



2009-10 Budget Update

Ohio Northern University

Kendall Baker, President
April 23, 2009





Enrollment Challenge

- This year's enrollment is 3580
- Next year's enrollment is uncertain; applications & deposits are down
- Contingency planning for enrollments of 3500, 3400, & 3300





How Big is the Problem?

Enrollment	Deficit
3580	\$1.6m
3500	\$3.3m
3400	\$5.4m
3300	\$7.5m





Expenditure Assumptions

- No employee compensation increases
- Sodexo Facilities contract reduced 10%
- Sodexo Food Service contract flat
- Departmental operating budgets substantially unchanged from *original* 2008-09 budgets





Central Reductions Come First

\$2.8m	Depreciation savings
0.5m	Equipment
<u>0.5m</u>	Facilities
\$3.8m	





Unit Reductions Come Second

5%, 8%, or 11% reductions in non-personnel portion of unit operating budgets





Compensation Reductions Come Third

Options

- Reduce the university's retirement contribution, currently 10%
- Salary reductions
- Furlough employees (unpaid leave)

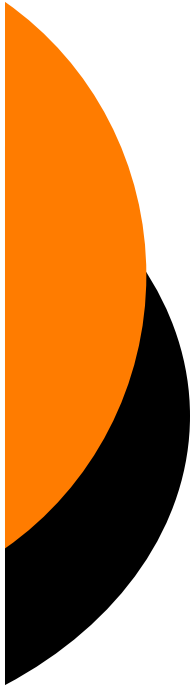




What if Enrollment = 3500?

- Deficit is \$3.3m
- Can be addressed entirely through central reductions (up to \$3.8m)





What if Enrollment = 3400?

(Deficit = \$5.4 m)

Balanced

\$3.8 m	Central savings
0.9 m	5% operating cut
<u>0.8 m</u>	Reduce retirement contribution to 7.5%
\$5.5 m	

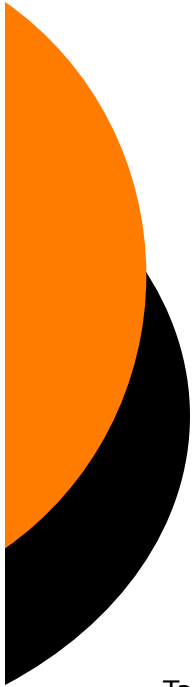
Target Operating

\$3.8 m	Central savings
1.5 m	8% operating cut
<u>0.2 m</u>	Reduce retirement contribution to 9.5%
\$5.4 m	

Target Compensation

\$3.8 m	Central savings
0.0 m	0% operating cut
<u>1.7 m</u>	Reduce retirement contribution to 5%
\$5.5 m	





What if Enrollment = 3300?

(Deficit = \$7.5 m)

Balanced

\$3.8 m	Central savings
1.4 m	8% operating cut
1.7 m	Reduce retirement contribution to 5%
<u>0.6 m</u>	1.5% salary reduction
\$7.5 m	

Target Operating

\$3.8 m	Central savings
2.0 m	11% operating cut
1.7 m	Reduce retirement contribution to 5%
<u>0.1 m</u>	0.25% salary reduction
\$7.6 m	

Target Compensation

\$3.8 m	Central Savings
0.9 m	5% Operating Cut
1.7 m	Reduce retirement contribution to 5%
<u>1.2 m</u>	3% salary reduction
\$7.6 m	





Sequence of Reductions

1. Central reductions
2. Unit operating reductions
3. Compensation reductions

At what point do we turn from operating reductions to compensation reductions?





Next Steps

1. Units submit 5%/8%/11% plans to Deans/VPs by May 4, 2009
2. VPs submit consolidated plans to President by May 11, 2009
3. Trustees act on preliminary budget at May 22-23, 2009 meeting

