

Via Email to nkuall on 12/9/08

Subject: Budget Reduction Message 2008

To: The NKU Community

From: James C. Votruba

As this semester draws to a close, I am writing to update you on the economic challenges that the university confronts and the steps that we are taking to address them. As all of you know, we are currently in the midst of an economic recession that threatens to be deep and prolonged. Estimates are that the current downturn could last another year or more and that state revenues may lag the recovery by up to a year. The recession will impact the university in a variety of ways from reduced state budget support to greater pressure on students and their families to afford the cost of their education.

While the challenges that we confront are great, there's no doubt in my mind that we have the capacity to address them. We've done the work required to clearly articulate a vision for our campus that is aligned with our region's needs and aspirations. We have a set of core values that inform difficult choices. And we've identified priorities that we will continue to advance no matter what conditions we may confront. We have budgeted conservatively which places us on a solid financial footing. We have strong leadership at every level and a faculty and staff who are committed to our educational mission. Our academic reputation has never been stronger with applications up 28% over this same time last year. Support from our regional government, business, and civic leaders is strong. They recognize how important the university is to continued regional progress. Of greatest significance

is the fact that we have demonstrated over and over again our capacity to advance the university, even under the most difficult and challenging circumstances. Yes, the current challenges are formidable but there is no doubt that we have the capacity to successfully address them.

It is estimated that Kentucky will have a \$450 million budget shortfall this fiscal year. Some believe that the shortfall could approach \$1 billion in the next fiscal year. Confronted with these numbers, Governor Beshear has asked each university to prepare a four percent state budget reduction plan. For NKU, this amounts to about \$2.1 million dollars and comes on top of a six percent reduction last year.

While a four percent reduction is significant, we must also prepare for what could be even deeper cuts this year and next. With this in mind, let me outline our strategy.

Our short term strategy will be to freeze all non-instructional hiring, control all but essential travel, conserve energy costs, reduce or eliminate equipment and deferred maintenance/capital renewal pools, and curtail operating budget spending in a way that protects our most important priorities. Exceptions to the hiring freeze will require presidential approval. In considering an exception, I will ask three questions. First, does this function need to be performed and does it contribute in significant ways to our core mission? Second, can the position responsibilities be reconfigured, thus avoiding the need to hire an additional person? Third, can the function be accomplished with student employees? The vast majority of our

students work in order to support their education and it would benefit both them and the campus if we could expand greatly the number of students whom we employ.

In the longer term, we will focus on organizational structure and process improvements that can make us more efficient without compromising our educational mission and quality. We'll ask ourselves if everything in which we now invest is more important than those things in which we should invest. Difficult choices will be required but we have a clear context for making them.

In addition to focusing on the expense side of our budget, we will focus on increasing revenues. I have asked Provost Wells to work with the deans, department chairs, and Faculty Senate to focus on creative ways that we can expand student credit hour productivity in spite of our severe space deficit. I also believe that our efforts to simplify general education, streamline our academic majors, as well as shorten the time to degree must proceed with all due haste. In addition, we are analyzing whether it would be beneficial to both students and the university to move to a per credit hour tuition pricing structure.

We all know that our university is seriously underfunded compared to both our benchmark institutions and Kentucky's other comprehensive universities. However, it is also the case that American higher education is what I would call a mature industry and most universities are organized and pursue their work in essentially the same way. If we were to design the modern university from scratch, would it look like it does now? Our current budget challenge should cause us to address this question. It should cause us to think anew about the nature and organization of our work, who we serve, and where, when, and how we serve

them. Given the severity and potential length of the current recession, it would be irresponsible for us not to address these fundamental questions.

Kentucky postsecondary education has experienced six budget reductions in the past ten years. In spite of these reductions and our historic underfunding, NKU has been a leader in enrollment growth, degree production, and regional stewardship. Further cuts will severely limit enrollment growth at a time when demand for access is at historic levels. We may also be forced to reduce scholarship support at a time when affordability is a challenge for many of our students. We will be limited in our capacity to invest in academic programs for which there is strong regional and statewide demand. And we will be forced to further focus and limit our support of Vision 2015 and its goals for regional progress.

Two weeks ago, I was with 160 university presidents from throughout the country and most were struggling with these same challenges, sometimes even more severe than our own. At NKU, our goal should not be to simply get through the current economic challenges. Rather, we must act in a way that, when the recession finally ends, we are positioned to be an even stronger institution than might otherwise have been the case. It will not be easy but, if we work together, we will find a path through this that advances our mission and allows us to continue to make strategic investments, even in a time of severe economic stress.

I will continue to update you as this situation develops. I have briefed the vice presidents, deans, chairs, and president's cabinet and will meet shortly with Faculty Senate, Staff Congress, and our Student Government Association. Things are developing very rapidly which means that our strategy remains fluid and will

continue to be a work in progress. Thank you for your support of NKU and for your willingness to think boldly and creatively about how we respond to these challenging times. If you have thoughts or suggestions, send them to me either by email or letter. We need the power of our collective thinking.

Against this backdrop of budgetary uncertainty, we are about to enter the holiday season. I hope that this break provides each of you with a time to relax and enjoy the company of family and friends. To get the holiday season started a bit early and to help reduce energy consumption, the university will be closed December 24th. Best wishes and thank you for your commitment to the university and to those whom we serve.

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