
NKU Budget Update and Per-Credit-Hour Tuition Presentation

SGA - January 12, 2008

State Budget Situation

- National economic recession
 - ✓ State revenues typically lag economic recovery by at least 13 months
- Consensus forecasting group projected a \$456M revenue shortfall this year which could reach \$1 billion next year
- Governor Beshear implemented cuts to state agencies and postsecondary education to address the shortfall
 - ✓ 2% cut to postsecondary education in 08-09
 - ✓ Proposed 70 cents an increase in the cigarette tax along with other measures
 - ✓ Additional cuts to postsecondary education in 09-10 likely along with very limited ability to increase tuition
- Mounting pressure around student affordability

2008-09 Mid-year Cut

- 2% State appropriation reduction (\$1,046,250)
- Handled on a short-term cash basis
 - ✓ Hiring restrictions implemented for all non-instructional positions
 - ✓ Travel restrictions imposed
 - ✓ Each VP area and the President's Office (with the exception of Academic Affairs) will contribute 8.3% of their operating / capital base on a one-time cash basis
 - ✓ Instruction units were protected: Academic Affairs will contribute 7.3% of their adjusted operating / capital base on a one-time cash basis

2009-10 Guiding Principles

- Preserve our core strengths
- Protect student access and affordability
- Continue to improve institutional effectiveness, including increased efficiencies and cost containment
- Invest in competitiveness, particularly around people
- Make incremental progress on our Business Plan to the extent possible
- Continue to support Vision 2015 in more focused and targeted ways

Conversion to Per-Credit-Hour Tuition

Why charge for every credit hour taken?

- Fairer
 - ✓ All students pay for the courses they take
 - ✓ Nearly 50% of our students are paying 100% for the credit hours they take and subsidizing those who receive a discount

- All students have financial consequences for not completing courses successfully

- Simplifies administration and forecasting

- ✓ Promotes alternative class calendars such as summer and winter sessions.

What Students Pay Now

– Resident Example

% of resident students	Tuition Charge Per Credit Hour
49%	\$ 272
10%	\$ 251
4%	\$ 233
21%	\$ 218
9%	\$ 204
2%	\$ 200
3%	\$ 196

What Students Pay To Drop a 3 Credit Hour Class (Fall 2008 Resident Example)

- Classes began 8/25
- Class dropped by 9/2 – no lost tuition
- **Class dropped between 9/3 and 9/15...**
 - ✓ **No lost tuition to 30% of our students**
 - ✓ 70% of our students lost between \$68 and \$408 in non-refunded tuition (resident example only)
- **Classes dropped after 9/15...**
 - ✓ **No lost tuition to 30% of our students**
 - ✓ 70% of our students lost between \$136 and \$816 in non-refunded tuition (resident example only)

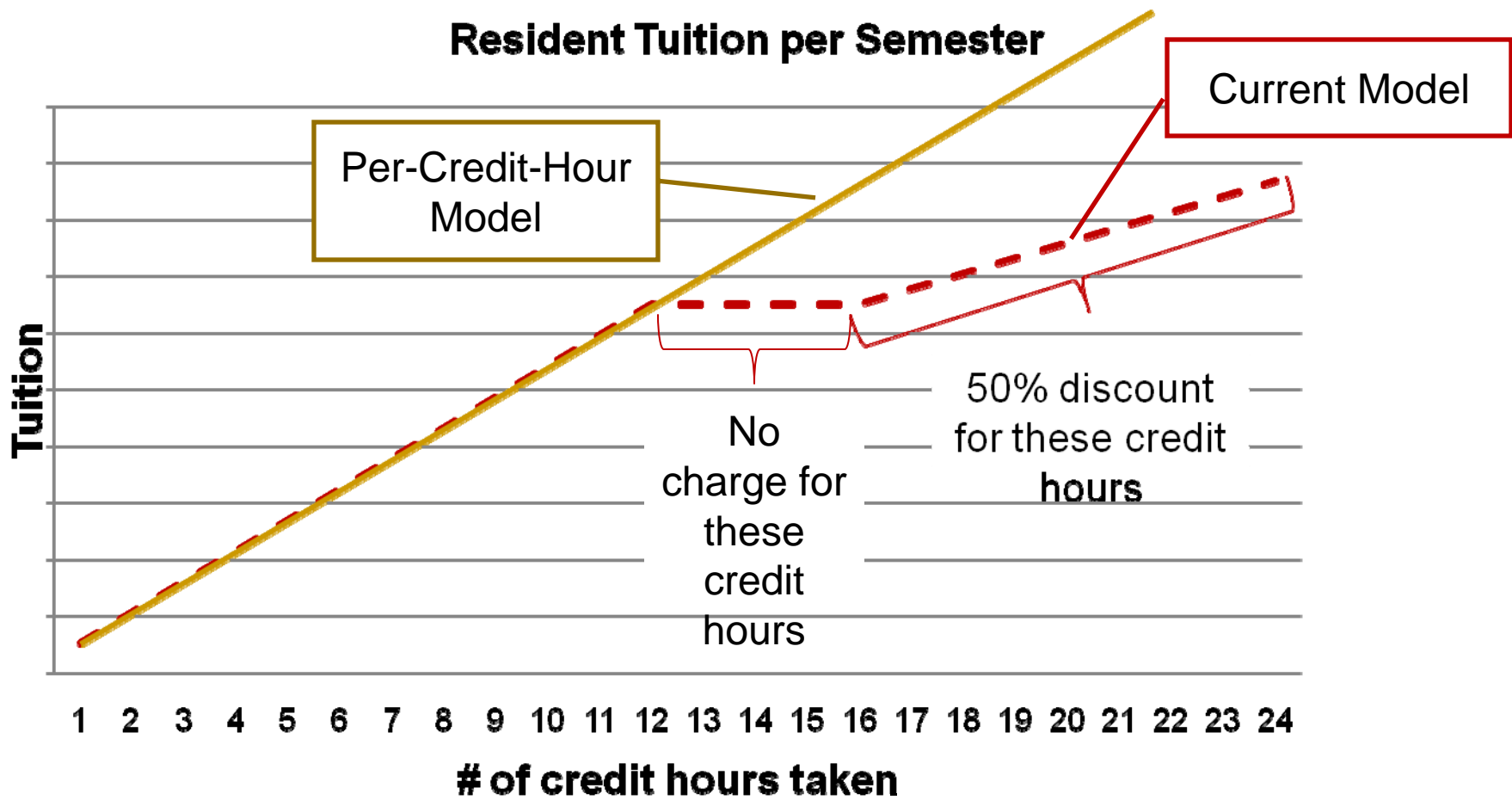
Why Are Dropped Classes A Problem?

- Courses are only booked to room capacity
 - ✓ As students drop after the add/drop period, there is no opportunity to fill the vacant seat
 - Students who needed the course or wanted to take the course have no opportunity to enroll if it was filled at the end of the add/drop period.
 - ✓ The university incurs a loss of tuition revenue for most vacant seats in a course.
- 35% of our students did not complete all of the credit hours for which they enrolled at the beginning of the semester

What would 100% per-credit-hour look like?

Hours Enrolled	Current Structure	Per-Credit-Hour Structure	Current Discount
12 and under	\$272 per-credit-hour	\$272 per-credit-hour	0%
13	\$3,264	\$3,536	7.7%
14	\$3,264	\$3,808	14.3%
15	\$3,264	\$4,080	20.0%
16	\$3,264	\$4,352	25.0%
17	\$3,400	\$4,624	26.5%
18	\$3,536	\$4,896	27.8%
19	\$3,672	\$5,168	29.0%
20	\$3,808	\$5,440	30.0%
21	\$3,944	\$5,712	31.0%

Current Tuition Revenue



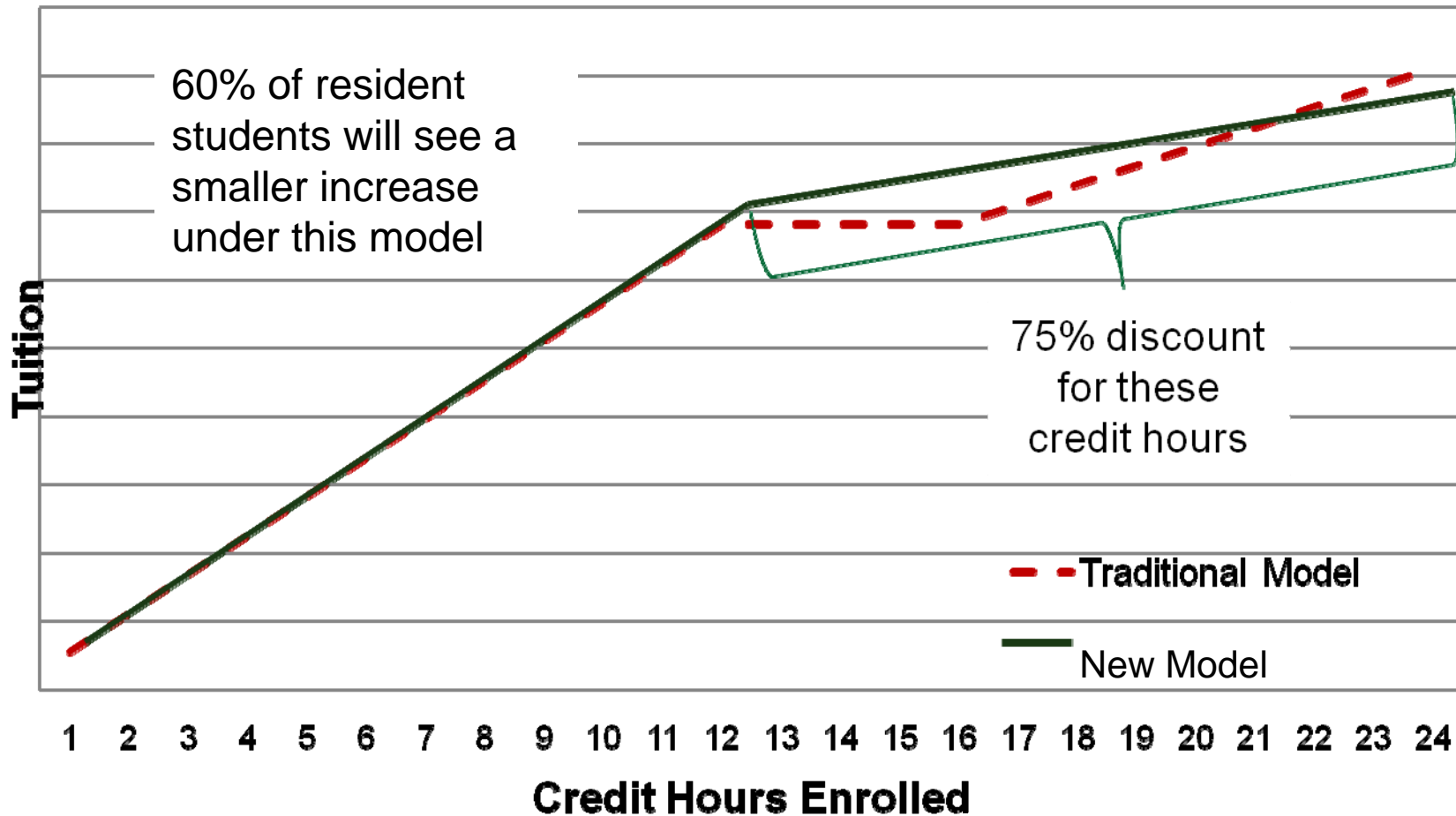
Proposed Per-Credit-Hour Tuition Structure

Credit Hour(s)	Current Cost per Credit Hour	Proposed Cost per Credit Hour
1-12	100% the per-credit-hour rate	100% the per-credit-hour rate
13 – 16	0% the per-credit-hour rate	25% the per-credit-hour rate
17 and above	50% the per-credit-hour rate	25% the per-credit-hour rate

60% of resident students will see a smaller increase under this model

Proposed Tuition Structure

Resident Tuition



Resident tuition – modeled at a \$6 a credit-hour increase, 4.97% weighted average

Hours Enrolled	% of students impacted	Current Rate per Semester	Modeled Rate per Semester	% increase
12 and under	49%	\$272 per-credit-hour	\$278 per-credit-hour	2.2%
13	10%	\$3,264	\$3,406	4.3%
14	4%	\$3,264	\$3,475	6.5%
15	21%	\$3,264	\$3,545	8.6%
16	9%	\$3,264	\$3,614	10.7%
17	2%	\$3,400	\$3,684	8.3%
18	3%	\$3,536	\$3,753	6.1%
19	.6%	\$3,672	\$3,823	4.1%
20	.1%	\$3,808	\$3,892	2.2%
21	.1%	\$3,944	\$3,962	0.4%

Scholarships and Financial Aid

- All full scholarships will be held harmless
- Enrollment Management is currently working through the implementation details for financial aid and partial scholarships

Tuition Setting – Next Steps

- January 26 – Presentation of proposed student related fees to Student Government
- February 9 – Presentation of proposed tuition rates to Student Government
- March 5 and 6 – CPE takes action on tuition rates
- March 11 – Board of Regents takes action on tuition rates

Questions?