

Faculty Senate

Northern Kentucky University

Highland Heights, Kentucky 41099

MEMORANDUM

TO: Faculty Senators, Department Chairs
FROM: J Michael Thomson, Senate President JMT
DATE: March 2, 1992
RE: Emergency Faculty Meeting: Budget Cuts

As you may have read previously, the previous and present gubernatorial administrations have each assigned a 5% budget cut to four year universities in the commonwealth, totaling a 10 % **base budget reduction of state assistance to NKU**. There is little or no possibility of the legislature altering that arrangement. The new budget director, Elzie Barker, has been working on budget reduction scenarios with the President and his staff. Dr. Boothe asked that the Senate participate in the process, but would like to have the primary decisions completed by Spring break. Given the reaction of the faculty at the February meeting favoring Senate participation, I certainly concur.

This memorandum serves as a call for an emergency Faculty Senate meeting on **Thursday, March 12 at 3:00 pm in Cafeteria AB&C**. *The sole agenda item is the budget reduction process; Dr. Boothe will be there to hear your comments and to answer your questions.* The Senate Executive Committee will preview the suggested reduction packages this week in a presentation with Dr. Boothe and Director Barker. Based upon preliminary reaction, they may make alterations in the reduction scenarios and then a more formal presentation at the 3/12 meeting.

I will try to secure printed material on the suggested reductions in advance of the 3/12 meeting. However, I can not promise said distribution. In any event, I am asking departments to consider scheduling a meeting of available faculty on Tuesday or Wednesday (3/10-11) to review material if it would be available.

My sense of the general faculty is one of nervousness over possible reductions. While we are rushed, I think it serves the interest of all if we could provide some feedback before spring break. The 3/12 feedback will certainly include discussion, but may also include stronger forms of reaction including an informal "non-binding" poll of the Senators, or a formal voting item expressing specific reactions to the proposed scenarios, or a more general philosophical position concerning the protection of the academic integrity of the class room experience.

I appreciate your participation in this process, and encourage you to invite interested faculty to attend the 3/12 meeting. We will use standard Senate rules permitting each Senator to speak first, but then recognizing non-senate voices of interest. Try to keep remarks to the point!

J Michael Thomson
President



**NORTHERN
KENTUCKY
UNIVERSITY**

Office of the Budget
(606) 572-5345

MEMORANDUM

TO: Faculty Senate
Staff Congress

FROM: Mr. Elzie L. Barker
Director of the Budget

A handwritten signature in cursive script, reading "Elzie L. Barker".

DATE: March 9, 1992

SUBJECT: Proposed 1992-93 Annual Budget

Enclosed is briefing material related to the proposed 1992-93 Annual Budget. This information is being provided for your review prior to the meetings scheduled with President Boothe on Thursday, March 12.

We look forward to meeting with you as the 1992-93 Annual Budget process continues.

tlm

pc: Dr. Leon E. Boothe
President's Staff

Proposed 1992-93 Annual Budget
Revenue/Expenditure Summary

Revenue

1991-92 Original Budget

\$ 56,100,000

I. Budget Reductions

A. State Appropriation - General FY-92	\$ (1,115,400)
B. State Appropriation - General FY-93	(1,237,200)
C. State Appropriation - Debt Service	<u>(193,600)</u>
Total	\$ (2,546,200)

II. Revenue Adjustments

A. Tuition and Fees	\$ 2,859,000
B. Fine Arts Expansion (State Appropriation) $\frac{1}{2}$ of Request	134,400
C. Other \Rightarrow INT. on <u>STUDENT</u> Tuition "Cash Flow"	<u>72,000</u>
Total	\$ 3,065,400

1992-93 Proposed Revenue Budget

\$ 56,619,200

Fees: Computers Labs
Student Center Revision

Exempt
1) Equ. 50%
2) Fee Match for Medicaid
3) Revenues down
"Shift to STATE ASSISTED"
\$5-20%

**Proposed 1992-93 Annual Budget
Revenue/Expenditure Summary**

Expenditures

1991-92 Original Budget

\$ 56,100,000

I. Expenditure Adjustments

A. Summer School	\$ 256,200	
B. Fine Arts	48,200	
C. Fixed Cost	991,600	
Total		1,296,000

*RESERVES TO BASE
1/3 of Request*

**II. Distributed Expenditure Reductions
(Adjusted for Reinstatement)**

A. Academic Affairs	(366,200)	
B. University Relations & Development	(29,000)	
C. Student Affairs	(107,000)	
D. Administrative Affairs	(255,500)	
E. General Administration	(23,500)	
Total		(781,200)

11 Full-time Lecturers

"Netting out Reductions"



III. Necessary Expansion Requested

A. Academic Affairs (Current Year Enrollment Growth -- Part-time Instructors)	199,000	
B. Student Affairs (Orientation)	10,100	
C. New Residence Halls		
Operational Support -- Admin. Affs.	59,400	
Residential Life -- Student Affs.	18,900	
Total		287,400

"Auxiliary Services"

*Retaining rate of higher loads
rolled into base*

? FAIL? PAID FOR ENROLLMENT OUT OF RESERVES

IV. Central Expenditure Reductions

A. Health Insurance		
Increase Co-Pay from \$10 to \$20	\$ (56,800)	
Drug Rider \$10 Brand/\$5 Generic	(18,900)	
Effective at Start of 4th Month	(56,000)	
Subtotal	(131,700)	
B. Life Insurance (Maximum \$50,000)	(3,000)	
C. Tuition Waiver (90-Day Waiting Period)	(2,400)	
D. Debt Service	(193,600)	
Total		\$ (330,700)

HEALTH PLAN

\$137,000 "shortfall" after Reductions from units.

WASH OUT

Total Proposed FY-93 Expenditure Budget

\$ 56,571,500

Total Proposed FY-93 Revenue Budget

\$ 56,619,200

Balance

\$ 47,700

09-Mar-92

360 Part-time people

*Cut of "Reserves" next year's operating
STATUS OF UNBUDGET RESERVES? size of Reserves
450 for Reserves for Equipment.
What is THE STATUS of RESERVES?*

Proposed 1992-93 Annual Budget
Revenue/Expenditure Summary

POTENTIAL EXPENDITURE LIABILITIES

No Change in Health Insurance Benefits for Current Employees	\$	75,700
Unbudgeted Current Year Enrollment Growth		100,000
One (1%) Percent Additional General Fund Cut (Excluding Debt Service)		250,000
	\$	<u>425,700</u>

PROJECTED 5%
GROWTH RATE IN
REVENUES



POTENTIAL REVENUE FROM ONE PERCENT (1%) ENROLLMENT GROWTH \$ 200,000

Revenues vs. FM-Revenues

Proposed 1992-93 Annual Budget
Fixed Cost Detail

	<u>Increase</u>	<u>Percent Increase</u>
Utilities	\$ 310,800	21.76%
Worker's Compensation	\$ * \$86,300 *	62.77%
Scholarships	\$ 58,600	2.34%
Faculty Promotions	\$ 40,300	47.00%
Other (Insurance/Auditing)	\$ 30,900	18.60%
Credit Continuing Education Incentive Fund	\$ * \$28,100 *	NEW
Banking Services and Bank Card Charges	\$ 19,100	25.83%
Unemployment Compensation	\$ 9,000	56.25%
Graduate Assistants	\$ 6,700	5.57%
Financial Aid Match	\$ 5,800	5.00%
Waste Disposal Contract	\$ 4,100	19.71%
General Fund Subsidies	\$ 12,600	60.00%
Elevator Maintenance	\$ 3,100	10.00%
KET Telecourse	\$ 2,800	22.74%
Staff/Faculty Education Awards	\$ 2,300	3.07%
Medical Technology(2 Students)	\$ 300	11.43%
Telecommunications	\$ (\$59,400)	-22.00%
Fringes		
Health Insurance	\$ 204,800	10.80%
Retirement	\$ 119,500	13.79%
FICA	\$ 24,000	1.09%
Other	\$ 2,000	1.35%
Subtotal	\$ 350,300	8.42%
Computer Software and Maintenance Contracts		
Academic Computing	\$ 40,400	30.73%
Administrative Computing	\$ 37,900	6.87%
Relations/Development Computing	\$ 1,600	8.27%
Subtotal	\$ 79,900	11.40%
Total	<u>\$991,600</u>	10.50%

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1663

Guess on what Rates will do.

**Proposed 1992-93 Annual Budget
Proposed Benefit Changes Affecting Current Employees**

HEALTH INSURANCE

Increase Co-Pay Per Visit from \$10 to \$20

Prescription Drug Rider -- \$5 Generic / \$10 Name Brand

Effective July 1, 1992

Impact on Premiums

University Share

*University will continue to pay single basic coverage premium.

*Premium paid by University will decrease from \$182.45 to \$175.15 per month.

Employee Share

*Family Plan monthly premium cost will decrease:

100/90/70 = \$8.22	10 visits required to offset annual premium reduction
100/100/75 = \$9.40	11 visits required to offset annual premium reduction

*Double Plan monthly premium cost will decrease:

100/90/70 = \$6.57	8 visits required to offset annual premium reduction
100/100/75 = \$7.63	9 visits required to offset annual premium reduction

*Single 100/90/70 Plan is paid by the University. Monthly cost of 100/100/75 plan will decrease by \$0.55.

LIFE INSURANCE

Limit maximum life insurance provided by the University to \$50,000.

Individual may still purchase additional insurance for total coverage equivalent to two (2) times salary.

CENTRAL BUDGET REDUCTIONS -- BENEFITS OPTIONS

Benefit	Current Budget	Possible Alternative(s)	Reduction/ Savings	Comments
DENTAL (4353e)	120,364	Eliminate dental plan.	120,364	April 1st is the policy renewal date. Ending the plan at the end of the current plan year would require an immediate notice to employees and could increase utilization rate dramatically. Another option might be to negotiate a 9-month plan through Dec. 31 as an alternative to immediate cancellation.
		Current plan change options:		
		–Shift periodontics from basic (80%) to major (50%)	6,864	
		–Increase annual deductible from \$25 to \$50	10,609	
		–Shift periodontics and increase deductible as above	14,804	
		–Increase deductible and EXCLUDE periodontics	21,534	Savings from this approach range from \$32,600 to \$46,900 dependent upon the coverage options chosen. Given the employee demographics and usage history, excluding periodontics would greatly reduce value of the dental plan. Currently 90 day delay.
				[Morehead is the only other state university providing dental coverage currently.]

CENTRAL BUDGET REDUCTIONS -- BENEFITS OPTIONS

Benefit	Current Budget	Possible Alternative(s)	Reduction/ Savings	Comments
HEALTH (4353g)	1,895,733	Change prescription drug rider to \$10 brand name/\$5 generic.	18,957	Utilization rates likely to be effected. Lowered utilization could cause cost of insurance coverage to drop.
		Increase co-pay to \$15	28,436	Individual employees might realize savings depending on the coverage they have currently. Co-payment costs would be related to office visits.
		Increase co-pay to \$20	56,872	
		Reduce University's share of cost by requiring employee to pay \$10 per month	105,702	Monthly cost to all employees would increase by \$10. Mid-year open enrollment necessary.
		Delay effective date of University funded coverage: per month (Based on 1991 turnover rates)	18,666	COBRA allows employees to maintain former coverage. Could present serious issue for new hires without existing coverage. May impact recruitment. Currently one (1) month delay.
		EXAMPLES:		
		Eff. start of 6th month	93,330	
		Eff. start of 7th month	111,966	
		Eff. start of 12th month	205,357	
		Institute one (1) year waiting period for temporary full-time faculty	28,462	

CENTRAL BUDGET REDUCTIONS -- BENEFITS OPTIONS

Benefit	Current Budget	Possible Alternative(s)	Reduction/ Savings	Comments
		Part-time employees to share cost of coverage. Example University/Employee ratios:		NKU is currently the only state university which provides paid health insurance coverage to part-time employees. NKU averages 45 part-time staff.
		50/50	49,258	
		60/40	39,123	
		75/25	24,543	
				[Generally, other state universities provide health insurance coverage after one (1) month except: UK and UL effective immediately; Western faculty effective immediately with 60-day waiting period for all other staff. Also, health plans offered vary widely.]
LIFE (4111)	83,683	Institute maximum coverage policy:		
		10,000	55,978	
		25,000	23,954	
		50,000	2,953	
		75,000	384	

CENTRAL BUDGET REDUCTIONS -- BENEFITS OPTIONS

Benefit	Current Budget	Possible Alternative(s)	Reduction/ Savings	Comments
TUITION WAIVER		Delay effective date of life insurance coverage		May impact recruitment. Currently one (1) delay.
		90 days	673	
		6 months	1,680	
		12 months	3,703	[Coverage provided at other state universities ranges from \$5,000 to two (2) times salary.]
		One (1) year waiting period for new hires based on 1991 turnover/usage rate	10,335	May impact recruitment. Opens classroom slots to other students. Enhances value of longevity.
		90-day waiting period for new hires based on 1991 turnover/usage rate	2,430	[Generally, other state universities provide immediate access to tuition waiver. Morehead and Murray link waiver to completion of probationary period.]

CENTRAL BUDGET REDUCTIONS -- BENEFITS OPTIONS

Benefit	Current Budget	Possible Alternative(s)	Reduction/ Savings	Comments
HOLIDAYS		<p>Eliminate pay for special holidays (Xmas Break and Spring Break) based on months of service accrued by new employees. All legal/national holidays still paid.</p> <p>EXAMPLES:</p> <p>Less than 90 days service</p> <p>Less than 6 months service</p> <p>Less than 12 months service</p>	<p>7,965</p> <p>21,750</p> <p>32,356</p>	<p>Enhances value of longevity. Employees could possibly be used to offset and/or reduce supplemental pay to current staff in areas where needed during such special periods.</p>

Northern Kentucky University

1992-93 Budget Reductions Impacts

Academic Affairs

College of Arts & Sciences

College of Business

College of Professional Studies

College of Law

ACES

Main Library

Office of the Associate Provost

Office of the Vice President
and Provost

Significant loss of temporary lecturer positions.

Loss of temporary lecturer.

Loss of temporary lecturer positions; loss of operating funds.

Reduction in staff assistance and operating.

Reduction in student assistance for Law Library resulting in
a reduction in operating hours.

Possible loss of temporary lecturer position.

Reduction in operating and 15% reduction in acquisitions.

Reduction in student assistance, elimination of
publications and reduction in computer equipment
replacement and lab software.

Reduction in operating budgets.

University Relations & Development

Alumni Affairs

Development Relations

Office of the Vice President

Special Functions

University Development

University Relations

Reduction in mailings to alumni and elimination of one brochure.

Reduction in travel and supplies.

Reduction in temporary staff assistance, travel,
and operating budget.

Reduction in entertainment/cultivation budget.

Reduction in special payroll and travel.

Reduction in temporary staff assistance, travel, publications,
and supplies.

Student Affairs

Admissions

Reduce Saturday tours by Presidential Ambassadors
for prospective new students and parents.

Restructure Early Outreach Program.

Reduction in operating expenses.

Northern Kentucky University

1992-93 Budget Reductions Impacts

Advising, Counseling,
Testing Center

Elimination of half-time advisor position, reduction in supplemental pay and operating expenses.

Career Development Center

Reduction of one professional position from 12 to 10 months.

Campus Recreation

Reduction in supplemental compensation.

Child Care Services

Reduction in supplies, awards, and operating expenses.

Dean of Students

Reduction of institutional subsidy to Child Care auxiliary.

Director of Student Development

Reduction in contingency fund and operating expenses.

Financial Aid

Reduction in supplemental pay and operating expenses.

Elimination of maintenance for Kurzweil reading machine.

Intercollegiate Athletics

Reduction in temporary staff assistance and elimination of financial aid packet mailings to returning students.

Minority Student Programs

Reduction in travel, supplies, and operating expenses.

Office of the Vice President

Reduction in operating expenses.

Elimination of two centrally funded graduate assistantships.

Reduction in payroll and operating contingencies, subscriptions/books, and elimination of Incentive Fund for Diversity.

Registrar

Elimination of postcard mailings to students, reduced size of class schedule, and reduction in operating expenses.

Student Activities

Reduction in printing and operating expenses.

Women's Center

Reduction in operating expenses.

Administrative Affairs

Administrative Computing

Loss of co-op position and reduction in operating expenses.

Business Affairs

Reduction in operating expenses.

Campus Planning

Reduction in operating expenses.

Mail Services

Reduction in postal window hours of operation.

Motorist Assistance Program

Reduction in resurfacing funds.

Office of the Vice President

Elimination of payroll contingency and reduction of 50% in operating contingency.

Personnel Services

Reduction in operating expenses.

Physical Plant

Reduction of deferred maintenance fund by 50%.

Reduction in special payroll and one-time savings of retirement results.

Northern Kentucky University
1992-93 Budget Reductions Impacts

Printing Services

Increase cost of printing to external agencies.

Public Safety

Reduction in equipment replacement reserve.

Elimination of one full-time position and reduction in operating expenses.

Staff Development

Reduction in training and development for staff.

Telecommunications

Elimination of training and development funds.

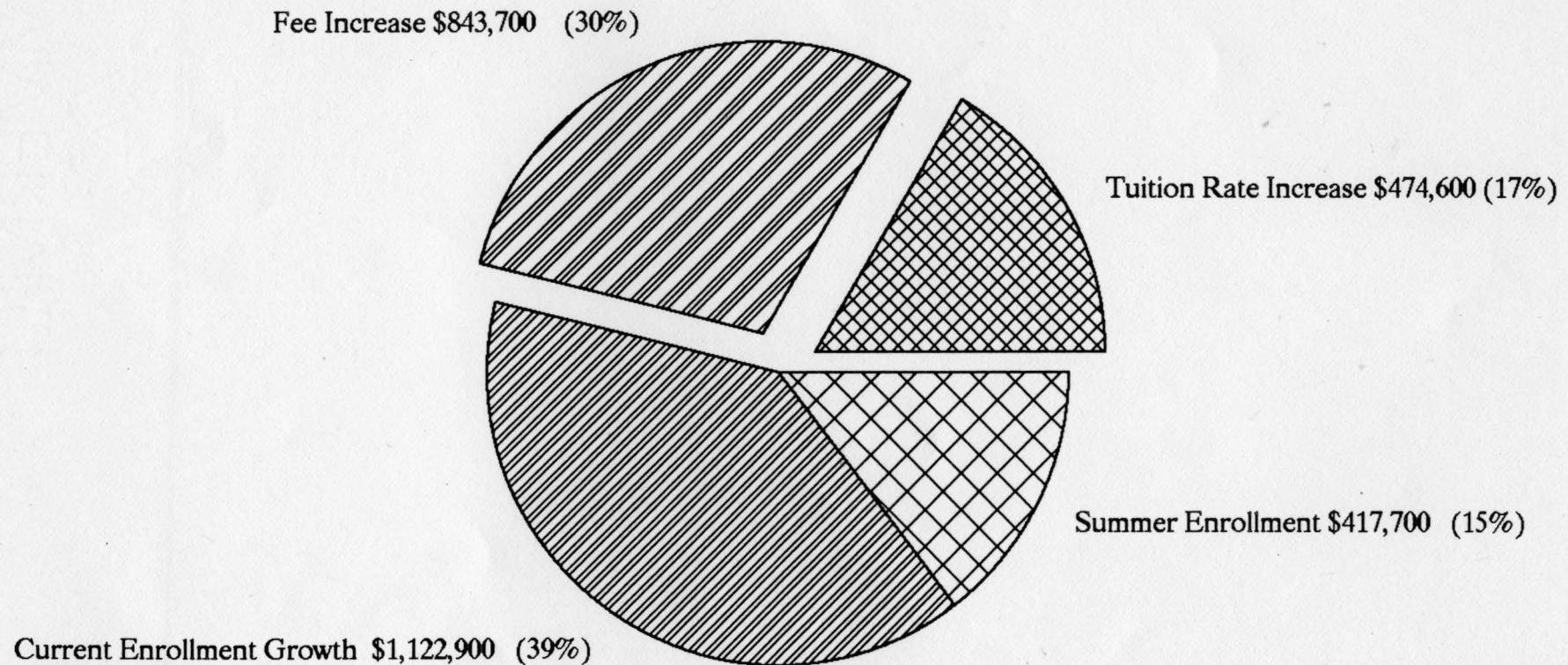
General Administration

Reduction in special payroll, administrative payroll, travel, and operating expenses.

March 9, 1992

TUITION & FEE REVENUE GROWTH

Projected FY-93 Increase Over FY-92 Original Budget

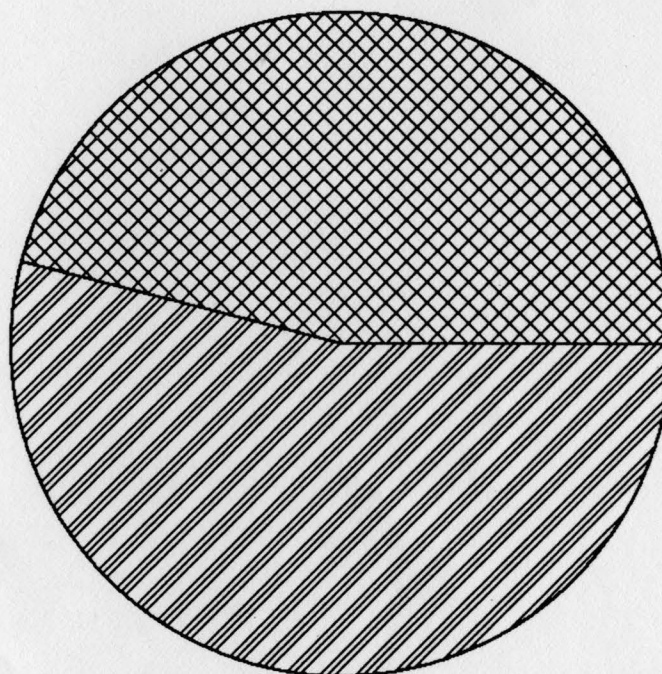


NOTE: Assumes flat enrollment. Tuition and student incidental fee increases apply to Fall and Spring. Combined tuition and fee rate increases accounts for 47% of total revenue growth. DATE: 3/9/92

ENROLLMENT GROWTH vs. TUITION/FEE RATE INCREASE

Projected FY 1993, Fall & Spring

1992 Enrollment Growth \$1,122,900 (46.0%)



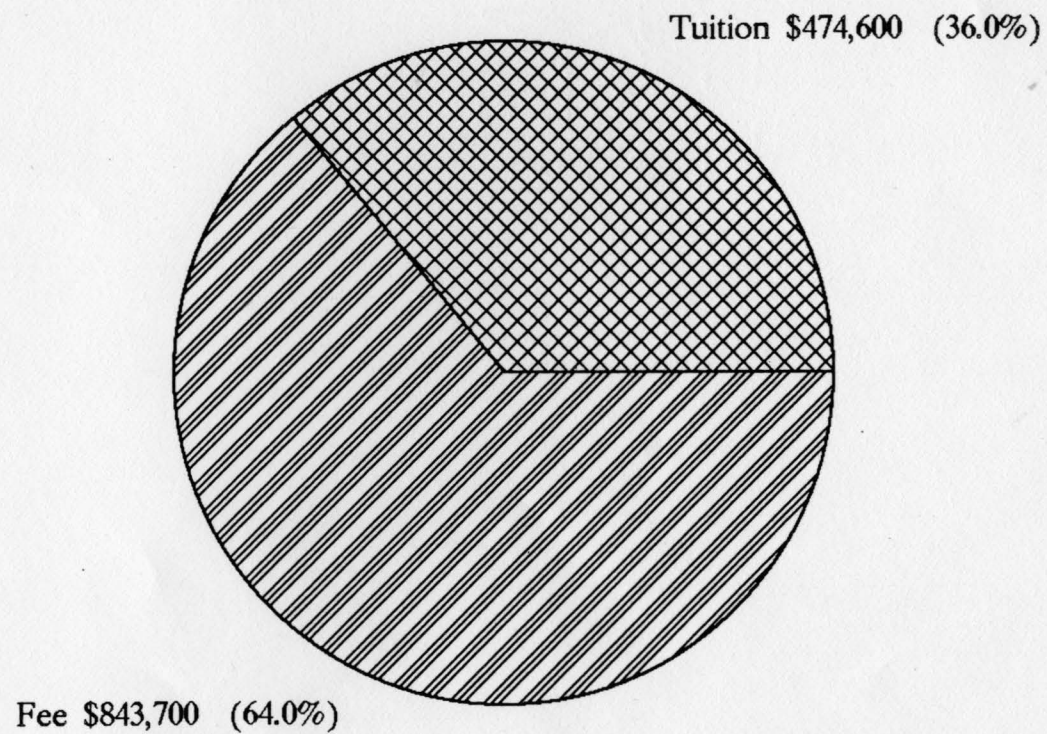
Rate Increase \$1,318,300 (54.0%)

NOTE: Fall & Spring only. Current rates apply to Summer, 1992.

DATE: 3/9/92

TUITION & FEE SHARE OF RATE INCREASE

Projected FY 1993, Fall & Spring

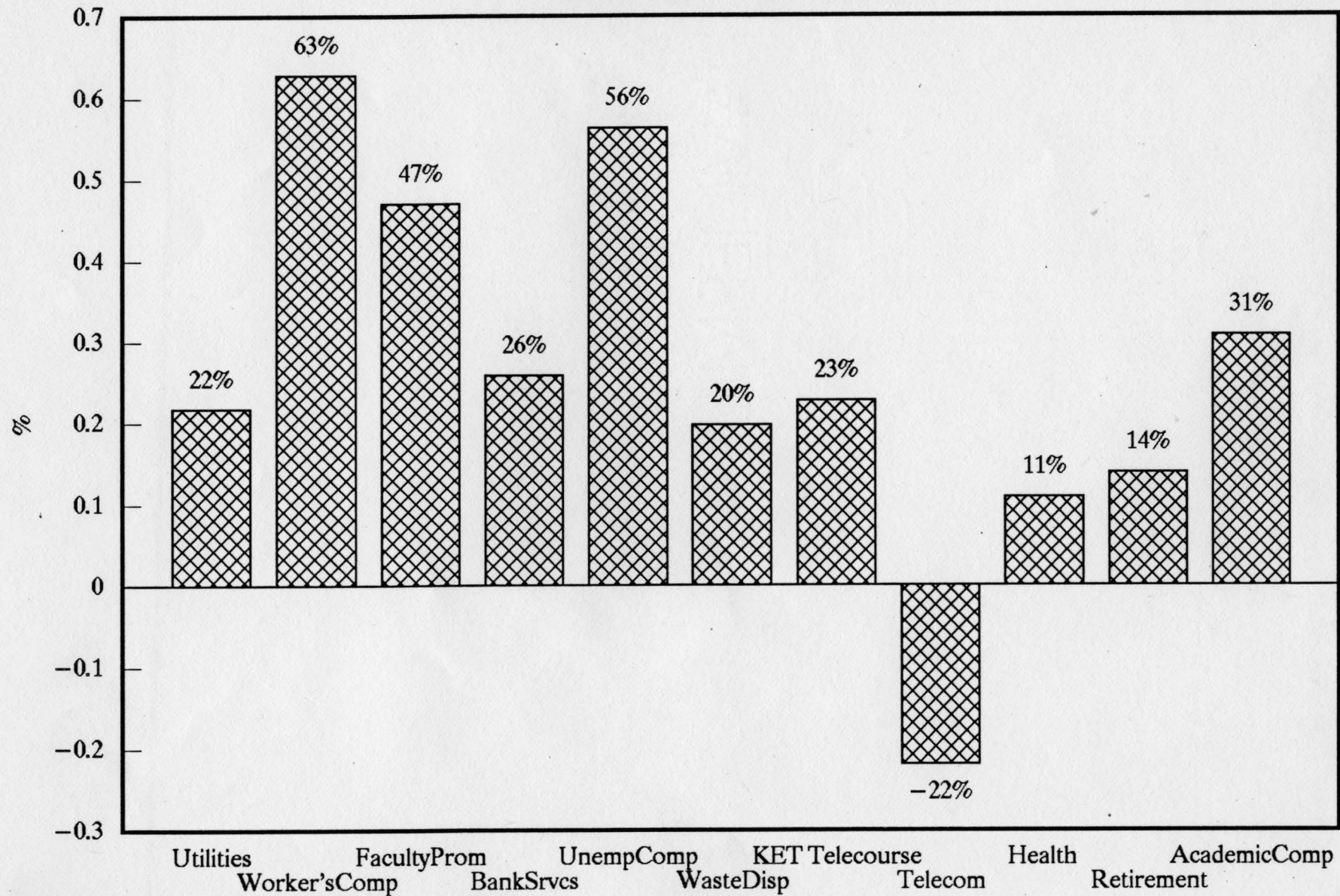


NOTE: Fall and Spring only. Current rates apply to Summer, 1992.

DATE: 3/9/92

SELECTED FIXED COST

PROJECTED FY-93 INCREASES



Note: Percent increase over FY-92 budgeted cost.

March 9, 1993

1992-94 Biennial Budget Process
Governor's Recommendation for Higher Education

	EKU	KSU	MoSU	MuSU	NKU	UKUS	UKCCS	UL	WKU	System Total
1991-92 Original Appropriation	\$57,456,600	\$19,463,500	\$34,415,600	\$40,266,800	\$31,201,600	\$260,092,100	\$73,424,400	\$144,849,200	\$54,298,700	\$715,468,500
Budget Reduction 1 -										
Operating	(2,652,200)	(732,500)	(1,412,100)	(1,433,200)	(1,115,400)	(11,839,900)	(3,287,300)	(6,815,000)	(2,359,900)	(31,647,500)
Debt Service	(896,000)	(599,900)	(975,700)	(241,100)	(676,200)	(3,026,400)	(1,425,500)	(1,132,200)	(526,300)	(9,499,300)
1991-92 Revised Appropriation	\$53,908,400	\$18,131,100	\$32,027,800	\$38,592,500	\$29,410,000	\$245,225,800	\$68,711,600	\$136,902,000	\$51,412,500	\$674,321,700
Budget Reduction 2 -										
Operating	(2,433,000)	(793,400)	(1,455,100)	(1,757,800)	(1,237,200)	(11,444,300)	0	(5,634,800)	(2,370,800)	(27,126,400)
Debt Service	(5,248,000)	(2,262,900)	(2,926,200)	(3,436,800)	(4,665,900)	(16,340,400)	(9,937,200)	(24,205,700)	(3,996,200)	(73,019,300)
New Debt Service	5,700,200	2,684,800	3,738,900	3,645,400	5,148,500	18,371,500	11,321,300	25,671,900	4,317,100	80,599,600
O & M of New Facilities	66,000	247,300	0	0	134,400	356,500	741,600	0	0	1,545,800
Transfers	0	0	0	0	0	1,650,600	0	38,000	0	1,688,600
Rural Health (SB 239)	0	0	0	0	0	294,700	0	315,000	0	609,700
1992-93 Appropriation	<u>\$51,993,600</u>	<u>\$18,006,900</u>	<u>\$31,385,400</u>	<u>\$37,043,300</u>	<u>\$28,789,800</u>	<u>\$238,114,400</u>	<u>\$70,837,300</u>	<u>\$133,086,400</u>	<u>\$49,362,600</u>	<u>\$658,619,700</u>
Total Reductions										
Operating	(\$5,085,200)	(\$1,525,900)	(\$2,867,200)	(\$3,191,000)	(\$2,352,600)	(\$23,284,200)	(\$3,287,300)	(\$12,449,800)	(\$4,730,700)	(\$58,773,900)
Debt Service	(\$443,800)	(\$178,000)	(\$163,000)	(\$32,500)	(\$193,600)	(\$995,300)	(\$41,400)	\$334,000	(\$205,400)	(\$1,919,000)
Total	<u>(\$5,529,000)</u>	<u>(\$1,703,900)</u>	<u>(\$3,030,200)</u>	<u>(\$3,223,500)</u>	<u>(\$2,546,200)</u>	<u>(\$24,279,500)</u>	<u>(\$3,328,700)</u>	<u>(\$12,115,800)</u>	<u>(\$4,936,100)</u>	<u>(\$60,692,900)</u>

March 9, 1992

Summary of Distributed Expenditure Reductions

	<u>1991-92 Original Budget Base</u>	<u>1991-92 Adjusted Base*</u>	<u>Targeted Reductions**</u>	<u>Reduction Reinstatement***</u>	<u>Net Reduction</u>
Academic Affairs	\$27,457,478	\$14,400,979	(\$466,200)	\$100,000	(\$366,200)
Administrative Affairs	13,498,688	8,310,372	(267,000)	11,500	(255,500)
Student Affairs	6,151,823	3,600,770	(115,000)	8,000	(107,000)
General Administration	857,627	798,061	(23,500)	0	(23,500)
University Relations & Development	1,303,374	903,835	(29,000)	0	(29,000)
	<u>\$49,268,990</u>	<u>\$28,014,017</u>	<u>(\$900,700)</u>	<u>\$119,500</u>	<u>(\$781,200)</u>

* Original base adjusted to exclude fixed costs, revenue and auxiliary units, and 65% of the faculty base.

** Based upon proportionate share of the reduced base.

*** Strategic restoration of funds to maintain operations.

March 9, 1992