

Report to the University of Kentucky Board of Trustees

July 23, 2012

First Year Evaluation of Dr. Eli Capilouto, President

University of Kentucky

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This report is a confidential personnel record and may be protected by applicable law.

Executive Summary of the Evaluation

The evaluation process described in this report was agreed to at the time President Eli Capilouto (“President”) became president of the University of Kentucky (“University” or “UK”). The use of evaluation forms, a formal interview process, a presidential self-evaluation and a consultant’s report to the board were all contemplated at that time. The first presidential evaluation was conducted during the summer of 2012.

As an integral part of the evaluation process, the President completed a self-evaluation which was shared with the consultant as the evaluation process began. This report contains a summary of the President’s self-evaluation. An Appendix contains the full text of that document.

Evaluation forms which called for both a quantitative response to several statements and evaluative comments were distributed to designated respondents. Responses varied, of course, but the average score for each statement was approximately 4.3 on a scale of 1-5. The voluntary comments were used during the interview process as a means of probing more deeply into the interviewees' observations and comments.

With the evaluation forms at hand, David C. Hardesty (“Consultant’), a former president at a similar institution, conducted the interviews and prepared this report to the Board. The Consultant personally interviewed 45 designated respondents during a one week period. (One proposed interviewee, absent during the on campus interviews, later submitted written comments.) During the interview process, interviewees were asked how they would rate the university president’s overall performance during his first year as president on a scale of 1 (not so good) to 5 (superior). The average answer given was 4.4, with over two thirds of the interviewees rating the President’s performance 4.5 or higher. Interviewees were then asked to offer an explanation of their own assessment. Their replies are summarized in this report.

Overall, the various university constituents selected to participate in the evaluation process rated the President’s performance positively and demonstrated a reasonable understanding of and support for the President’s priorities as described in the President’s self-evaluation.

However, two significant concerns were raised during the evaluation process:

Several respondents and interviewees expressed concern related to the level, content and nature of communications between or among the President, the Board, the various university constituencies, the media, the state legislature, and the general public.

Interviewees and respondents also expressed concerns related to organizational matters, including the need to build a solid leadership team and to fill existing vacancies in important positions. Some respondents considered the filling these posts in a timely matter to be critical to the future of the University.

1. Background for the Report

Dr. Eli Capilouto became the 12th President of the University of Kentucky on July 1, 2011.

The President's employment contract calls for periodic evaluations of the President's performance. Pursuant to the contract, the University of Kentucky Board of Trustees ("the Board") established an evaluation procedure. This report is submitted as part of the first annual evaluation process.

The Board's process calls for the appointment of a professional to conduct interviews of several constituent representatives in connection with the evaluation. The interviewees are to include representatives of the University Senate, the Staff Senate, the Student Government Association, and the Alumni Association, the senior administrative team, elected officials, university donors and state and local community leaders.

The Board procedural policies require the Board Chair and President to collaborate in the development and distribution of evaluation forms to the various constituent representatives prior to the interviews. The forms used by the Board are required to use both a quantitative (1-5) scale measurement device and to allow for qualitative input to the board by providing space for responses to open-ended questions.

Led by the Chair and Executive Committee of the Board, the first annual evaluation of the University President was conducted during the summer of 2012.

The 2012 evaluation forms were developed by the Board and the President's representative. The evaluation forms drew attention to the following areas: the University's strategy and priorities, presidential leadership, the President's organization and team, his relationships with constituencies, fiscal management, fund-raising, future considerations (vision and planning) and a general request for comments.

The Board selected a consultant to conduct the 2012 interviews called for in the evaluation policy. The Consultant is a lawyer by training and served as president of West Virginia University (a state and land-grant university with a similar profile and mission to that of the University of Kentucky) for over 12 years. The Board deemed the Consultant to have the requisite experience, expertise and ability to conduct the interviews and to submit a report summarizing the information collected, including, inputs gathered during the interview process. The Board charged the Consultant to conduct the interviews, review the materials, and draft a report summarizing the input of the campus community during the presidential evaluation process. The forms were distributed, completed by respondents, and collected. The completed forms were presented to and reviewed by the Consultant as part of the evaluation process.

2. Summary of President's Self-Evaluation

As part of the planned evaluation process, the President was asked to provide a “self-assessment” of his first year as president. His self-assessment, which is appended to the report, provides details related to his work, and contains both quantitative measurements of his efforts and several qualitative statements by him as to what he set out to achieve in his first year. What follows is a summary of his written assessment and interview with the Consultant.

During his early months in office, the President conducted or authorized a series of structured listening events and strategic planning exercises on campus during which he found several areas that he believes must be addressed in the near term in order for the University to remain competitive. The anticipated reductions in revenue from state appropriations due to the recent economic downturn and loss of federal stimulus funding heightened his concerns.

In October, following a retreat with the Board, the President announced two major priorities that were recommended by the Board: (1) enhancement and expansion of the undergraduate educational experience and (2) the renewal and rebuilding of the core (infrastructure and buildings) of the campus.

In his self-evaluation, President Capilouto described several action steps taken during his first year in order to advance the campus agenda items that were approved at the Board retreat. These action steps included: (1) an increase in scholarship support and enhanced recruiting efforts, in which he personally participated; (2) a significant effort to renew residence halls on campus; and (3) plans for bonding to support renewal of academic space. In addition, the self-evaluation identifies eight other initiatives that he and the Board gave priority.

During an interview, the President noted that he has worked very hard to collect input from all campus constituencies during his first year and that he has diligently tried to be transparent and to listen to those from whom he sought input. He has traveled the Commonwealth, visited with media outlets, spoken to alumni in other states, consulted with elected policy makers, talked with community leaders, and spent time with faculty, staff, students and administrators on campus.

As a result of the input he received, the President moved on two fronts in addition to those related to undergraduate experience and the facilities renewal. These initiatives are (1) organizational alignment and (2) improvements in financial management and budgeting. These initiatives (and normal turnover associated with a new president) have resulted in changes in personnel and reporting lines. The President formed a President's Council to strengthen communications between and among the senior staff and officers of the University. Routine meetings and consultations have been held to enhance communications with other campus constituencies. President Capilouto underscored the amount of presidential time he devoted to reorganizational efforts, which are often considered necessary investments during presidential leadership transitions but frequently are not as visible as other strategic initiatives.

One significant change in campus governance authorized during the President's first year should be noted: the formation of a committee of the board to provide oversight of the University's nationally recognized athletic programs.

Another significant change in management structure involves the proposed construction of 9,000 new residence hall beds by a private entity in collaboration with the University.

All university presidents are required to give attention to private fundraising efforts. His efforts in this regard included individual meetings with principal gift prospects, cultivation and recognition events, and increased focus on gifts related to campus facilities renewal.

During the President's interview, in addition to elaborating on matters set forth in his written self-evaluation, the President noted that he is aware of the organizational needs of UK and is working diligently to correct what he sees as gaps in the organizational and budget processes. Currently, he is searching for a new Executive Vice President for Finance and Administration, which he sees as a critical post given his priorities.

In addition, the President noted that he attempted to immediately correct or modify procedures once problems were brought to his attention, and that he tried to do so in the case of the layoffs.

For a more complete understanding of the President's view of his first year, readers of this report are urged to read the President's self-evaluation.

President Capilouto's actions during his first year demonstrate his leadership talents and experience in leading a complex higher education enterprise. As is noted elsewhere in the report, comments made during the interviews recognize his experience and leadership skill and reflect a general awareness of the priorities established by the President in conjunction with the Board.

3. Summary of Collected Evaluation Forms

Under the supervision of the Board Chair, and with input from the President and his Chief of Staff, forms designated as “University of Kentucky Board of Trustees Evaluation of the President” were designed and distributed to all board members and a number of constituent representatives. The evaluation participants were pre-selected by the Board for the Consultant.

The forms called for responses to 19 statements and stated the following as possible answers and point values: Strongly Agree (5), Agree (4), Not Sure (3), Disagree (2), Strongly Disagree (1), and Not Applicable (0). The forms also provided space for general comments related to categories of statement and an open-ended inquiry soliciting general advice for the President. Additionally, the 19 evaluation questions fall into five overarching categories. Voluntary comments were made with respect to each category, rather than to each question.

Evaluation forms were distributed by the University. The form promised confidentiality and flatly stated that “Results will be reported only in summary fashion.” A copy of a blank form is appended to the report.

Thirty-three forms were collected and shared with the Consultant shortly before and after his arrival on campus. The following observations should be noted: (1) the submitted forms did not contain the names of the persons who completed them; and (2) the status (trustee, staff member, donor, faculty member, etc.) was not disclosed on the form.

Set forth below are the 19 statements about which the Board requested an opinion, the percentage of respondents choosing each answer, and the numerical average of the answers selected by the respondents who had an opinion other than “not applicable.” The individual comments made on the forms were used by the consultant during the interview process to probe more deeply into issues raised.

It is apparent from the general comments made on the forms and during the interview process that varying interpretations were given to the “not sure” choice. Some respondents thought of “not sure” as “average” (between agree and disagree) and others thought that “not sure” meant “insufficient data to answer the question.” This seemed most evident on question 15, to which over 57 percent of respondents answered “not sure” and “not applicable,” despite the fact that very few voluntary comments were identified by respondents as being related to risk management during the interview process. Questions 9 and 16 also have a high “not sure” response.

Nevertheless, the comments and answers provide a sense of how the respondents evaluate the President’s various leadership characteristics and actions taken by him during his first year

(Note that 33 persons submitted completed forms. One person did not complete question 18 or 19. Also, note also that the average score does not include those who answered “not applicable.” Average scores are rounded. Results may not always add to 100% due to rounding.)

Compilation of form quantitative responses

University of Kentucky Board of Trustees
 Evaluation of the President

1. The President has effectively worked with key constituents to identify the reality UK currently faces.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	75.8%	
4. Agree	21.2%	
3. Not Sure	3%	
2. Disagree	0%	
1. Strongly Disagree	0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.7

2. The President has built a shared understanding of the reality UK face among constituencies.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	57.6%	
4. Agree	30.3%	
3. Not Sure	9.1%	
2. Disagree	0%	
1. Strongly Disagree	3.0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.4

3. The President has clearly articulated his strategic priorities and the rationale underlying them.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	69.7%	
4. Agree	24.2%	
3. Not Sure	6.1%	
2. Disagree	0%	
1. Strongly Disagree	0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.6

4. The President's priorities are the right ones for UK today.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	60.6%	
4. Agree	30.3%	
3. Not Sure	6.1%	
2. Disagree	0%	
1. Strongly Disagree	3.0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.5

5. The President's policies and actions strike an appropriate balance between the short term needs and the long-term interests of the University.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	51.5%	
4. Agree	30.3%	
3. Not Sure	12.1%	
2. Disagree	0%	
1. Strongly Disagree	6.1%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.2

6. The President is creating a learning environment that reinforces UK's core values.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 32
5. Strongly Agree	42.4%	
4. Agree	42.4%	
3. Not Sure	9.1 %	
2. Disagree	0%	
1. Strongly Disagree	3.0%	
0. Not Applicable	3.0%	
Total	100%	Average Answer 4.3

7. The President is effectively leading the organization by executing initiatives and actions associated with his priorities.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 32
5. Strongly Agree	54.5%	
4. Agree	39.4%	
3. Not Sure	3.0%	
2. Disagree	0%	
1. Strongly Disagree	0%	
0. Not Applicable	3.0%	
Total	100%	Average Answer 4.5

8. The President's pace of execution is consistent with the institution's needs and capabilities.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 32
5. Strongly Agree	63.6%	
4. Agree	18.2%	
3. Not Sure	9.1%	
2. Disagree	3.0%	
1. Strongly Disagree	3.0%	
0. Not Applicable	3.0%	
Total	100%	Average Answer 4.4

9. The President has moved appropriately to design an organization (including structure and management systems) that will produce solid strategic and operational execution.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 29
5. Strongly Agree	33.3%	
4. Agree	24.2%	
3. Not Sure	24.2%	
2. Disagree	3.0%	
1. Strongly Disagree	3.0%	
0. Not Applicable	12.1%	
Total	100%	Average Answer 3.9

10. The President is building and developing a management team needed to drive the University's future success.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 29
5. Strongly Agree	27.3%	
4. Agree	30.3%	
3. Not Sure	24.2%	
2. Disagree	6.1%	
1. Strongly Disagree	0%	
0. Not Applicable	12.1%	
Total	100%	Average Answer 3.9

11. The President has established a productive relationship with the Board that enables the Board to contribute most effectively to UK's advancement.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 29
5. Strongly Agree	51.5%	
4. Agree	27.3%	
3. Not Sure	0%	
2. Disagree	9.1%	
1. Strongly Disagree	0%	
0. Not Applicable	12.1%	
Total	100%	Average Answer 4.4

12. The President has established credibility with constituencies important to the University.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	54.5%	
4. Agree	33.3%	
3. Not Sure	9.1%	
2. Disagree	3.0%	
1. Strongly Disagree	0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.4

13. The President has demonstrated careful stewardship of UK's financial resources by identifying and setting in motion needed improvements in financial planning and management systems.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	54.5%	
4. Agree	27.3%	
3. Not Sure	15.2%	
2. Disagree	0%	
1. Strongly Disagree	3.0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.3

14. The President has instilled financial goals and approaches needed to fund his strategic priorities.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 33
5. Strongly Agree	57.6%	
4. Agree	36.4%	
3. Not Sure	6.1%	
2. Disagree	0%	
1. Strongly Disagree	0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.5

15. The President has taken appropriate initial steps toward developing a university-wide system for risk management.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 24
5. Strongly Agree	21.2%	
4. Agree	21.2%	
3. Not Sure	30.3%	
2. Disagree	0%	
1. Strongly Disagree	0%	
0. Not Applicable	27.3%	
Total	100%	Average Answer 3.9

16. The President has committed the necessary time and energy to raise funds for the University.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 31
5. Strongly Agree	30.3%	
4. Agree	33.3%	
3. Not Sure	30.3%	
2. Disagree	0%	
1. Strongly Disagree	0%	
0. Not Applicable	6.1%	
Total	100%	Average Answer 4.0

17. The President has the skills needed to succeed in fund-raising.

Respondents: 33	% Choosing This Answer	Number Choosing Answers 1-5: 32
5. Strongly Agree	39.4%	
4. Agree	45.5%	
3. Not Sure	12.1%	
2. Disagree	0%	
1. Strongly Disagree	0%	
0. Not Applicable	3.0%	
Total	100%	Average Answer 4.3

18. The President has positioned the University to make meaningful progress in the next five years.

Respondents: 32	% Choosing This Answer	Number Choosing Answers 1-5: 32
5. Strongly Agree	46.9%	
4. Agree	40.6%	
3. Not Sure	9.4%	
2. Disagree	3.1%	
1. Strongly Disagree	0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.3

19. The President has demonstrated the multiple skills necessary for leading the University in the next five years.

Respondents: 32	% Choosing This Answer	Number Choosing Answers 1-5: 32
5. Strongly Agree	59.4%	
4. Agree	37.5%	
3. Not Sure	0%	
2. Disagree	3.1%	
1. Strongly Disagree	0%	
0. Not Applicable	0%	
Total	100%	Average Answer 4.5

Average ranking across all questions: 4.3

As explained above, the Consultant received 33 evaluation sheets of those originally distributed. While no claims are made as to the statistical significance of the information provided in the above tables, the average response of 4.3 (on a scale of 1 – 5) indicates that respondents generally were positive about the President’s overall performance during his first year at the University.

4. Summary of Campus Interviews

A. Introduction

The Consultant interviewed 45 persons on campus and by telephone during a one week period during the summer of 2012. One responded to the Consultant in writing after returning from an extended trip. The interviewees, designated by the Board and the President, were interviewed for an average of 30 minutes each. In every case, the person who was interviewed was asked the following question by the Consultant:

“On a scale of 1-5, with 1 being “not so good” and 5 being “superior,” how would you rate the President’s performance during the first year?”

This question was selected for two reasons. First, the evaluation form distributed prior to the interviews did not contain an overall assessment statement. Secondly, the question prompted respondents to discuss the reasons for their overall assessment, which prompted a deeper discussion of the views of the respondent.

The average response (rounded) to the question above from all interviewees was approximately 4.4. Over two-thirds of those interviewed gave the President a numerical rating of 4.5 or above.

Many interviewees expressed a reluctance to award a perfect score “because everyone has room for improvement.” Considering the reluctance of some to award a perfect score, overall the evaluations of the President’s first year are very positive.

The interview process, which focused on overall performance, led to a slightly higher overall score (4.4) than the average answers to the 19 specific statements calling for a numerical response on the evaluation forms (4.3).

B. Summary of Comments

After stating their overall rating of the President's first year, respondents were asked to provide their assessment of the President's good characteristics and areas in which he could improve. Most also offered "advice" or wanted to "report what I have heard from others."

It is clearly impossible to capture every comment made on the forms or during the subsequent interview process. Obviously, the Consultant's experience and judgment play a role in formulating any summary of the evaluation process. However, the following themes emerged most often during the interview process. Of course, opinion was not unanimous. However in the judgment of the Consultant, the majority views are expressed below.

1. **The Right Leader for Tough Times.** The University is viewed by most respondents as facing a tough financial situation for several reasons: a reduction in state appropriations due to recent economic circumstances, a strong need for investment in the physical plant of the University, and an end to federal stimulus funds which have benefited the University over the past few years. These circumstances were described as "hard realities," a "perfect storm," and "tough times." Most respondents believe that the President is navigating these troubled waters in a credible fashion. Many believe that, at least in the short term, the state budget will not get better for the University, and therefore, the answers to progress lie in streamlining and efficiencies. Through it all, the President is seen as providing an optimistic vision for the University's future.
2. **Transition Process.** The President's early transition listening and strategic planning events were nearly uniformly praised as being necessary and useful.
3. **Experienced Academic Leader.** The President's past experience as a faculty member and administrator is appreciated on campus. He seems, according to most on campus constituents, to understand and value the role of each of the campus constituencies. (But see comments on "Communications" set forth below.)
4. **Priorities.** The President's priorities appear to also be the Board's priorities. His strong emphasis on undergraduate education, growth in order to improve revenues, innovative financing mechanisms, campus improvements, and other initiatives (see President's self-evaluation, attached) are largely understood by those who were interviewed. The changes are recognized as needed by most respondents. As the overall rating of both the evaluation forms and interviews indicate, support for the President is broad-based. While there is some concern about the pace of change and the unknown impacts of various policy initiatives, most share the view of one respondent who said "His strategic plan is right on the button." (But see "Layoffs" and "Communications" below for concerns.)
5. **Leadership Skills.** The President's leadership skills are evident. Most frequently mentioned were:
 - a. Approachability
 - b. Listening skills

- c. Integrity
 - d. Thoughtfulness
 - e. Bright, quick study, analytical
 - f. Strategic thinking (frequently mentioned) and analytical ability
 - g. Ability to make decisions and take decisive action
 - h. Ability to understand numbers and seek improved financial accountability—“He knows his numbers”
 - i. Proper allocation of time to the tasks at hand
 - j. Overall transparency and trustworthiness
 - k. Providing easy access to his chief of staff
 - l. Energy and stamina
 - m. Good public speaking skills, especially with individuals in various contexts.
 - n. Personality and approachability.
- 6. Decision Making Process.** His apparent three-part decision making process of listening, considering alternatives, and acting was mentioned by many respondents as being a good model for university decision making.
- 7. The Team and Organization.** The campus is awaiting permanent appointments to fill important vacancies on campus. Some also mentioned a need for changes to the management structure, some of which the President has already initiated. The campus constituents know that it is the deans and vice presidents who will drive the agenda of the Board and President. Further, most know the President must be available to champion the University throughout the Commonwealth and elsewhere. Until these appointments are settled, there will be some anxiety and perhaps lost opportunities due to time constraints. There was praise for some of the President’s appointees, most notably his Chief of Staff who has been visible with students, staff, board members and others. However, most comments related to the “team” involved concern about loss of institutional memory and a sense of urgency related to filling the appointments with leaders having the right skills and abilities. Many urged the appointment of team members who would strengthen the team, not just advance the existing agenda. Several urged the President to move quickly to modernize the campus organizational structure.
- 8. Communications.** Most respondents believe that the President knows how to communicate and is making significant efforts in this area. Several respondents mentioned his “e-mail communications” which they have received or had forwarded to them. His public speaking skills were noted.

Nevertheless, several respondents raised the significant challenges confronting the President relating to communications, often couching these comments as “advice” or “criticism heard from others.” Many respondents perceive that much remains to be done in this area, notwithstanding the President’s personal skills and efforts. Mentioned were concerns about communications with elected policy makers, employees, the general public in Lexington and the Commonwealth, the media, the board, staff and faculty, routine communications within departments, and other communications issues.

A strong change agenda usually requires a strong public relations effort. Within most of the constituent groups consulted, there were concerns relating to communications. It should be noted, however, that these concerns were raised by those who gave the President the highest numerical rating as well as those who gave him lower ratings.

Finally, some interviewees expressed concerns about information they lacked, *i.e.* positions on important policy matters which the President has not yet communicated. These include: “Does he value professional and graduate programs?” “What will be the criteria for merit raises?” “What are our recognized peaks of excellence and how will we leverage them?” “Where do we want to compete academically nationally and globally?” “How does an ordinary employee let his opinions be known?”

Even those who rated the President highly urged enhanced communications efforts.

- 9. Recent Layoffs.** About 1% of the campus work force was laid off immediately prior to the interview process, which, not surprisingly, prompted a number of comments. Comments were wide ranging: “moving too fast,” “low morale,” “not done well,” “absolutely necessary,” “not enough time to digest things,” “they were necessary,” and “he has done exactly the right thing.” The criteria for the layoffs were not entirely clear to some respondents, prompting a call for clarity of criteria and better HR training, and raising questions about what criteria will be used for merit raises in the future. The impact of the downsizing on campus was not seen to be uniform. Comments seemed to depend on the unit to which the respondent was attached or the role of the respondent. Off campus constituents had equally varied assessments of the layoff impact, depending on their background and perspective. Some campus constituents cited a “low trust” environment identified in a survey taken in the recent past. Others called for all leaders on campus to model the President’s approachability and listening habits.
- 10. Diversity.** Diversity is and remains a priority with most campus constituencies and the local community. During his interview with the Consultant, the President voiced support for diversity efforts. The President was advised by interviewees to “model what you mandate” and to be keenly aware of the importance of diversity in the appointments and termination processes. In this regard, the President was advised by more than one interviewee to reach outside his immediate staff for advice relating to issues that impact minority community opinions. His personal integrity with regard to diversity was not challenged, but rather the importance of including diversity in implementation thought processes.

- 11. Government Relations.** The President is seen as being comfortable with elected policy makers, a personal characteristic which is viewed by most respondents as critical to success in the legislature. Concerns remain as to whether the University will be able to garner administrative flexibilities (such as bonding authority) and increased appropriations. Many view government relations as very important.
- 12. Athletics.** The athletic program is seen as a very strong source of positive branding for the University. One respondent called athletics the “front porch of the institution.” The President was advised by several respondents to keep a close eye on operations. Generally speaking, of those who mentioned this topic, the vast majority praised his decisions regarding Rupp Arena and oversight of athletic programs by the Board Athletic Committee.
- 13. Student Life.** The student centered initiatives (recruiting, residence hall renewal) received strong praise from all constituencies. Some noted the need to watch carefully the balance necessary between tuition and raises. Students uniformly praised the President’s visibility with and attention to students and student concerns.
- 14. Impact on Lexington and other communities.** The President was urged to keep the needs of its host community in mind when making decisions that impact the community, such as placement of facilities. A few respondents urged the President to keep the needs of other regions of the Commonwealth firmly in mind and noted the ascendancy of other universities in the state.
- 15. Fund Raising.** On the whole, the President is seen both as a good “fund raiser” and a good “friend raiser.” Respondents shared several examples of his skill in this area. Private giving is seen as very critical to the future of the campus and the professional development of a strong staff in this area was encouraged.
- 16. Board and Board Relations.** While not directly related to the President’s evaluation, but worth noting in this report, some trustee respondents used the evaluation process to note different operating philosophies on the board. Those observations were supported by the range of trustee responses to the various questions asked during the evaluation process. Some members see the Board as a “sounding board” or “planning tool,” or give “considerable deference to management.” One trustee complained of too much information shared with the Board: “We need to be supportive, but trustees are not supposed to manage the institution. That is the job of management.”

On the other hand, others want a more “hands on” approach to board governance and heightened input, especially in their areas of expertise such as government and community relations.

As was the case with other constituencies, the issue of communication between the President and Board members—and among the trustees themselves—was mentioned as a concern by some trustees. A few trustees raised questions related to the timeliness of presidential communications during the layoffs. A few noted that the board vote on the

budget came after the layoffs. A few trustees sought more direct input to the President rather than through the officers of the Board.

17. Respect. On the whole, the comments made to the Consultant indicate that the President has garnered respect from a strong majority of the trustees and other evaluators during his first year.

18. The President's Spouse. While the President's spouse is not the subject of this report, it is important to note that roughly half of the respondents volunteered a positive comment about her. Mary Lynn, as most called her, is seen as a very positive social facilitator and a very positive asset for the university community.

5. Conclusion

Almost any form of evaluation has its limitations. The Board's process utilized several techniques to gather input to help it form a conclusion about the President's performance during his first year. Inputs were solicited using forms calling for numerical scores and comments, an interview process conducted by a Consultant unaffiliated with the University, and the President's self-evaluation and interview.

The report speaks for itself. However, based upon the Consultant's experience and the information gathered and reviewed by him during the evaluation process, the Consultant is of the opinion that President Capilouto is seen by most of those interviewed as having the integrity, personality, leadership skills and vision to lead the University of Kentucky. Most respondents sensed a commitment to the institution and an understanding of its constituents. All in all, the President's first year was viewed very favorably. Generally speaking, the participants in the evaluation process wish the President well, and want to support his efforts to advance the reputation and quality of the University of Kentucky.

As would be expected at an institution of the complexity and diversity of the University of Kentucky, there are some concerns.

The first concern relates to communications. Several interviewees expressed concerns related to the level, content, and nature of communications between or among the President, the Board, the various university constituencies, the media, the state legislature, and the general public. In times of uncertainty and change, aggressive campus and Commonwealth communications programs should clearly prove helpful in advancing the agenda of the University.

Several interviewees also expressed concerns relating to organizational matters, including the building of a solid leadership team and appointments to fill existing vacancies in important positions. Some respondents considered the filling of these posts in a timely matter to be critical to the future of the University.

Appendix A

The evaluation form distributed to the interviewed constituents

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES
EVALUATION OF THE PRESIDENT

Your answers to the following questions will help us evaluate the President. This form should take you 10 - 15 minutes to complete. Your responses are completely confidential. Results will be reported only in summary fashion. Mark 'Not Applicable' if you are not informed enough to rate the President on a given item. Share your written comments in the text boxes at the bottom of each bank of questions.

STRATEGY AND PRIORITIES

Not Applicable
Strongly Disagree
Disagree
Not Sure
Agree
Strongly Agree

- | | | | | | |
|---|---|---|---|---|---|
| 1. The President has effectively worked with key constituents to identify the reality UK currently faces. | ① | ② | ③ | ④ | ⑤ |
| 2. The President has built a shared understanding of the reality UK face among constituencies. | ① | ② | ③ | ④ | ⑤ |
| 3. The President has clearly articulated his strategic priorities and the rationale underlying them. | ① | ② | ③ | ④ | ⑤ |
| 4. The President's priorities are the right ones for UK today. | ① | ② | ③ | ④ | ⑤ |
| 5. The President's policies and actions strike an appropriate balance between the short-term needs and the long-term interests of the University. | ① | ② | ③ | ④ | ⑤ |

General Comments:

LEADERSHIP

Not Applicable
Strongly Disagree
Disagree
Not Sure
Agree
Strongly Agree

- | | | | | | |
|---|---|---|---|---|---|
| 6. The President is creating a learning environment that reinforces UK's core values. | ① | ② | ③ | ④ | ⑤ |
| 7. The President is effectively leading the organization by executing initiatives and actions associated with his priorities. | ① | ② | ③ | ④ | ⑤ |
| 8. The President's pace of execution is consistent with the institution's needs and capabilities. | ① | ② | ③ | ④ | ⑤ |

General Comments:

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES
EVALUATION OF THE PRESIDENT
Continued

Not Applicable
Strongly Disagree
Disagree
Not Sure
Agree
Strongly Agree

ORGANIZATION AND TEAM

- | | | | | | | |
|--|---|---|---|---|---|---|
| 9. The President has moved appropriately to design an organization (including structure and management systems) that will produce solid strategic and operational execution. | 0 | 1 | 2 | 3 | 4 | 5 |
| 10. The President is building and developing a management team needed to drive the University's future success. | 0 | 1 | 2 | 3 | 4 | 5 |

General Comments:

Not Applicable
Strongly Disagree
Disagree
Not Sure
Agree
Strongly Agree

RELATIONSHIPS WITH CONSTITUENCIES

- | | | | | | | |
|---|---|---|---|---|---|---|
| 11. The President has established a productive relationship with the Board that enables the Board to contribute most effectively to UK's advancement. | 0 | 1 | 2 | 3 | 4 | 5 |
| 12. The President has established credibility with constituencies important to the University. | 0 | 1 | 2 | 3 | 4 | 5 |

General Comments:

Not Applicable
Strongly Disagree
Disagree
Not Sure
Agree
Strongly Agree

FINANCIAL MANAGEMENT

- | | | | | | | |
|---|---|---|---|---|---|---|
| 13. The President has demonstrated careful stewardship of UK's financial resources by identifying and setting in motion needed improvements in financial planning and management systems. | 0 | 1 | 2 | 3 | 4 | 5 |
| 14. The President has identified financial goals and approaches needed to fund his strategic priorities. | 0 | 1 | 2 | 3 | 4 | 5 |
| 15. The President has taken appropriate initial steps toward developing a University-wide system for risk management | 0 | 1 | 2 | 3 | 4 | 5 |

General Comments:

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES
EVALUATION OF THE PRESIDENT
Continued

Not Applicable
Strongly Disagree
Disagree
Not Sure
Agree
Strongly Agree

FUND-RAISING

16. The President has committed the necessary time and energy to raise funds for the University.

① ② ③ ④ ⑤

17. The President has the skills needed to succeed in fund-raising.

① ② ③ ④ ⑤

General Comments:

Not Applicable
Strongly Disagree
Disagree
Not Sure
Agree
Strongly Agree

FUTURE CONSIDERATION

18. The President has positioned the University to make meaningful progress in the next five years.

① ② ③ ④ ⑤

19. The President has demonstrated the multiple skills necessary for leading the University in the next five years.

① ② ③ ④ ⑤

General Comments:

20. What advice would you give the President on his leadership of UK?

Appendix B

The President's self-evaluation



Office of the President
101 Main Building
Lexington, KY 40506-0032
859 257-1701
fax 859 257-1760
www.uky.edu

June 15, 2012

David Hardesty
546 Burroughs Street
Morgantown, WV 26505


Dear Dr. Hardesty:

I am enclosing my self-evaluation of the first year of service I have provided to the University of Kentucky. It is organized in accord with the categories of performance approved by the UK Board of Trustees.

It was uncomfortable for me to use the personal pronoun "I" in this evaluation as any and all accomplishments are the result of a dedicated group of faculty, administrators, staff and Board who share a commitment to the "Kentucky Promise" that we will be a shining beacon of excellence that guides the Commonwealth to greater heights. I also must recognize the enduring contribution of those who served before me in creating this remarkable place.

I welcome constructive feedback so that I may better serve our students, faculty, staff and fellow Kentuckians. Thank you for your willingness to assist our University in this evaluation.

Sincerely,


Eli Capilouto
President

I. STRATEGY AND PRIORITIES

On October 18, 2011, I said in my Investiture remarks:

“UK is a promise -- a covenant that Kentuckians have made with each other to build a shining beacon of excellence that will light our path forward and illuminate our efforts and progress.

UK is a promise we have made to each other that says that young Kentuckians from all walks of life, backgrounds and experiences are welcome here ... and that they leave as our best and brightest because we foster their potential and brilliance.

But what does this promise mean today? And -- looking to the future -- how do we honor that promise in times like these?

With a fierce sense of urgency we begin to think anew and rebuild this campus so we can overcome that which confronts us.

Why?

Because an independent study of the academic core of our campus recommended that we tear down 12 buildings and undertake major renovations of 29 buildings.

Because the vast majority of our space is not accessible to people with disabilities - more so than any university in this state.

Because in the core of our campus the average age of buildings is nearly 50 years and they are deteriorating at rates that require daily patching when the long-term cost of rebuilding is wiser.

And because only 10 percent of students who live in our residence halls live in modern housing ...

We will ask the state for help and support, support they have long sought to give as partners in the promise of UK. But we also must find new approaches to earn our way ... through greater and more intentional philanthropy ... through innovative partnerships that leverage our resources ... through smart growth of our student body ... and through internationalization of our campus and different modes of learning.

*There is no easy time. **There is only our time.** And this is the University of Kentucky's time -- because we must honor our promise. “*

Key Priorities

At the conclusion of the October 1-2, 2011 "Continuing our Ascent" retreat, the Board of Trustees approved two priorities that were to be my focus in "transformation" of the University. These were:

1. Enhance and expand undergraduate educational experience in terms of student quality, academic programming, and opportunities for more Kentuckians and students from other states and backgrounds to learn and grow at the University.
2. Renew and rebuild the core of the nearly 150-year-old campus.

These priorities were developed in a structured and comprehensive process that I designed in which key constituents were engaged to identify the reality the University of Kentucky faces, build a shared understanding of this reality and allow for input regarding the priorities. Major components of this process included:

1. **Listening Campaign:** In June, before my official start date of July 1, and continuing through my first 90 days as President, I commenced an aggressive campaign of listening and learning conversations that included individual and group meetings with key constituents including faculty, students, administrators, staff, elected officials, University Trustees, alumni, journalists, and civic and business leaders. I commenced a series of visits to all 18 colleges and major administrative units that continued throughout the fall. These conversations were held locally, as well across the state and nation. The result was conversation with several hundred of our key stake-holders, helping me learn the rhythm of our University, its points of pride and determination as well as the challenges we face as a community of scholars, support staff, and students. These conversations have continued with faculty and staff groups, individual meetings with faculty and staff senate leaders, as well as a broad spectrum of elected officials and community leaders both locally and across the state. Additionally, I hold regular meetings with the leadership of the Staff and University Senates, and the Student Government Association. I have worked to cultivate and maintain communications with the Governor, leaders of the General Assembly and Mayor of Lexington.
2. **University Review Committee:** On July I charged a university committee to:

"Assess the University of Kentucky's status according to the various metrics of the Top 20 Business Plan, the 2009-14 Strategic Plan, and other resources. This effort will take stock of where we are in order to set priorities for our institution as we build upon the remarkable accomplishments of the last several years."

The committee as part of their review assessed our University's strengths, challenges, areas of distinctiveness, benchmark institutions, research expenditures, preparedness of undergraduates, undergraduate retention rates, six-year graduation rates, facilities, and faculty compensation. The Committee's work provided invaluable input to me and served as a centerpiece of the Board's October 2011 Retreat.

3. **Assessment of Status of Facilities:** In concert with key members of the executive team, I undertook a review of previous facility studies. Tours of facilities were conducted for trustees, members of the Council of Postsecondary Education (CPE) and members of the General Assembly.
4. **Review of Previous Strategic Plans:** I engaged in a thorough review of the Top 20 Business Plan, the 2009-14 Strategic Plan, as well as previous capital and master plans. The University Review Committee, members of the executive team and members of the Board of Trustees also undertook independent reviews of previous plans.

Under my leadership, the following actions have been taken to meet the University's two priorities:

1. **Undergraduate Education Improvements:** Undergraduate scholarships were increased by \$2M. Additional recruiters were added. I, as President, took an active role in recruiting through attendance at in- and out-of-state recruitment events, hosting individual luncheons and personal contacts. For example, I have made over 50 calls to the top academic talent we are recruiting for our Fall 2012 class. I also have directed that a workgroup analyze our scholarship approach to ensure we are fully leveraging our resources to attract the strongest class possible. And my recent trip to China was focused, in part, on facilitating the recruitment of international students from the best high schools abroad. The entering freshman class is expected to rise to 4,500 from 4,329 in Fall 2011. The number of Singletary Scholars is expected to increase from 33 to 50. Honors enrollment is to increase from 251 to 300 students.
2. **Residence Hall Renewal:** An RFP was issued to engage a private developer to undertake a rapid overhaul of student housing. At its February 21, 2012 meeting the Board of Trustees approve the first phase (i.e., construction of 601 beds at approximately \$25.8 Million) of a residential hall renewal. Over the next 5 – 7 years a total of 9,000 residence hall beds will be constructed. The Wall Street Journal labeled this as a "game changer" in higher education. This bold initiative will allow the University to overcome a severe shortage of modern beds (i.e., only about 10% of current 6,000 beds are modern), enhance recruitment and improve retention. Extensive lobbying efforts were undertaken by the

president and key members of the governmental and financial affairs team to successfully gain legislative approval.

3. Academic Space Renewal: Presentations were made to the Governor and other legislative leaders of the General Assembly outlining the need for capital improvements. Bonding authority for \$200M of capital improvements was included in the Governor's proposed budget. This was not included in the final legislation. Nonetheless, in expectations of future approval FY 2012 and 2013 budgets were developed to include debt service expenditures to support \$200M of capital expenditures. In addition to this funding source, I have devoted much time to growing philanthropic revenue as a source for capital improvements. (See Section 3 on Fund Raising.)

Other Priorities:

In addition to the two key priorities, the Board of Trustees at their October retreat and I, through further deliberation and analysis, identified additional areas worthy of strategic assessment. I have appointed committees/work groups and charged individuals to address the following additional areas:

1. Faculty Review, Rewards and Retention (R3)
2. Research Strategy
3. Organizational Structure
4. Commercialization and Economic Development
5. Diversity
6. System of Financial Accountability
7. Debt Capacity
8. Facilities Transformation/Capital Improvements

These assessments have involved hundreds of constituents who have offered rich ideas and suggestions for evolving the University's organization and for accelerating the advancement of UK overall. Reports and recommendations from these activities are being delivered in June 2012 and will be thoroughly reviewed by myself and further discussed with key constituents.

II. LEADERSHIP

Several principles undergird the leadership I have worked to provide.

Listen, Learn and Dialogue - In Section I. ("Strategy and Priorities"), Section IV. ("Relationships with Constituencies"), and Section VI. ("Fund Raising"), the efforts I have undertaken to gain substantial knowledge of our University, its mission, accomplishments, strengths, challenges and opportunities are described. I personally gather and assess information. Contact, accessibility and being in touch with the many people who look to the University for service is

a priority. This year, I have employed a variety of means to transmit information: one-on-one conversations, small and large group meetings, email, video, social media, TV and radio, printed press and newsletters.

Even a year into this work, I am constantly struck by the importance a personal contact with the President has on our alumni and friends as they consider their financial support; our prospective students as they consider making UK their home and our current students as they seek to make this home better; and our public officials as they seek ways to help us even as they balance the multiple pressures upon them. In addition to my regular contact with the formal representative bodies of the faculty and staff (the senates), I have been particularly energized and inspired by my informal discussions with small collections of our faculty and staff as they display the simple desire to do their jobs well and see their University strengthened. And I have been consistently touched in my discussions with students for their dedication to place and their enthusiasm for their individual and our collective horizons.

I have engaged these broad numbers of constituents in building a “learning organization” as I have great trust in their insights, ideas and recommendations. It is my hope that this dialogue, and additional actions, further empowers individuals and groups throughout the organization and among those who support us. I desire to develop “pride in ownership” in the bold actions we must take to continue our ascent. I also work to show appreciation to those who are working on behalf of our University through personal calls, hand-written notes and individual visits. I believe communicating our vision, strategies, and accomplishments are essential to our progress.

Transparency – I have worked to share data and information on current situation, organizational structure, financial data and decisions so that constituents are informed, understand how we work collectively to achieve our goals and prepared to offer sound recommendations.

Action – After extensive assessment, communication and identification of priorities, I have moved to take action to advance the “Kentucky Promise”. These are best manifest in the following:

- Undergraduate Education Improvements (See Section I.)
- Facility Renewal - Residence hall and academic space (See Section I.)
- Organizational Alignment (See Section III.)
- Financial Management and Budgeting (See Section V.)

III. ORGANIZATION AND TEAM

A review of the current executive-level organization was performed to identify opportunities to realign the organizational structure at the University to better

enable us to achieve our institutional vision and goals. This review was delivered in June 2011. Based on preliminary findings, initial actions regarding organizational structure have been taken:

- Commercialization and Economic Development - The position of Vice President of Commercialization and Economic Development has been dissolved. Functions are being realigned in ways to leverage existing talent and resources.
- Research - The Vice President for Research now reports directly to the President as this position represents a core function of the University.
- Institutional Research, Planning and Effectiveness – The Vice President for Institutional Research, Planning and Effectiveness now reports directly to the Provost as this office holds responsibility for academic assessments and accreditation that can be best overseen the Provost as the University's chief academic officer.
- Institutional Diversity – The Vice President for Institutional Diversity now reports directly to the President because this is a high priority that crosses every aspect of the University.
- Provost Office – Upon my arrival in July 2011, this office had 30 direct reports. I concluded that the organization of the Provost's office needed redesign to ensure a sharper focus on critical mission-related initiatives and activities especially at the college level. Currently, the interim Provost is undertaking actions to streamline and simplify the office.
- Executive Leadership – A "President's Council" has been formed to strengthen communication among senior staff and across administrative units. This Council, with 16 senior-level members including the Interim Provost, meets once per month.
- Athletic Oversight - I worked with the Board of Trustees to establish a new oversight mechanism to oversee UK Athletics. A review committee was appointed before my arrival and completed its work in Fall 2011 with my input.

During the past year the positions of Executive Vice President for Financial Affairs, Provost and General Counsel have been vacated. The search for the Executive Vice president is underway. The other searches will begin soon and have been filled with interim appointments.

The best way to emphasize the importance of our institution being a "learning organization" is to embody that behavior from the senior level. I will continue to look for ways to further strengthen our organization throughout my tenure.

IV. RELATIONSHIP WITH CONSTITUENCIES

I placed a high priority on engaging the University's many constituencies and committed hundreds of hours to that goal. Before I officially started my term these engagements included dozens of media interviews, alumni events, civic club and legislative meetings, and community receptions. I also attended the Lexington Chamber Leadership Visit to Greenville, SC that gave me an opportunity to interact with over a hundred community leaders.

I have continued to dedicate much time to know the many people who have defined for me Kentucky's "soul" that as a newcomer give me inspiration, insight and guidance in my efforts to lead our University. Since my July 1 start date I have participated in nearly 500 activities and events traveling to several Kentucky counties and 7 states to listen and share plans, goals and dreams. A summary of these activities and events follows:

Media

64 scheduled interviews and press conferences

- National Media - Wall Street Journal, New York Times, Chronicle of Higher Education, Inside Higher Ed, Associated Press and USA Today
- State/Local Media - Herald Leader, Courier Journal, Park City Daily News, WKYT, WUKY, WBKO, Business First, Business Lexington, KY Kernel, UK at the Half, Owensboro Messenger, Paducah Sun, Kentucky Forward, WHAS, One to One (KET), Coach Cal Radio Show, State Journal, WKU Public Radio, Ryan Alessi (CN2), WRFL and WTVQ; Shadowed by Herald Leader (Linda Blackford) for three days - "Day in the Life" feature.

Elected Officials

- Local Officials:
Met with Mayor Jim Gray of Lexington and Mayor Greg Fischer of Louisville prior to taking office. Meetings and other communications continue.

Met 9 of the 15 Lexington-Fayette Urban County Council members during the Commerce Lexington trip to Greenville, South Carolina.

Hosted 6 Urban County Council members on campus.

- General Assembly:

Met with over 70 of the 138 members of the legislature in the first two months on the job.

Traveled to the Southern Legislative Conference summer meeting to meet with dozens of Kentucky legislators.

Hosted 14 legislators on campus to personally view UK's facilities.

During the legislative session I met with all members of House and Senate leadership, Senate and House Appropriations & Revenue Committee chairs, Senate and House Education Committee chairs, members of the Fayette delegation, and many members of both A&R committees

Testified to the House Postsecondary Subcommittee of A&R about UK's needs and the impact of the state budget cuts to students, faculty and staff of the University.

Hosted 29 legislators as personal guests at basketball games.

- Federal Delegation:

Traveled two times to Washington, D.C. to meet with all members of the Kentucky congressional delegation.

Hosted five members of the Congressional delegation on campus, most for numerous times.

Alumni

- Alumni/Alumni Club Activity:

Visited dozens of local alumni and alumni club events both in and out of state (e.g., Louisville, Lexington, Northern Kentucky/Greater Cincinnati, Paducah, Bowling Green, Pikeville, Birmingham, Atlanta, New York, New Orleans, Naples, Ft. Lauderdale, Orlando and Nashville)

- National Alumni Association:

Spoke to the National Board, hosted a lunch for the National Board and met regularly with National Alumni President.

Conducted Alumni Focus Groups in Louisville, Lexington, Somerset, Owensboro, Northern Kentucky

- University of Kentucky Advocacy Network:
Hosted UKAN fall luncheon on campus
- Major Alumni Events including Wildcat Plaza Dedication, Alumni Club/Scholarship Awards dinners, Golden Wildcat Dinner and several Homecoming/Alumni weekend events

Community/Neighborhoods

- 162 community events/meetings including visits or events in Ashland, Somerset, Owensboro, Louisville, Lexington, Murray, Paducah, Pikeville, Bowling Green, Henderson, Hopkinsville, Hazard, Prestonsburg and Georgetown
- Enrollment Management/Recruitment events in Bowling Green, Atlanta, Louisville and Nashville and numerous events in Lexington (e.g., Kentucky Collegians, Class of Kentucky, Merit Weekend and Governor's School for the Arts/Governor's Scholars)
- Civic Clubs, Community Forums and Chambers of Commerce meetings/events/presentations in Lexington, Louisville, Bowling Green, Frankfort and Scott County and Kentucky Chamber of Commerce
- Direct communication with neighborhood representatives from those around the university and met with 3rd District Councilperson Diane Lawless

Higher education leaders

- University Presidents, Council on Postsecondary Education and former Governor Paul Patton (meetings were on campus or result of visits to their communities)

Campus events (nearly 175)

- Major events: KWeek, State of the University, 2011 Health Colleges Cultural Competence Conference, University Investiture, Marksbury Building Groundbreaking, Houseboat to Energy Efficient Residences (HBEER) Project, Sanders-Brown grant, Honors and Awards Banquet, December and Spring Commencements, Roselle Hall, National Championship and Founder's Day.
- Small Group Meetings
10 small group faculty meetings before taking office

Meet monthly with small groups of faculty and staff

Several meetings with Senate Council, University Senate and Staff Senate

- Large Group Meetings

Met with thousands of UK faculty, staff, and students through campus meet/greets.

Student Government Forum with Dr. Robert Mock and Dean Victor Hazard

- Campus Conversations

Three-hour meetings with all academic and professional colleges by the end of October 2011

- Meetings with campus units including Counseling Center, Military Affairs, International Affairs, The Study, Gaines Center and Student Affairs

Speeches

More than 210 speeches, welcome remarks, and major addresses across UK, Lexington, Kentucky, US and China. Examples include State of the University, Governor's Conference on Postsecondary Trusteeship, Urban League of Lexington Dinner, University Investiture Ceremony, UKAN Luncheon, Kentucky Collegians, Commerce Lexington Good Morning Breakfast, Introduction to Public Health, Higher Education Review Subcommittee of House A&R, Council on Postsecondary Education, Winter and Spring Commencement Ceremonies, the University Senate and China (Shanghai and Jilin Universities).

Social Media

- Twitter (@UKYPres) including over 350 tweets, several reply messages and direct messages to 3,054 followers
- Facebook (www.facebook.com/UKELiCapilouto) 1,083 Facebook fans
- Blog/Email/Video communications including 44 Blog posts, 34 campus-wide e-mail messages and 16 Video messages

V. FINANCIAL MANAGEMENT

Careful stewardship of the University of Kentucky's resources has been of highest priority this year. I have set in motion improvements in financial planning and management systems, sought innovative financial solutions, and proposed a budget in alignment with the key priorities identified by the Board of Trustees.

The University faces the reality of the “New Normal” with flat or declining traditional revenue sources (i.e., state and federal) and investment returns at a time when access and affordability concerns limit potential replacement funds from tuition and fees. On top of this, our University faces stiff competition for students and research funding and over \$1 billion in deferred maintenance and capital costs. (An independent study of academic space recommended that 12 buildings be demolished and significant renovations undertaken for 29 buildings. The vast majority of our space is inaccessible to those with disabilities – more so than any university in the state. Only 10 percent of our students who live in residence halls live in modern housing. Thousands of applications requesting modern housing are declined.)

These realities require new solutions. I have begun addressing our priorities with the following actions:

1. Public-private partnership – The Board of Trustees approved Phase 1 of a collaborative effort with Education Realty Trust to revitalize our campus. We have begun Phase I of what should be a \$500 million public-private initiative to build 9,000 new beds to revitalize our campus. The Board will consider Phase II at September meeting. These residences will enhance our academic mission by providing space for innovative living-learning experiences and a strong community of scholars and students. Our data indicate that those who live on campus have retention rates 20 percentage points higher than those who do not.
2. Comprehensive review of our financial and budgeting processes and administrative structure – A broad-based university committee on Financial Systems Accountability has been established to develop a new financial model framework. As envisioned, this new model will be designed to strengthen revenue generation and cost management incentives, thereby improving productivity, enhancing stewardship and enabling strategic initiatives. This budget model must also facilitate higher-level customer service with enhanced administrative support for the academic mission.
3. Longer-term planning - The proposed Operating and Capital Budget for FY 2012-13 and a planning budget for FY 2013-14 was developed with the following guiding principles:
 - Affordability for students and their families
 - Competitive salaries and benefits for faculty and staff
 - Revitalization and renewal of facilities to allow growth
 - Efficient operations to save costs
 - Entrepreneurship to generate new sources of revenue
 - Flexibility and longer-term planning with biennial budget

- Minimize impact on academic core
- Support excellence and improvement

Adopting a new and enduring financial system accountability requires a methodical effort across several fiscal years. Until that time, the two-year budget planning allows time for rebalancing budgets that have heretofore been centralized and adjusted on an annual basis only at the margins. This approach has not adequately addressed growth, workload or productivity. To carry out the first year of this two-year budget, the Board approved a six percent tuition increase. For planning purposes, a tuition increase of three percent is assumed for next fiscal year. Administrative and support units across campus will manage a 5.0 percent reallocation effective July 1, 2012 and have been asked to prepare and plan for an additional 6.4 percent reallocation for FY 2013-14. Academic units will implement and plan for reallocations of 3.3 percent and 4.2 percent, respectively, over the next two fiscal years. The prosed reallocation will coincide with strategic investments that enhance essential priorities and critical university functions. These budgets will:

- Increase the investment in institutional scholarships and aid to help ensure affordability and access to high-quality degree;
- Establish an five percent merit pool in the second year to reward our faculty and staff; and
- Invest \$15 million in a capital pool to demonstrate our ability to self-finance needed capital improvements.

VI. FUND RAISING

I recognize the essentiality of committing time and energy to fundraising. Working closely with the Office of Development, strategies have been undertaken to enhance our philanthropic potential. I engaged in an extensive schedule of events designed for me to personally meet the University's principal and high-end donors and prospects. The goal is to assist in building a continuum of relationships to ensure a robust future for the University through donor partnerships. A synopsis of my schedule consisted of the following development contacts:

- Individual Meetings with Principal Gift Prospects: I have worked to develop relationships with major donors and prospects on a personal level. This includes lunches and dinners at Maxwell Place and travels to meet individuals in their homes or places of work. I have initiated tribute dinners to recognize leading donors who have championed transformative giving to the University.

- **Cultivation and Recognition Events for High-End Donors:** Over the past twelve months, I have hosted more than 25 strategic events with alumni, friends, corporate and foundation donors and prospects in Kentucky and in other states including Florida, Georgia, Louisiana and New York. For example, in February, I hosted a luncheon on campus to recognize donors who have given cumulatively over \$110 million to the University. I personally had the privilege of hosting donor functions for all eight recognition levels of the Fellows Society, and participated in more than 20 major functions for donors related to athletics, Colleges and UK HealthCare events. In sum, I have met with approximately 1,200 of the University's leading donors. Additionally, I have been involved with strategic conversations with the following foundations, both on and off campus: Carnegie, Hearst, Hewlett, Lumina and McGraw-Hill, as well as Gheens and James Graham Brown Foundations in Kentucky. Some were a first-time contact for the University.

As the Board retreat identified renewal of facilities as a key priority, I have been active in developing strategies for capital projects where there is potential for private philanthropy. These include redesign and expansion of existing buildings as well as new construction. One such project is the Gatton College. I have worked with campus leadership, College administrators, the Gatton advisory board, alumni and key donors for a building redesign and expansion that will create an iconic facility for the twenty-first century. This project is being evaluated in concert with several other potential campus projects to determine philanthropic potential. I have worked to construct a similar path for the revitalization of the University's College of Law building.

VII. FUTURE CONSIDERATION

I have focused during the past year on my individual learning, learning with and from others and sharing knowledge so that our University can collectively embrace a shared vision and set of goals to guide our future. In *Section 1 Strategies and Priorities*, I reported the priorities being addressed and listed "other priorities" for which workgroups, committees and individuals are considering and developing reports. Reviews of this work begun along with consultations with relevant constituent groups. Those reviews, and feedback from this evaluation will serve as basis for short and long-term goal setting and planning.

Appendix C

Biographical Information, David C. Hardesty, Jr.

David C. Hardesty, Jr.

David Hardesty is President Emeritus and Professor of Law at West Virginia University. He teaches subjects related to legal ethics, leadership theory and leadership skills for lawyers, and the role of legislatures in the American legal system (including bill drafting).

Professor Hardesty holds degrees from West Virginia University, Oxford University (which he attended as a Rhodes Scholar), and Harvard Law School. He also has attended advanced courses in higher education leadership and decision theory at Harvard University.

Professor Hardesty was the 21st president of West Virginia University from 1995-2007. As CEO of WVU, he served as chair of WVU Hospitals, Inc., and United Health System.

WVU is a multi-campus public research university with comprehensive health sciences education. It enrolled approximately 36,000 students in his last year as president.

While President, Prof. Hardesty led efforts to develop more than 25 student centered programs, including the first faculty led residential colleges in the university's history. These efforts resulted in rapid expansion of the university student body. He also led efforts to focus WVU's research programs, establish the world's first forensic science degree, increase the university's outreach and service activities, and create a new hospital system, which he chaired. WVU achieved a national reputation in the science of biometrics during his presidency. The health system he chaired expanded to become the largest in West Virginia.

Also, during his tenure, over \$750 million in capital projects were launched, including a new student recreation center, Lincoln Hall (a residential college), major additions to the main university and the health sciences libraries, several other health sciences additions, a new basic science building, and many new laboratory, teaching and athletics facilities.

While serving as president, Professor Hardesty was a member of the National Security Higher Education Advisory Board, Chairman of the National 4-H Council, a director and officer in the Big East Conference, and a member of the Bowl Championship Series Presidential Oversight Committee. He was a founding director of the Blanchette Rockefeller Neurosciences Institute.

Prior to becoming president of WVU, Hardesty engaged in the private practice of law for 19 years and served as State Tax Commissioner of West Virginia.

Professor Hardesty is a member of the Board of Directors of Consol Energy, Inc., and is Of Counsel to the law firm of Bowles Rice. He has previously been a member of and chaired several charitable, civic, business, and education related boards.

Mr. Hardesty's honors include honorary degrees and citations, designation as West Virginian of the Year by the West Virginia Society of Washington, D. C., induction into the West Virginia Business Hall of Fame, induction into The National 4-H Hall of Fame, receipt of The National Distinguished Eagle Scout Award, and designation as a Graduate of Distinction by the West Virginia Education Alliance.

In 2009, the Festival of Ideas speakers' series at WVU was endowed and named in honor of Hardesty, who helped to found the series in 1966 when he was student body president. An annual lecture at the WVU Cancer center is named in his honor.

Professor Hardesty has spoken and written broadly on subjects related to the legal profession, higher education and leadership. He and his wife, Susan, are co-authors of *Leading the Public University, Essays, Speeches and Commentary*, published for West Virginia University by the WVU Press (2007). Topics of current interest for Professor Hardesty include leadership theory and practice and professional ethics. He has facilitated retreats and other meetings of boards and community groups for over two decades.

President Hardesty's wife, Susan Hardesty, a former teacher, served as the founder of the Mountaineer Parents Club, a parent and student advocacy organization which now enrolls over 25,000 members. She served a member of the board of directors of the National Association of State Universities and Land Grant Colleges as a representative of presidents and chancellors spouses. The Hardestys have two adult children, both are graduates of WVU and its College of Law.

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