

University of Kentucky

FY 2017-18 Operating and Capital Budget

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AY 2017-18 Tuition and Mandatory Fees

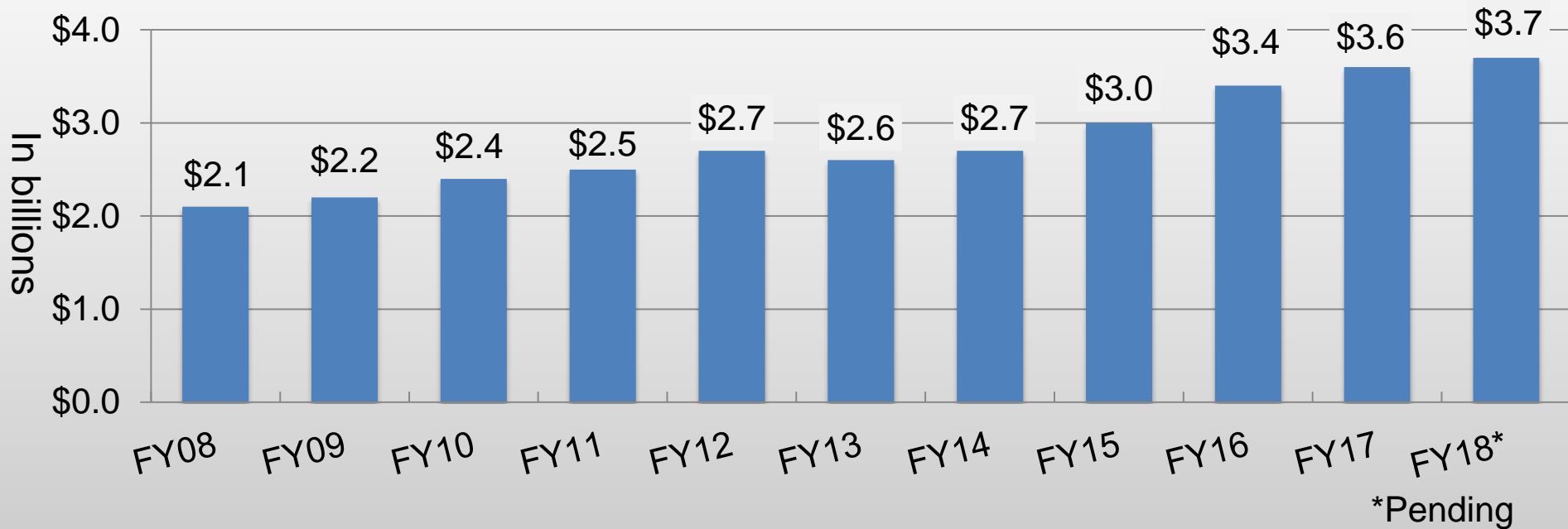


Budget Development Principles

- Student access and affordability
- Competitive pay for faculty and staff
- Strategically plan to prevent across-the-board cuts and maintain and enhance academic quality
- Diversity and inclusion



University of Kentucky Consolidated Operating Budget



Background:

- The recommended consolidated operating budget is balanced
- Sets expenditure authority by area, college, and department
- Includes all components of the University (e.g., academic enterprise, hospital system, clinical patient care, research, philanthropy, athletics)
- Current Funds only using modified accrual basis of accounting

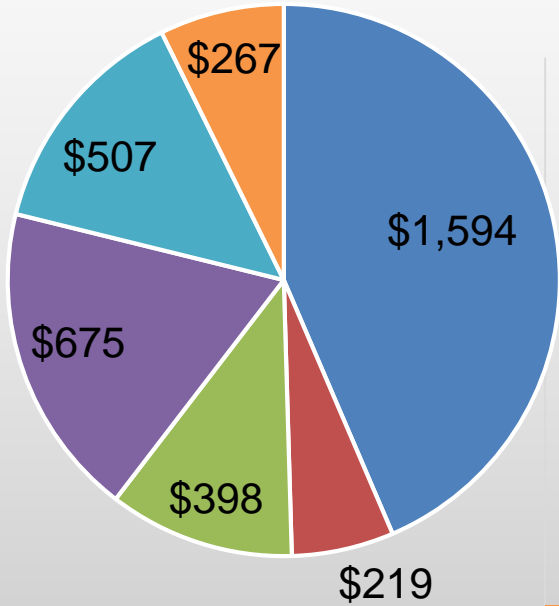


University of Kentucky Consolidated Operating Budget

In millions	FY 2016-17	FY 2017-18	Change
Undesignated General Funds			
State Appropriations	\$ 267.0	\$ 267.1	\$.1
Tuition	450.1	468.9	18.8
Other	<u>33.5</u>	<u>41.7</u>	<u>8.2</u>
	750.6	777.7	27.1
Designated General Funds			
UK HealthCare – Hospitals	1,542.8	1,590.2	47.4
Other	<u>408.3</u>	<u>419.0</u>	<u>10.7</u>
	1,951.1	2,009.2	58.1
Auxiliary Funds	204.0	211.1	7.1
Restricted Funds	347.2	385.5	38.3
Fund Balances (non-recurring)	320.6	277.2	-43.4
Total	\$3,573.5	\$3,660.7	\$87.2

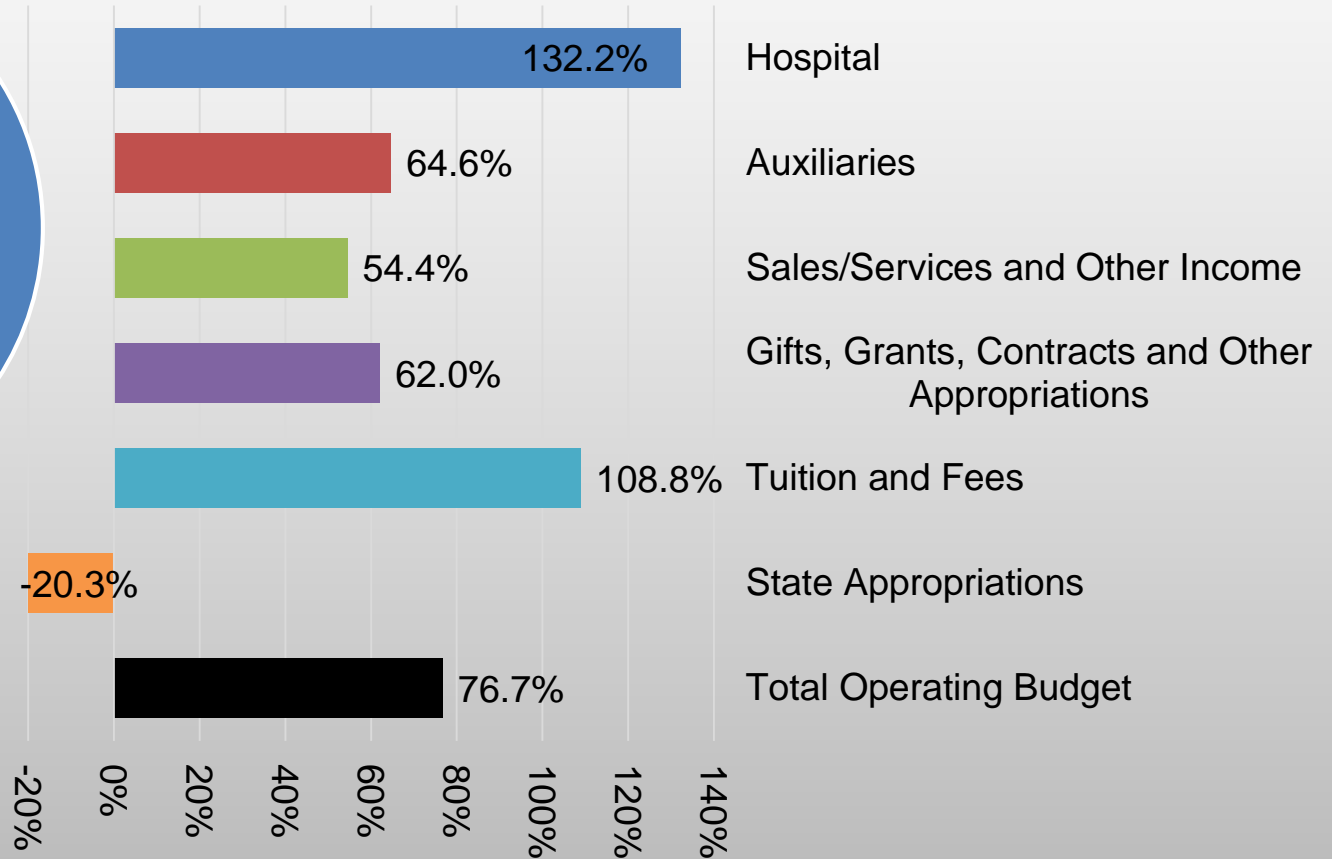


Operating Revenues Percent Change by Fund Source FY 2007-08 to FY 2017-18



In millions

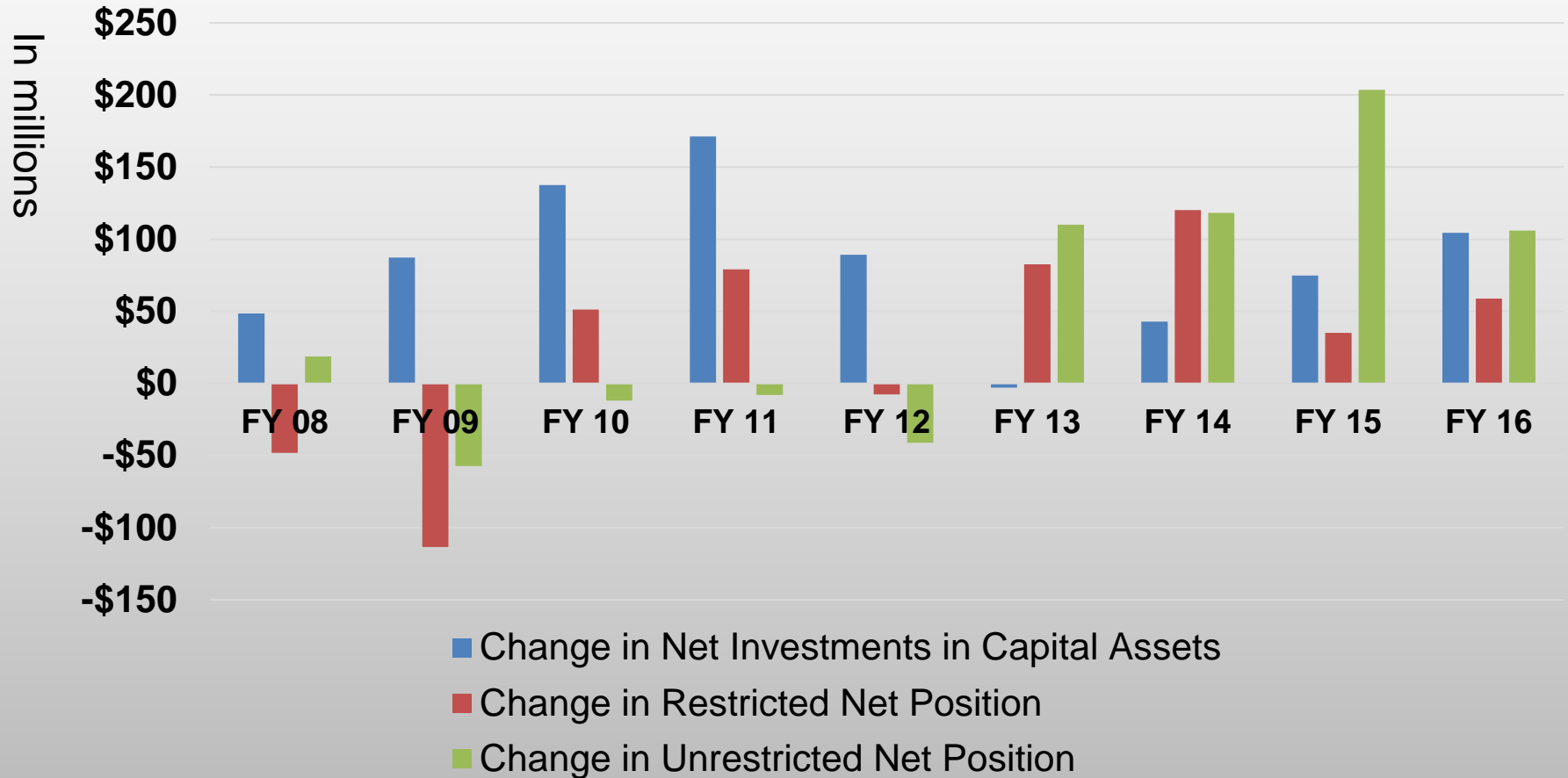
**FY 2017-18
Operating Budget
\$3.7 Billion**





Fiscal Health

Actual Financial Results

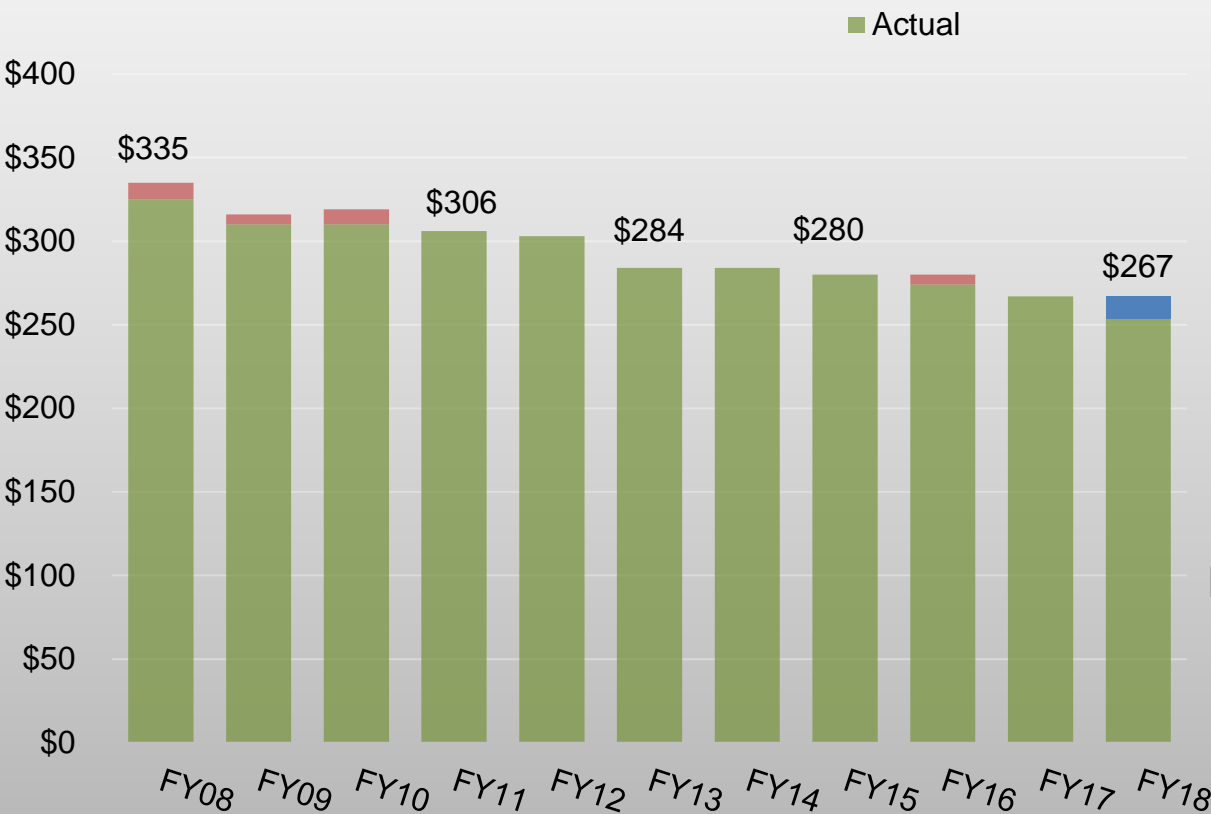


Source: University of Kentucky Financial Statements

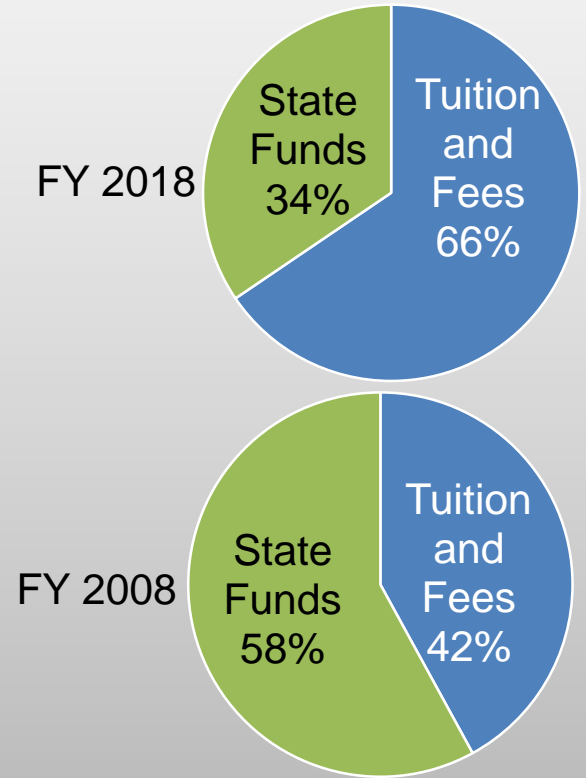


University of Kentucky State Appropriations and Public Funds

State Appropriations, net of debt service (in millions)



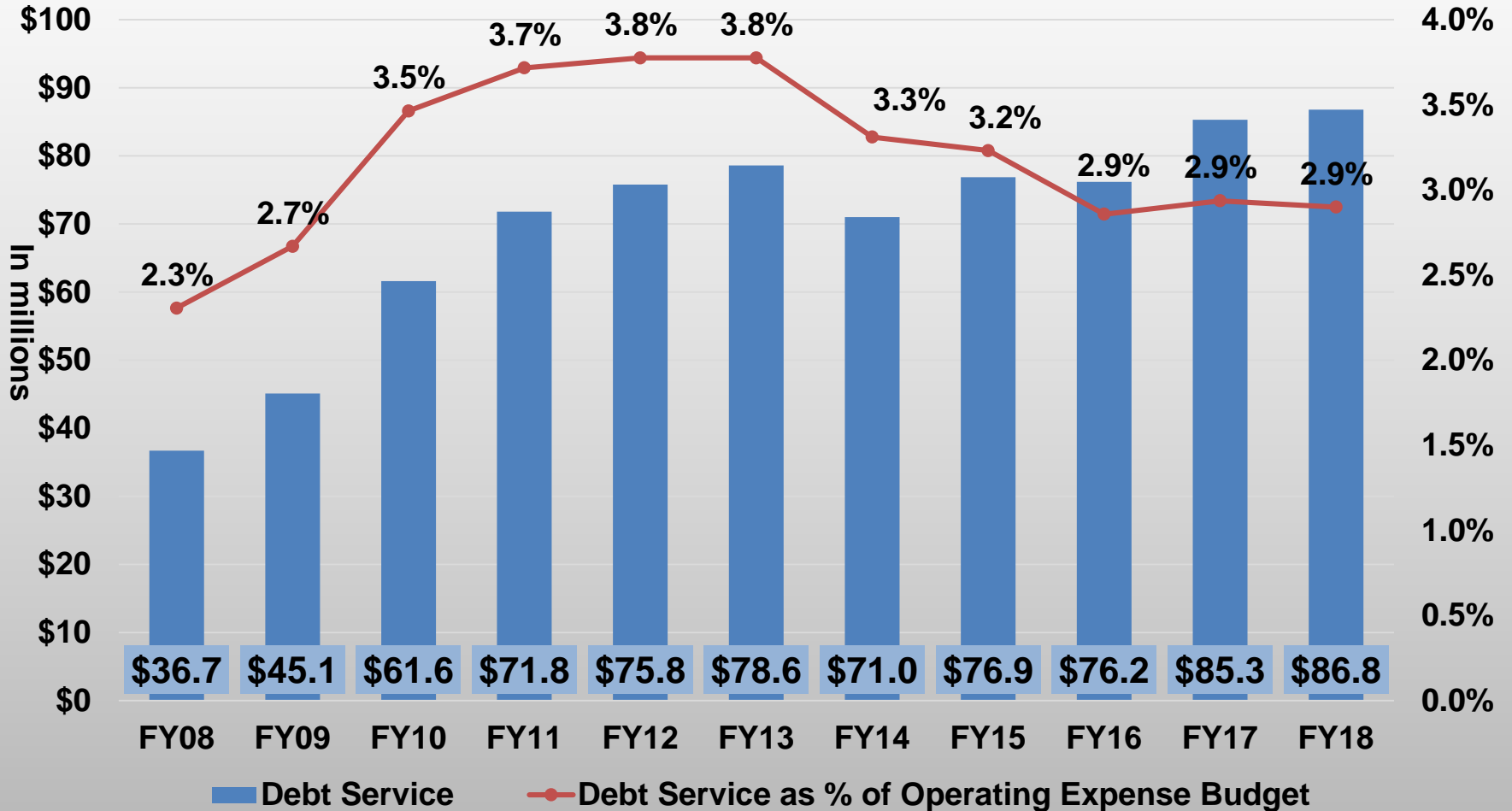
Public Funds





Fiscal Health

Debt Service as a Percent of Adjusted Operating Expense Budget





Where does the money come from and how is it used?

Undesignated General Funds – 21%

Money comes from:

- State Appropriations
- Tuition
- Investment Income
- Service Assessments

Pays for:

- Instruction
- Public Service
- Utilities
- Administrative Support
- Scholarships

Designated General Funds – 54%

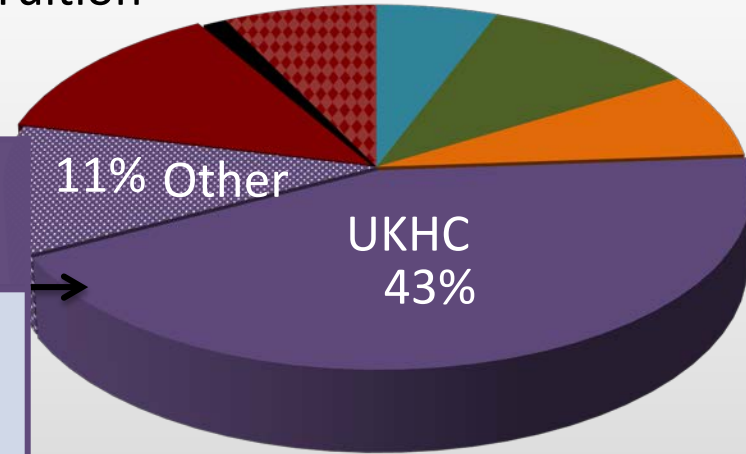
Money comes from:

- UK HealthCare
- County Appropriations
- Mandatory Fees
- Course and Program Fees

Pays for:

- Public Service
- Instruction
- Student Services
- Academic Support

13% Tuition
1% Other
7% State Funds



**FY 2017-18
Operating Budget
\$3.7 Billion**



Where does the money come from and how is it used?

Auxiliary Funds – 6%

Money comes from:

- UK Athletics
- Housing
- Dining
- Parking
- Student Center

Pays for:

- Auxiliary units pay all their expenses; receive no taxpayer or tuition support

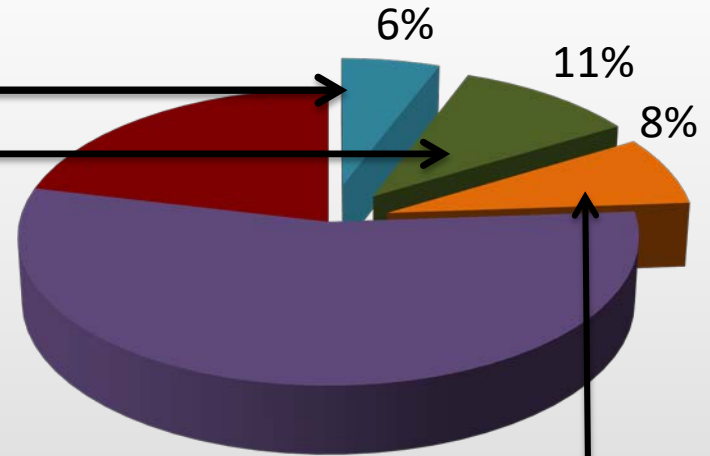
Restricted Funds – 11%

Money comes from:

- Research Grants and Contracts
- Endowment
- Gifts
- Federal and State

Pays for:

- Research
- Student Aid
- Public Service



Fund Balances – 8%

Money comes from:

- Savings from prior years

Pays for:

- Capital Projects
- Faculty Start-Up Packages
- Pilot Programs



Building the University's Budget

Total Additional Funds Needed

- Increase in institutional student aid
- Increase in faculty & staff pay
- Increases in fixed costs
- Strategic investments

Step 1

Available Resources

- Increase in state funds
- New revenues
- Increased efficiencies
- Strategic reallocations

Step 2

Tuition and Fee Revenue

Step 3



Step 1 – Identify Financial Needs

Financial Needs Undesignated General Funds (in millions)	FY 2017-18
Institutional Student Aid	\$ 8.9
Faculty / Staff Pay (2.5% Merit)	12.8
Fixed Costs	4.9
Strategic Investments	4.4
Total Additional Funds Needed	\$31.0



Step 2 – Available Resources

Available Resources Undesignated General Funds (in millions)	FY 2017-18
State Appropriations Performance Funding	\$.1
Increased Efficiencies & New Revenues Operating cash returns, energy conservation program, service assessments to self- supporting units and other revenues	10.5
Strategic Reallocations & Savings Adjust unit to self-operating and savings from misc. benefit rates	2.9
Total Available Resources	\$13.5



Step 3: Tuition and Fee Revenue Rate Increase

Funding Needs Less Available Resources Undesignated General Funds (in millions)	FY 2017-18
Funding Needs	\$31.0
Less Available Resources	<u>(13.5)</u>
Funding Gap	\$17.5
Additional Revenue from Tuition Rate Increases	\$17.5



University of Kentucky

Recommended Tuition and Mandatory Fees Per Semester

	Fall 2016	Fall 2017	%
Undergraduate – Lower Division			
Resident	\$5,660	\$5,886	4.0%
Non-Resident	\$13,078	\$13,928	6.5%
Undergraduate – Upper Division			
Resident	\$5,823	\$6,056	4.0%
Non-Resident	\$13,256	\$14,118	6.5%
Graduate			
Resident	\$6,118	\$6,363	4.0%
Non-Resident	\$14,190	\$15,112	6.5%

Tuition and Mandatory Fees Per Semester

Fall Semester	UG Resident Rate*	Annual % Change	4 Year Average % Change
2008	\$3,868	9.0%	10.6%
2009	\$4,062	5.0%	8.8%
2010	\$4,305	6.0%	7.3%
2011	\$4,564	6.0%	6.5%
2012	\$4,838	6.0%	5.8%
2013	\$4,983	3.0%	5.3%
2014	\$5,232	5.0%	5.0%
2015	\$5,390	3.0%	4.3%
2016	\$5,660	5.0%	4.0%
2017**	\$5,886	4.0%	4.3%

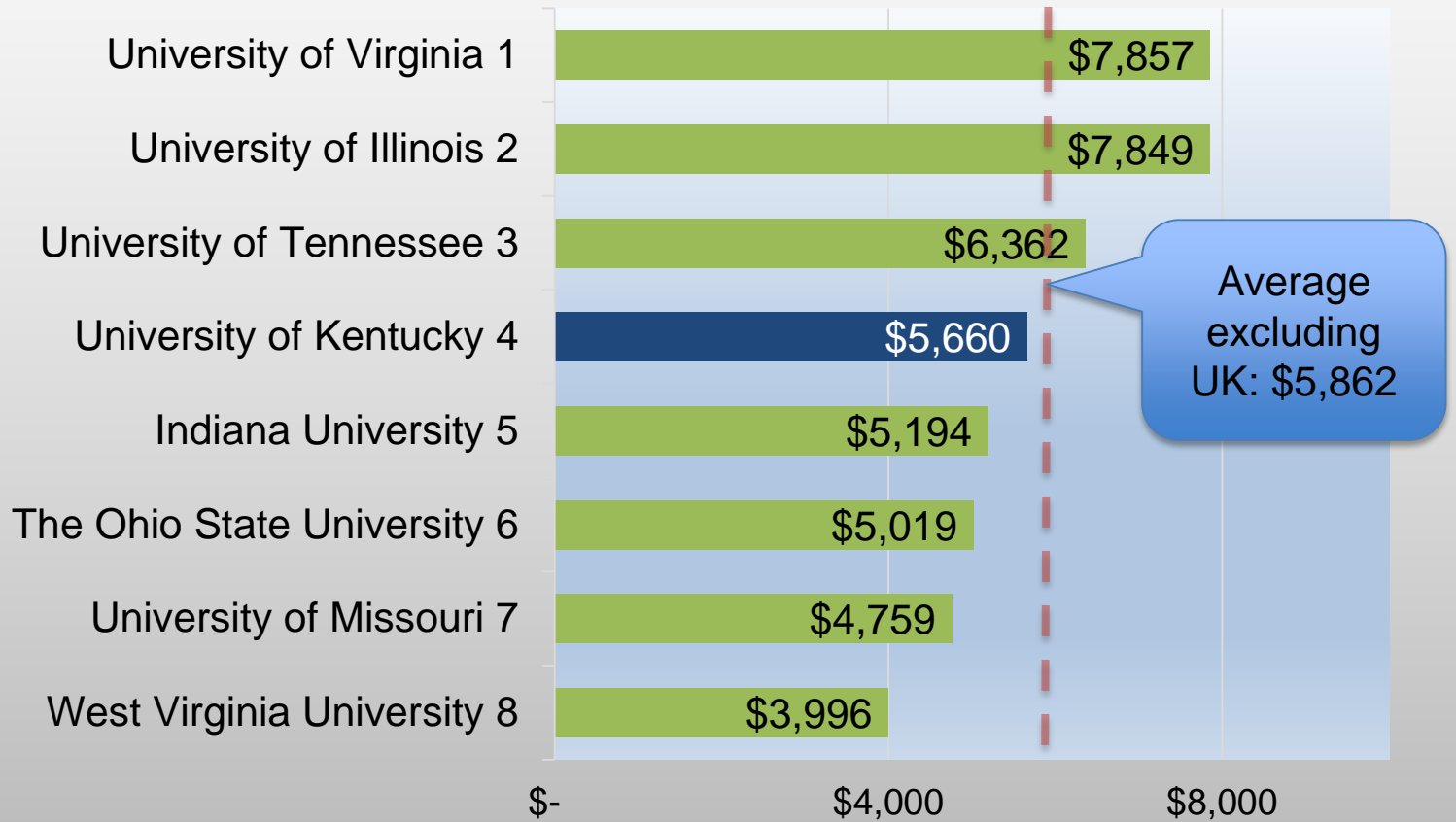
*Freshmen and
Sophomores

**Recommended



Flagship Universities in Surrounding States

Resident Undergraduate Fall 2016 Tuition and Fee Rates

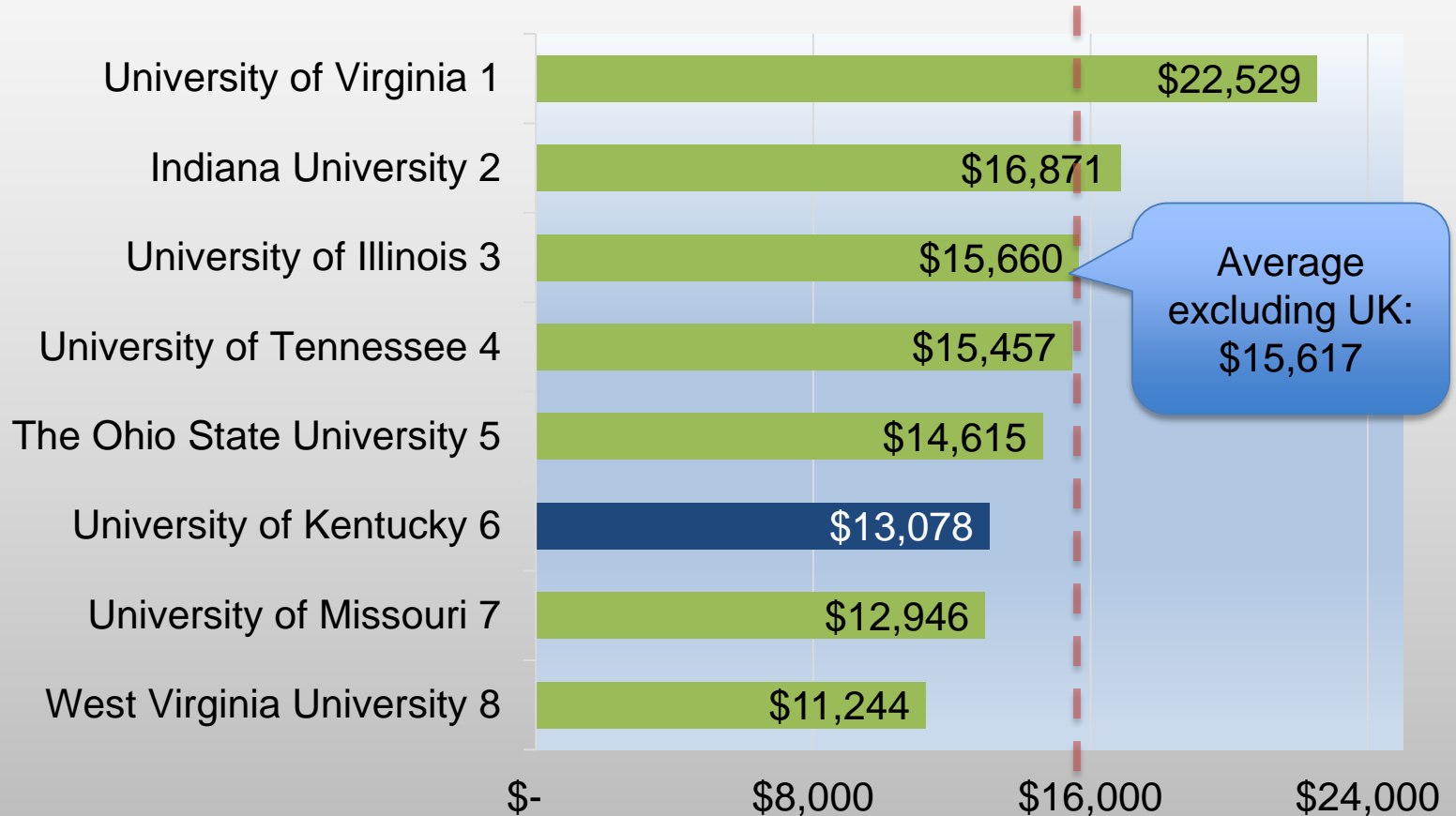


Source: www.Collegedata.com



Flagship Universities in Surrounding States

Non-Resident Undergraduate Fall 2016 Tuition and Fee Rates

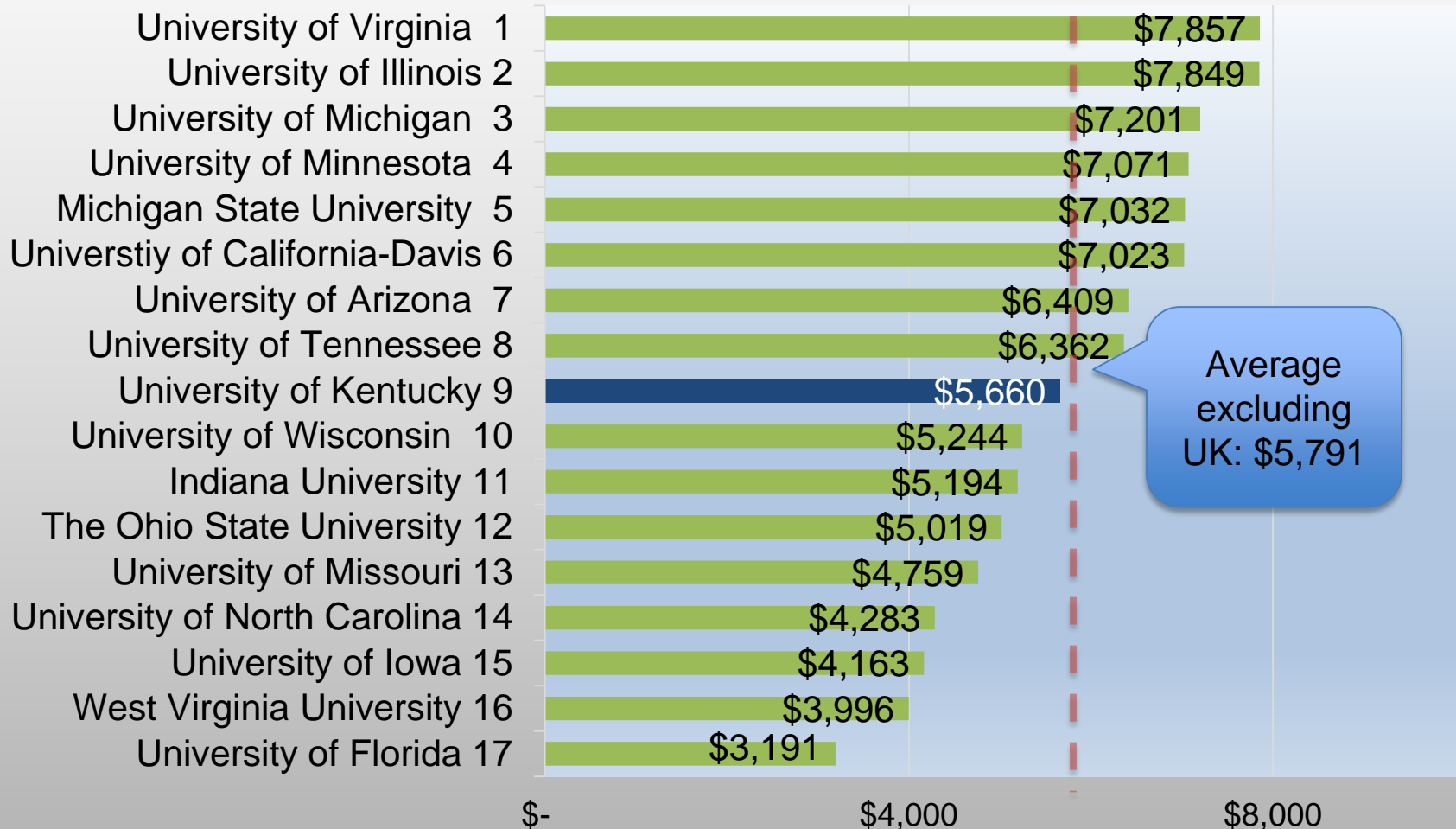


Source: www.Collegedata.com



University Review Committee Benchmark Institutions and Surrounding States Flagship Universities

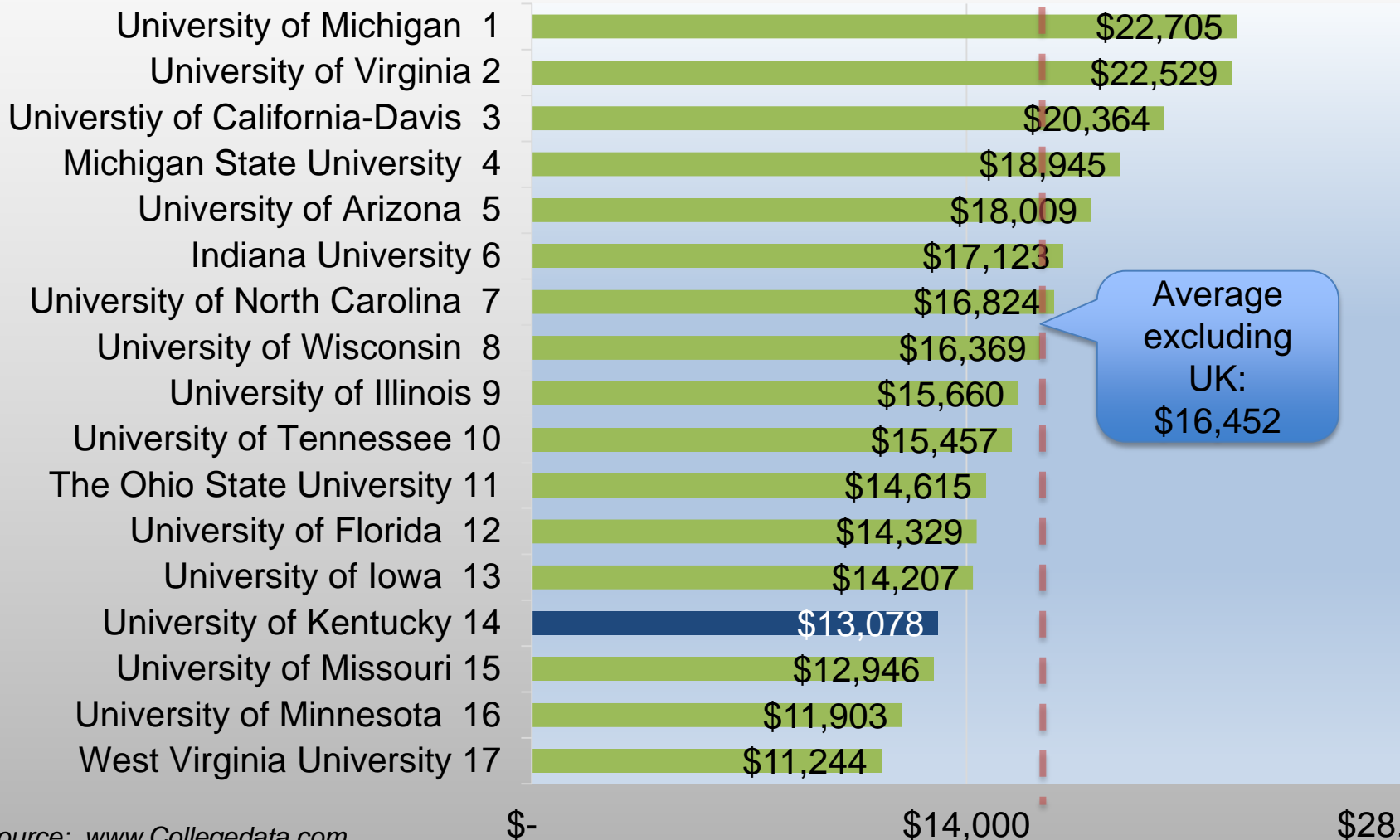
Resident Undergraduate
Fall 2016 Tuition and Fee Rates





University Review Committee Benchmark Institutions and Surrounding States Flagship Universities

Non-Resident Undergraduate
Fall 2016 Tuition and Fee Rates





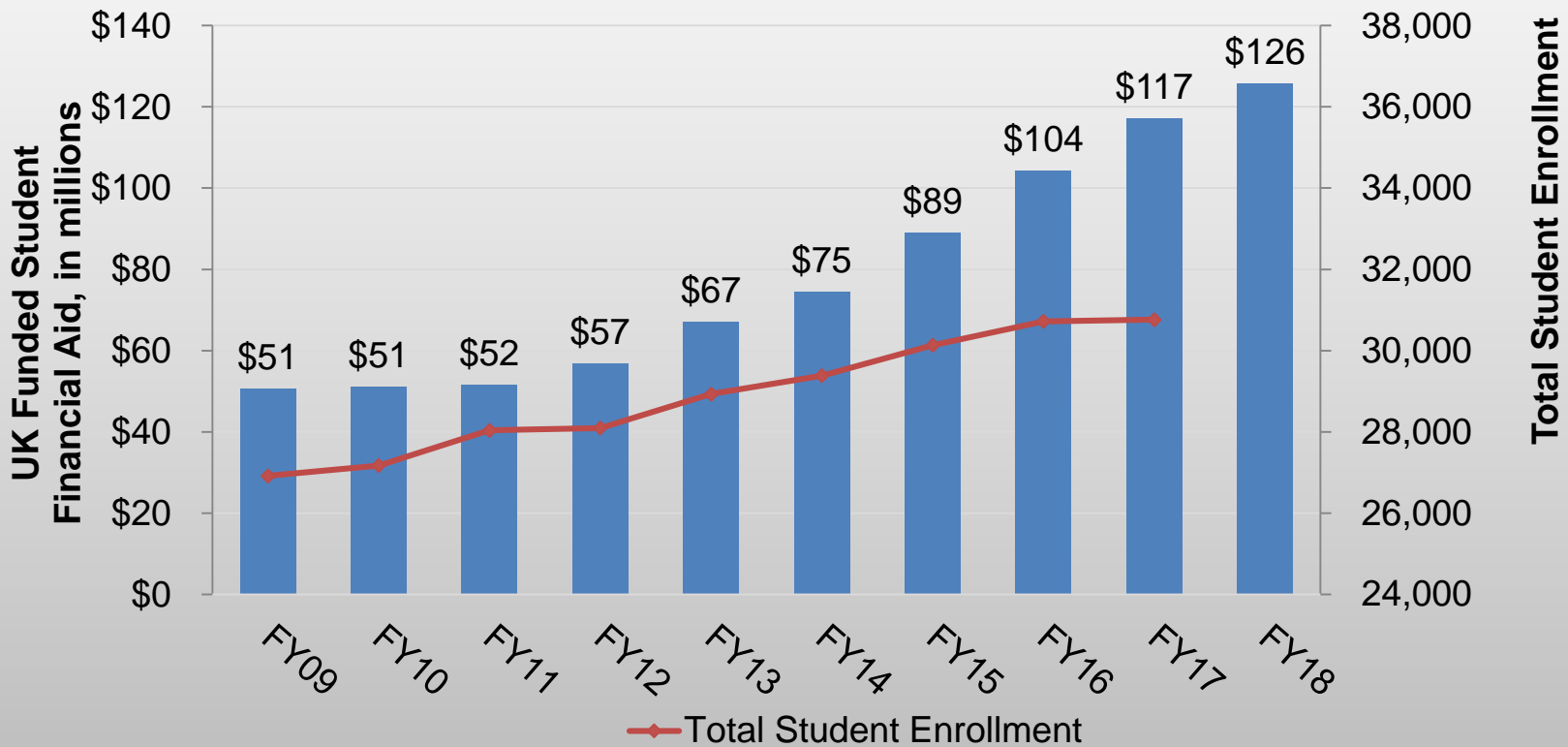
Kentucky Council on Postsecondary Education

Tuition and Mandatory Fee Parameters Academic Year 2017-18

- **Instate undergraduate students:** 4% increase ceiling
- **Out-of-state undergraduate students:** Average net tuition and fee revenue should equal or exceed 100% of direct instructional and student services costs per student
- **Graduate and Professional students:** tuition and mandatory fees are to be market competitive



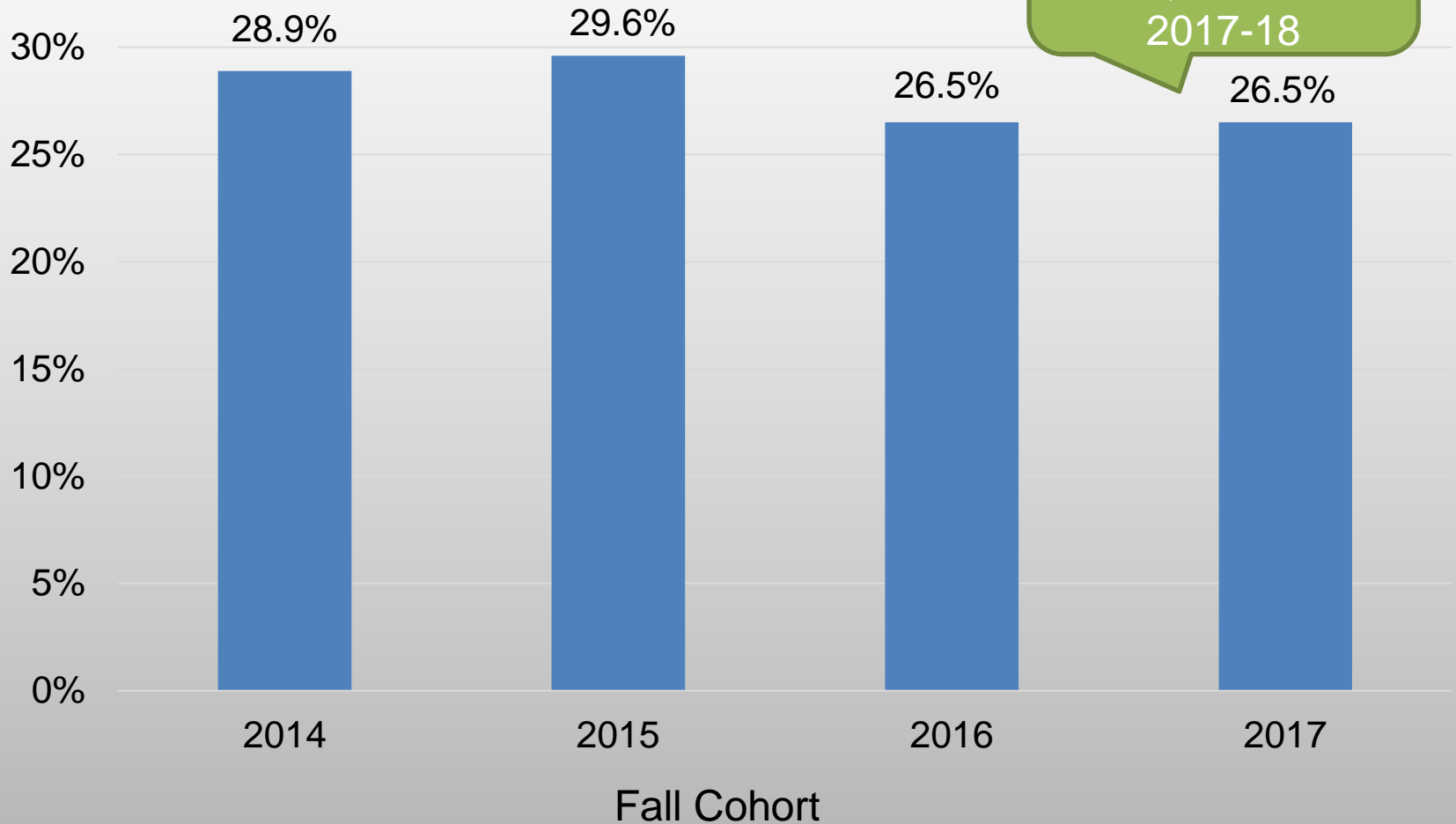
University of Kentucky Centrally Funded Student Financial Aid and Student Enrollment





Institutional Discount Rate Confirmed Incoming Freshmen as of Week 36

Each 1%
discount equals
\$863,000 for FY
2017-18

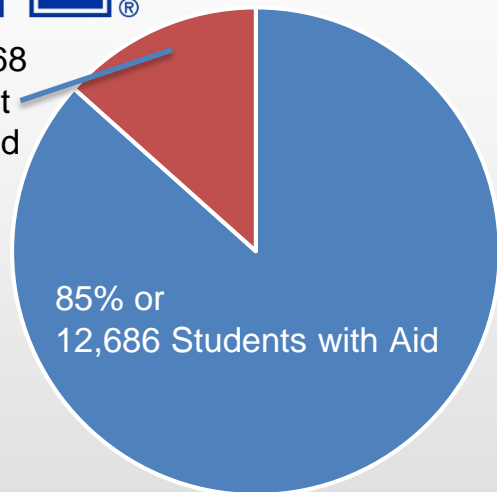


Undergraduate Full-Time Resident Students Receiving Grants or Scholarships (Fall)



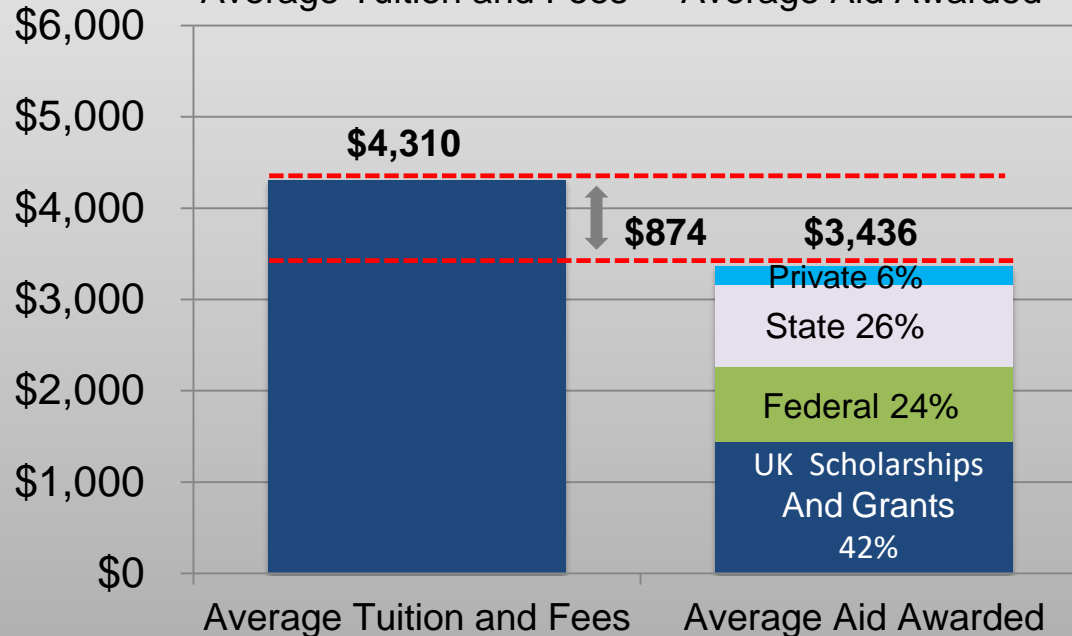
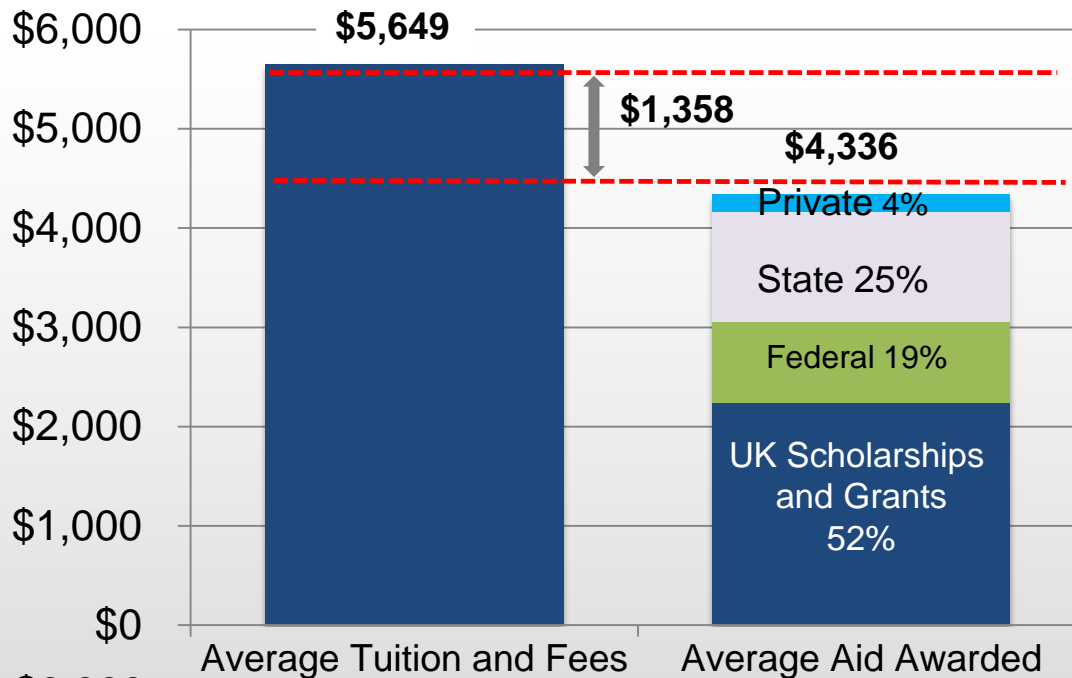
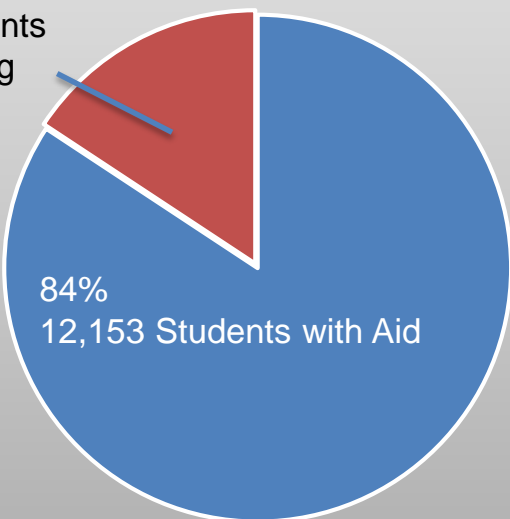
Fall 2016

15% or 1,968 students not receiving Aid



Fall 2010

16% or 2,267 students not receiving aid





Net Price by Income Quartile, Fall 2016

Average Tuition and Mandatory Fees Sticker Price - \$5,685

25% of our undergraduate full-time Kentucky students are from families with a median income of \$19,781. For these students, grants and scholarships covered 92% of tuition and mandatory fees.

Median Net Price by Quartile

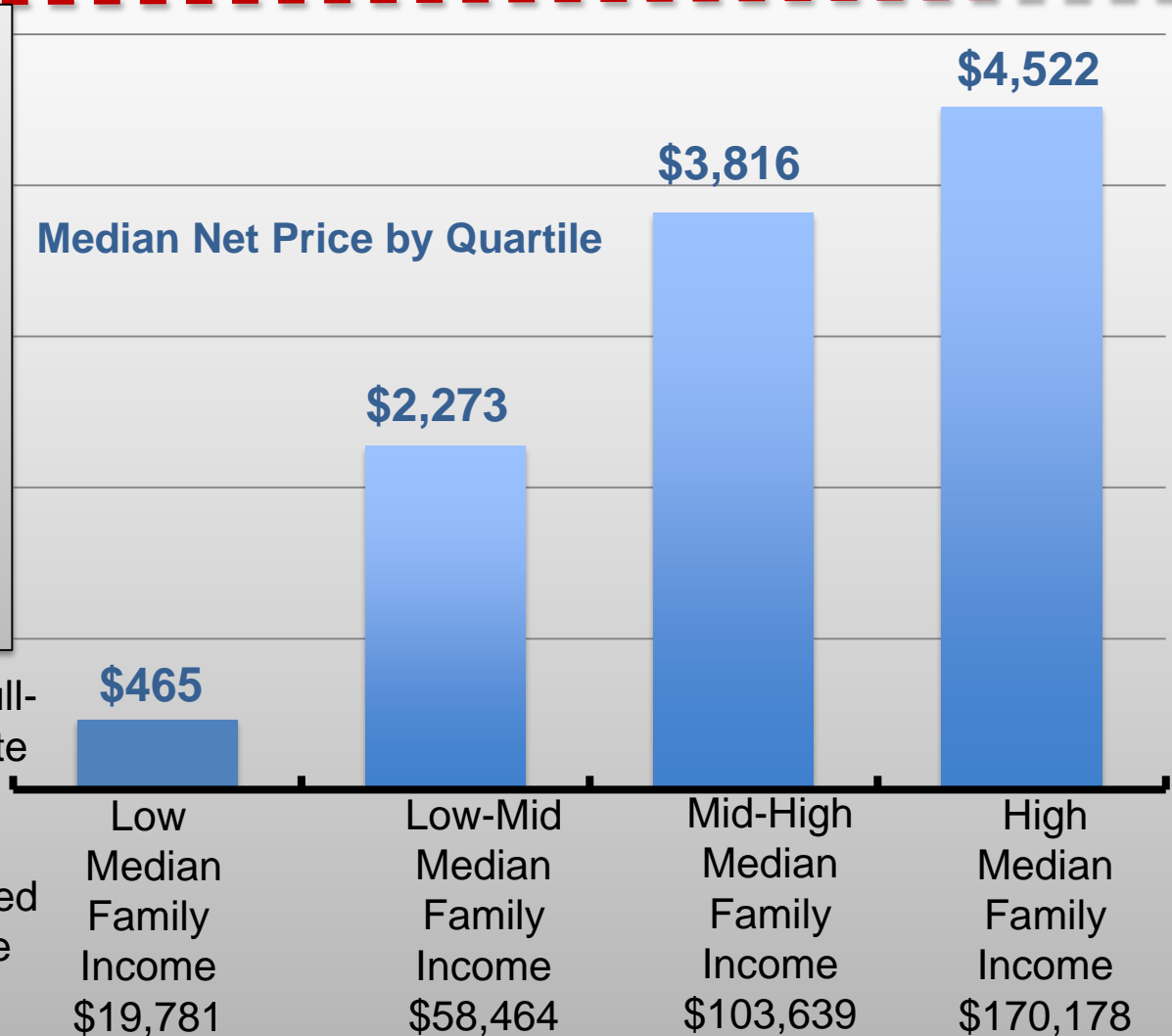
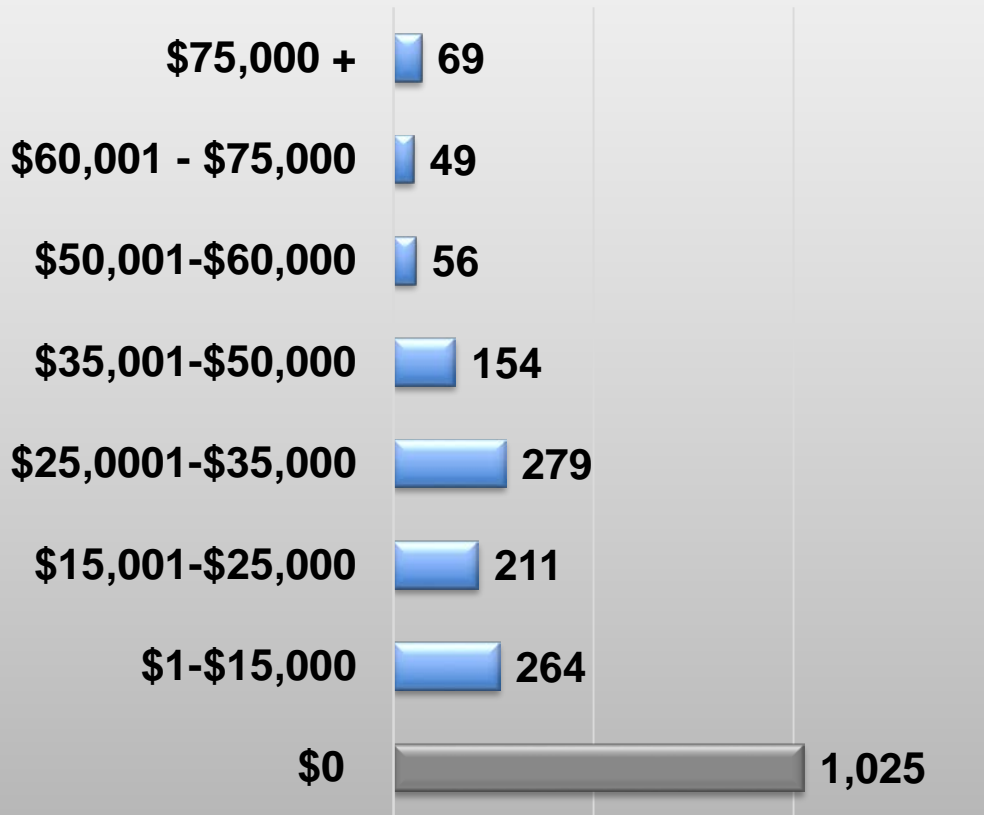
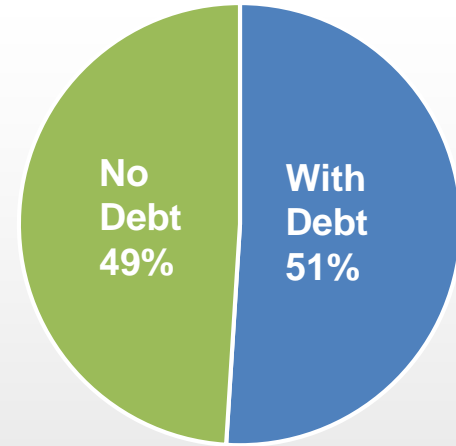


Chart based upon 8,822 full-time undergraduate, instate students who filed the FAFSA as dependents. Median family income based on adjusted gross income as reported.



Average Debt of Resident Baccalaureate Graduates

Fall 2010 Entering Freshmen
(full-time resident) Cohort



- 3,276 KY residents enrolled as first-time freshmen in Fall 2010
- 2,107 students graduated by 2016 (64%)
- 49% of graduates had no student loans
- The average debt of graduates with loans was \$30,970
- UK's federal student loan default rate is 4.4%; nationally, the default rate for public institutions is 11.3%



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