Academic State of the University
April 2008
Outline

• 2007-08 Academic Progress Highlights
• FY09 Budgetary Considerations.
• Challenges Ahead.
• Implications for 2006 Top 20 Business Plan.
2007-08 Academic Progress

• Second installment toward faculty salary catch-up made (July 2007 and January 2008 increments). FY09 will cause back-slide.

• Started academic year with 20 new faculty lines added to the previous year’s 54. Governor’s budget caused a total freeze to be imposed, and final FY09 budget will cause retrenchment (still working out details).

• “War on undergraduate student attrition” launched (improved advising, more intervention). SAP-IRIS data reporting and reliability issues caused difficulties.

• Research administration being made more PI- and department-friendly, and budgeting being made more transparent. New faculty start-up investment increased by 50% (from $8M to $12M). Prospects for FY09 UKRF budget look bleak.
New Faculty Start-Up Expenses from Research Budget

- FY02: $0
- FY03: $2,000,000
- FY04: $4,000,000
- FY05: $6,000,000
- FY06: $8,000,000
- FY07: $10,000,000
- FY08: $12,000,000

Startup Expense

Legend:
- Startup Expense
2007-08 Academic Progress (Continued)

• Successful conclusion to VP Institutional Diversity search. Campus weathered racial incidents. African-American student retention (fall to spring) at all time high (and higher than for overall population).

• Major renovation projects started in M.I.King, Little Library, and Chem-Phys buildings to expand teaching and research laboratories. Far more is still needed in these and other buildings (Sloan, Erikson, Funkhouser,…)

• BBSRB 4th floor fit-up complete. Bio/Pharmacy Building construction started. No capital funding in FY09-10.

• GERA/USP Reform effort continued; “design principles” approved by Senate. Difficult work still lies ahead.
Strategic Plan Overarching Themes
(4 E’s and 4 I’s)

- Expansion
- Excellence
- Engagement
- Entrepreneurship
- Integration
- Innovation
- Inclusivity
- Internationalization
Integration
(Interdisciplinary and Inter-Professional Activities)

• Following broad emphases emerged from College strategic plans:
  – Clinical Translational Science
  – Poverty, Disparities, and Education
  – Energy, Environment, and Sustainability
  – World Studies
  – Health Policy, Management, and Communication

• Center for Clinical Translational Science (involving multiple colleges and units on campus) has opened its portal, and will be opening its doors shortly. NIH proposal for CTSA improved its score and will be resubmitted. Investments are being made in biomedical informatics.
Number of Undergraduate International Students Enrolled at UK

![Bar chart showing the number of undergraduate international students enrolled at UK from 1997 to Now. The chart indicates a decrease in the number of students over the years.]
International Student Percentages

Graduate %
Undergrad %

US Average
UK
Internationalization
Progress in 2007-08

• Campus-wide Internationalization Task Force is developing a Strategic Plan (draft expected soon).

• UK is participating in the American Council on Education “Internationalization Laboratory” program to bring best practices.

• Faculty level leadership added to International Affairs (Professor Susan Carvalho as Assistant Provost).

• International undergraduate student recruiter was hired.

• Admission process has been streamlined.

• Support was strengthened for Asia Center (UK’s only “area studies” center); India Studies received endowment gift.
Budgetary Significance Of The Top 20 Business Plan

**Business Plan Approach:**

Revenue Request =
Mandated Expenses + [Salary Pool + Program Enhancement]

**Prior Approach:**

Salary Pool + Program Enhancement
= Revenue Available – Mandated Expenses

Unfortunately, the General Assembly has taken us back to the old approach for FY09-10.
Problem for FY09

Revenue change (relative to July 2007):

State appropriation = -$20 million

Tuition revenue (@9%) = +$6 million
(reduced because of enrollment shortfall)

Net change = -$14 million

Salary increment of 1% = $3.5 M

Tuition needed for salary increment of 1% = 3% additional (12%)
## 2007-08 BUDGET [IN MILLIONS]

<table>
<thead>
<tr>
<th>Components</th>
<th>Revenue [in millions]</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>254.5</td>
<td>12.3%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>336.2</td>
<td>16.2%</td>
</tr>
<tr>
<td>Hospital</td>
<td>683.1</td>
<td>33.0%</td>
</tr>
<tr>
<td>Non Governmental Gifts, Grants and Contracts</td>
<td>202.6</td>
<td>9.7%</td>
</tr>
<tr>
<td>Affiliated Corporations</td>
<td>337.2</td>
<td>16.3%</td>
</tr>
<tr>
<td>Other</td>
<td>258.6</td>
<td>12.5%</td>
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</table>

### 2007-08 BUDGET

#### Undesignated Funds for Educational and General Activities

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount [in millions]</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations, Operating</td>
<td>334,271,000</td>
</tr>
<tr>
<td>Tuition</td>
<td>217,129,400</td>
</tr>
<tr>
<td>Other</td>
<td>90,936,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>642,337,000</strong></td>
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#### Designated Funds

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount [in millions]</th>
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</thead>
<tbody>
<tr>
<td>University Hospital</td>
<td>683,141,100</td>
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<tr>
<td>Research, Athletics, and Other Affiliated Corporations</td>
<td>337,188,800</td>
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<tr>
<td>Non-Governmental Gifts, Grants, and Contracts</td>
<td>202,555,500</td>
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<tr>
<td>Fees</td>
<td>37,393,100</td>
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<tr>
<td>State Appropriations, Debt Service</td>
<td>1,945,500</td>
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<tr>
<td>Other</td>
<td>167,626,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,429,850,800</strong></td>
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</tbody>
</table>

**Grand Total**                                    | **$2,072,187,800**   |
General Fund Expenditure FY07

- President
- EVPFA
- Provost
- Univ.-wide


**PRESIDENT**

Alumni Relations ............................................................................. 36
Board of Trustees ........................................................................... 37
Center for Rural Development ......................................................... 38
External Affairs ............................................................................. 39
Intercollegiate Athletics ................................................................. 40
Legal Counsel ................................................................................. 41
Office for Commercialization and Economic Development ............. 42
Office of Development .................................................................. 43
Office of the President .................................................................. 44
Senate Council ............................................................................... 45
Vice President for Institutional Advancement .....................................

**UNIVERSITY WIDE**

**FINANCE AND ADMINISTRATION**

Campus Services ...........................................................................-
Executive Vice President for Finance and Administration ...............-
Facilities Management ..................................................................
Human Resources .........................................................................
Information Technology ...............................................................-
Internal Audit ...............................................................................-
Office of Institutional Equity and Equal Opportunity ......................-
Office of Planning, Budget, and Policy Analysis ..............................-
Office of the Treasurer .................................................................-

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Annual Giving Program</td>
<td>$232,800</td>
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<tr>
<td>Benefits Reserve</td>
<td>2,339,400</td>
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<td>Common Insurance Funds</td>
<td>1,527,000</td>
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<tr>
<td>Cultural Enrichment</td>
<td>5,700</td>
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<td>Faculty and Staff Market Pools</td>
<td>0</td>
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<td>Family Education Program</td>
<td>N</td>
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<tr>
<td>General Expenses</td>
<td>696,400</td>
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<tr>
<td>General Liability/Auto Liability</td>
<td>525,900</td>
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<tr>
<td>General Operating and Capital Projects (Fund Balance)</td>
<td>85,736,900</td>
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<tr>
<td>General University Reserve</td>
<td>4,810,300</td>
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<tr>
<td>Institutional Dues and Memberships</td>
<td>150,000</td>
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<tr>
<td>Instructional Equipment</td>
<td>1,000,000</td>
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<tr>
<td>Integrated Resource Information System</td>
<td>7,163,600</td>
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<tr>
<td>Late Payment Fee Expenses</td>
<td>406,000</td>
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<tr>
<td>Minority Faculty Recruitment</td>
<td>400,000</td>
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<tr>
<td>Professional Liability Insurance</td>
<td>343,000</td>
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<tr>
<td>Program Improvement Fund</td>
<td>916,000</td>
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<tr>
<td>Special Projects Reserve</td>
<td>118,400</td>
</tr>
<tr>
<td>University Audit</td>
<td>108,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$107,480,300</td>
</tr>
</tbody>
</table>


Tuition Revenue has increased by $108M (84%) since FY02 while State appropriation has been flat or in decline.

Increases in undergraduate enrollment tuition has kept the ENTIRE UNIVERSITY (except the clinical and hospital enterprise) afloat during the period of decline/stagnation in State appropriation.
Enrollment Decline

Total Enrollment down by more than 600 (gross revenue shortfall of over $6 million).

Concern about “price elasticity” limit.

Largest decline was in transfer students.

Concern about pipeline (high school graduating senior number has peaked and will decline).

Not prudent to raise tuition higher.
Undergraduate Transfer Student Enrollment and Impact
New and Continuing Transfers

Unduplicated Annual Headcount

![Graph showing new and continuing transfers from 1996-97 to 2006-07 with bars for each year representing the number of new transfers and continuing transfers.](image)
Based on Fall Semester
New Transfers by Source
Based on Fall Semester

<table>
<thead>
<tr>
<th>Year</th>
<th>KCTCS</th>
<th>BCTC</th>
<th>Other</th>
</tr>
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<tbody>
<tr>
<td>1996</td>
<td>846</td>
<td>334</td>
<td>448</td>
</tr>
<tr>
<td>1997</td>
<td>720</td>
<td>359</td>
<td>528</td>
</tr>
<tr>
<td>1998</td>
<td>762</td>
<td>353</td>
<td>453</td>
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<tr>
<td>1999</td>
<td>697</td>
<td>344</td>
<td>402</td>
</tr>
<tr>
<td>2000</td>
<td>661</td>
<td>351</td>
<td>309</td>
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<tr>
<td>2001</td>
<td>686</td>
<td>406</td>
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<td>2002</td>
<td>648</td>
<td>423</td>
<td>277</td>
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<tr>
<td>2003</td>
<td>649</td>
<td>426</td>
<td>222</td>
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<tr>
<td>2004</td>
<td>611</td>
<td>370</td>
<td>217</td>
</tr>
<tr>
<td>2005</td>
<td>636</td>
<td>420</td>
<td>160</td>
</tr>
<tr>
<td>2006</td>
<td>592</td>
<td>374</td>
<td>209</td>
</tr>
</tbody>
</table>
Fall Transfers by Residency
1996-97 and 2006-07

From 1996-97 to 2006-07,

• The number of KY residents transferring to UK declined by 24.7%
• The number of out-of-state transfers declined by 56.0%
KCTCS* Enrollments
By Program Type: Fall 2000 – Fall 2006

- KCTCS enrollments from 2000 to 2006 increased by just over 27,000 students, a 45.5% increase
- Liberal Arts students, the pool of potential transfer students, accounted for 27.7% of all KCTCS students in 2000 and 15.7% of the system’s students in 2006
- The number of students in the Liberal Arts program actually declined by nearly 2,900 students during this seven-year period
From 1996-97 to 2006-07, the number of students transferring from BCTCS

- increased by 14.4% at UK
- jumped 163.8% at EKU
Comparison of BCTC/UK Tuition Disparity with Yield of Pre-Baccalaureate Students
Figure 9. Percent distribution of core revenues, by source: Fiscal year 2006

<table>
<thead>
<tr>
<th>Revenue source</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and fees</td>
<td>13%</td>
</tr>
<tr>
<td>State appropriations</td>
<td>28%</td>
</tr>
<tr>
<td>Local appropriations</td>
<td>1%</td>
</tr>
<tr>
<td>Government grants and contracts</td>
<td>32%</td>
</tr>
<tr>
<td>Other core revenues</td>
<td>26%</td>
</tr>
</tbody>
</table>

Your institution:  
Comparison Group Median (N=18)
Figure 3. Academic year tuition and required fees for full-time, first-time, degree/certificate-seeking undergraduates: 2004-05—2006-07
Figure 6. Graduation rates of full-time, first-time, degree/certificate-seeking undergraduates within 150% of normal time to program completion, by race/ethnicity: 2000 cohort

Graduation rates by race/ethnicity

- Graduation rate, overall (N=19): 59% (77%)
- White, non-Hispanic (N=19): 61% (79%)
- Black, non-Hispanic (N=19): 45% (66%)
- Hispanic (N=19): 39% (67%)
- Asian or Pacific Islander (N=19): 63% (77%)
- American Indian or Alaska Native (N=19): 58% (67%)
- Race/ethnicity unknown (N=14): 58% (76%)
- Nonresident alien (N=19): 58% (66%)

Percent

Your institution  Comparison Group Median
Tuition & Graduation Rate Comparison

Figure 3. Academic year tuition and required fees for full-time, first-time, degree/certificate-seeking undergraduate 2004-05—2006-07

Figure 6. Graduation rates of full-time, first-time, degree/certificate-seeking undergraduates within 150% of normal time to program completion, by race/ethnicity: 2000 cohort
Graduation Rates by ACT Score Ranges: 1995 to 1999 Cohorts Combined
Conclusion

• Undergraduate tuition revenue is a significant part of the academic budget. We may have reached the elastic limit on tuition and enrollment.

• Undergraduate enrollment fell significantly (552) in 2007-08, particularly because of transfer students.

• Policy changes will be needed to recoup transfer students.

• It is imperative that we invest more to improve UK’s success and standing in undergraduate education.

• We should reexamine Top 20 Business Plan assumptions related to enrollment expansion.