



The University of Kentucky Top 20 Business Plan

DECEMBER 2005

In 1997, the people of Kentucky established a Compact with their University of Kentucky...

...in return for investing the resources necessary to make UK a Top 20 public research university by 2020, the people of Kentucky would receive the benefits that come from it: an institution defined by academic excellence, world-class research, and vigorous engagement in communities across Kentucky. The Compact represents a commitment to progress because building a Top 20 research university is essential to any effort to make every Kentucky community stronger and the life of every Kentuckian better in a knowledge economy.

TOP 20 UNIVERSITIES go hand-in-hand with more educated, healthier, and financially secure populations. Average household incomes are higher in states with Top 20 universities. Unemployment rates are lower and fewer public dollars are spent on health care. These states also have healthier children and fewer people living in poverty.

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UK has developed a Top 20 Business Plan that puts the Compact in financial terms. It describes the character of a Top 20 institution and the resources it will take to build it. The Plan uses nine measures in four domains to create a composite score [see table].

UK used the composite scores to determine its relative position among 88 public research-intensive universities in the United States [see chart below]. This analysis provides a valuable

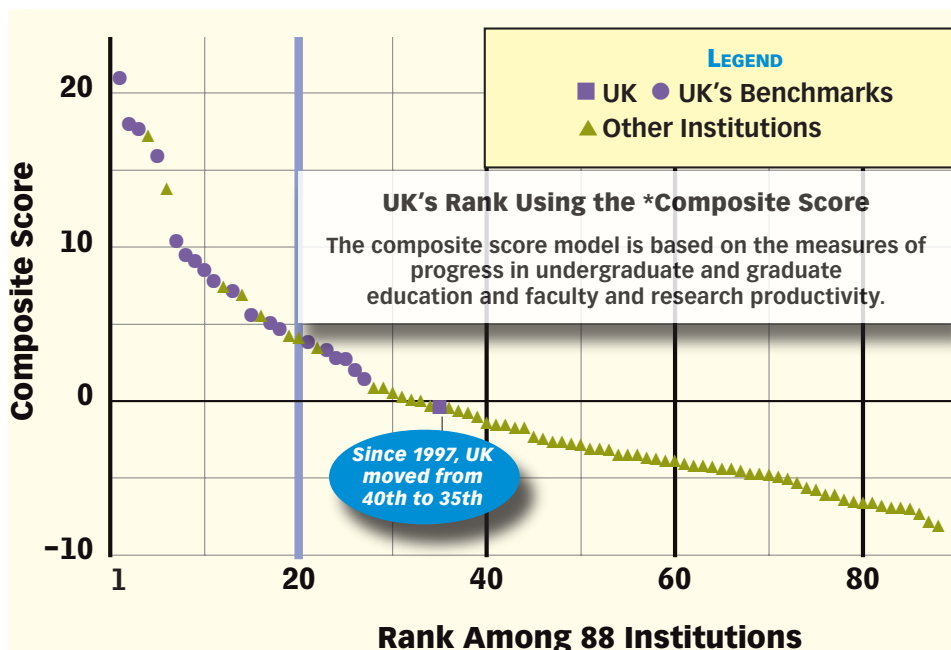
perspective on the quality of the effort since 1997, and the challenge of catching the current Top 20 institutions, as they continue to make progress. Since the 1997 Postsecondary Education Improvement Act, UK has moved from 40th to 35th.

And, UK will increase the impact it has on Kentuckians through outreach and engagement initiatives.

COMPOSITE SCORE*	
DOMAINS	MEASURES OF PROGRESS
Undergraduate Education	1 ACT/SAT
	2 Student/Faculty Ratio
	3 Six-year Graduation Rate
Graduate Education	4 Doctorates Granted
	5 Postdoctoral Appointments
Faculty Recognition	6 Citations
	7 Awards
Research	8 Federal Expenditures
	9 Non-Federal Expenditures

CALCULATING SUCCESS

The Business Plan calculates the investments needed to make progress. **UK needs investments in students**—more dollars to continue to recruit, retain and graduate a top-quality, diverse student body and give them a world-class education and the academic support they need to be successful. **UK needs investments in people**—more faculty dedicated to teaching more students and doing more research and public service that attack the persistent health and economic problems of the Commonwealth. **UK needs investments in research and classroom buildings**, including UK's top capital priority, Phase II of the Biological/Pharmaceutical Complex. **UK needs more flexibility to pursue capital projects**—the opportunity to issue debt for the University hospital, residence halls, cafeterias, and other auxiliaries with sufficient revenue streams.



OVER THE NEXT 14 YEARS, UK WILL:

- Increase enrollment by 7,000 students—to 34,000;
- Increase the graduation rate by 12 percentage points—to 72 percent;
- Increase the number of faculty by 625—to over 2,500;
- Increase research expenditures by \$470 million—to \$768 million; and
- Increase engagement in Kentucky's schools, farms, businesses, and communities.

UK will be even more active in every part of Kentucky in ways that serve the needs of Kentucky's citizens and the communities where they live, work, and raise their families.

UK WILL DO ITS SHARE

Success will require more investments from every fund source. UK will increase substantially its endowment, private fundraising, research expenditures, and internal cost savings. From these and other sources UK will provide 40 percent (\$438 million) of the needed investments. Tuition and state appropriations will fund the remaining need.

KENTUCKY MUST DO ITS SHARE

The members of the Kentucky General Assembly and the Governor understand the importance to Kentucky of UK's Top 20 mandate. Even as they worked through a very difficult budget in 2005, these policymakers invested over \$18 million of new State General Funds in UK. **That was an important statement of their commitment to the Top 20 Compact.** UK asks that the state make the same kind of moderate, but consistent investment over the next 14 years.

UK CAN BECOME a Top 20 university nationally recognized for the excellence of its teaching and research. But UK also will become nationally recognized because its work makes every Kentucky community stronger and the life of every Kentuckian better. ■

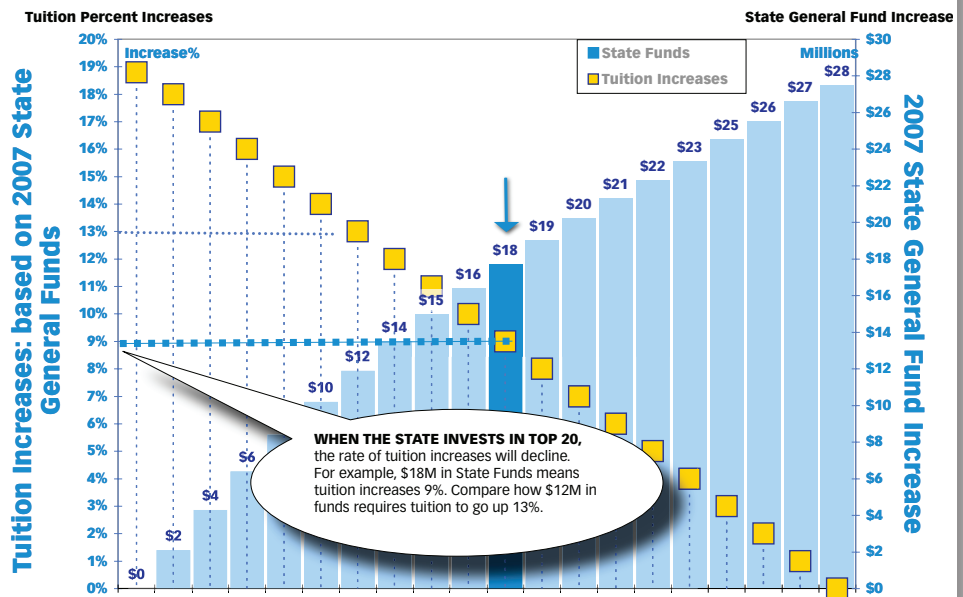
A Scenario for Success

The **UK Business Plan** calculates the additional resources needed each year for UK to become a Top 20 institution by 2020, as defined by excellence in undergraduate and graduate education, faculty and research. There is a substantial gap between UK's current budget and needed resources. UK will do its share by filling much of the gap internally. The state and UK must determine

the optimal combination of state appropriations and tuition revenue to fund this gap in 2007 and beyond. For example, if the state increases appropriations by \$17.7 million (5.8%), then UK would only need to increase the tuition rate by nine percent, funding a \$34.3 million gap. The \$17.7 million increase in state appropriations is only \$4 million higher than CPE's recommendation.

A look at the relationship: Increasing 2007 state dollars and the impact on student tuition increases.

(operating dollars only, does not include capital dollars)



Consistent, moderate investment in UK is needed to build a Top 20 university. Committing an average increase of \$19M to the base budget over the next 14 years will provide the necessary resources.

Needed State Appropriations: Base+Increases

Assumes tuition rises 9% annually through 2012; and 4% thereafter

