



**Northern Kentucky University**  
**Board of Regents**

**Budget Restructuring Update**

**March 16, 2011**

# Financial Assumptions

- No new state funding in the near term/possible additional state cuts
- 72% tuition dependent
- Pressure around affordability, tuition caps
- State/national policy focus on degree completion and productivity
- New requirements for transparency, accountability, and efficiency

# Financial Strengths

- Strong enrollment demand
- Strong brand identity in the marketplace
- Strong credit rating
- Willingness of the campus to innovate and adapt around financial challenges

# Budget Pressures

- KERS rate increase (\$1M)
- Essential expenditures (\$1.25M)
- Fixed cost increases (utilities, health insurance, licenses, etc.) (\$2.5-2.75M)
- Griffin Hall maintenance, operations, and technology (\$2.25M)
- Possible additional budget cuts in 11-12 (\$1-2M)
- Market-competitive salaries (1% = \$1.1M)
- Needed investments to protect and support core mission (TBD)

\*Dollar figures are approximate and preliminary

# Financial Objective

Maintain our momentum through budget restructuring that allows for continued investment in our people, programs, and services

## Strategies for Achieving a \$5M Goal

● Reduce administrative infrastructure	\$ 800,000
● Contain administrative and procurement related costs	\$ 1,650,000
● Increase central revenue generation	\$ 1,700,000
● Increase academic productivity	\$ 350,000
<b>PROJECTED RECURRING FUNDS</b>	<b>\$ 4,500,000</b>

\*Another \$1.5M under consideration

# Restructuring Process

- Accomplish budget restructuring as quickly as possible
- Communicate broadly
- Consult with key governance groups and keep them informed
- Maintain a strong connection between steps taken and outcomes that impact our students, faculty, and staff

# Budget Timeline

- **Spring Convocation on April 6** – Announce investment pools based on estimated tuition rates
- **CPE meeting on April 28** – Action taken on tuition caps and special purpose fee policy
- **Board of Regents meeting on May 4** – Action taken on annual budget, tuition rates, fees, investment pools
- **CPE meeting on June 9** – Action taken on tuition rates and special purpose fees
- **May/June** – Investment pool allocations made

# Huron Engagement

## *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

# Huron Engagement

## *Project Status*

- On site since Mid-December
- Have interviewed wide sample of NKU faculty, administrators, staff and students
- Performed benchmarking with peer institutions
- Steering Committee was updated regularly
- Identified opportunities for improvement
- Wrapping up first draft of recommendations

# Huron Engagement

## *Key Recommendation Themes*

- Implement 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

# Key Huron 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

# Next Steps

## *Huron*

- Finalize recommendations
- Summarize priority, risks and costs associated to each recommendation
- Deliver final report to NKU Executive Leadership

## *NKU*

- Review final report
- Communicate results to stakeholders
- Determine which recommendations to accept
- Develop prioritized project implementation plan
- Assign project management leads and build implementation teams
- Begin individual project planning
- Execute implementation