UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

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

University of Kentucky

AN EQUAL OPPORTUNITY UNIVERSITY

Topics

- Budget Development Principles
- Original Consolidated Budget and Fund Groups
- Undesignated General Funds
- Aligning Our Investments with the Strategic Plan and Recommendation

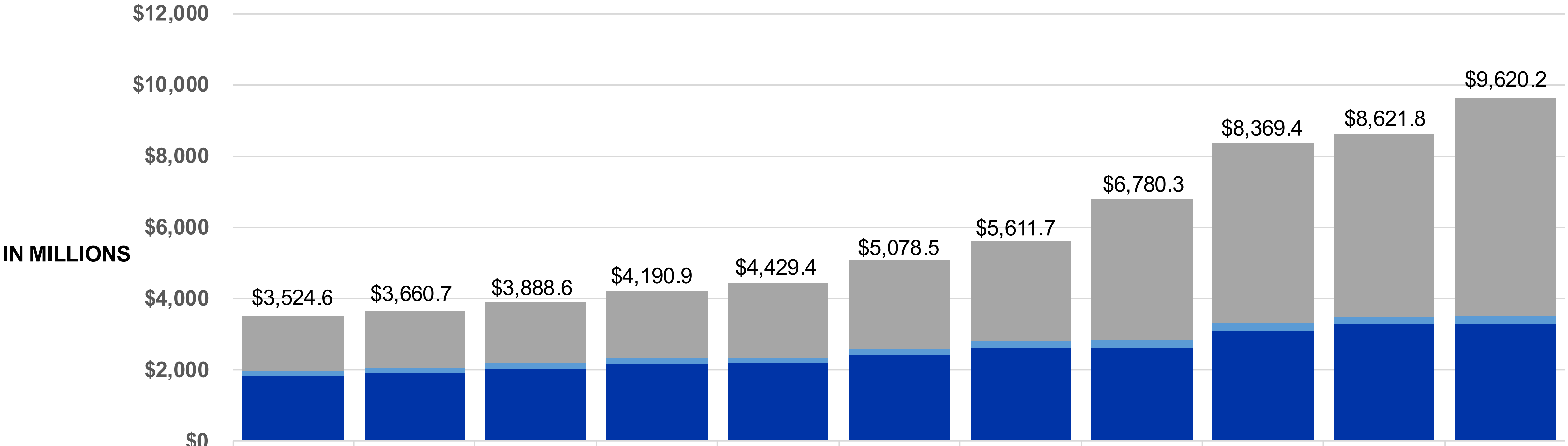
University of Kentucky

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 2026-27 BUDGET

University of Kentucky Consolidated Original Budget Revenues



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27*
UKHC - Hospital System	1,550.4	1,595.4	1,712.3	1,865.0	2,085.1	2,505.8	2,805.6	3,961.0	5,070.3	5,128.0	6,097.2
Athletics	145.9	145.0	150.9	159.6	152.7	162.4	191.6	192.9	216.9	197.3	219.2
Higher Education	1,828.3	1,920.3	2,025.4	2,166.3	2,191.6	2,410.3	2,614.5	2,626.4	3,082.3	3,296.5	3,303.8

Figures based on revenues.

*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 2026-27 BUDGET

Undesignated General Funds 12.2%

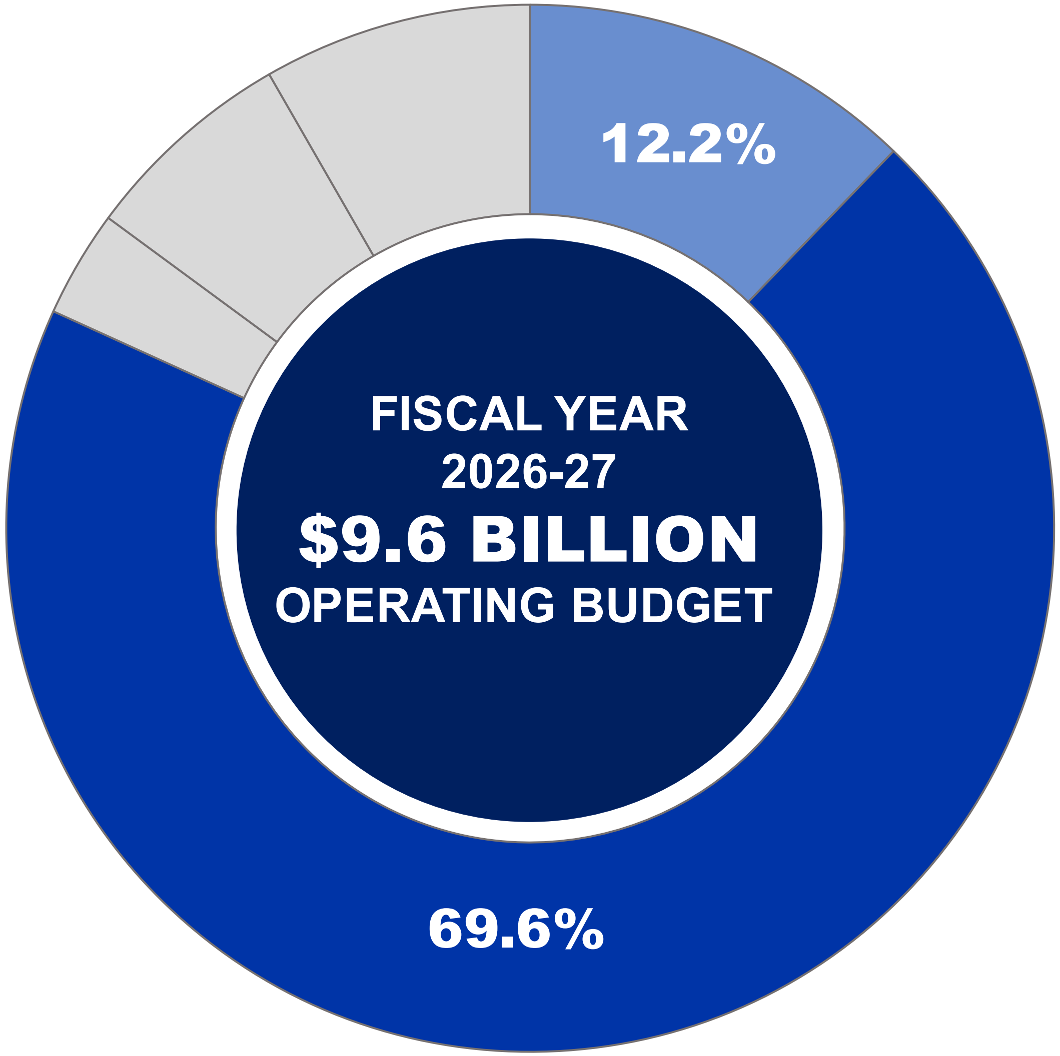
$1,172.9 million

WHERE THE MONEY COMES FROM
(in millions)

$728.7 Tuition
$342.9 State Appropriations
$101.3 Other

HOW IT IS USED

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



Designated General Funds 69.6%

$6,690.5 million

WHERE THE MONEY COMES FROM
(in millions)

$6,082.4 UKHC - Hospital System
$493.4 Clinical Services
$50.0 Fees
$64.7 Other

HOW IT IS USED

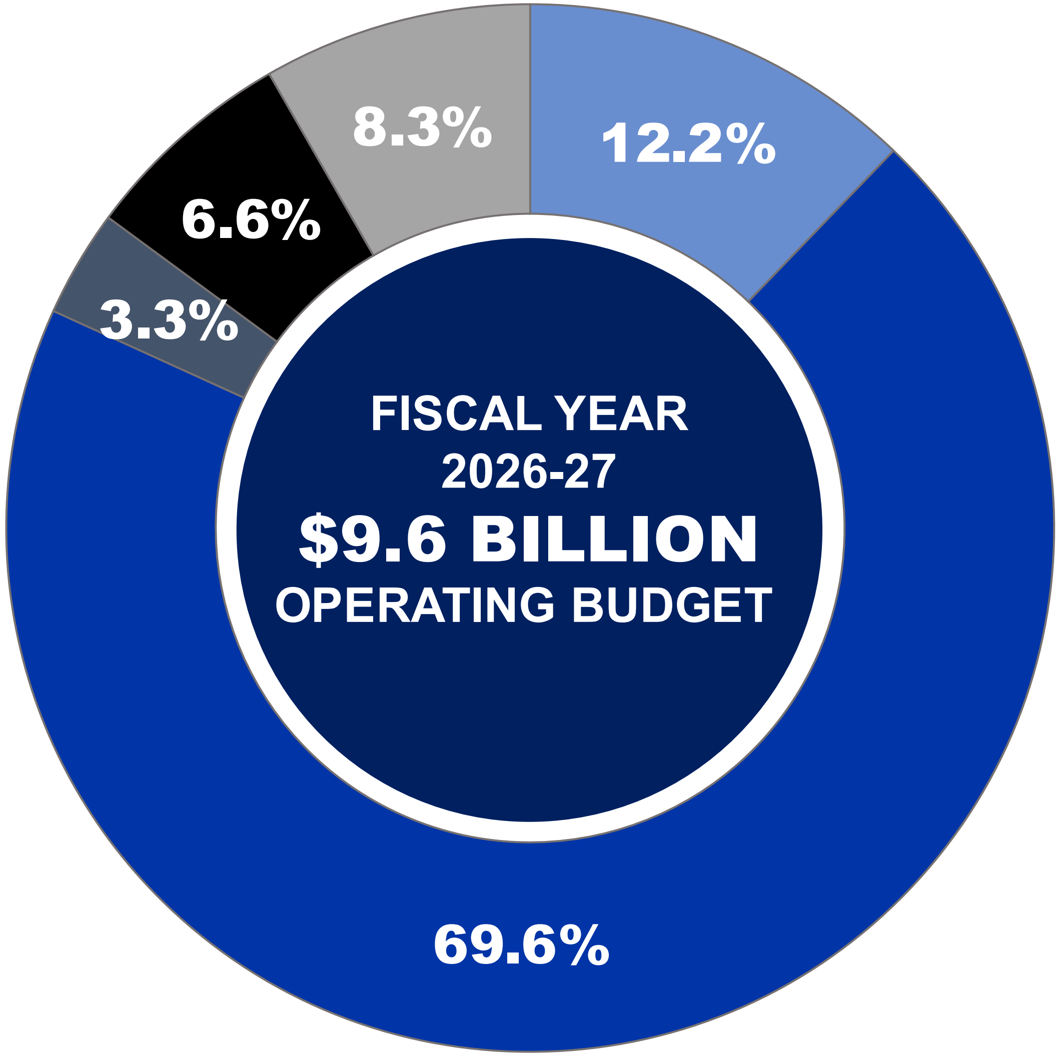
- Patient Care
- Instruction
- Public Service
- Student Services
- Academic Support

FISCAL YEAR 2026-27 BUDGET

Designated General Funds
69.6%

Undesignated General Funds
12.2%

Restricted Funds
6.6%



Auxiliary Funds
3.3%

Fund Balances
8.3%

Undesignated General Funds: Five-Year Revenue History

RECURRING BUDGET	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	RECOMMENDED FY 2026-27
State Appropriations, Total	$318.2	$309.7	$358.6	$364.0	*$342.9*
Base Appropriations	*184.6*	*184.6*	*195.7*	*195.7*	*195.2*
*Performance Funds**	*30.9*	*33.3*	*34.7*	*41.2*	*44.3*
*Mandated Programs***	*91.7*	*91.7*	*102.1*	*102.1*	*102.9*
Special Appropriations	*11.0*	*0*	*26.0*	*25.0*	*.5*
Student Tuition	557.0	581.7	630.8	685.7	728.7
Other	71.4	86.6	94.2	98.6	101.3
Total	**$946.6**	**$978.0**	**$1,083.6**	**$1,148.3**	**$1,172.9**

IN MILLIONS

Totals may not sum due to rounding

* Performance funds are cumulative

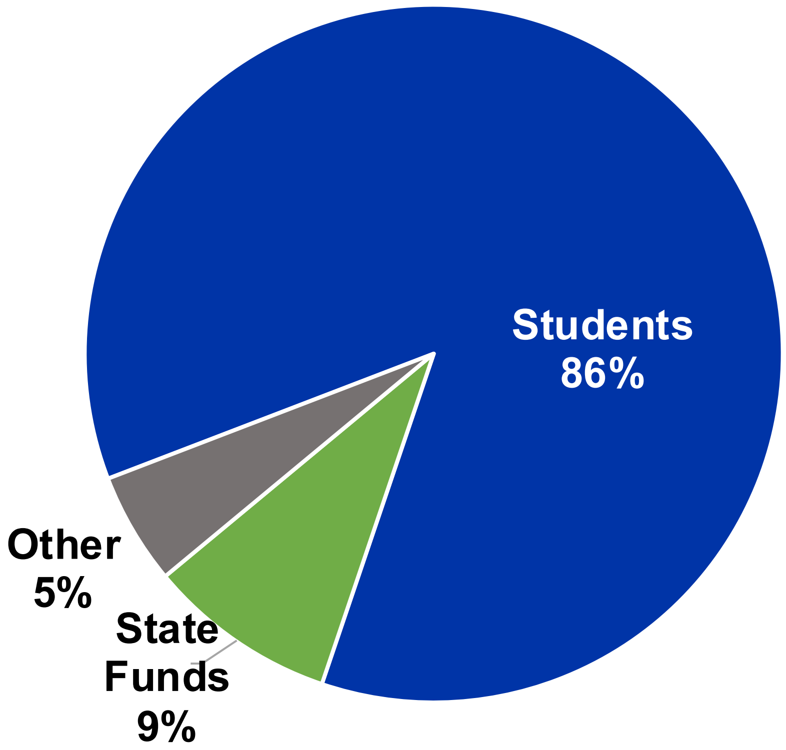
** Programs mandated by the Kentucky General Assembly such as the Agricultural Cooperative Extension Service and the Center for Applied Energy Research

Undesignated General Funds - Incremental Revenues

RECURRING BUDGET	RECOMMENDED FY 2026-27
State Appropriations	
Operating Funds	$(0.5)
Performance Funds	3.1
Mandated Program	
Fire and Tornado Insurance Program	.8
Special Appropriations	
Kindergarten Readiness	0.5
Markey Cancer Center	(5.0)
CAER Quasi Endowment	(20.0)
Total	**(21.1)**
Student Tuition	
1.94% Rate Increases	43.1
6,850 First-Year Undergraduate Cohort	
Other	2.6
Total	**$24.6**

IN MILLIONS

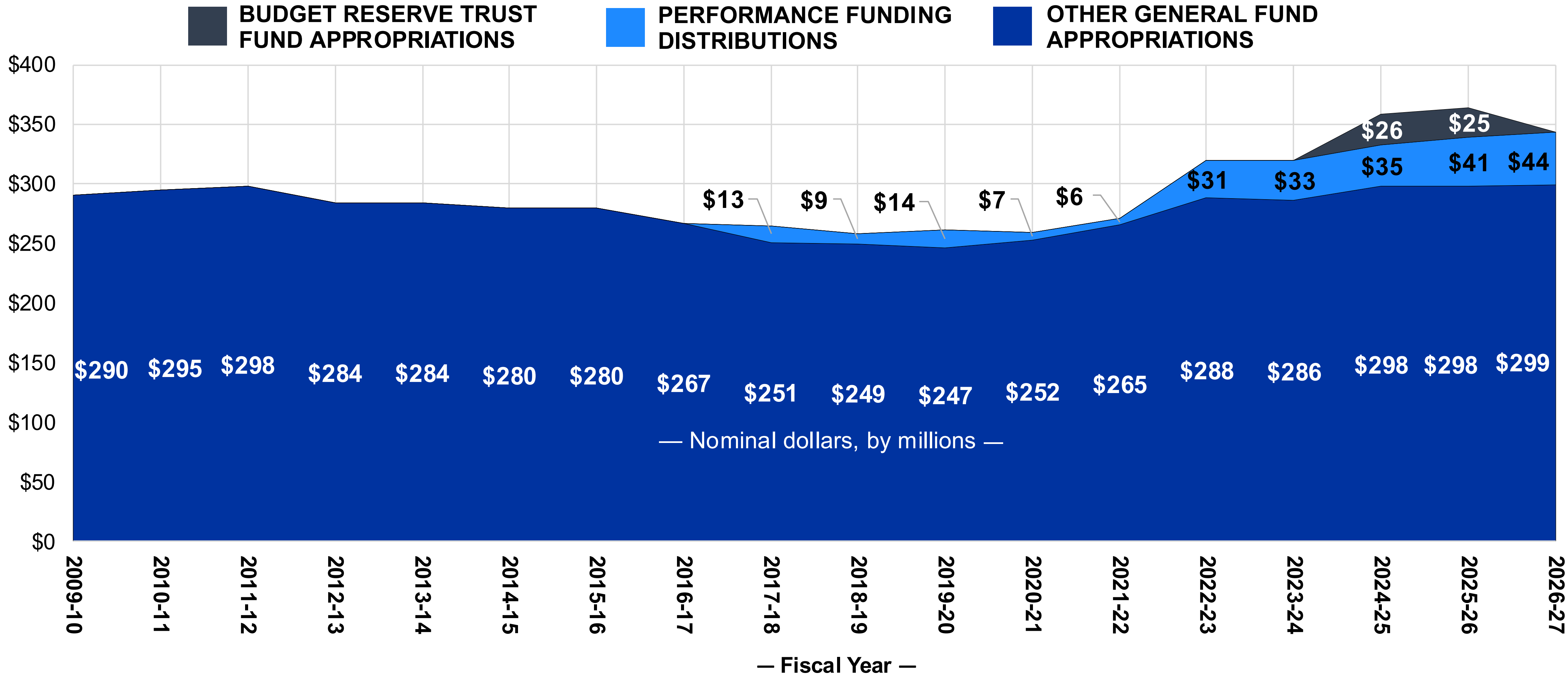
WHERE WILL NEW REVENUES COME FROM?



* Excludes Special State Appropriations

FISCAL YEAR 2026-27 BUDGET

State Appropriations



University of Kentucky

FISCAL YEAR 2026-27 BUDGET

Kentucky Performance Funding Model

Metrics where rates of growth exceeded sector average between FY 2025-26 and FY 2026-27 iterations

% *	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**	**8**	**7**	**8**	**6**	**0**	**5**	**1**	**4**

* Performance funding metric shares

University of Kentucky

FISCAL YEAR 2026-27 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%
2026	$7,088.50	1.9%	2.5%

*Lower rate for freshmen and sophomores through 2018

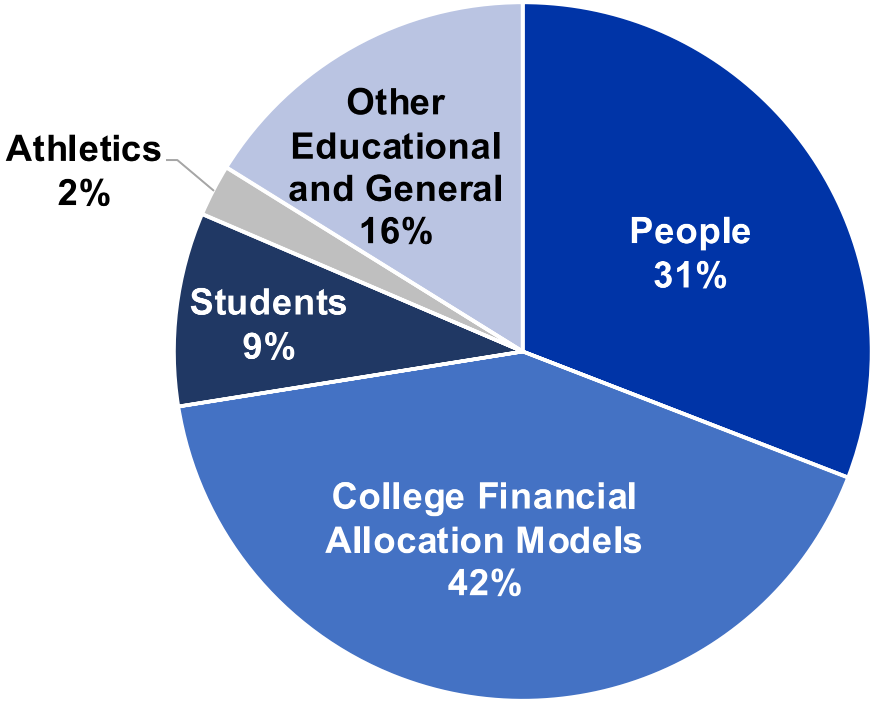
FISCAL YEAR 2026-27 BUDGET

Undesignated General Funds - Incremental Expenses

RECURRING BUDGET	RECOMMENDED FY 2026-27
People Faculty and Staff Salary Increase Benefits Faculty Promotions and Retention Funds	$19.3
College Financial Allocation Models Net Tuition Revenue (NTR) College Productivity Model (CPM) Performance Funding Allocation (PFA)	26.0
Students Student Financial Aid	5.6
Athletics Support: Nonresident Scholarships	1.5
Other Educational and General Facilities Unavoidable Costs Strategic Investments	10.1
Sub-Total New Expenses	**$62.5**
Reallocations	-13.4
Special State Appropriations	-24.5
Total	**$24.6**

IN MILLIONS

HOW WILL WE ALLOCATE OUR NEW RESOURCES?



* New resources total $62.5 million before reduction of Special State Appropriations and reallocations

Our People

- 13th time in last 14 years provided increases in pay
- For FY 27, eligible employees will receive a 3% across the board salary increase with a minimum raise of $1,500
- FY 27 increase offsets the majority of rising costs of employee health benefits

Base Salary Increases

(Excludes UK Healthcare)

Fiscal Year	Undesignated General Funds (in millions)	Percent increase
2013-14		5.0%
2014-15		2.0%
2015-16		3.5%
2016-17		2.0%
2017-18		2.5%
2018-19		1.5%
2019-20		2.0%
2020-21		0%
2021-22		2.0%
2022-23	17.3	
2023-24	12.5	
2024-25	18.2	
2025-26		1.5%
2026-27		3.0%

Fueling Our Success: Financial Allocation Models

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

Fueling Our Success: College Financial Allocation Models Actual Distributions

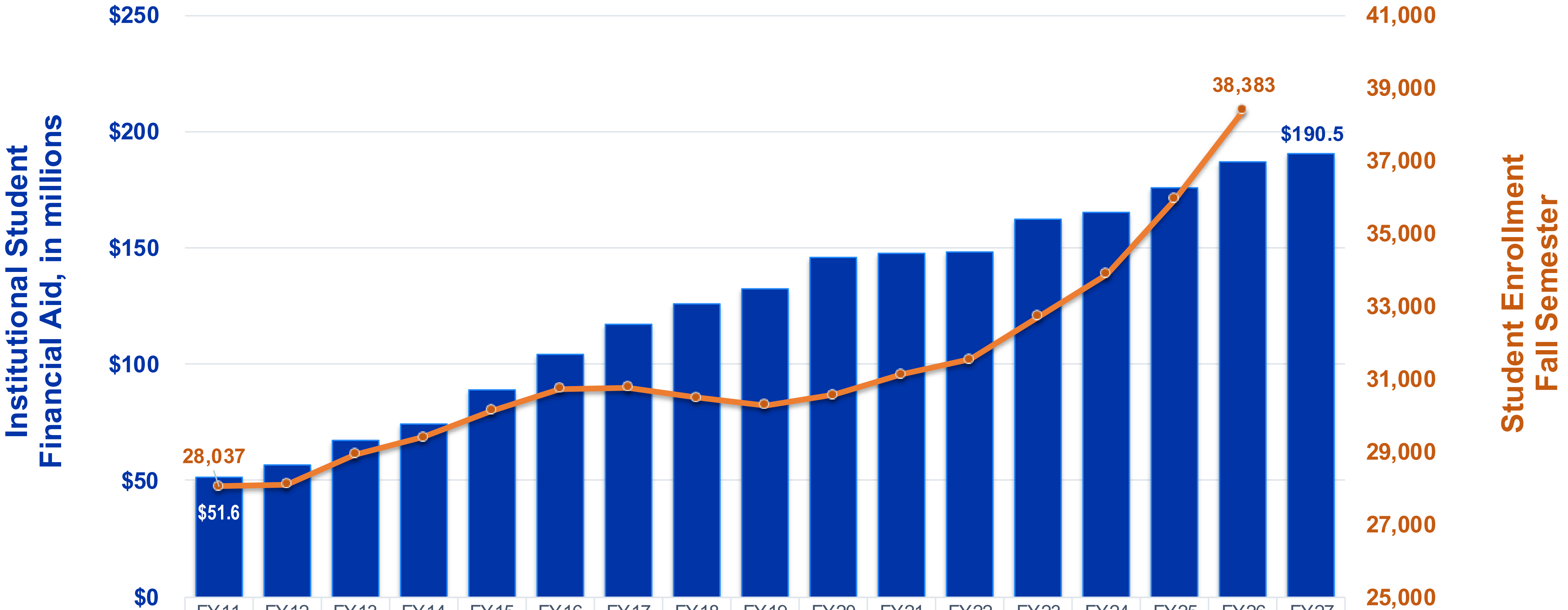
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26*	Total (in millions)
NTR Model Outside Model	 $ 3.2 9.0 $12.2	 $ 4.4 19.6 $24.0	 $ 6.3 5.4 $11.7	 $ 5.7 10.8 $16.5	 $8.2 7.8 $16.0	 $15.5 8.6 $24.1	 $43.3 61.2 $104.5
CPM		$3.0	$4.5	$6.0	$7.5	$6.0	$27.0
PFA			$3.0	$3.0	$3.0	$3.0	$12.0
College Reallocation • CPM 30% • PFA 70%			$7.5	$9.0	$10.5	$6.0	$33.0
Total	$12.2	$27.0	$26.7	$34.5	$37.0	$39.1	$176.5

IN MILLIONS

*FY 2025-26 data as of June 17, 2026

FISCAL YEAR 2026-27 BUDGET

UK Institutional Student Financial Aid and Student Enrollment



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Student Financial Aid	$51.6	$56.9	$67.2	$74.5	$89.1	$104.4	$117.2	$126.1	$132.2	$145.8	$147.8	$148.4	$162.2	$165.4	$175.7	$187.1	$190.5
Student Enrollment	28,037	28,094	28,928	29,385	30,131	30,719	30,761	30,473	30,277	30,545	31,110	31,536	32,710	33,885	35,951	38,383	

FISCAL YEAR 2026-27 BUDGET

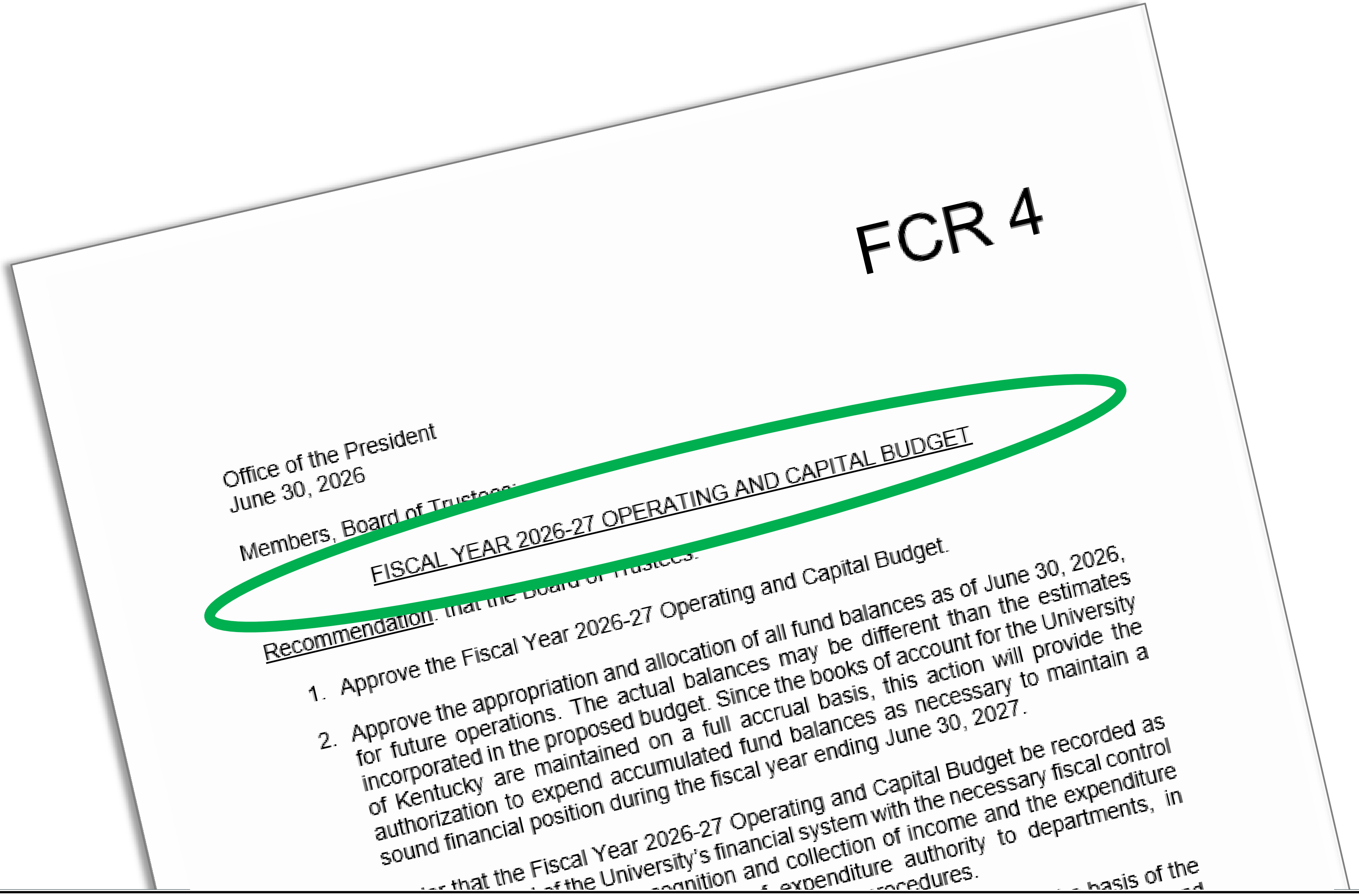
Aligning Our Investments with the Strategic Plan

The impact of UK's Undesignated General Fund allocations

	Putting Students First	Taking Care of Our People	Inspiring Ingenuity	Ensuring Greater Trust, Transparency and Accountability	Bringing Together Many People, One Community
College Financial Allocation Models	●	●	●	●	●
CATS AI	●	●	●	●	●
Athletics Scholarships	●	●	●	●	●
Marketing and Brand Strategy – Constituency Relationship Management (Salesforce)	●	●	●	●	
Utilities and Property Insurance	●	●	●		
Libraries Investment	●		●		
Student Financial Aid	●				
Next Generation Scholars	●				
Faculty and Staff Salary Increases		●			●
Faculty and Staff Health Benefits		●			●
Faculty "Fighting Fund“		●	●		●
Internal Audit				●	

FISCAL YEAR 2026-27 BUDGET

Recommendation



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Office of the President
June 30, 2026

Members, Board of Trustees:

FISCAL YEAR 2026-27 OPERATING AND CAPITAL BUDGET

Recommendation: that the Board of Trustees:

1. Approve the Fiscal Year 2026-27 Operating and Capital Budget.
2. Approve the appropriation and allocation of all fund balances as of June 30, 2026, 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, 2027.

that the Fiscal Year 2026-27 Operating and Capital Budget be recorded as
of the University's financial system with the necessary fiscal control
and collection of income and the expenditure
authority to departments, in
procedures.

QUESTIONS

University of Kentucky

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