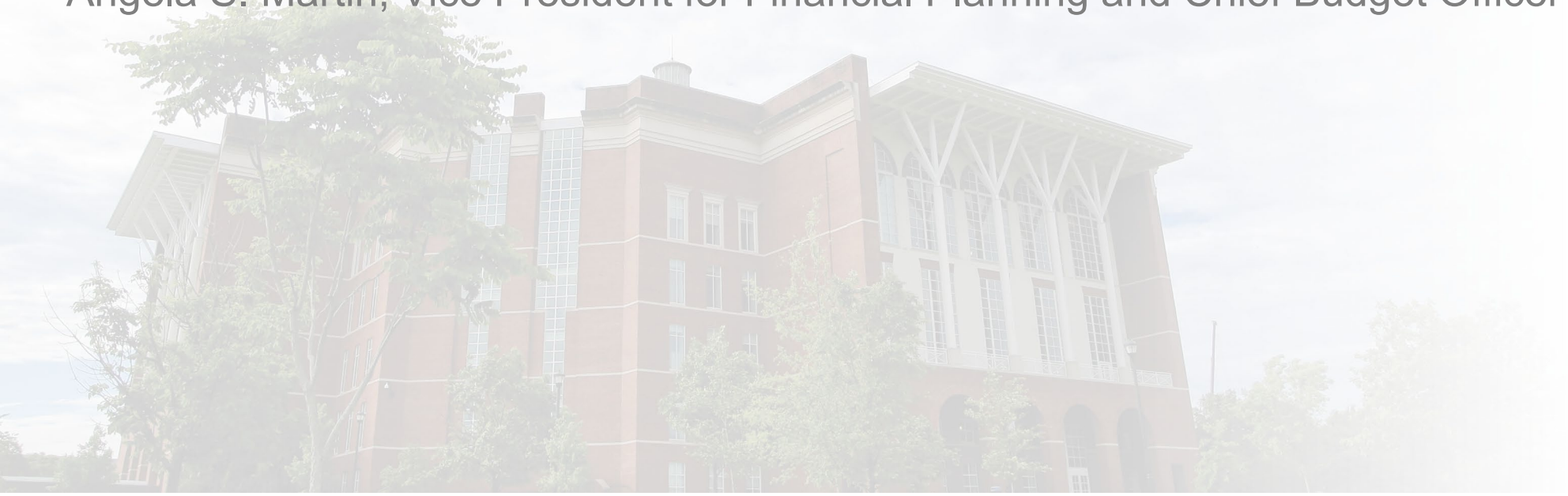


UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES



Angela S. Martin, Vice President for Financial Planning and Chief Budget Officer



Topics

UK Budget Development Principles

Overview of Consolidated Budget

Budget by Fund Groups

Federal Risks

Focus on Undesignated General Funds

Enrollment/Tuition and Mandatory Fees

Revenue Budget Change and Fiscal Health

FCR 5 and FCR 6 Recommendations



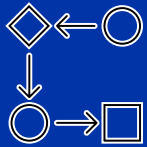
Enduring Budget Development Principles



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 2025-26 BUDGET

FY 2025-26 Consolidated Operating and Capital Budget

HIGHER EDUCATION OPERATIONS INCLUDING

- Educational and General
- Clinical Services
- Auxiliaries, excluding Athletics
- UK Research Foundation
- UK Gluck Equine Research Foundation, Inc.
- UK Humanities Foundation, Inc.
- UK Mining Engineering Foundation, Inc.
- Kentucky Tobacco Research Development Center

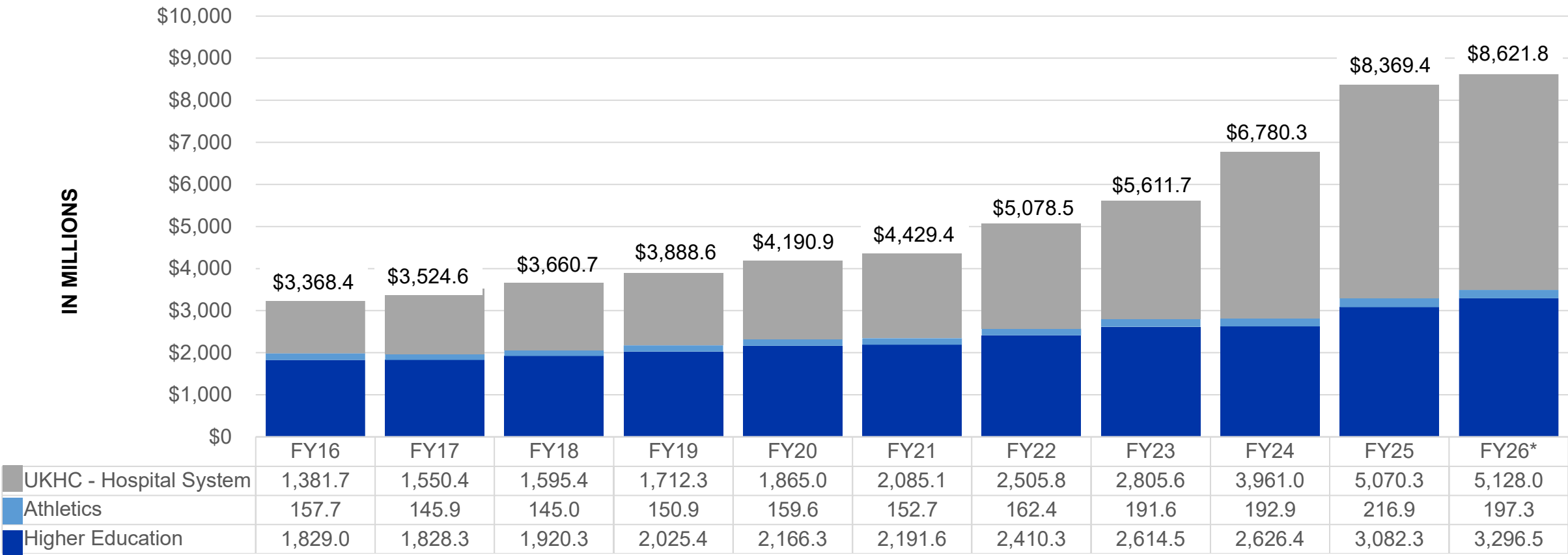
UK HEALTHCARE OPERATIONS INCLUDING

- Albert B. Chandler Hospital
- Good Samaritan Hospital
- Eastern State Hospital
- Clinical Services
- University Health Service
- Central Kentucky Management Services, Inc.
- Kentucky Healthcare Enterprise, Inc.
- Surgery Blue, LLC
- Beyond Blue*
 - Insure Blue
 - Royal Blue Health, LLC
 - Claire Blue Health, LLC

UK ATHLETICS

*Royal Blue Health added FY24; Claire Blue and Insure Blue added FY25

University of Kentucky Consolidated Original Budget Revenues



Figures based on revenues. FY 2015 – 2018, UKHC-Hospital System 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

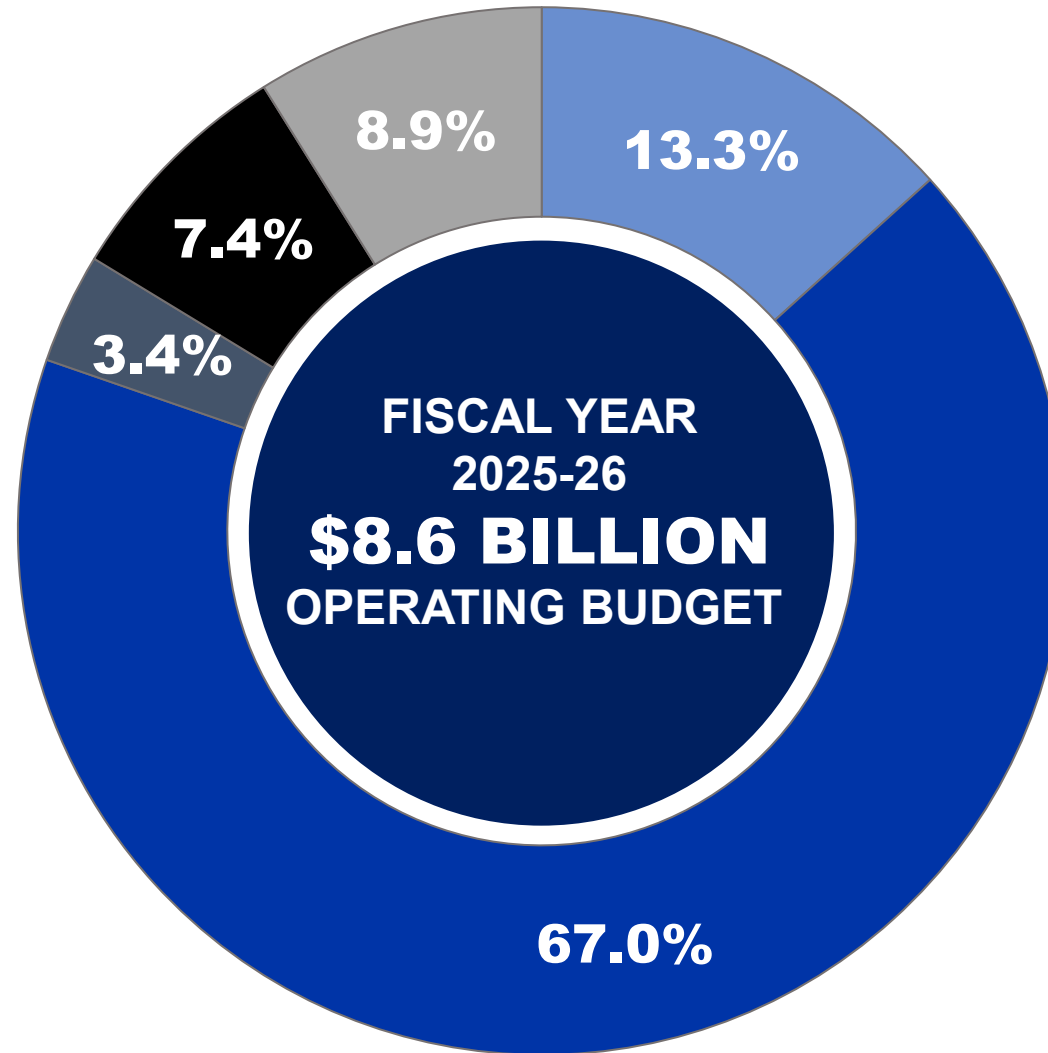


FISCAL YEAR 2025-26 BUDGET

**Designated
General Funds
67.0%**

**Undesignated
General Funds
13.3%**

**Restricted
Funds
7.4%**



**Auxiliary
Funds
3.4%**

**Fund
Balances
8.9%**

FISCAL YEAR 2025-26 BUDGET

**Undesignated
General Funds
13.3%**

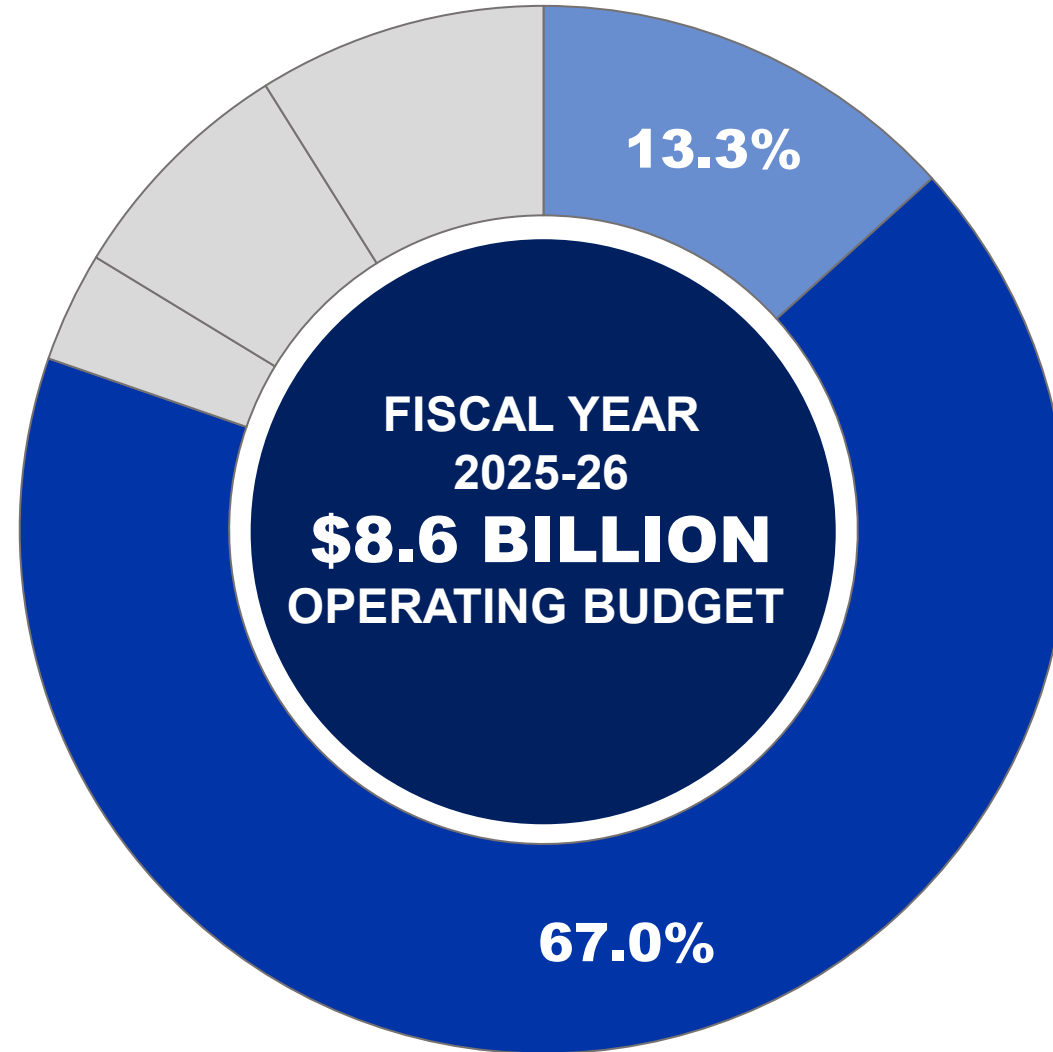
\$1,148.3 million

WHERE THE MONEY
COMES FROM
(in millions)

\$685.7 Tuition
\$364.0 State Appropriations
\$98.6 Other

HOW IT IS USED

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



**Designated
General Funds
67.0%**

\$5,781.8 million

WHERE THE MONEY
COMES FROM
(in millions)

\$5,122.2 UKHC - Hospital System
\$526.6 Clinical Services
\$47.0 Fees
\$86.0 Other

HOW IT IS USED

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

FISCAL YEAR 2025-26 BUDGET

**Auxiliary
Funds
3.4%**

\$290.4 million

WHERE THE MONEY
COMES FROM
(in millions)

- \$146.4 UK Athletics
- \$28.3 Housing
- \$11.4 Dining
- \$18.1 Transportation Services
- \$86.2 Service Centers and Recharge Operations

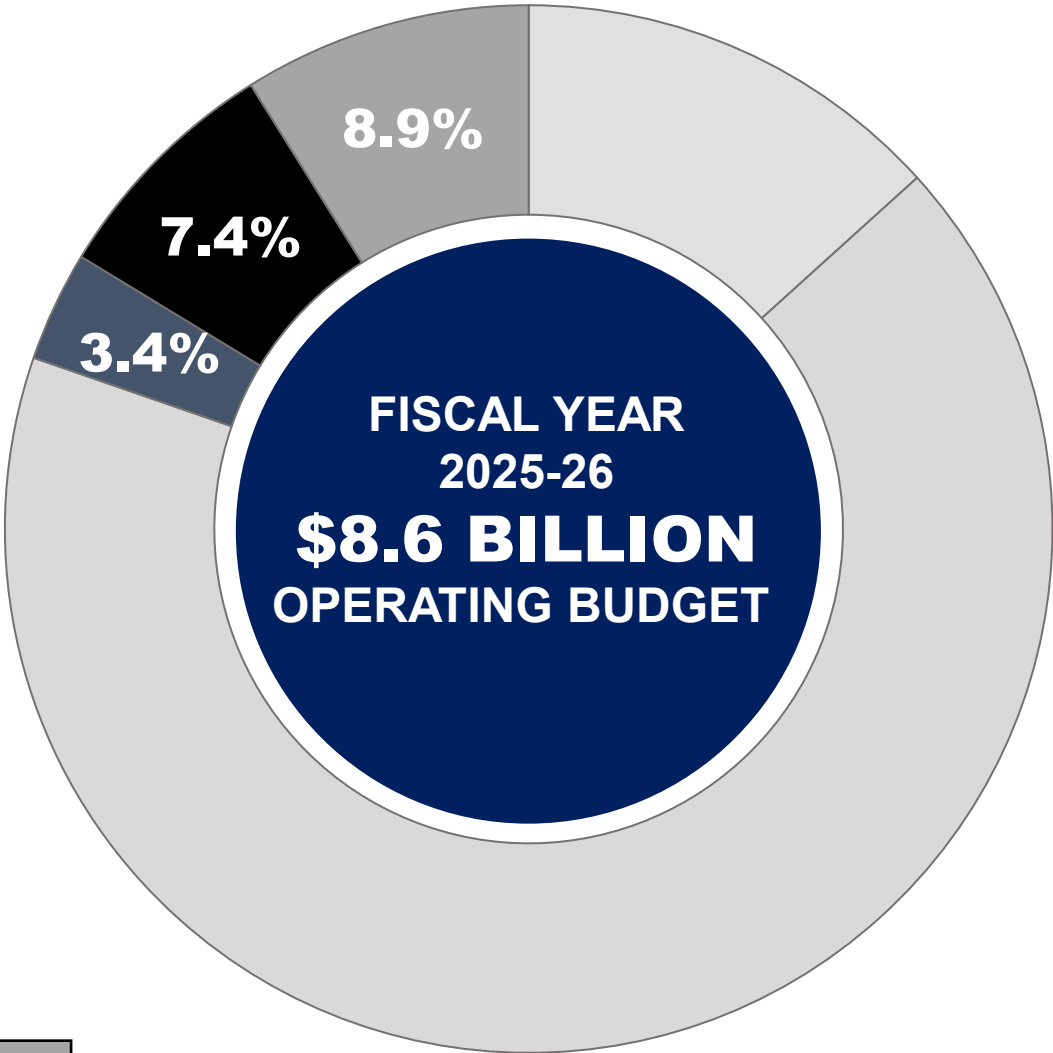
HOW IT IS USED
Auxiliary units pay all of their expenses and receive no taxpayer or tuition support.

**Fund
Balances 8.9%**

**\$765.5
million**

WHERE THE MONEY
COMES FROM
Savings from prior years

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



**Restricted
Funds
7.4%**

\$635.9 million

WHERE THE MONEY
COMES FROM
(in millions)

- \$526.6 Research Grants and Contracts
- \$38.6 Endowments and Investments
- \$70.7 Gifts and Other

- HOW IT IS USED
- Research
 - Student Financial Aid
 - Public Service

FISCAL YEAR 2025-26 BUDGET

Federal Risks: House Budget Reconciliation Bill, Executive Orders, Policy Changes

FEDERAL GRANTS AND CONTRACTS

- Indirect cost policy changes
- Grants: application evaluations, terminations and pauses
- Department of Health and Human Services: agency upheaval

DEPARTMENT OF EDUCATION

- Dissolution of the DOE
- Restore merit-based opportunity
- Pell Grant changes
- Eliminate subsidized student loans
- Eliminate Grad PLUS loans and restricts Parent PLUS eligibility
- Risk sharing on student loan defaults

MEDICAID

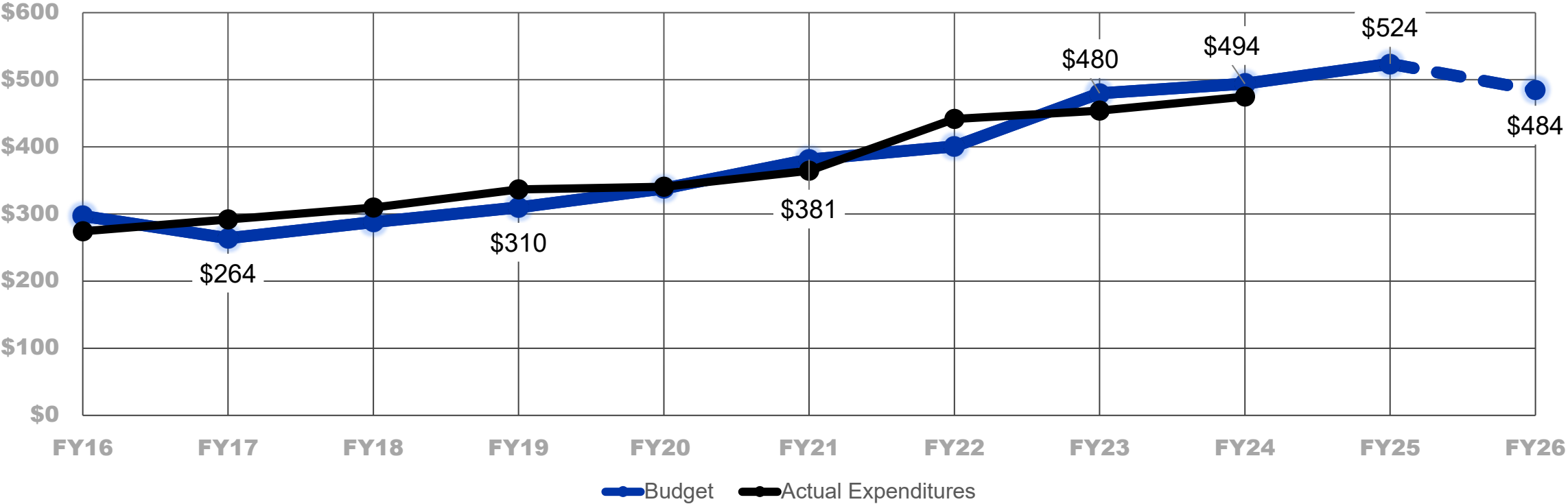
TAX REFORM

- Unrelated Business Income Expansion
- Executive Compensation Excise Tax
- Endowment Tax Hike

INTERNATIONAL STUDENTS

Research Funding

University of Kentucky Research Foundation
Sponsored Grants and Contracts Expenditures



*Includes indirect cost recovery

In Millions

FISCAL YEAR 2025-26 BUDGET

Undesignated General Funds: Five-Year Revenue History

RECURRING BUDGET	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	RECOMMENDED FY 2025-26
State Appropriations, Total	\$271.3	\$318.2	\$309.7	\$358.6	\$364.0
<i>Performance Funds*</i>	\$6.1	\$30.9	\$33.3	\$34.7	\$41.2
<i>Mandated Programs**</i>	\$80.6	\$91.7	\$91.7	\$102.1	\$102.1
<i>Special Appropriations</i>		\$11.0	\$0	\$26.0	\$25.0
Student Tuition	507.2	557.0	581.7	630.8	685.7
Other	63.1	71.4	86.6	94.2	98.6
Total	\$841.6	\$946.6	\$978.0	\$1,083.6	\$1,148.3

IN MILLIONS

*Effective FY 2022, performance funds are cumulative.

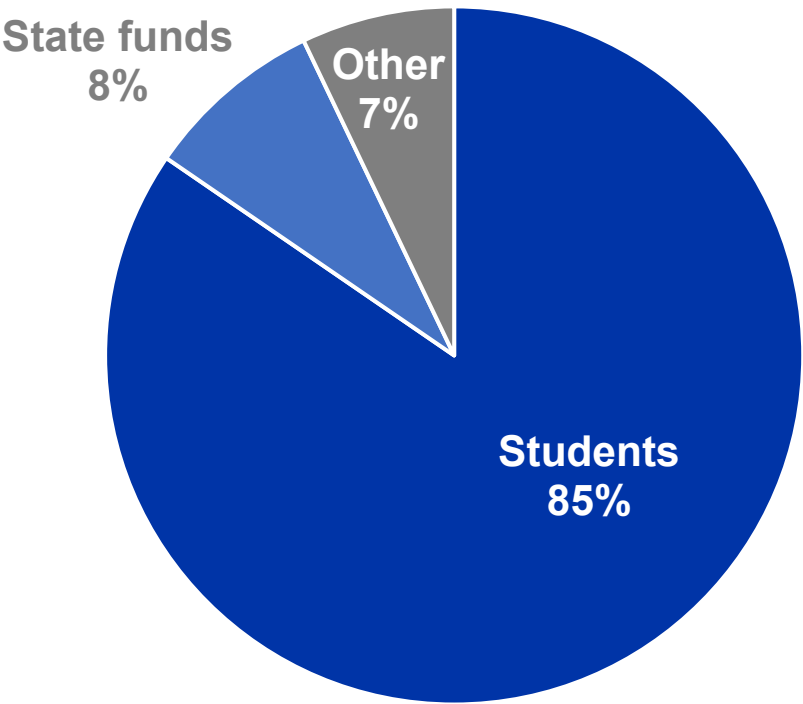
**State appropriations include funding for programs mandated by the Kentucky General Assembly such as the Agricultural Cooperative Extension Service and the Center for Applied Energy Research.

Undesignated General Funds - Incremental Revenues

RECURRING BUDGET	RECOMMENDED FY 2025-26
State Appropriations	
Performance Funds	\$ 6.4
Special Appropriation	
Immune Dysregulation Research	-1.0
Total	5.4
Student Tuition	
3.0% Rate Increases	54.8
6,850 First-Year Undergraduate Cohort	
Other	4.5
Total	\$64.7

IN MILLIONS

Where will new revenues come from?



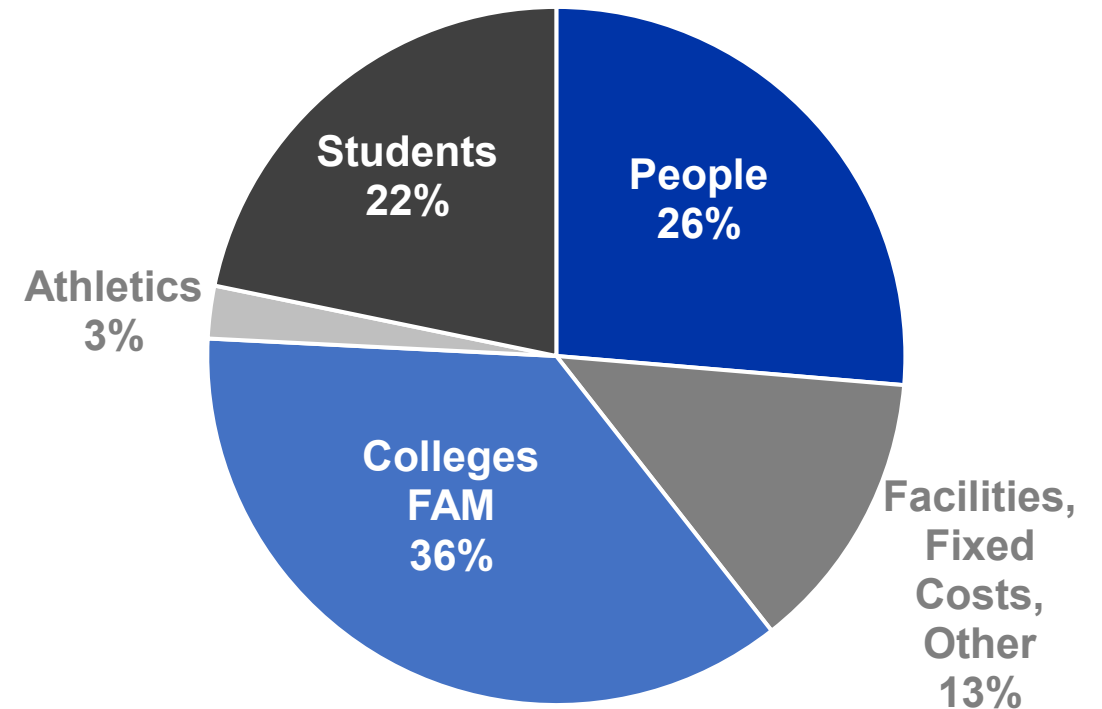
FISCAL YEAR 2025-26 BUDGET

Undesignated General Funds - Incremental Expenses

RECURRING BUDGET	RECOMMENDED FY 2025-26
People Faculty and Staff Salary Increase Benefits Faculty Promotions and Retention Funds	\$17.3
College Financial Allocation Models Net Tuition Revenue (NTR) College Productivity Model (CPM) Performance Funding Allocation (PFA)	23.9
Students Student Financial Aid Smart Campus - iPads Advising	14.3
Facilities, Fixed Costs, and Other Investments	8.6
Athletics Support	1.6
Special State Appropriations	-1.0
Total	\$64.7

IN MILLIONS

How will we allocate
our resources?



*Excludes special state appropriations

FISCAL YEAR 2025-26 BUDGET

Kentucky Performance Funding Model

Metrics where rates of growth exceeded sector average between FY 2024-25 and FY 2025-26 iterations

* Performance funding metric shares

Metrics	% *	Student Success	UK	UofL	EKU	KSU	MoSU	MuSU	NKU	WKU
	9.0%	Bachelor's Degrees	●			●				●
	5.0%	STEM + H Bachelor's Degrees	●	●		●		●		●
	3.0%	First-Generation Bachelor's Degrees	●	●		●				●
	8.0%	Low-income Bachelor's Degrees	●	●		●				●
	3.0%	Student Progression at 30 Hours	●	●	●			●		
	5.0%	Student Progression at 60 Hours	●	●	●					
	7.0%	Student Progression at 90 Hours		●		●		●		●
		Course Completion								
	30.0%	Student Credit Hours Earned	●		●	●		●		
		Operational Support Activity								
	10.0%	Instructional Square Feet	●	●				●	●	
	10.0%	Direct Cost of Instruction		●	●	●	●	●		
	10.0%	FTE Students	●		●					
	100%	Metrics Above Sector Average	9	8	5	7	1	6	1	5

FISCAL YEAR 2025-26 BUDGET

State Performance Funding Model: Sources and Allocations

PERFORMANCE FUNDING POOL*

Fiscal Year	Universities Required Contributions	State Funding
2017-18	\$28.9	\$ --
2018-19	24.2	--
2019-20	38.6	--
2020-21	11.7	--
2021-22**	--	13.5
2022-23	--	75.8
2023-24	--	75.8
2024-25	--	81.9
2025-26	--	89.7

IN MILLIONS

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
--	34.7
--	41.2

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.

FISCAL YEAR 2025-26 BUDGET

Student Headcount Enrollment

	Fall 2021 Actual	Fall 2022 Actual	Fall 2023 Actual	Fall 2024 Actual	Fall 2025 Target
Undergraduate First-time in College	4,721	6,061	6,437	6,513	6,850
Other Undergraduates	17,207	16,706	17,534	19,072	19,750
Sub-Total Undergraduates	21,928	22,767	23,971	25,585	26,600
Graduate/Professional*	9,608	9,943	9,914	10,366	10,100
TOTAL	31,536	32,710	33,885	35,951	36,700

*Includes House Staff and Post-Doctoral

FISCAL YEAR 2025-26 BUDGET

Recommended Tuition and Mandatory Fees (per semester)

Undergraduate, Full-Time	Fall 2024	Fall 2025	% Change
Resident	\$ 6,751.00	\$ 6,953.50	3.0%
Non-Resident	\$17,070.00	\$17,582.00	3.0%
UKOnline (Per Credit Hour)	\$ 624.00	\$ 654.00	4.8%

Graduate, Full-Time	Fall 2024	Fall 2025	% Change
Resident	\$ 7,322.00	\$ 7,541.50	3.0%
Non-Resident	\$18,119.00	\$18,662.50	3.0%
Graduate Students Enrolled Exclusively in Distance Education Courses	\$ 6,761.00	\$ 7,092.50	4.9%

FISCAL YEAR 2025-26 BUDGET

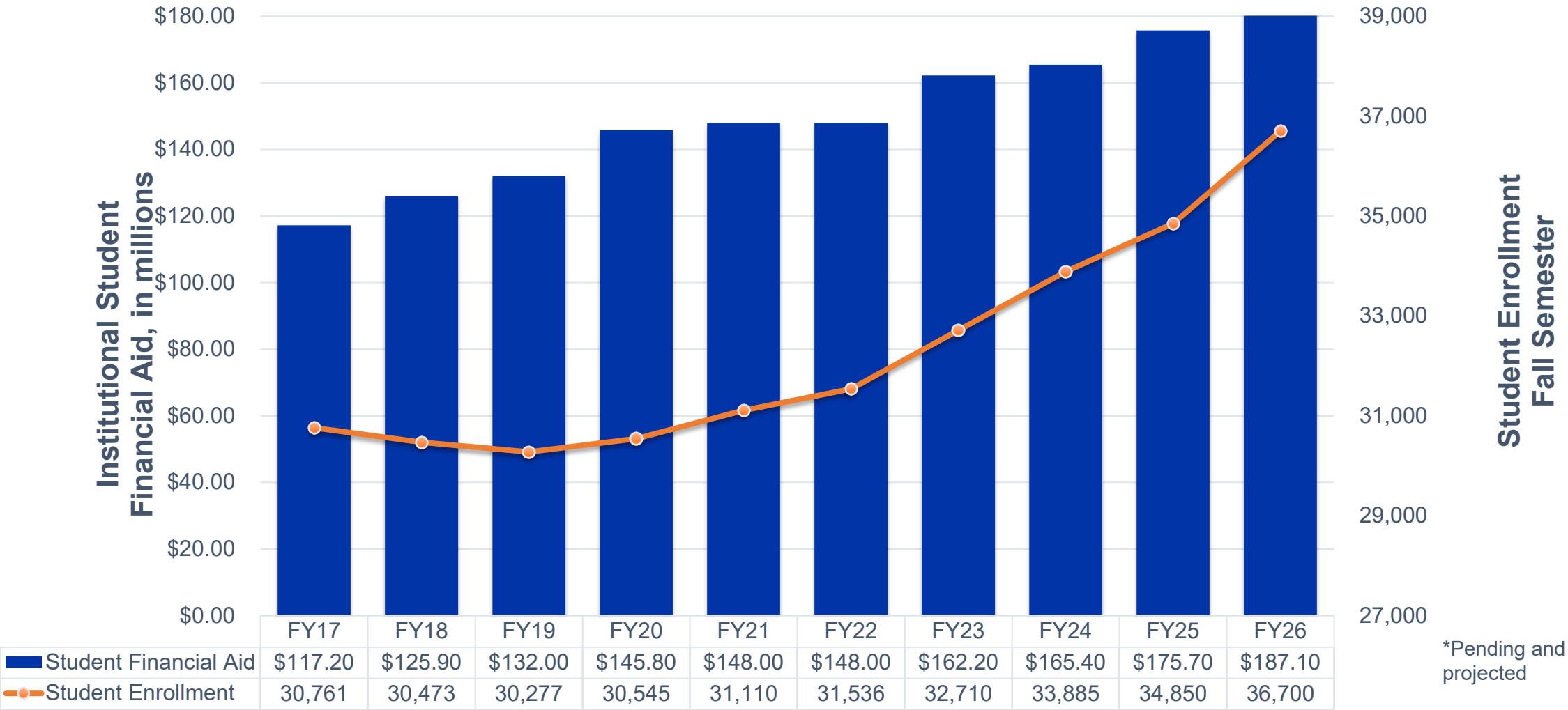
Tuition and Mandatory Fees (per semester)

Fall Semester	UG Resident Rate*	Annual % Change	Average Annual % Change for Four Years
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%
2024	\$6,751.00	2.2%	2.0%
2025**	\$6,953.50	3.0%	2.5%

*Freshmen and sophomores only through 2018

**Recommended

UK Institutional Student Financial Aid and Student Enrollment



*Pending and projected

Fueling Our Success: Financial Allocation Models Overview



NET TUITION REVENUE (NTR)

Incentivize enrollment growth by sharing increase in net tuition revenue

Per FY 2023-24 review of model, percent of net tuition revenue shared increased to at least 50% effective with FY26 distributions.



COLLEGE PRODUCTIVITY MODEL (CPM)

Incentivize institutional values

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

- Degrees awarded per faculty
- Percent of funded research compensation / total research compensation
- Percent of attempted student credit hours taught by tenured and/or full-time faculty
- Work Life survey results

CPM reviewed during FY 2024-25 with modifications to the funding model implemented with FY26 distributions.



PERFORMANCE FUNDING ALLOCATION (PFA)

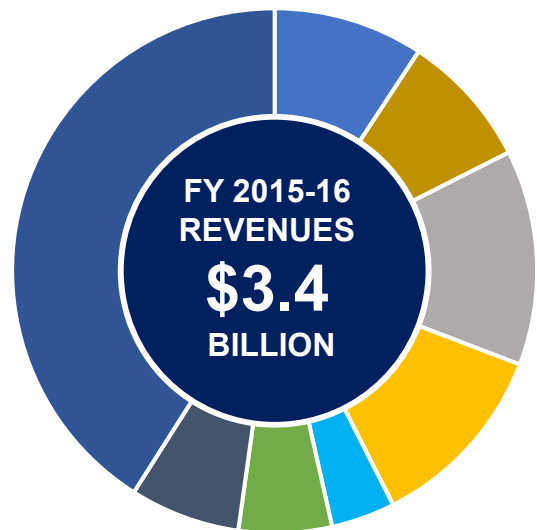
Incentivize enrolling and graduating more students and in-person instruction

Colleges awarded funds based on proportionate share of:

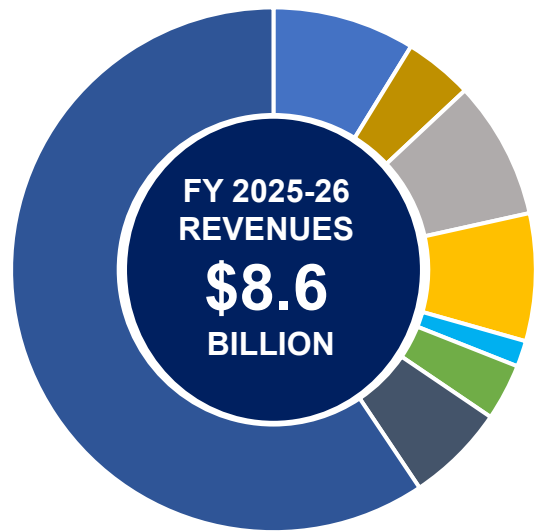
- Degree production
- Enrollment of new students
- Increase percent of courses with traditional modality

FISCAL YEAR 2025-26 BUDGET

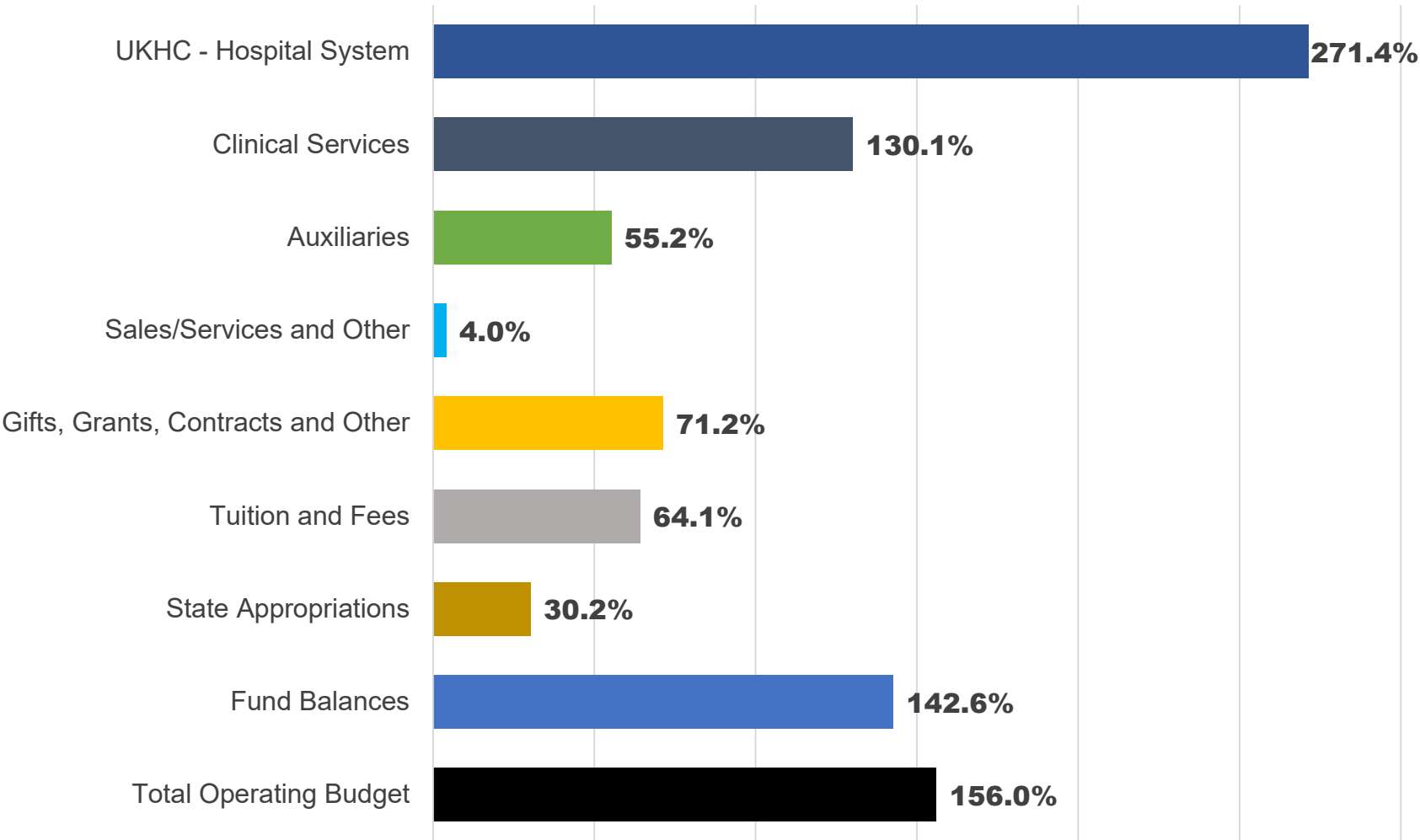
Operating Revenues
FY 2015-16



FY 2025-26

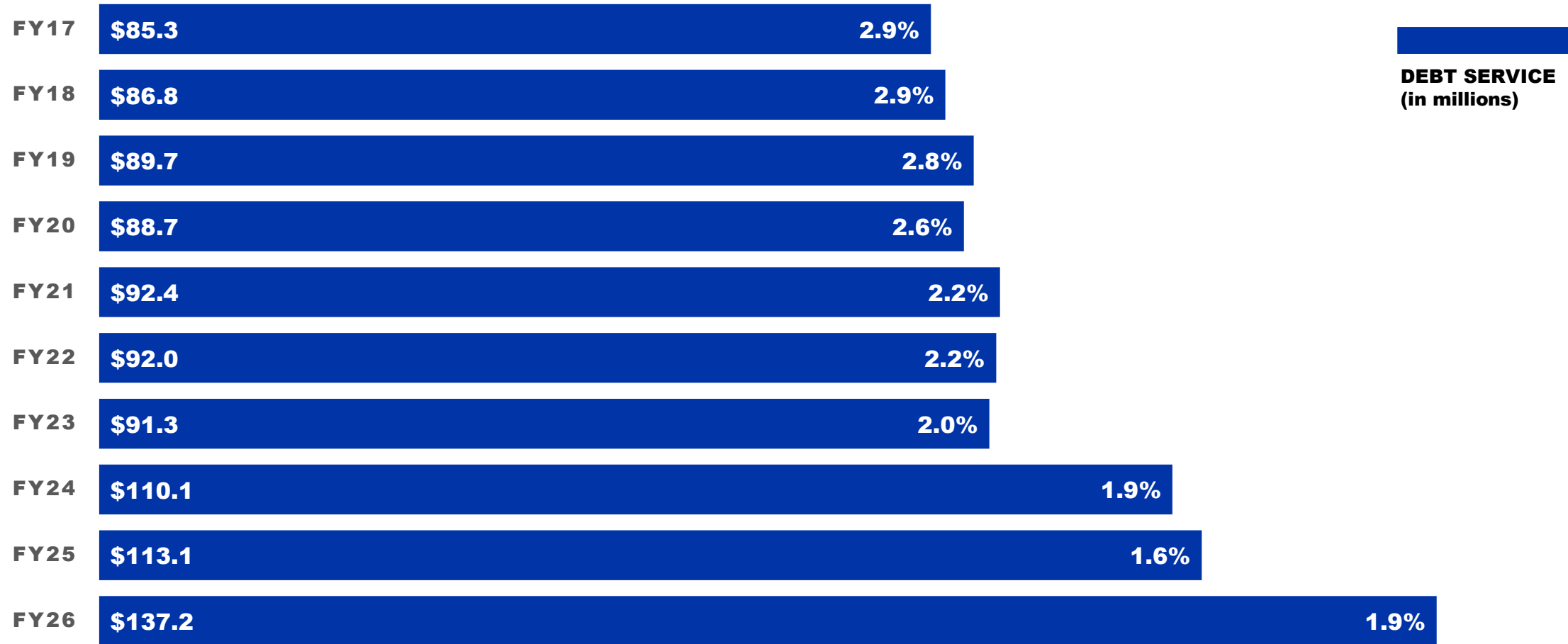


Operating Revenues Percent Change
FY 2015-16 to FY 2025-26



FISCAL YEAR 2025-26 BUDGET

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



*Revenue Operating Budget less Restricted Funds and Fund Balances

Recommendations

FCR 5

Office of the President
June 13, 2025

Members, Board of Trustees

ACADEMIC YEAR 2025-26 TUITION AND MANDATORY FEES SCHEDULE

Recommendation: That the Board of Trustees approve the attached Academic Year (AY) 2025-26 Tuition and Mandatory Fees Schedule. The recommended tuition and mandatory fees reflect a 3.0 percent increase for most resident and nonresident students compared to AY 2024-25.

Background: Pursuant to KRS 164.020(8), the Council on Postsecondary Education has the statutory authority to determine tuition for Kentucky's public colleges and universities. The Council considers any required fees charged to most students as subject to the statute.

On April 17, 2025, the Council adopted resident undergraduate tuition and mandatory fee ceilings for AY 2025-26 and AY 2026-27 with a maximum rate increase of no more than \$675.00, or 5.0 percent, over the two years and a maximum increase of no more than \$450.00, or 3.3 percent, in any one year for UK.

The Council also adopted a recommendation allowing the public institutions to submit for approval market competitive tuition and fee rates for graduate students and fee rates for nonresident undergraduate students. The Council's policy states that fee rates for nonresident undergraduate students, price discounting, and fee structures, for the average net

FCR 6

Office of the President
June 13, 2025

Members, Board of Trustees

FISCAL YEAR 2025-26 OPERATING AND CAPITAL BUDGET

Recommendation: That the Board of Trustees:

1. Approve the Fiscal Year 2025-26 Operating and Capital Budget.
 2. Approve the appropriation and allocation of all fund balances as of June 30, 2025, for future operations. The actual balances may be different than the estimates incorporated in the proposed budget. Since the books of account for the University of Kentucky are maintained on a full accrual basis, this action will provide the authorization to expend accumulated fund balances as necessary to maintain a sound financial position during the fiscal year ending June 30, 2026.
 3. Order that the Fiscal Year 2025-26 Operating and Capital Budget be recorded as an integral part of the university's financial system with the necessary fiscal control being exercised for the recognition and collection of income and the expenditure of funds, including the allocation of expenditure authority to departments, in accordance with established fiscal policies and procedures.
- The Fiscal Year 2025-26 Operating and Capital Budget as the basis of the annual budget revisions.

Questions?

UK Budget Development Principles

Overview of Consolidated Budget

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Enrollment/Tuition and Mandatory Fees

Revenue Budget Change and Fiscal Health

FCR 5 and FCR 6 Recommendations

