

Northern Kentucky University
Office of the Vice President for Enrollment & Financial Planning
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MEMORANDUM

January 22, 2004

TO: Ken Ramey Sara Sidebottom
 Debbie Read Jerry Warner
 Mark Shanley Gail Wells

FR: Gerald Hunter

RE: FY 2003/04 Nonrecurring Budget Reduction

As you know, NKU has received a recurring state appropriation reduction of \$1,965,400. Additionally, we must immediately address a state-mandated nonrecurring reduction of \$1,951,627. This figure represents 2.5% of NKU's restricted agency funding.

A separate communication from Ken Ramey will be distributed to campus discussing the cash management measures to be put in place (draft copy attached). It is imperative that we implement these measures in our divisions to ensure that we realize the savings necessary to meet the nonrecurring budget reduction.

Provided in the attached package are budget reduction worksheets for your division and guidelines for understanding and completing the worksheets. Electronic copies of the worksheets will be provided to you via e-mail. The 10% reduction target is calculated against your budgeted pooled operating funds — the same funds that are eligible for automatic carry forward. As you consider how the reductions will be made in your division, please follow these general guidelines: (1) the reductions may not come from fixed cost accounts or lapses in personal services (i.e. salary lapses, benefits, special payroll or contracted services), and (2) the reductions must come from either pooled operating funds or budgeted operating reserves in your division.

Your completed FY 2003/04 nonrecurring budget reduction worksheets must be returned to the Office of Financial Planning no later than close of business on Monday, February 9, 2004. A budget transfer will be prepared by financial planning staff and reductions to your base will be reflected in the FRS system by February 16th.

Thank you in advance for your cooperation and understanding in accomplishing this difficult task in a short time-frame.

Attachments

pc: Jim Votruba
 Dana Freer
 Marilyn Gosney
 Russ Kerdolff
 Linda Reynolds
 Mary Ryan
 Marilou Singleton
 Terri Williams

Northern Kentucky University
FY 2003/04 Nonrecurring Budget Reductions

GUIDELINES

Methodology

The 10% reduction is calculated against the original operating pools which are subject to automatic carry forward. This includes capital funds which are part of the operating pool. The attached worksheet provides the detailed calculations by account within division.

Guidelines for Understanding & Completing the Budget Reduction Worksheets

The worksheet provides budgetary information to assist in your review, as well as providing a basis for the 10% reduction calculation. The “Original Budget” column indicates the original budgeted operating pool. This figure includes operating and capital funds pooled into the 3000 operating account on July 1, 2003. The “Revised Budget” column should equal the original budget adjusted by budget transfers processed to date this fiscal year. The “Available Balance” is the operating balance available in the account as of January 22, 2004. The “Original Budget Maximum 10%” column calculates 10% of the original budget for each account. The amount by department is shown for your reference only, as the actual source of budget reductions are subject to your discretion. The grand total in that column indicates the total budget reduction for your division.

Please indicate in the “Vice President’s Proposed Reductions” column the amount of reduction for each account identified for reduction. It will be assumed that the 3000 operating pool will be the source of each reduction unless otherwise specified in the minor object code (MOC) column. The budget reductions will be reflected in the February month-end accounting reports and will be reflected in the FRS system by February 16th.

Please follow the specific guidelines below in making your budget reduction decisions:

- The budget reductions may not come from fixed cost accounts.
- The budget reductions may not come from personal services balances (i.e. salary lapses, benefits, special payroll and contracted services).
- The budget reductions must come from operating pools or budgeted operating reserves (object code 5199).

Please feel free to contact the Office of Financial Planning if you have questions or need assistance.