Presentation to the University Senate

President Eli Capilouto
October 22, 2012
Vision: A “First Choice” University

• First choice in the state and region for the best and brightest, and the opportunity for all to leave as the best and brightest.
• First choice in the state and region for transformative, cutting edge research and creative scholarship.
• First choice in the state and region for life-saving patient care and uplifting service.
The Forces We Face

**Regulation and economic pressures**
- Citizen demand for accountability
- State and federal funding reductions
- Concerns about access
- Middle skill job loss, high skill job growth
- Need and desire to cap tuition

**Competitive pressures**
- Governors launching university alternatives
- Venture capitalists funding online programs, MOOCs
- Persistent pressure from for-profits, elite universities
- Traditional students choosing community colleges
Forces We Face: State Appropriations

*Includes ARRA funds of $21.1 million in 2009-10 and $17.3 million in 2010-11

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Forces We Face: Federal Support for Research

Federal Nondefense R&D Under BCA Caps With and Without Sequestration

(in billions, constant FY 2012 dollars)

Source: Based on AAAS estimates of R&D funding and the FY 2013 budget, and CBO analyses of the Budget Control Act.
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Forces We Face: Technology Infused Learning

Something for everyone

- MOOCs make great content available for free
  - Self-starters can gain skills without attending. Will employers value this?
- Fully online university programs
  - Adult, working learners can weave advanced education into their busy lives
- Hybrid approaches
  - Students who need more preparation can access learning materials 7x24, perhaps in high school
  - Fast-tracking students can progress rapidly at their own pace
  - Working undergraduates gain convenience and flexibility
  - Flipped classrooms that foster interactive learning
Competition Growing for Distance Learning

![Percentage of Credit Hours Online, 2010-11](chart.png)

- Morehead: 29%
- KCTCS: 26%
- Western: 19%
- Eastern: 16%
- K-State: 15%
- Murray: 12%
- Northern: 12%
- Louisville: 6%
- UK: 5%
“Online education holds the key to making residential education better and less expensive even as it promises to offer education to many millions more people. And the quality of purely online education will depend on the residential education from which it stems.”

- L. Rafael Reif
President, MIT
2011 “Listening Tour,” Data Gathering and University Review Committee

- Ten small group faculty meetings before July 1, 2011
- Three-hour visits with UK’s 18 academic and professional colleges and key units
- Monthly faculty roundtable discussions
- Monthly staff breakfasts
- Regular student group meetings
- Individual and group meetings with key constituents outside the University: Community and business leaders, elected officials, neighborhood associations, alumni, donors and media.
- University-wide Review Committee
- Board of Trustees Retreat
2011 Priorities and Planning

• Undergraduate Education: Enhance and expand the undergraduate educational experience in terms of student quality, academic programming, and opportunities for more Kentuckians and students from other states and background to learn and grow at the University.
Retention: Student Success by Cohort

Areas for Improvement?
Selected themes from the Sophomore Attrition Survey
- Academic Advising
- Major Selection
- Access to Competitive Majors
- Course Availability
- Difficulty with Courses

Areas for Improvement?
Selected themes from the Graduating Senior Survey
- Changed Major/Lost Credit
- Work Conflicted w/ Class
- Course Availability
- Family Conflict
- Tuition and Cost

Figure 1. 1st to 2nd and 1st to 3rd Year Retention for the 2000-2010 cohorts.
2011 Priorities and Planning: Infrastructure

- Undergraduate Education

- **Infrastructure:** Renew and rebuild the core of the nearly 150-year-old campus.
  - $1.5 billion in estimated capital needs
  - Independent study of the academic core recommended razing 12 buildings and undertaking major renovations of 29 more
  - Vast majority of campus space is not accessible to people with disabilities
  - Facilities in the core of our campus are an average of 50 years old
  - 10 percent of our students live in modern residence halls
2011 Priorities and Planning: Access and Affordability

• Undergraduate Education

• Infrastructure: Renew and rebuild the core of the nearly 150-year-old campus.

• Access and Affordability

![Undergraduate Resident Tuition Graph]
2011 Priority and Planning: Work/Life Environment

- Undergraduate Education
- Infrastructure: Renew and rebuild the core of the nearly 150-year-old campus.
- Access and Affordability
- **Work/Life Environment**

![Average Faculty Salary by Rank, Thousands](chart.png)
How do we plan? 2012-13 Budget Process

Timeline

- January 3: General Assembly convened
- January 4: Governor’s Budget Address
- March 30: General Assembly enacted a budget
- April 11: Governor approves budget
- April 20: CPE adopted tuition parameters
- April 23-24: Academic and administrative units were given parameters for reallocation; asking that they consider administrative reductions which did not affect teaching first. Also asked to propose new opportunities for revenue generation.
- May 1: Units submitted preliminary reallocation plans for review
- May 8: UK Board of Trustees approved 2012-12 tuition and fee rates
- June 19: 2012-13 Operating and Capital Budget approved by the Board of Trustees
- June 21: Tuition and mandatory fees approved by CPE
- August 22: Fall 2012 – first day of classes
## 2013-14 Budget Process

<table>
<thead>
<tr>
<th>Fall 2012</th>
<th>September</th>
<th>October</th>
<th>November</th>
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</thead>
<tbody>
<tr>
<td>Meet with all 18 colleges and academic units, as well as Provost area units (25 total) to understand the impact of previous budget reductions.</td>
<td>25 meetings to review previous suggested reallocations (submitted in May) and any additional changes that might have occurred.</td>
<td>Meeting again with Deans and unit heads to review “semi-final” plans.</td>
<td>Will assess final reallocations based on new information, financial conditions and discussions.</td>
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</table>
12-13 Campus Listening Tour

Two-hour visits to all colleges and academic units
Faculty, staff and student roundtable discussions

What I’ve heard:

- Concerns and ideas about the budget process
- Impact on faculty workload and distribution of effort
- Role of Lecturers
- Increased class sizes and distribution of UK Core teaching load
- A lack of focus on graduate education and research
- Infrastructure investment and the campus Master Plan
- Workforce reductions
- Performance evaluation process
- Merit raise pool
- University energy consumption and conservation
- Technology-rich content delivery and distance learning
- Tuition and the cost of education
- Transferability of credits from community colleges and 4-year institutions
- Relationship with surrounding neighborhoods
- Campus safety and alcohol policy
- Opportunities/challenges for interdisciplinary, cross-college, multi-institution and international partnerships
- Opportunities in translational research
- IP/Commercialization of research
- Investing/defining areas of excellence
- Accountability assessment
- Digital delivery of library content
- Concerned about quality of data used to make administrative/budget decisions
- Aligning unit priorities with University goals
Senate Council Memo: Themes

- Vision – It’s becoming a reality
- Faculty Workload
- Graduate education and research
- Scholarship and Financial Aid Distribution
- University Libraries
- Athletics
- UK HealthCare
- Budget model
- Creating a “False” Crisis
- Recommendations
Vision: Infrastructure - Residential

Public-Private Partnership with EdR to revitalize campus residence halls

• Students living on campus in interactive communities persist and graduate at higher rates

• 100 percent equity brought by EdR allows us to focus our resources to rebuild academic and research spaces.
Vision: Infrastructure - Academic & Research

Meeting the billion dollar needs of our campus will take a mixed approach

- Fundraising efforts
  - Gatton College of Business and Economics
  - Opera Building
- Creating a 21st Century Learning Environment
  - Spaces that infuse technology with learning
  - Commission to examine the qualities of a new academic science building
- Capital investment pool
  - Debt level is 3.7%
  - $200 million investment increases level to 4.1%
Vision: Undergraduate Education – Smart Growth

<table>
<thead>
<tr>
<th>What we cannot change</th>
<th>What we can change</th>
<th>How we can change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reality:</td>
<td>Net Tuition Revenue</td>
<td>Enrollment:</td>
</tr>
<tr>
<td>• State revenue</td>
<td></td>
<td>• Mix</td>
</tr>
<tr>
<td>• Federal support</td>
<td></td>
<td>• Transfer</td>
</tr>
<tr>
<td>• Endowment returns</td>
<td></td>
<td>• Size</td>
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<td></td>
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<td>Rates</td>
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<td></td>
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<td>Retention</td>
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<td></td>
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<td>Scholarship distribution</td>
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</tbody>
</table>
# Senate Council Memo: Faculty Workload

- **Vision** – It’s becoming a reality
- **Faculty Workload**

<table>
<thead>
<tr>
<th>USNWR (2013 ed.) Ranking and Public University</th>
<th>Student-to-Faculty Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. University of California (Berkeley)</td>
<td>17:1</td>
</tr>
<tr>
<td>2. University of California (Los Angeles)</td>
<td>17:1</td>
</tr>
<tr>
<td>3. University of Virginia</td>
<td>16:1</td>
</tr>
<tr>
<td>4. University of Michigan</td>
<td>16:1</td>
</tr>
<tr>
<td>5. University of North Carolina</td>
<td>14:1</td>
</tr>
<tr>
<td>6. College of William and Mary</td>
<td>12:1</td>
</tr>
<tr>
<td>7. Georgia Tech University</td>
<td>17:1</td>
</tr>
<tr>
<td>8. University of California (Davis)</td>
<td>16:1</td>
</tr>
<tr>
<td>9. University of California (San Diego)</td>
<td>19:1</td>
</tr>
<tr>
<td>10. University of Wisconsin (Madison)</td>
<td>17:1</td>
</tr>
<tr>
<td>University of Kentucky</td>
<td>17.5:1</td>
</tr>
</tbody>
</table>
Senate Council Memo: Graduate Education and Research

- Vision - It’s becoming a reality
- Faculty Workload

- **Graduate education and research**

Student Credit Hour Comparison

- Total Rev: $206.3m
- Net Rev: $168.7m

Source of Funds to Pay Incurred F&A Cost (~$95 million in FY2011)

- Undergraduate
- Graduate

### Total Rev
- 2006-2007: $85,832
- 2007-2008: $81,841
- 2008-2009: $88,075
- 2009-2010: $152,127
- 2010-2011: $155,098

### Federal
- 2006-2007: $541,102
- 2007-2008: $523,997
- 2008-2009: $535,916
- 2009-2010: $547,554
- 2010-2011: $568,933

### Non-Federal
- 2006-2007: $541,102
- 2007-2008: $523,997
- 2008-2009: $535,916
- 2009-2010: $547,554
- 2010-2011: $568,933

### UK
- 2006-2007: $541,102
- 2007-2008: $523,997
- 2008-2009: $535,916
- 2009-2010: $547,554
- 2010-2011: $568,933

Net Rev
- 2006-2007: $35,5m
- 2007-2008: $35,5m
- 2008-2009: $35,5m
- 2009-2010: $35,5m
- 2010-2011: $35,5m
Senate Council Memo: Scholarship and Financial Aid Distribution

- Vision – It’s becoming a reality
- Faculty Workload
- Graduate education and research

- Scholarships and grants
  - Growth in competitive awards accounts for $2.2 million
  - Remainder of expense increase is attributed to planned enrollment growth, tuition and fee rate increase, and the resulting growth in existing commitments.

Core Scholarship Growth, FY07-08 – FY12-13, Budgeted and Actual Expense (in thousands)

Parker Scholarship Growth, FY07-08 – FY12-13, Budgeted and Actual Expense (in thousands)
Senate Council Memo: Scholarship and Financial Aid Distribution

- Vision – It’s becoming a reality
- Faculty Workload
- Graduate education and research

**Scholarships and grants**

### Fall 2011 Full-time Dependent Undergraduate KY Residents

#### Average Net tuition by Income Quartile (8,219 students)

<table>
<thead>
<tr>
<th>Income Quartile</th>
<th>Average Net Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest Avg Family Income</td>
<td>$948</td>
</tr>
<tr>
<td>Low-Mid Avg Family Income</td>
<td>$1,209</td>
</tr>
<tr>
<td>Mid-High Family Income</td>
<td>$2,250</td>
</tr>
<tr>
<td>Highest Avg Family Income</td>
<td>$2,476</td>
</tr>
</tbody>
</table>

Average gross tuition and mandatory fees billed = $4,579 based on full-time dependent undergraduate Kentucky resident student and does not include costs for room and board or other ancillary costs associated with attendance. Net tuition is calculated as the total tuition and mandatory fees billed less total student financial aid from all scholarships & grants. Student loans or work study wages are not included in financial aid amount.
Senate Council Memo: University Libraries

• Vision - It’s becoming a reality
• Faculty Workload
• Graduate education and research
• Scholarship and Financial Aid Distribution

• University Libraries
  • 55,426 periodicals – a top priority for the Provost’s Office
  • Repurposing “The Hub” and Reference Area for contemporary learning and research
Senate Council Memo: Athletics

- Vision - It’s becoming a reality
- Faculty Workload
- Graduate education and research
- Scholarship and Financial Aid Distribution
- University Libraries

- **Athletics**

<table>
<thead>
<tr>
<th>Intercollegiate Athletics</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Assessment</td>
<td>$1,757,400</td>
</tr>
<tr>
<td>Scholarships (non-athletes)</td>
<td>3,070,000</td>
</tr>
<tr>
<td>Scholarships (student-athletes)</td>
<td>11,700,000</td>
</tr>
<tr>
<td>Graduate Assistant Training</td>
<td>202,000</td>
</tr>
<tr>
<td>Royalty Income</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Band Grant</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17,879,400</strong></td>
</tr>
</tbody>
</table>

**Net Income/(Loss)**

- 133 student-athletes
- 331 student-athletes

- **FB**
- **MBB**
- **Baseball**
- **M. Golf**
- **M. Soccer**
- **M. Swim**
- **M. Tennis**
- **M. Track**
- **WBB**
- **W. Golf**
- **Gym**
- **Rifle**
- **W. Soccer**
- **Softball**
- **W. Swim**
- **W. Tennis**
- **W. Track**
- **VB**
- **Non Sport**
Senate Council Memo: UK HealthCare

- Vision - It’s becoming a reality
- Faculty Workload
- Graduate education and research
- Scholarship and Financial Aid Distribution
- University Libraries
- Athletics

- UK HealthCare

- Future budget model
Senate Council Memo: “False Crisis”

- Vision - It’s becoming a reality
- Faculty Workload
- Graduate education and research
- Scholarship and Financial Aid Distribution
- University Libraries
- Athletics
- UK HealthCare
- Future budget model

- Creating a “False” Crisis
Senate Council Memo: Recommendations

- Vision – It’s becoming a reality
- Faculty Workload
- Graduate education and research
- Scholarship and Financial Aid Distribution
- University Libraries
- Athletics
- UK HealthCare
- Future budget model
- Creating a “False” Crisis

**Recommendations**

- Halt the second round of budget cuts to academic units.
- Consult with an Advisory Committee selected by the Senate Council to provide viable, informed and mutually accepted budgetary guidelines for future decisions as they impact the teaching, research and service missions of the University.
- Promote the values espoused in our Governing Regulations – particularly “mutual respect and human dignity” and “diversity and inclusion” in all future personnel actions.
- Direct that, in the spirit of shared sacrifice, the highest paid administrators take salary cuts. For example, top administrators at UC Riverside sustained voluntary 5 percent salary cuts during the budget crisis of 2009.
- Eliminate the current practice in which the University contributes the entire 15 percent of the annual retirement benefit for select “executives,” the discretionary authority of which is granted to you in AR 3:1.IVC. Instead, require these administrators to contribute 5 percent of annual salary to their retirement plan out-of-pocket – as do the vast majority of UK faculty and staff.
- Provide a point-by-point response to faculty, staff and students regarding the concerns expressed in this memo.
2012 Board of Trustees Retreat

- Continuing emphasis on undergraduate education and infrastructure (campus core); and

- Strengthening mechanisms for faculty and staff recruitment, rewards and retention; and

- Conducting an assessment of what constitutes a strong environment for research, creative scholarship, and graduate and professional education; and

- Continuing the development and introduction of the values-based financial model that aligns revenues and expenses to meet the University's mission, and ensure that individual units develop strategic plans in alignment with the University's overall strategic planning process; and

- Developing a plan for implementing innovative, technology-rich content delivery to address needs in a constantly changing learning environment; and

- Continuing to develop a master plan that creates a 21st century living and learning environment and is sensitive to community concerns.
Questions?

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