

Email from NKU President, Dr. James Votruba to NKUall listserv
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It's a quiet Sunday afternoon in the office and I'm writing to bring you up to date on the state budget picture and its implications for NKU.

Last month we learned that the commonwealth will experience at least a \$450 million budget shortfall during the current fiscal year. Originally, Governor Beshear asked each university and KCTCS to plan for a 4% budget reduction (\$2.1 Million) for the current fiscal year. This number was later reduced to 2% or \$1 million. The 2% reduction is dependent on the General Assembly passing a \$.70 increase in the cigarette tax.

At this point, it is too early to know whether this increase or other increases will be enacted.

To further complicate our planning, a revenue estimate has not been made for the second year of the biennium and we don't know the magnitude of future cuts that the current recession may require. Should the state and national economic situation continue to worsen, we can expect that a cut much larger than 2% will be required to address what many say could be as much as a \$1 billion state budget deficit in the next fiscal year.

Recently, there has been some talk in Frankfort about a tuition freeze to help Kentucky families address these difficult financial times. I share the public's concern over affordability. At NKU, we have done everything possible to insure that we are offering a high quality educational experience at the lowest tuition possible. However, with 61% of our funds coming from tuition, and the state having to further cut an already low state contribution, a tuition freeze would severely impact both academic quality *and* student access. At first blush, it can be easily argued that, by freezing tuition, we help guarantee access. In fact, a tuition freeze would limit access by preventing us from investing in faculty, staff, and infrastructure necessary to support increased enrollments. For NKU, this is not simply a theoretical discussion. Our applications for next fall are up a remarkable 28% over this same time last year. Without the capacity to invest, enrollment growth will be severely constrained and qualified students will be denied at a time when both the commonwealth and our region need increased access to college graduates. I don't expect the idea of a tuition freeze to gain momentum but I want to be sure that you understand that, if such a freeze were to be enacted with no substitution of state dollars, it would have a serious impact on student access. We all need to help tell this story.

As recently as last Thursday, Governor Beshear made clear his intent to look for ways to minimize cuts to education. If Kentucky is to come out of this recession positioned to compete in a knowledge-based global economy, we will need visionary thinking about ways to not only minimize cuts but also to reinvest in education as soon as possible. With this in mind, I will ask our General Assembly delegation to pursue a revenue strategy to reinvest in our public schools, colleges and universities. There is no clearer pathway to progress and Kentucky can't afford to take its eye off the long term while dealing with the immediate challenges that we confront. This recession will eventually end and, when it does, Kentucky and our region must be positioned to compete.

The impact of current and potential budget reductions is made more severe because of the \$2.8 million reduction that we received this past spring, coupled with the need to cover over \$3 million in operating costs for both the Student Union and the Bank of Kentucky Center. Prior to this year, the commonwealth would have appropriated these funds when a new facility was opened. In addition, we operate at about \$15 million in state funds below the average of the commonwealth's comprehensive universities and we manage to pack over 15,000 students into 50 sq.ft.per student when the average for comprehensive universities is 134 sq.ft. per student. In short, we are the most efficient university in Kentucky which makes it even more difficult to find ways to trim an already lean budget.

It is currently too early to estimate when the recession is likely to end or what steps the General Assembly is likely to take in order to address its impact. Given this uncertainty, I have asked the vice presidents to tell me how they would manage up to a 10% budget reduction and the impact that such a reduction would have on academic quality, student access, and support for student success. I have consulted with Faculty Senate, Staff Congress, and the Student Government Association in order to receive their wise counsel. We are also in the process of developing a per credit hour tuition model that will spread the cost of education far more fairly across all students and allow us to create a stronger link between student credit hour productivity and revenue generation. We continue with our restrictions on non-faculty hiring as well as travel and we are doing everything possible to reduce overhead expenses wherever possible. If you have ideas regarding cost containment, please share them with me or with your vice president. We need the power of your thinking on these matters.

Please know that you are also welcome to share your thoughts on how best to address the commonwealth's budget shortfall with our legislative delegation by calling 1-800-372-7181 or 502-564-8100. These calls should be made from your personal phone. It is my experience that our legislators like to hear from the citizens who live in their districts. You can find your legislator's information, as well as other General Assembly information, by going to our Government and Community Relations website at <http://gcr.nku.edu>.

These are difficult times for all. We have not seen a global recession like this in our lifetime and it appears that things are not going to rebound quickly. In asking our campus to prepare for a worst possible scenario, I am not suggesting that I expect the worst to occur. Indeed, I've spent time recently with the Governor and with members of leadership in both the House and Senate. To a person, they are committed to insuring that the current budget challenges don't do serious damage to our postsecondary institutions or constrain our ability to advance the commonwealth's 2020 goals. However, if the worst scenario were to unfold, we need to be ready for it. We also need to do all that we can to continue to invest in our campus, even if it means through reallocation from lower to higher priority programs and services.

NKU is a strong institution and, together, we will make it through these difficult times. I was concerned that the economy might weaken spring enrollments but this has not been the case. Undergraduate enrollments are up 1%, Graduate enrollment and law are also up significantly. Our "brand value" among prospective students continues to increase and is reflected in the dramatic increases in applications as well as the quality of the applicant pool. While it saddens me that we might be forced to deny access to qualified students, budget reductions may force us into this position.

I remember as a small boy, my father told me that things are rarely as good or as bad as they first appear. It is true that we are confronted with some daunting budget challenges but I believe that both our campus and the commonwealth are up to the task. We have made breathtaking progress over the past decade and I have every expectation that our progress will continue. What we need to do is take our future in our own hands and do all that we can to protect our strengths and position ourselves for the future. We are doing this which gives me great confidence.

I will continue to update you on the state budget picture and how we are responding. As always, I want to thank you for your commitment to the University and the students whom we serve.

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