%
Morehead State University	\$888,200	5.2%	2.0%
Murray State University	\$899,500	5.2%	1.8%
<b>Northern Kentucky University</b>	<b>\$829,200</b>	<b>4.8%</b>	<b>1.7%</b>
Western Kentucky University	\$1,202,500	7.0%	1.6%
KCTCS	\$9,814,600	57.1%	4.8%
TOTAL	\$17,194,500	100.0%	1.8%



# CPE 2012-14 Operating Budget Recommendation

## Research

*Funds provided to support UK/UofL's research mission*

Institution	Research FY 2012-13	% of Research Total	% of Net SA FY 2011-12
University of Kentucky	\$10,000,000	66.7%	3.3%
University of Louisville	\$5,000,000	33.3%	3.3%
Eastern Kentucky University	\$0	0.0%	0.0%
Kentucky State University	\$0	0.0%	0.0%
Morehead State University	\$0	0.0%	0.0%
Murray State University	\$0	0.0%	0.0%
<b>Northern Kentucky University</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
Western Kentucky University	\$0	0.0%	0.0%
KCTCS	\$0	0.0%	0.0%
<b>TOTAL</b>	<b>\$15,000,000</b>	<b>100.0%</b>	<b>1.5%</b>



# CPE 2012-14 Operating Budget Recommendation

## Performance Funding for Student Success

*Funds provided as monetary incentives to make progress toward achieving the state's House Bill 1 (1997) improvement goals. The request per institution is based on a distribution of total public funds (tuition plus state appropriation), which is used as a proxy for institutional size and mission.*

Institution	Student Success Incentive FY 2013-14	% of Student Success Total	% of Net SA FY 2011-12
University of Kentucky	\$6,532,500	26.1%	2.2%
University of Louisville	\$4,070,000	16.3%	2.7%
Eastern Kentucky University	\$2,105,000	8.4%	2.9%
Kentucky State University	\$512,500	2.1%	2.8%
Morehead State University	\$1,122,500	4.5%	2.6%
Murray State University	\$1,452,500	5.8%	2.8%
<b>Northern Kentucky University</b>	<b>\$1,825,000</b>	<b>7.3%</b>	<b>3.6%</b>
Western Kentucky University	\$2,540,000	10.2%	3.3%
KCTCS	\$4,840,000	19.4%	2.4%
<b>TOTAL</b>	<b>\$25,000,000</b>	<b>100.0%</b>	<b>2.6%</b>



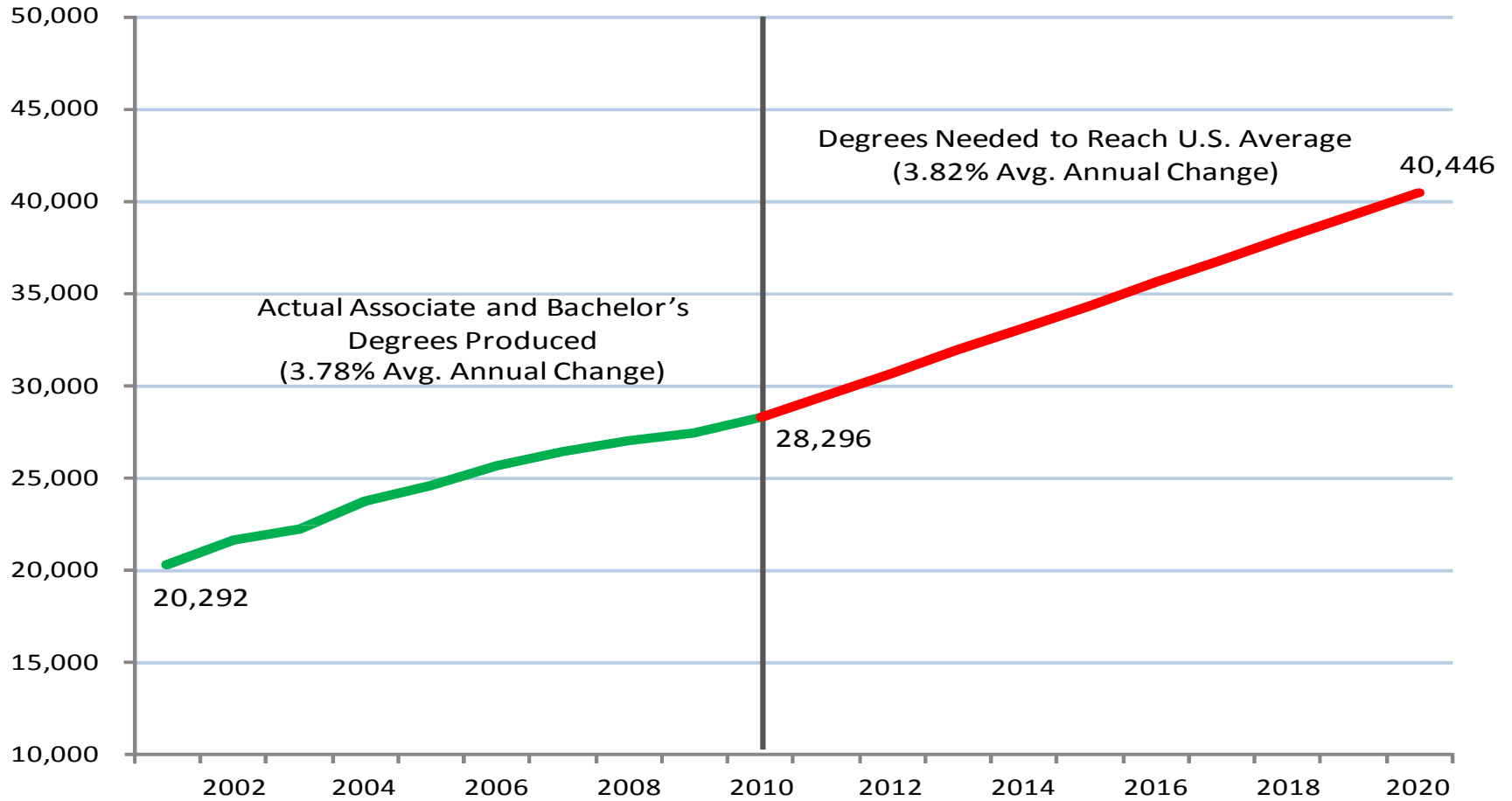
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# **CPE 2012-14 Operating Budget Recommendation**

## **Performance Funding Metrics and Targets**

- Bachelor's Degrees (3.8% per year)
- 6-Year Graduation Rate (1.2 ppt per year)
- 6-Year Graduation Rate Gap, Underprepared Students (-10%)
- Transfers from KCTCS to Universities (3.5% per year)

**Figure 7. Undergraduate Degree Production Needed for Kentucky to Reach the U.S. Average in College Attainment Among 25 to 44 Year Olds by 2020**



Source: Kentucky Council on Postsecondary Education, NCHEMS



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# CPE 2012-14 Operating Budget Recommendation

## Kentucky's Progress Over the Last Decade

### **1st in the nation**

- Increase in undergraduate credentials awarded per 1,000 adults age 18 to 44 with no college degree
- Increase in six-year graduation rates at four-year institutions
- Increase in % of adults 25 to 64 with college degrees

### **2nd in the nation**

- Increase in % of adults 25 to 44 with college degrees

### **5th in the nation**

- Increase in total undergraduate credentials produced

# CPE 2012-14 Budget Recommendation

## Bucks for Brains Matching Program

- *Endowment/capital program matches private endowed gifts or private gifts for capital projects*
- *Research pool (non-recurring) matches increases in federal research dollars at UK and UofL*

Institution	Bucks for Brains Distribution	% of Total	Research Match Pool	% of Total
University of Kentucky	\$33,333,000	55.6%	\$10,000,000	66.7%
University of Louisville	\$16,667,000	27.8%	\$5,000,000	33.3%
Eastern Kentucky University	\$2,258,000	3.8%	\$0	
Kentucky State University	\$786,000	1.3%	\$0	
Morehead State University	\$1,370,000	2.3%	\$0	
Murray State University	\$1,603,000	2.7%	\$0	
<b>Northern Kentucky University</b>	<b>\$1,564,000</b>	<b>2.6%</b>	<b>\$0</b>	
Western Kentucky University	\$2,419,000	4.0%	\$0	
KCTCS	\$0	0.0%	\$0	
<b>TOTAL</b>	<b>\$60,000,000</b>	<b>100.0%</b>	<b>\$15,000,000</b>	<b>100.0%</b>



# CPE 2012-14 Budget Recommendation

## Bond Pool for Capital-related Technology Investments

*Funds to support statewide and institutional technology infrastructure projects.*

Institution	Institutional/CPE Allocation	% of Total
University of Kentucky	\$11,181,400	18.6%
University of Louisville	\$7,042,700	11.7%
Eastern Kentucky University	\$4,546,500	7.6%
Kentucky State University	\$1,547,600	2.6%
Morehead State University	\$2,814,200	4.7%
Murray State University	\$3,194,100	5.3%
<b>Northern Kentucky University</b>	<b>\$3,720,900</b>	<b>6.2%</b>
Western Kentucky University	\$4,817,200	8.0%
KCTCS	\$9,135,500	15.2%
TOTAL	\$48,000,100	80%
CPE	\$12,000,000	20%
TOTAL	\$60,000,100	100%

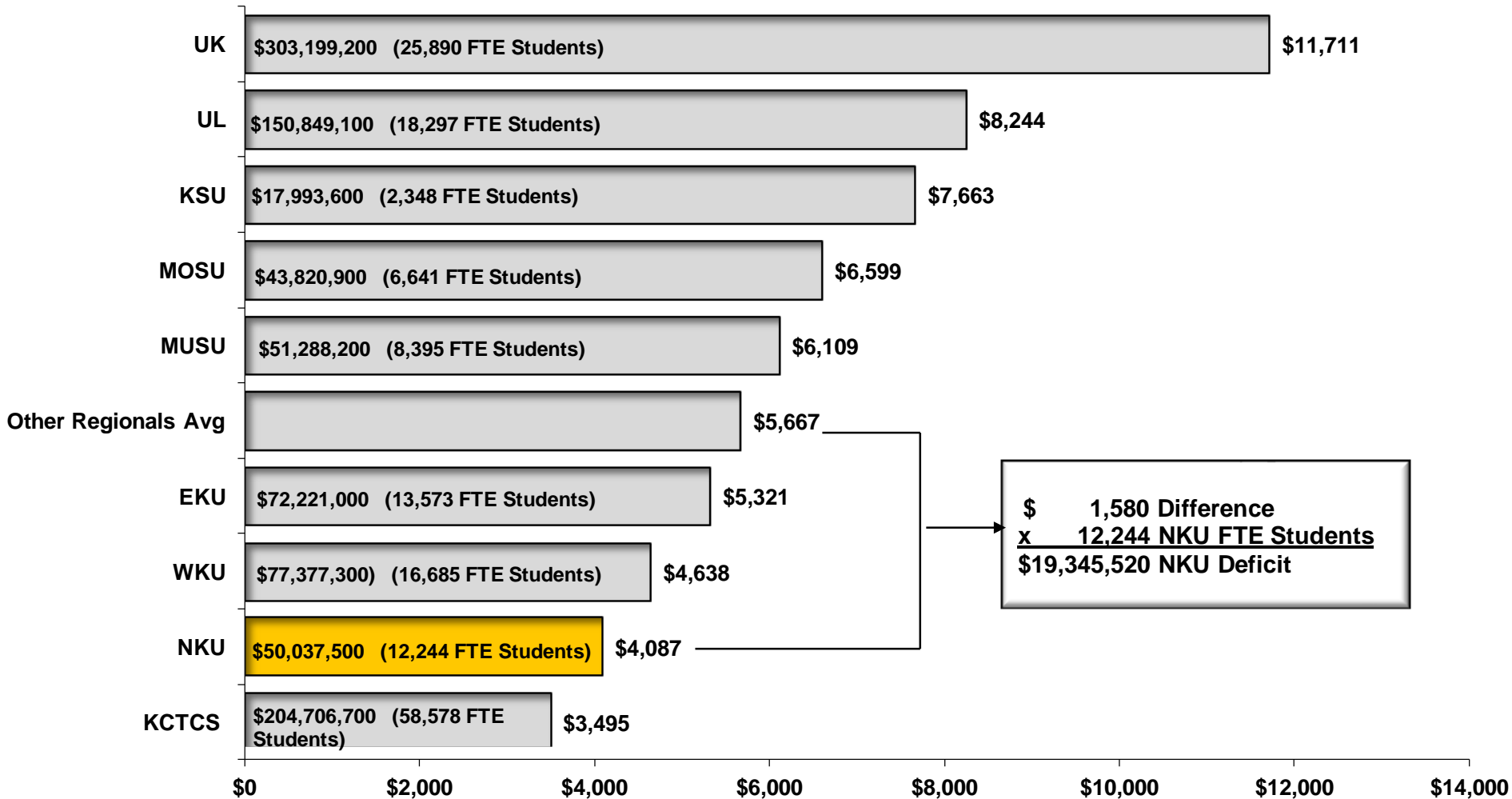
# CPE 2012-14 Operating Budget Recommendation

## Funding Impact per FTE Student

Institution	FY 2011-12 Per FTE	Per FTE Increase Over Biennium	FY 2013-14 \$\$ Per FTE
University of Kentucky	\$11,711	\$933	\$12,644
University of Louisville	\$8,244	\$931	\$9,175
Kentucky State University	\$7,663	\$974	\$8,638
Morehead State University	\$6,599	\$743	\$7,342
Murray State University	\$6,109	\$371	\$6,480
Eastern Kentucky University	\$5,321	\$523	\$5,845
Western Kentucky University	\$4,638	\$422	\$5,060
<b>Northern Kentucky University</b>	<b>\$4,087</b>	<b>\$576</b>	<b>\$4,662</b>
Total 4 Year Institutions	\$6,797	\$684	\$7,481
KCTCS	\$3,495	\$420	\$3,915



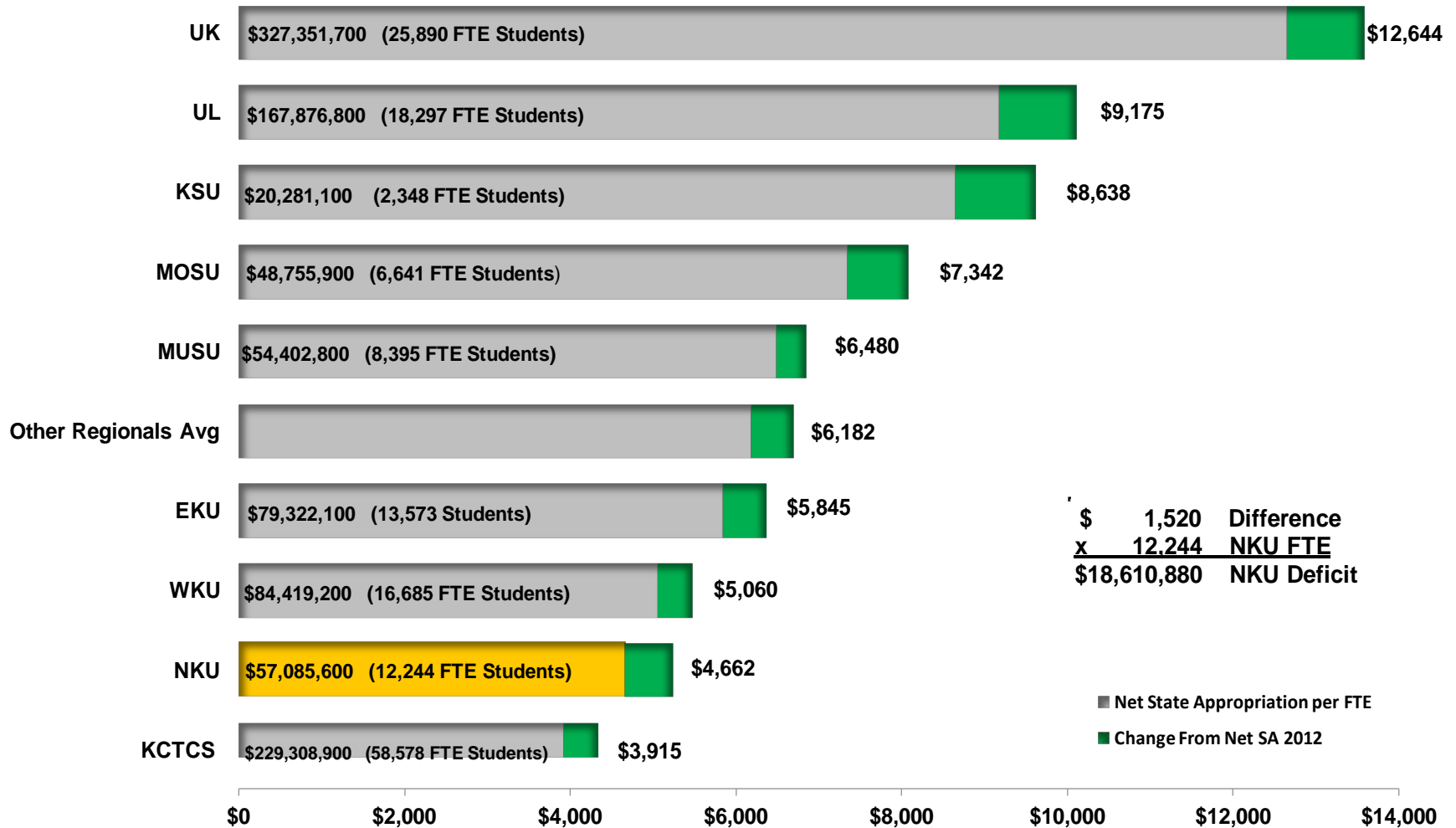
# Net State Appropriation Per FTE Student FY 2011-12



\*Net State = Appropriation as Enacted less Debt Service, UL Hospital Contract, and KSU Land Grant Match

\*FTE = Fall 2010 Total Undergraduate Semester Hours divided by 15, total and Total Graduate Semester Hours and Total Law Semester Hours Divided by 12

# CPE Proposed Net State Appropriation Per FTE FY 2013-14



Net State = Appropriation as Enacted less Debt Service, UL Hospital Contract, and KSU Land Grant Match  
 FTE = Fall 2010 Total Undergraduate Semester Hours divided by 15, total and Total Graduate Semester Hours and Total Law Semester Hours Divided by 12

# CPE 2012-14 Operating Budget Recommendation

Institution	M&O	College Readiness	Research	Student Success	Total	Total per FTE	% of Total	% of Net SA FY 2011-12
UK	\$6,788,200	\$831,800	\$10,000,000	\$6,532,500	\$24,152,500	\$933	24.8%	8.0%
UL	\$7,102,100	\$855,600	\$5,000,000	\$4,070,000	\$17,027,700	\$931	17.5%	11.3%
EKU	\$3,898,000	\$1,098,100		\$2,105,000	\$7,101,100	\$523	7.3%	9.8%
KSU	\$1,000,000	\$775,000		\$512,500	\$2,287,500	\$974	2.4%	12.7%
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<b>NKU</b>	<b>\$4,393,900</b>	<b>\$829,200</b>		<b>\$1,825,000</b>	<b>\$7,048,100</b>	<b>\$576</b>	<b>7.2%</b>	<b>14.1%</b>
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KCTCS	\$9,947,600	\$9,814,600		\$4,840,000	\$24,602,200	\$420	25.3%	12.0%
<b>TOTAL</b>	<b>\$40,116,100</b>	<b>\$17,194,500</b>	<b>\$15,000,000</b>	<b>\$25,000,000</b>	<b>\$97,310,600</b>	<b>\$598</b>	<b>100%</b>	<b>10.0%</b>

Note: Excludes Bucks for Brains



# Impact of Unfunded State Obligations

## M&O for New Facilities, State Retirement System Increases

Institution	FY1012-14 CPE Request M&O	% of M&O Total	KERS & KTRS 10-12 Increases	TOTAL KERS, KTRS & M&O	% of Net SA FY 2011-12
University of Kentucky	\$6,788,200	16.9%	\$0	\$6,788,200	2.2%
University of Louisville	\$7,102,100	17.7%	\$0	\$7,102,100	4.7%
Eastern Kentucky University	\$3,898,000	9.7%	\$2,105,930	\$6,003,930	8.3%
Kentucky State University	\$1,000,000	2.5%	\$425,372	\$1,425,372	7.7%
Morehead State University	\$2,924,300	7.3%	\$1,049,017	\$3,973,317	9.1%
Murray State University	\$762,600	1.9%	\$1,860,665	\$2,623,265	5.1%
<b>Northern Kentucky University</b>	<b>\$4,393,900</b>	<b>11.0%</b>	<b>\$2,655,766</b>	<b>\$7,049,666</b>	<b>14.1%</b>
Western Kentucky University	\$3,299,400	8.2%	\$1,800,577	\$5,099,977	6.6%
KCTCS	\$9,947,600	24.8%	\$2,515,487	\$12,463,087	6.1%
<b>TOTAL</b>	<b>\$40,116,100</b>	<b>100.0%</b>	<b>\$12,412,814</b>	<b>\$52,528,914</b>	<b>5.4%</b>

2012-14 KERS estimated increases for NKU are an additional \$2.6M



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# The Reality We Face

## NKU Budget Pressures

- \$6.8M lower state appropriation than 2007-08
- State mandated KERS rate increases exceed \$1M per year
- Fixed costs continue to increase \$2-\$3M per year
- Griffin Hall equipment replacement estimated at ~\$2M per year
- Increased competition for students, putting pressure on pricing and enrollments
- Required investments to meet new state/federal requirements
- Increasing demands on NKU to produce more graduates and support regional economic and community development needs

# Examples of Investments Needed to Support the NKY Region

- Additional faculty to support enrollment growth, enhance academic quality, and increase research and public engagement activities
- Targeted program expansion that responds to regional demands, especially STEM, informatics, and health innovation initiatives
- Additional staff to support enrollment growth, student success, and quality service delivery
- Scholarships and financial aid to address affordability, diversity, and overall quality of the student body
- Increased technology services and tools to enhance teaching and learning and improve operational efficiencies
- Investments in deferred maintenance and asset preservation
- Funding to support college readiness, including teacher preparation and development, P-12 outreach, and curricular alignment