University of Kentucky
Annual Operating Budget
Fiscal Year 2002-03
Kentucky General Assembly
University of Kentucky
Annual Operating Budget
Fiscal Year 02-03

Source of Funds

$1.341 Billion
University of Kentucky Annual Operating Budget
Fiscal Year 02-03

Expenditure of Funds

$1.341 Billion

Current Expenses 36.8%
Personal Services 58.3%
Capital Outlay 2.6%
Mandatory Transfers-Debt Service 2.3%
University of Kentucky
Annual Operating Budget
Fiscal Year 02-03

Use of Funds

$1.341 Billion
Share of Budget/State Support

State Support %
Student Fees %

Year | State Support % | Student Fees %
--- | --- | ---
91-92 | 41.1% | 9.9%
92-93 | 36.9% | 11.1%
93-94 | 35.3% | 12.3%
94-95 | 34.0% | 12.8%
95-96 | 33.2% | 12.5%
96-97 | 30.5% | 11.5%
97-98 | 30.0% | 11.1%
98-99 | 27.5% | 10.2%
99-00 | 26.1% | 10.6%
00-01 | 25.6% | 10.5%
01-02 | 25.0% | 10.3%
02-03 | 23.4% | 10.4%
The Environment

- No new funding—Operating or Capital
- Base Budget reduction—$6 Million
Employee Health Plan Issue

widespread employee dissatisfaction with university Health Plan
The Environment

Faculty and Staff Salaries
1. Find a way to absorb $6M — without passing reduction to the academic units.
Major Objectives

2. Significantly improve Health Plan Benefits to employees (implement Task Force recommendations where possible)
Major Objectives

3. Give at least a modest salary supplement—
   • Based on merit performance, not across the board
   • Without forcing departments to provide the funding
Major Objectives

4. Fund program improvements
A new way to consider the university budget process
Q: Could we reinvest the savings from administrative reorganization?
Q: Could we reinvest the savings from administrative reorganization?
A: Yes, savings totaled $1.25 million which was reinvested.
Q: Could we develop a sound cost accounting basis for allocating the cost of Central Services* to self-supporting units?

*Purchasing, Accounting, Human Resources, etc.
Q: Could we develop a sound cost accounting basis for allocating the cost of Central Services* to self-supporting units?

A: Yes, made available $3.1M with this concept.
Q: Could we make more effective use of non-recurring funds available to us?
Q: Could we make more effective use of non-recurring funds available to us?

A: Yes, total non-recurring funds made available: 16.4M
Q: Could we construct a model such that each department would pay Miscellaneous Fringe Benefits:

1) Disability
2) Workers Compensation
3) Employee Education
4) Post Retirement Benefits
5) Supplemental Retirement Income
6) Wellness
7) Unemployment Compensation
8) Terminal Vacation
9) Terminal Sick Leave

...thereby making these costs chargeable to Federal Contracts and Grants?
Q: Could we construct a model such that each department could pay Miscellaneous Fringe Benefits, thereby making these costs chargeable to Federal Contracts and Grants?

A: Yes, total savings using this process - $3.9M
Q: Could we adopt a new model for funding departmental operations?
Q: Could we adopt a new model for funding departmental operations?

A: Yes, the model yields $4.9M
The Decision: Achieve all four objectives

1. Absorb $6M without reducing academic budgets
2. Implement Health Plan Task Force recommendations
3. Give 3% salary supplements
4. Fund program improvements
Decision: Objective One

Find a way to absorb $6M—
without passing reduction onto academic units

Used $6M of recurring pool
to reduce the budget base
therefore protecting
academic budgets
Decision: Objective Two

Significantly improve Health Plan Benefits to employees

• Implemented the Health Plan Task Force recommendations
• No increase for single employee coverage
• Held benefits constant
• Improved family coverage from 32% to 54%
• Cost of $5M to the General Fund budget, but when extended to self-supporting units the total cost is $9.7M.
Decision: Objective Three

Give at least a modest salary supplement

- Implemented a 3% salary supplement on a non-recurring basis, and based the award on merit performance for the previous year

- Cost of $7.6M
**Decision: Objective Four**  
*Fund program improvements*

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<tr>
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<th>RECURRING</th>
<th>NONRECURRING</th>
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<tr>
<td>Provost</td>
<td>$1,936</td>
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<tr>
<td>Medical Center</td>
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<td>Research</td>
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<td>Administration</td>
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<td><strong>TOTAL FY 02-03</strong></td>
<td><strong>$3,561</strong></td>
<td><strong>$1,575</strong></td>
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(in thousands)
President

- **Commission on the Status of Women** - $93,800 from nonrecurring funds to provide for a Director, a clerical position, equipment, operating expenses, and programmatic needs.

- **Commission on Diversity** - $85,000 from nonrecurring funds to provide for a Director, a clerical position, equipment, operating expenses, and programmatic initiatives.
President

Capital Projects

• Koinonia House Renovation
  $397,000

• Library Science Renovation
to Lucille Little
  $600,000

• Singletary Center electrical project
  $500,000

• Classroom improvements
  $1,000,000

• Misc. Renovations
  $914,500
Medical Center Initiatives focus on the following:

1) New programs that respond to state-wide and national health care needs and trends.
   - School of Public Health
   - Doctorate in Nursing Practice

2) Programs with planned enrollment increases to respond to state-wide and national workforce shortages:
   - Doctorate in Pharmacy

3) Programs which will enhance multidisciplinary research efforts and stronger graduate education:
   - Nutritional Sciences
   - Integrated Biomedical Sciences
New Allocation Dollars from the President

1) College of Medicine (Total Recurring $250,000 and Total Nonrecurring $200,000)
   • School of Public Health - $125,000 (Recurring)
   • School of Public Health - $200,000 (Non-recurring)
   • Integrated Biomedical Science Curric. - $125,000 (Recurr)

2) College of Pharmacy (Total Recurring $175,000)
   • Tuition Return - $175,000 (Recurring)

3) College of Nursing (Total Recurring $200,000 and Total Nonrecurring $50,000)
   • Doctorate in Nursing Practice ($200,000 Recurring)

4) Medical Center Graduate Centers and Institutes (Total Recurring $83,000)
   • Nutritional Sciences ($83,000 - Recurring)

5) Instructional Technology ($315,000 – Nonrecurring)
Tentative Special State Allocations pending State Budget Approval

1) Breast Cancer Task Force
   ($115,000 – Recurring)

2) Morehead/Corbin Residency Prog.
   ($300,000 – Recurr)

3) Medical Center Nonrecurring Support for MC Initiatives
Provost requests were aimed at three priorities:

1. Addressing historic budget problems that had grown in magnitude due to regular cuts into the academic programs;

2. Investing in areas that would advance enrollment growth and student retention gains;

3. Growing our capacity for new research funding and stronger graduate education.

Requests use a funding model that:

• Combined support from the President and from the Provost

• Employed incentive-based formulas aimed at specific, measurable goals
1. Addressing historic budget problems that had grown in magnitude due to regular cuts into the academic programs;

a) Colleges of Agriculture, Architecture, Law: $187,000

b) College of Education, Martin School, Institutional Planning and Effectiveness: $116,500
2. Investing in areas that would advance enrollment growth and student retention gains;

Five faculty lines were added in the two colleges experiencing the largest growth in enrollment and course demands:

a) Gatton College of Business and Economics - 3 lines ($260,000)

b) College of Communications and Information Studies ($110,000)
3. Growing our capacity for new research funding and stronger graduate education.

1. Operating budgets of the colleges were increased by $440,000 ($400 per FTE faculty member) - $240,000 from the President and $200,000 from the Provost
   • Approximately half of the allocation was given on a recurring basis; half can be earned though colleges meeting specific, agreed-upon targets for
     – improved retention of first year students
     – increases in sponsored project activity

2. Enhancements of Disability Resource Center, Undergraduate Education (TLC, Honors, Admissions), and Office of Institutional Effectiveness ($115,000)
New or Expanded Initiatives - Nonrecurring

1. $400,000 (Provost) in support of college proposals regarding Futures Task Force recommendations

2. $250,000 ($200,000 from President and $50,000 increase from Provost) in support of expanded Lyman T. Johnson graduate fellowship support for minority students

3. $40,000 (President) in support of Women's Writers’ Conference/External Fellowships Director
THANKS!!

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<tr>
<th>Fiscal Affairs</th>
<th>Controller/Treasurer</th>
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<tr>
<td>Gene Williams</td>
<td>Clay Owen</td>
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<tr>
<td>Karen T. Combs</td>
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<td>Mark Denomme</td>
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<td>Penny Cox</td>
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Concluding Remarks