

# UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

**AY 2023-24 TUITION AND MANDATORY FEES  
AND FY 2023-24 OPERATING AND CAPITAL BUDGET**

**JUNE 16, 2023**



# Topics

UK Strategic Plan and Budget Development Principles

Undesignated General Funds: FY 2024 Budget  
Revenues / State Performance Funding Model

Enrollment/Tuition and Mandatory Fees

Expenses

Financial Allocation Models

FY 2024 Operating Budget and Capital Summary

FCR 5 and FCR 6 Recommendations



# UK Strategic Plan



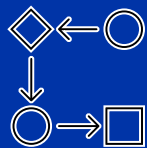
Putting Students First



Taking Care of Our People



Inspiring Ingenuity



Ensuring Greater Trust, Transparency and Accountability



Bringing Together Many People, One Community

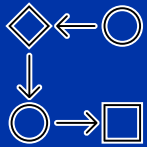
# Enduring Budget Development Principles



Student access and affordability



Competitive pay for faculty and staff



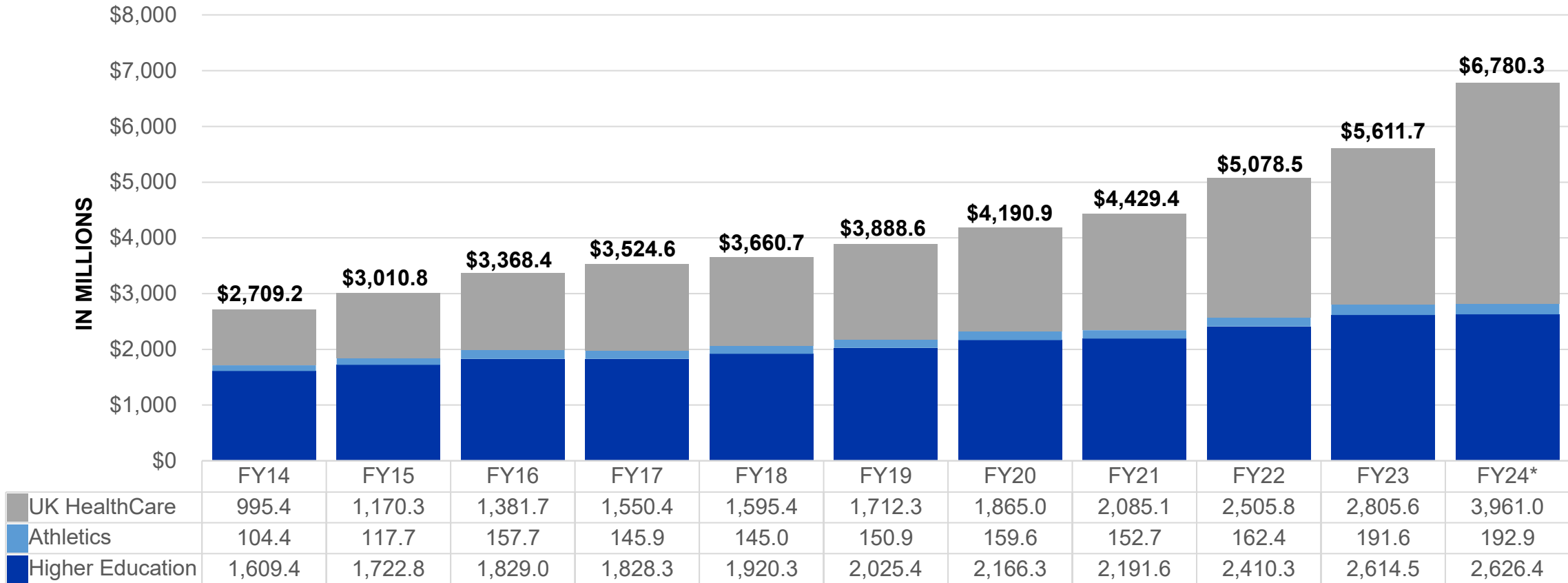
Strategically plan to prevent across-the-board cuts and maintain and enhance academic quality



Building a community of belonging

## FISCAL YEAR 2023-24 BUDGET

# University of Kentucky Consolidated Original Budget



Figures based on Revenues FY2014-18 UKHC includes Hospital State Appropriation

\*Pending

### Background:

The consolidated operating budget is balanced and:

- establishes expenditure authority for each area, college and department
- includes all components of the university (e.g., academic enterprise, hospital system, clinical patient care, research, philanthropy, athletics)
- includes Current Funds only



# FISCAL YEAR 2023-24 BUDGET

**Undesignated  
General Funds  
14.4%**

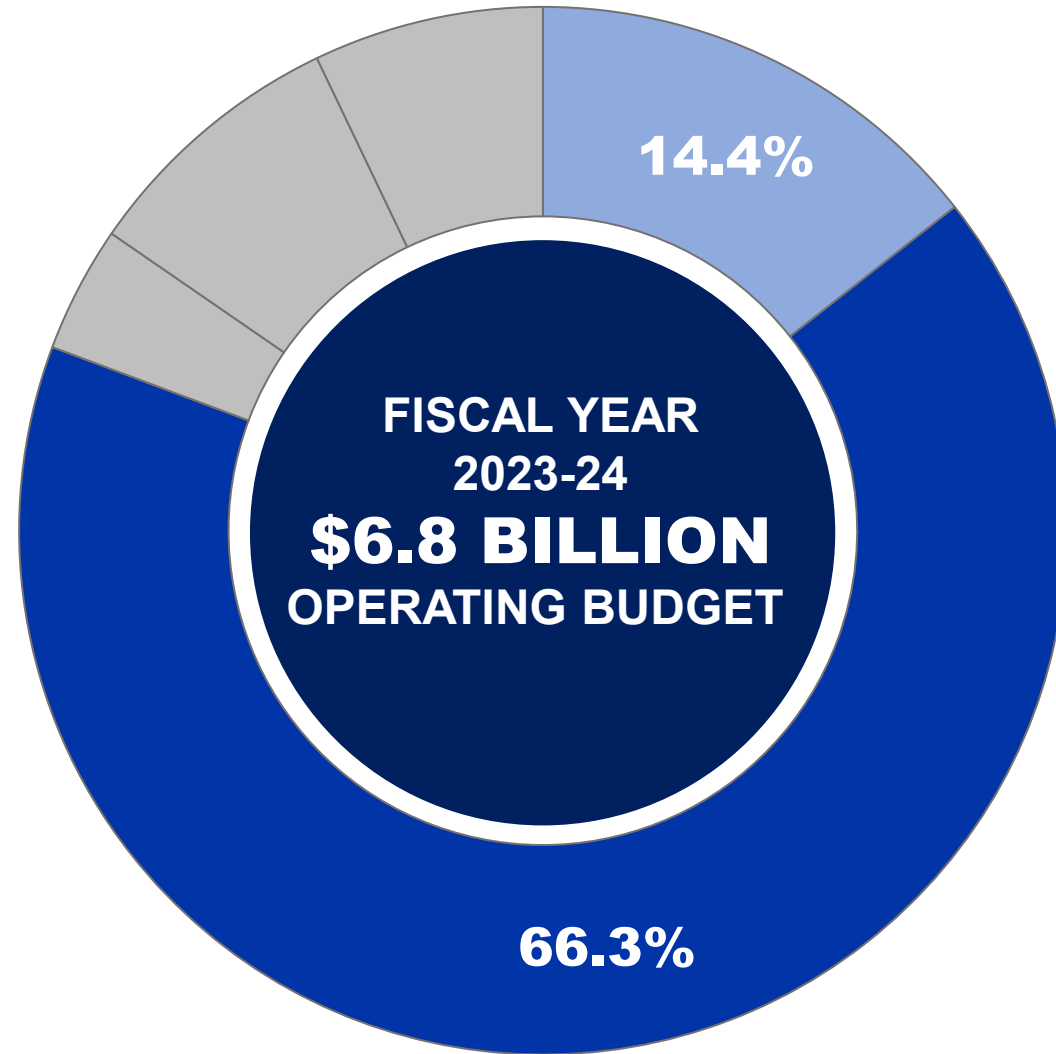
**\$978.4 million**

WHERE THE MONEY  
COMES FROM  
(in millions)

- \$581.7 Tuition
- \$310.1 State Appropriations
- \$86.6 Other

HOW IT IS USED

- Instruction
- Public Service
- Utilities
- Administrative Support
- Institutional Student Aid



**Designated  
General Funds  
66.3%**

**\$4,491.0 million**

WHERE THE MONEY  
COMES FROM  
(in millions)

- \$3955.7 UK HealthCare
- \$392.5 Clinical Services
- \$41.4 Fees
- \$101.4 Other

HOW IT IS USED

- Patient Care
- Instruction
- Public Service
- Student Services
- Academic Support

**FISCAL YEAR 2023-24 BUDGET**

**Auxiliary Funds**  
**3.9%**

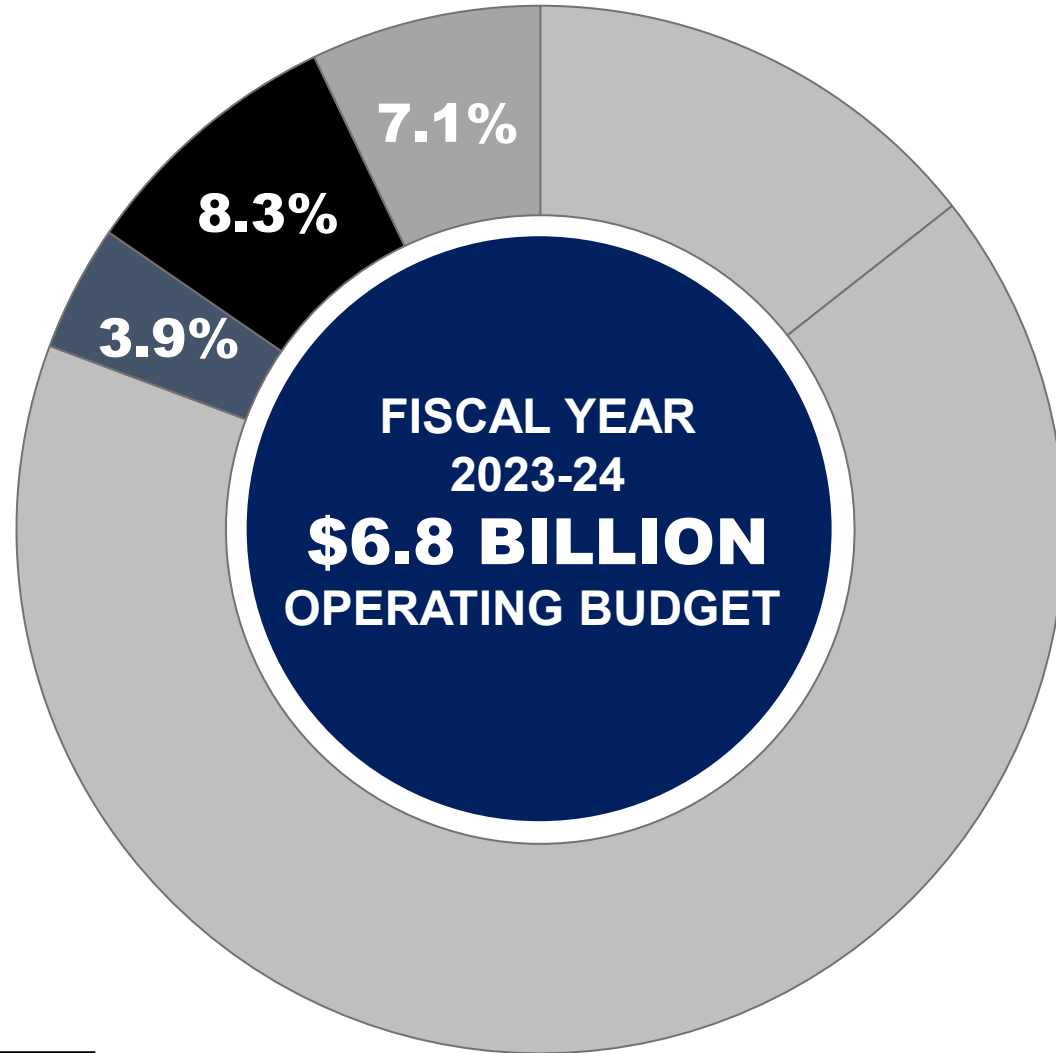
**\$262.1 million**

WHERE THE MONEY COMES FROM  
(in millions)

- \$128.4 UK Athletics
- \$25.5 Housing
- \$11.6 Dining
- \$17.1 Transportation Services
- \$79.5 Service Centers and Recharge Operations

HOW IT IS USED

Auxiliary units pay all of their expenses and receive no taxpayer or tuition support.



**FISCAL YEAR 2023-24**  
**\$6.8 BILLION OPERATING BUDGET**

**Restricted Funds**  
**8.3%**

**\$565.2 million**

WHERE THE MONEY COMES FROM  
(in millions)

- \$501.7 Research Grants and Contracts
- \$30.9 Endowments and Investments
- \$32.6 Gifts and Other

HOW IT IS USED

- Research
- Student Financial Aid
- Public Service

**Fund Balances**  
**7.1%**

**\$483.6 million**

WHERE THE MONEY COMES FROM  
Savings from prior years

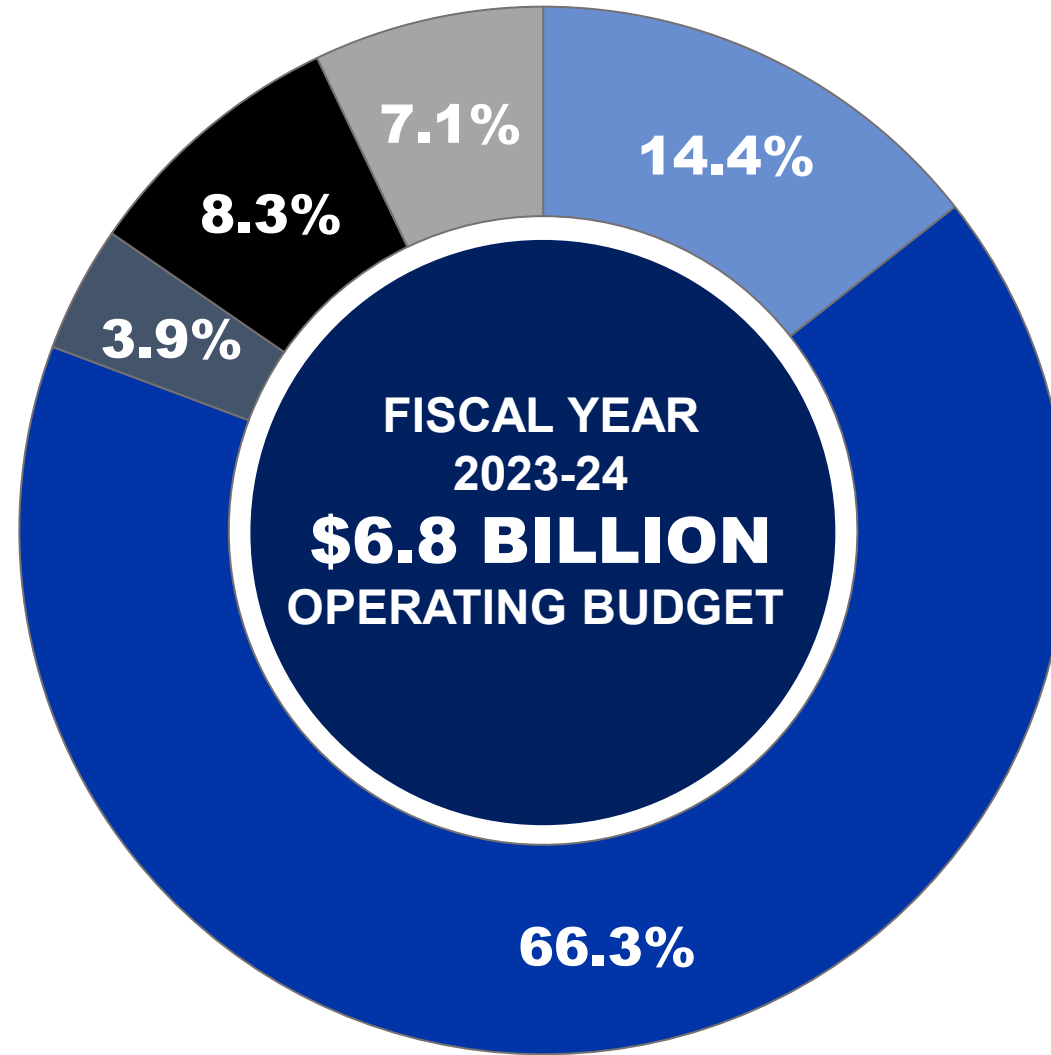
- HOW IT IS USED
- Capital Projects
  - Faculty Start-Up Packages
  - Pilot Programs

## FISCAL YEAR 2023-24 BUDGET

**Designated  
General Funds  
66.3%**

**Undesignated  
General Funds  
14.4%**

**Restricted  
Funds  
8.3%**



**Fund  
Balances  
7.1%**

**Auxiliary  
Funds  
3.9%**



# Topics

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Undesignated General Funds: FY 2024 Budget  
Revenues / State Performance Funding Model



## FISCAL YEAR 2023-24 BUDGET

# Undesignated General Funds: Five-Year Revenue History

RECURRING BUDGET	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	RECOMMENDED FY 2023-24
State Appropriations, Total	\$261.1	\$265.2	\$271.3	\$318.6	\$310.1
<i>Performance Funds*</i>	\$14.5	\$6.6	\$6.1	\$30.9	\$33.3
<i>Mandated Programs**</i>	\$79.4	\$80.6	\$80.6	\$91.7	\$91.7
<i>Special Appropriations</i>				\$11.4	\$.4
Student Tuition	\$514.3	490.0	507.2	557.0	581.7
Other	\$71.3	54.0	63.1	71.4	86.6
<b>Total</b>	<b>\$846.7</b>	<b>\$809.2</b>	<b>\$841.6</b>	<b>\$947.0</b>	<b>\$978.4</b>

IN MILLIONS

\*Effective FY 2022, performance funds are cumulative.

\*\*State appropriations include funding for mandated programs. For example, more than \$91.7 million of UK's FY 2024 state appropriations must be allocated to mandated programs such as the Agricultural Cooperative Extension Service and the Center for Applied Energy Research.

## FISCAL YEAR 2023-24 BUDGET

# Undesignated General Funds Incremental Change Projected FY 2024 Budget Sources

RECURRING BUDGET	RECOMMENDED FY 2023-24
State Appropriations	
Performance Funds	\$2.4
Special Appropriations	
Kentucky Cannabis Center	(2.0)
Grain and Forage Center	<u>(9.0)</u>
Total	(8.6)
Student Tuition	24.9
2.75% Resident Rate Increase	
3.50% Non-Resident Rate Increase	
6,400 First-Year Undergraduate Cohort	
Other	15.1
Investment Income	
Service Assessments	
<b>Total</b>	<b>\$31.4</b>

IN MILLIONS



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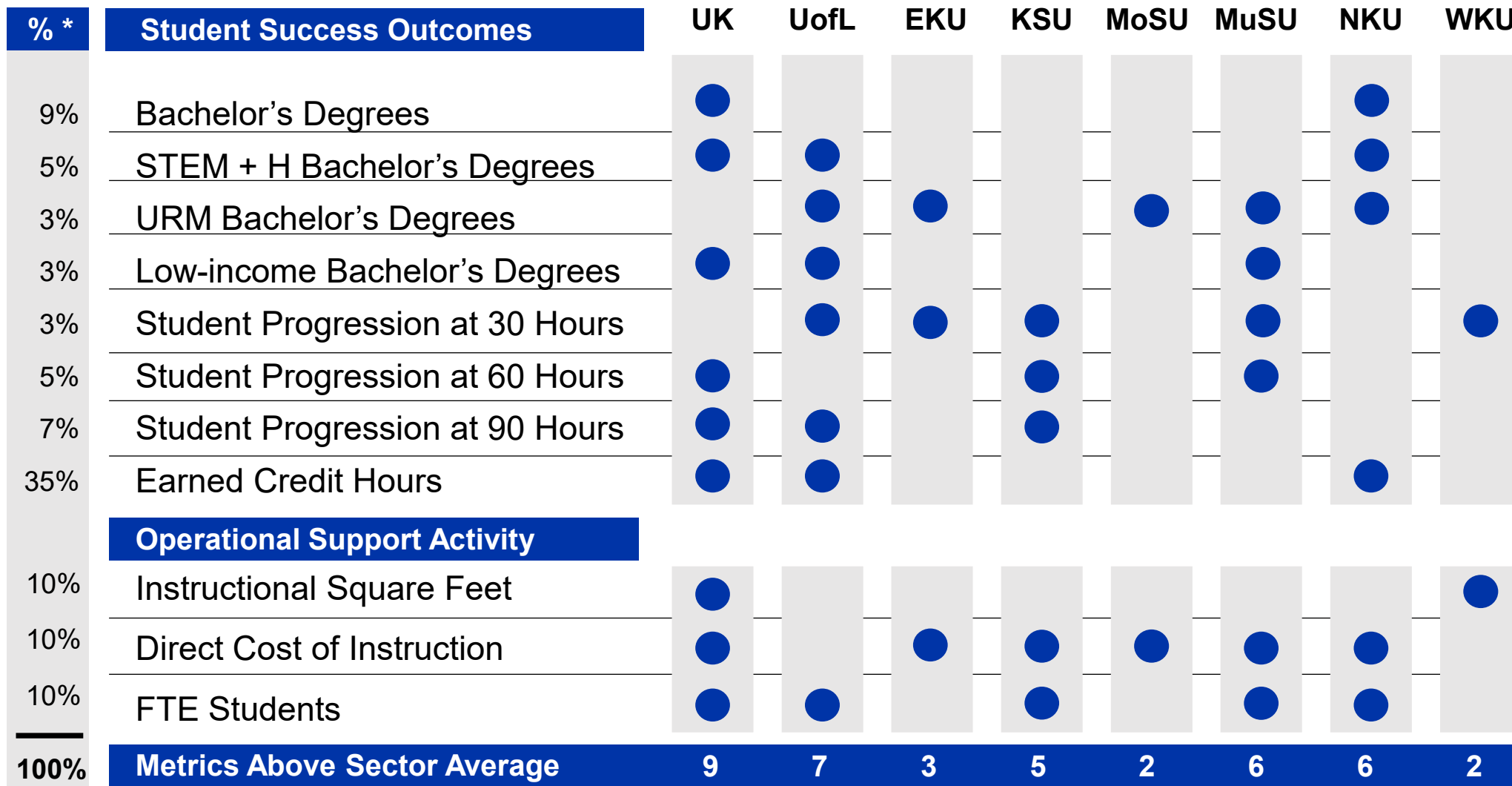


# FISCAL YEAR 2023-24 BUDGET

## State Performance Funding

Metrics where rates of growth exceeded sector average between FY 2022-23 and FY 2023-24

\* Performance funding metric weights



## FISCAL YEAR 2023-24 BUDGET

# State Performance Funding: Bachelor's Degrees Produced

## UK's contribution to Kentucky's public university system



### BACHELOR'S DEGREES

	2013-14	2021-22	Increase	Growth
System	17,096	18,013	917	5.4%
UK	3,988	5,062	1,074	26.9%
<b>UK SHARE OF SYSTEM GROWTH 117.1%</b>				



### URM BACHELOR'S DEGREES

	2013-14	2021-22	Increase	Growth
System	1,933	2,631	698	36.1%
UK	412	723	311	75.5%
<b>UK SHARE OF SYSTEM GROWTH 44.6%</b>				



### STEM + H BACHELOR'S DEGREES

	2013-14	2021-22	Increase	Growth
System	5,093	6,212	1,119	22.0%
UK	1,345	1,921	576	42.8%
<b>UK SHARE OF SYSTEM GROWTH 51.5%</b>				



### LOW-INCOME BACHELOR'S DEGREES

	2013-14	2021-22	Increase	Growth
System	7,784	7,451	(333)	-4.3%
UK	1,287	1,507	220	17.1%



**FISCAL YEAR 2023-24 BUDGET**

State Performance Funding Model: Sources and Allocations

**PERFORMANCE FUNDING POOL\***

Fiscal Year	Universities Required Contributions	State Funding	Total Allocated Funding
2017-18	\$28.9	\$ --	\$28.9
2018-19	24.2	--	24.2
2019-20	38.6	--	38.6
2020-21	11.7	--	11.7
2021-22**	--	13.5	13.5
2022-23	--	75.8	75.8
2023-24	--	75.8	75.8

**UK RESULTS**

UK Contribution	UK Awards
\$ 9.1	\$13.4
8.0	9.2
9.8	14.5
3.6	6.6
--	6.1
--	30.9
--	33.3

IN MILLIONS

\* Represents state appropriations and required contributions from the universities that were added to the Performance Funding Pool, which were then distributed to the institutions based on outcomes produced.

\*\* Effective FY 2022, performance pool allocations are cumulative.

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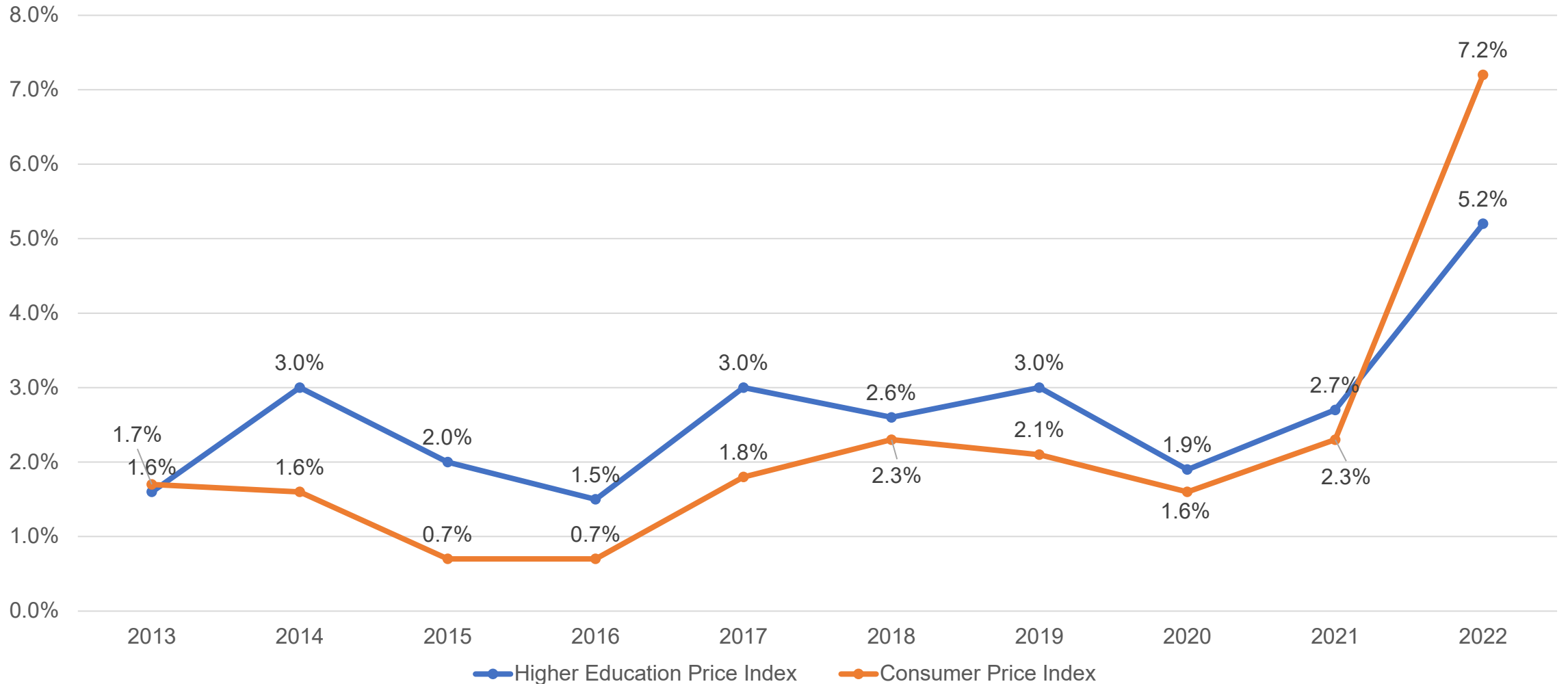
## FISCAL YEAR 2023-24 BUDGET

# Headcount Enrollment

	Fall 2019 Actual	Fall 2020 Actual	Fall 2021 Actual	Fall 2022 Actual	Fall 2023 Target
Undergraduate First-time in College	5,348	4,891	4,721	6,061	6,400
Other Undergraduates	16,928	17,355	17,207	16,706	16,544
Graduate/Professional	8,269	8,864	9,608	9,943	10,020
TOTAL	30,545	31,110	31,536	32,710	32,964

## FISCAL YEAR 2023-24 BUDGET

# Higher Education Price Index and Consumer Price Index Year-Over-Year Change



Source: 2022 Commonfund Higher Education Price Index Report

## FISCAL YEAR 2023-24 BUDGET

# Recommended Tuition and Mandatory Fees (per semester)

<b>Undergraduate</b>	<b>Fall 2022</b>	<b>Fall 2023</b>	<b>% Change</b>
Resident	\$ 6,429.50	\$ 6,606.00	2.75%
Non-resident	\$16,138.00	\$16,703.00	3.50%
UK Online (Per Credit Hour)	\$ 594.50	\$ 611.00	2.78%

<b>Graduate</b>	<b>Fall 2022</b>	<b>Fall 2023</b>	<b>% Change</b>
Resident	\$ 6,973.00	\$ 7,165.00	2.75%
Non-resident	\$17,129.50	\$17,729.50	3.50%
Graduate Students Enrolled Exclusively in Distance Education Courses	\$ 6,427.00	\$ 6,619.00	2.99%

## FISCAL YEAR 2023-24 BUDGET

# Tuition and Mandatory Fees (per semester)

Fall Semester	UG Resident Rate*	Annual % Change	4-Year Average % Change
2013	\$4,983.00	3.0%	5.3%
2014	\$5,232.00	5.0%	5.0%
2015	\$5,390.00	3.0%	4.3%
2016	\$5,660.00	5.0%	4.0%
2017	\$5,886.00	4.0%	4.3%
2018*	\$6,035.00	2.5%	3.6%
2019	\$6,180.00	2.4%	3.5%
2020	\$6,242.00	1.0%	2.5%
2021	\$6,305.00	1.0%	1.7%
2022	\$6,429.50	2.0%	1.6%
2023**	\$6,606.00	2.8%	1.7%

\*Freshmen and sophomores only through 2018

\*\*Recommended



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## FISCAL YEAR 2023-24 BUDGET

# Undesignated General Funds Incremental Changes Projected FY 2024 Budget Uses

RECURRING BUDGET	RECOMMENDED FY 2023-24
People Faculty and Staff Salary Increase Benefits Faculty Promotions, Recruitment and Retention Funds	\$15.2
Financial Allocation Models Net Tuition Revenue (NTR) College Productivity Model (CPM) Performance Funding Allocation (PFA)	17.8
Strategic Investments Student Financial Aid Libraries QEP	5.8
Unavoidable Costs	3.6
State-Supported Programs	(11.0)
<b>Total</b>	<b>\$31.4</b>

IN MILLIONS

## FISCAL YEAR 2023-24 BUDGET

# FY 2024: Our People

1. Salary increase: maximum flexibility for distribution of funds
2. Modest increase in employee health benefit costs
3. Carry over vacation leave for staff





## FISCAL YEAR 2023-24 BUDGET

# Base Salary Increases

Fiscal Year	Undesignated General Funds (in millions)
2013-14	20.1
2014-15	8.6
2015-16	15.5
2016-17	7.7
2017-18	12.4
2018-19	5.6
2019-20	7.4
2020-21	0.0
2021-22	8.8
2022-23	17.3
2023-24	12.5



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**Financial Allocation Models**





# Fueling Our Success: Financial Allocation Models



## **NET TUITION REVENUE (NTR)**

Incentivize enrollment growth by sharing increase in net tuition revenue

## **COLLEGE PRODUCTIVITY MODEL (CPM)**

Incentivize institutional values

Colleges awarded funds if performance is above the mean for metrics:

- Degrees Awarded Per Faculty
- Percent of Faculty External Compensation (Research)
- Percent of Attempted Student Credit Hours Taught by Tenured and/or Full-Time Faculty
- Percent of Diverse Tenured and/or Diverse Full-Time Faculty
- Work Life Survey Results



## **PERFORMANCE FUNDING ALLOCATION (PFA)**

Incentivize enrolling and graduating more students and in-person instruction

Colleges awarded funds based on proportionate share of:

- Degree Production
- Enrollment of New Students
- Increase Percent of Courses with Traditional Modality





## FISCAL YEAR 2023-24 BUDGET

# Fueling Our Success: Financial Allocation Models Actual Distributions

	FY 2020-21	FY 2021-22	FY 2022-23*
NTR			
Model	\$ 3.2	\$ 4.4	\$ 6.3
Outside Model	<u>9.0</u>	<u>19.6</u>	<u>5.4</u>
	\$12.2	\$24.0	\$11.7
CPM		\$3.0	\$4.5
PFA			\$3.0
College Reallocation (CPM 30% / PFA 70%)			\$7.5
<b>Total</b>	<b>\$12.2</b>	<b>\$27.0</b>	<b>\$26.7</b>

IN MILLIONS

\*As of May 28, 2023

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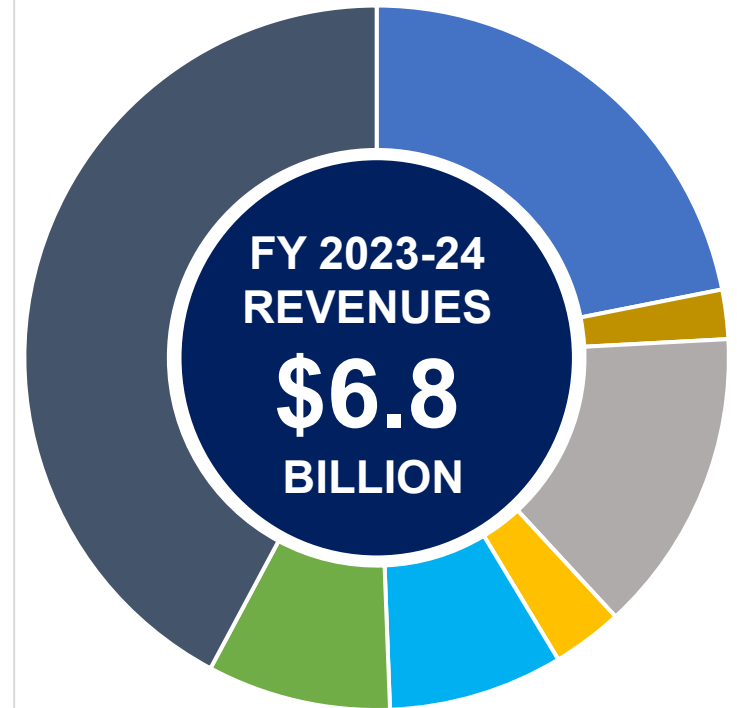
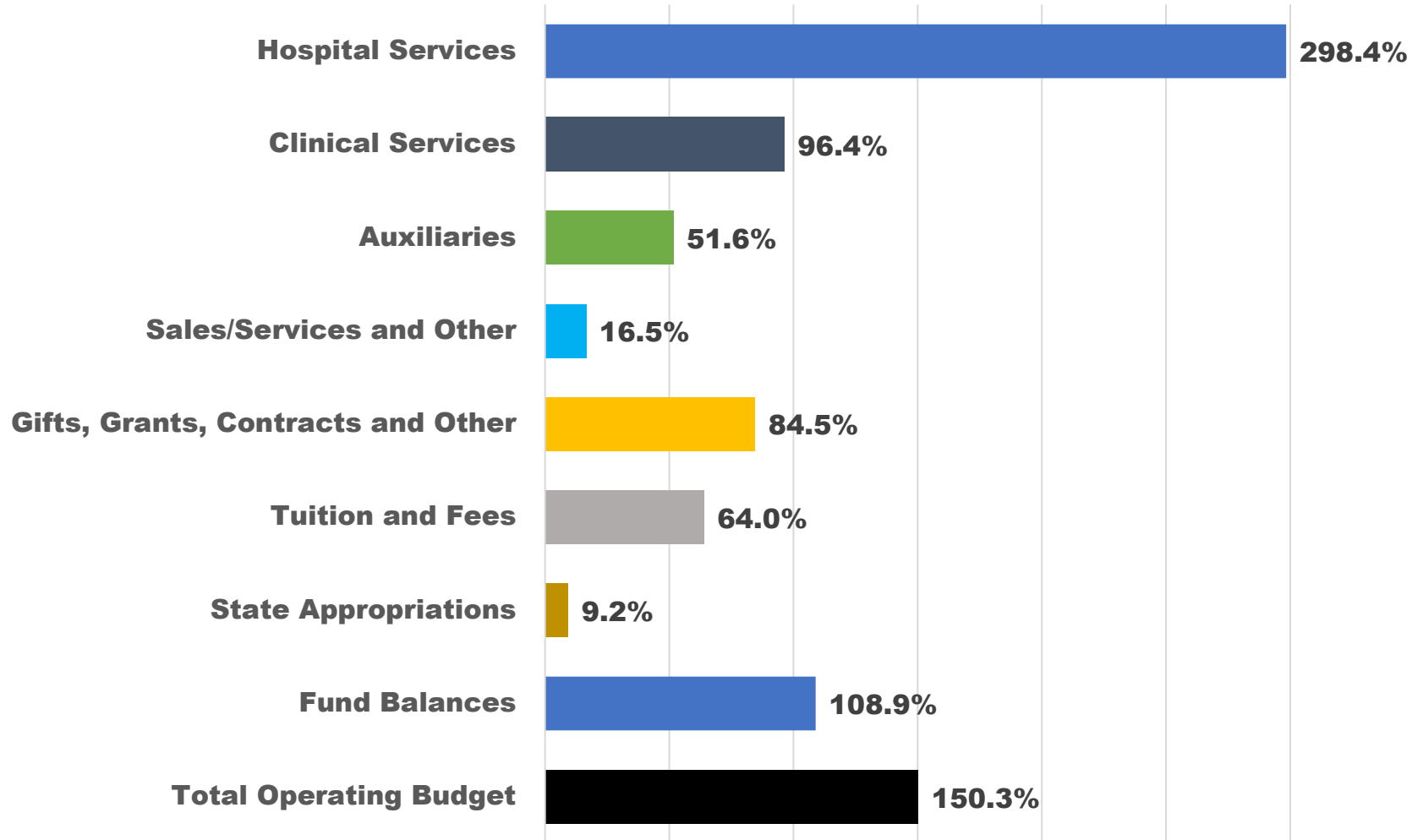
Financial Allocation Models

**FY 2024 Operating Budget and Capital Summary**



## FISCAL YEAR 2023-24 BUDGET

# Operating Revenues Percent Change: FY 2013-14 to FY 2023-24



## FISCAL YEAR 2023-24 BUDGET

### Fiscal Health: Debt Service as a Percentage of Adjusted Operating Budget\*



\*Operating Budget less Restricted Funds and Fund Balances



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**FCR 5 and FCR 6 Recommendations**







# QUESTIONS?

