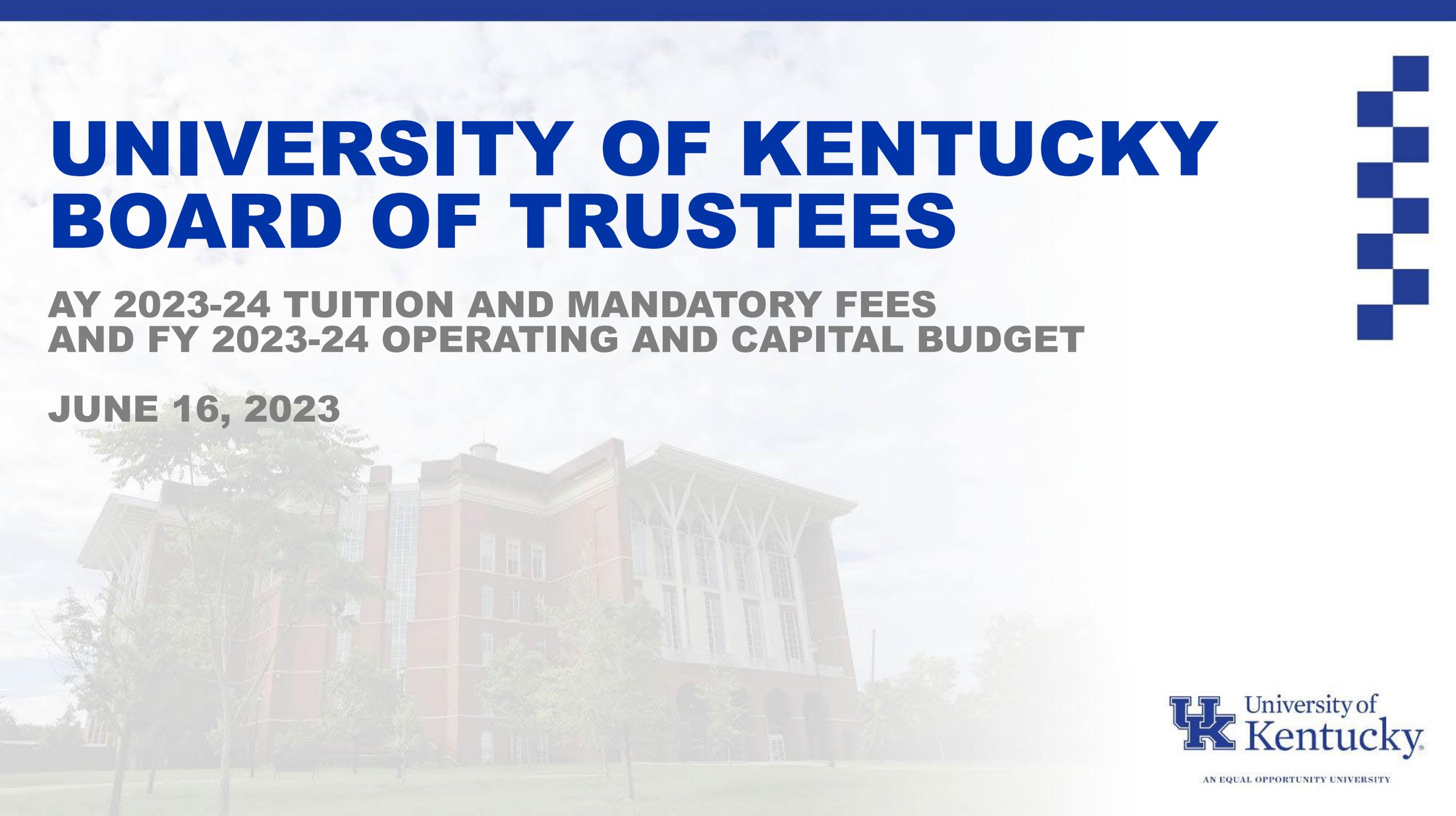


UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

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

JUNE 16, 2023



Topics

UK Strategic Plan and Budget Development Principles

Undesignated General Funds: FY 2024 Budget
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Enrollment/Tuition and Mandatory Fees

Expenses

Financial Allocation Models

FY 2024 Operating Budget and Capital Summary

FCR 5 and FCR 6 Recommendations



UK Strategic Plan



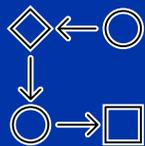
Putting Students First



Taking Care of Our People



Inspiring Ingenuity



Ensuring Greater Trust, Transparency and Accountability



Bringing Together Many People, One Community

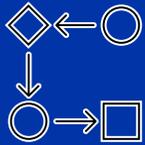
Enduring Budget Development Principles



Student access and affordability



Competitive pay for faculty and staff



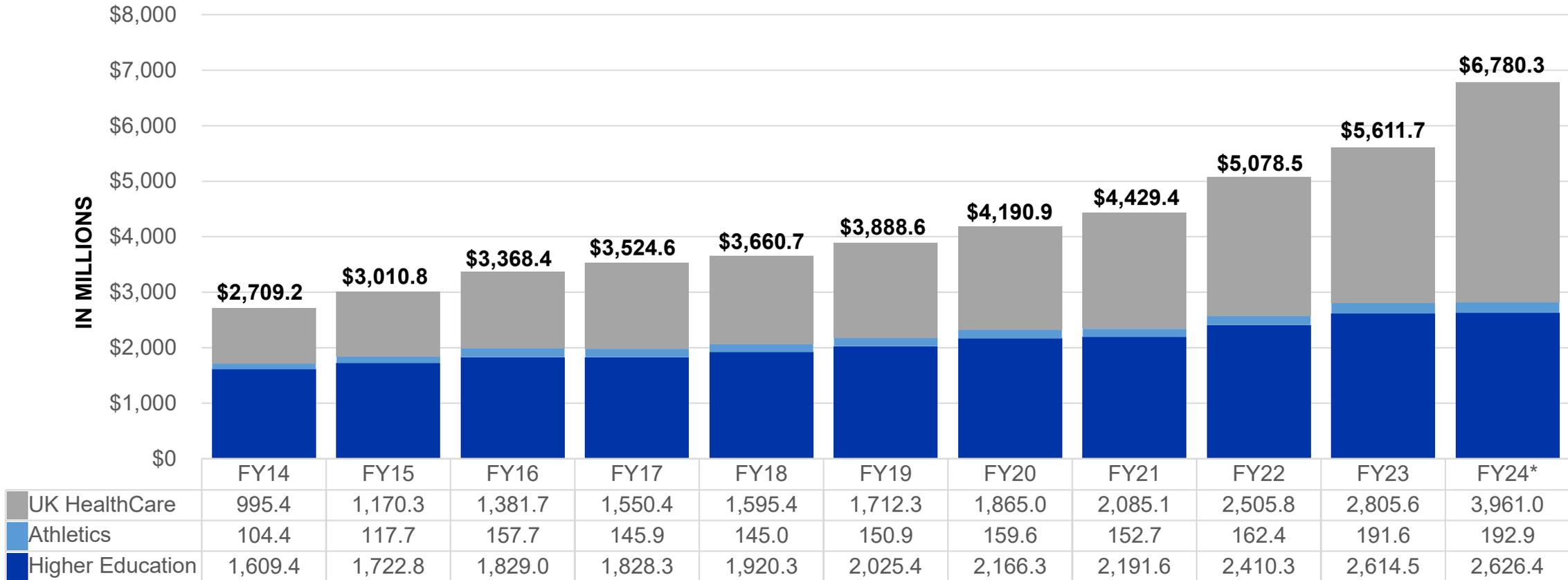
Strategically plan to prevent across-the-board cuts and maintain and enhance academic quality



Building a community of belonging

FISCAL YEAR 2023-24 BUDGET

University of Kentucky Consolidated Original Budget



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

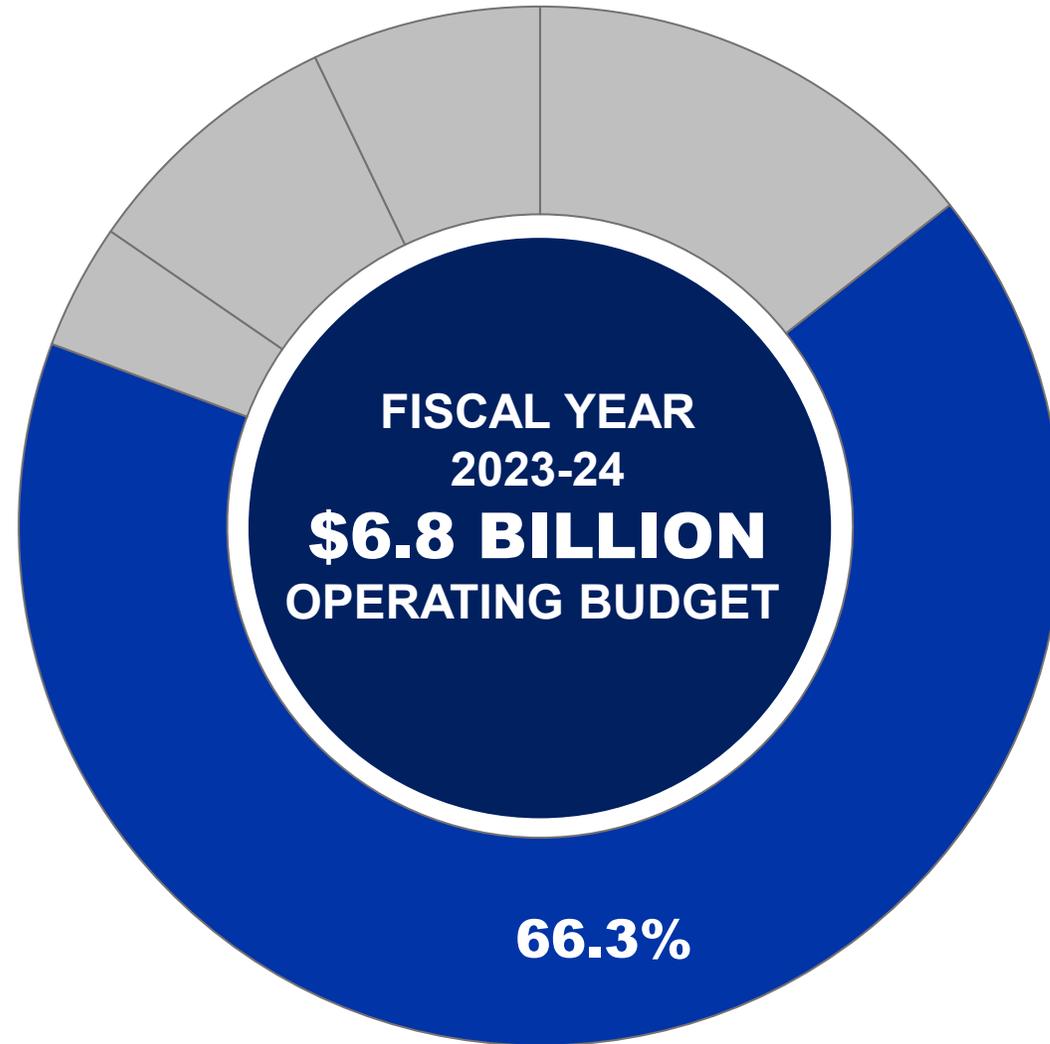
*Pending

Background:

The consolidated operating budget is balanced and:

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

FISCAL YEAR 2023-24 BUDGET



**Designated
General Funds
66.3%**

\$4,491.0 million

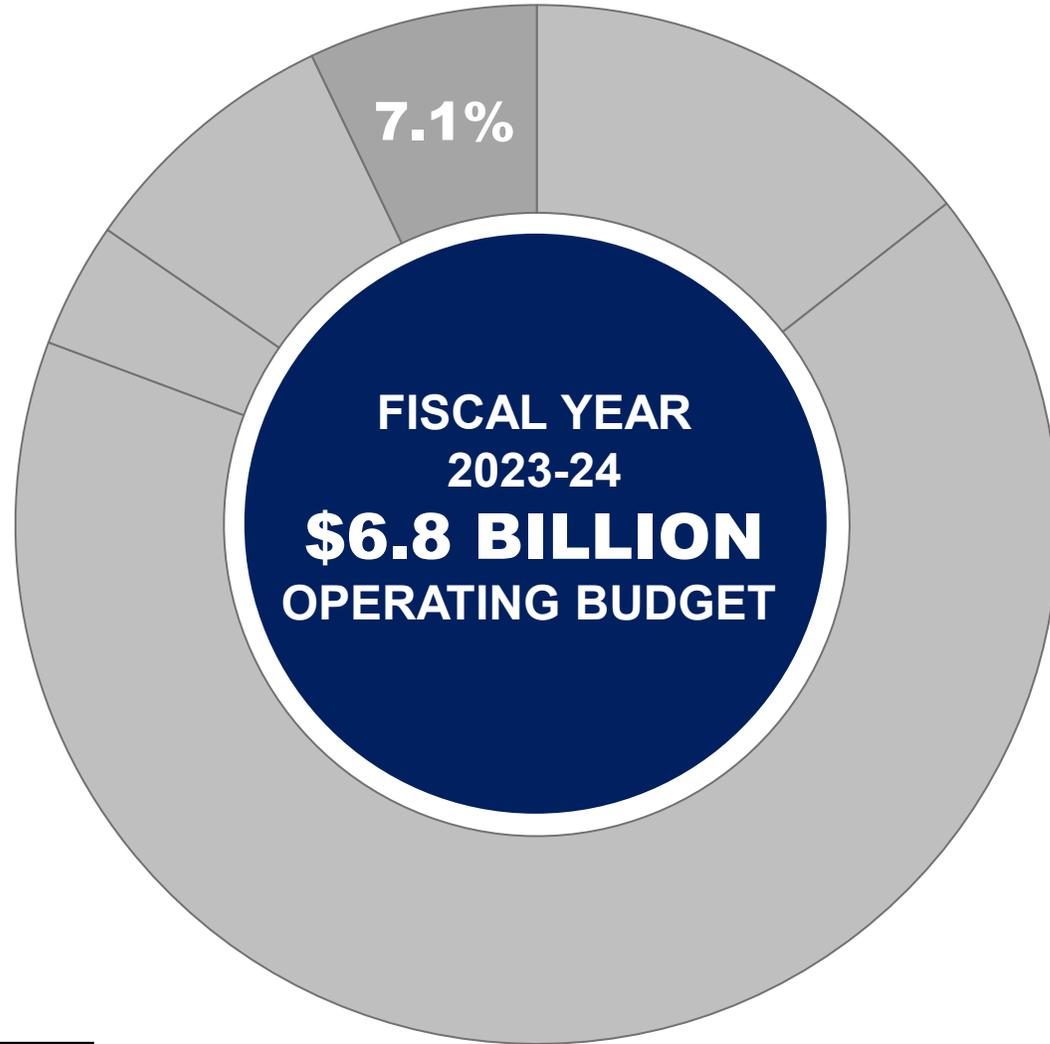
WHERE THE MONEY COMES FROM (in millions)

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

HOW IT IS USED

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

FISCAL YEAR 2023-24 BUDGET



Fund Balances **7.1%**

\$483.6 million

WHERE THE MONEY COMES FROM
Savings from prior years

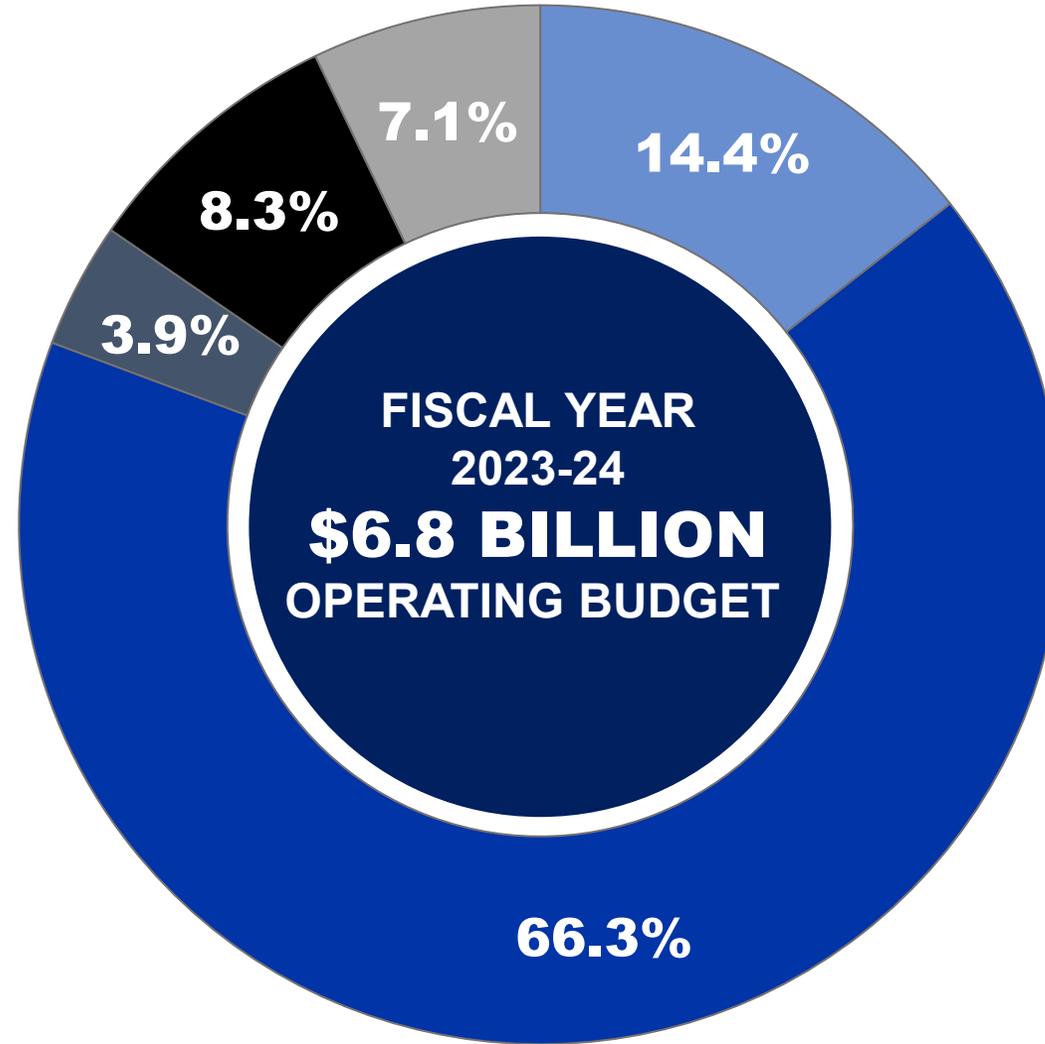
- HOW IT IS USED
- Capital Projects
 - Faculty Start-Up Packages
 - Pilot Programs

FISCAL YEAR 2023-24 BUDGET

**Designated
General Funds
66.3%**

**Undesignated
General Funds
14.4%**

**Restricted
Funds
8.3%**



**Fund
Balances
7.1%**

**Auxiliary
Funds
3.9%**

Topics

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



FISCAL YEAR 2023-24 BUDGET

Undesignated General Funds: Five-Year Revenue History

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

IN MILLIONS

*Effective FY 2022, performance funds are cumulative.

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

FISCAL YEAR 2023-24 BUDGET

Undesignated General Funds Incremental Change Projected FY 2024 Budget Sources

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

IN MILLIONS

Topics

UK Strategic Plan and Budget Development Principles

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

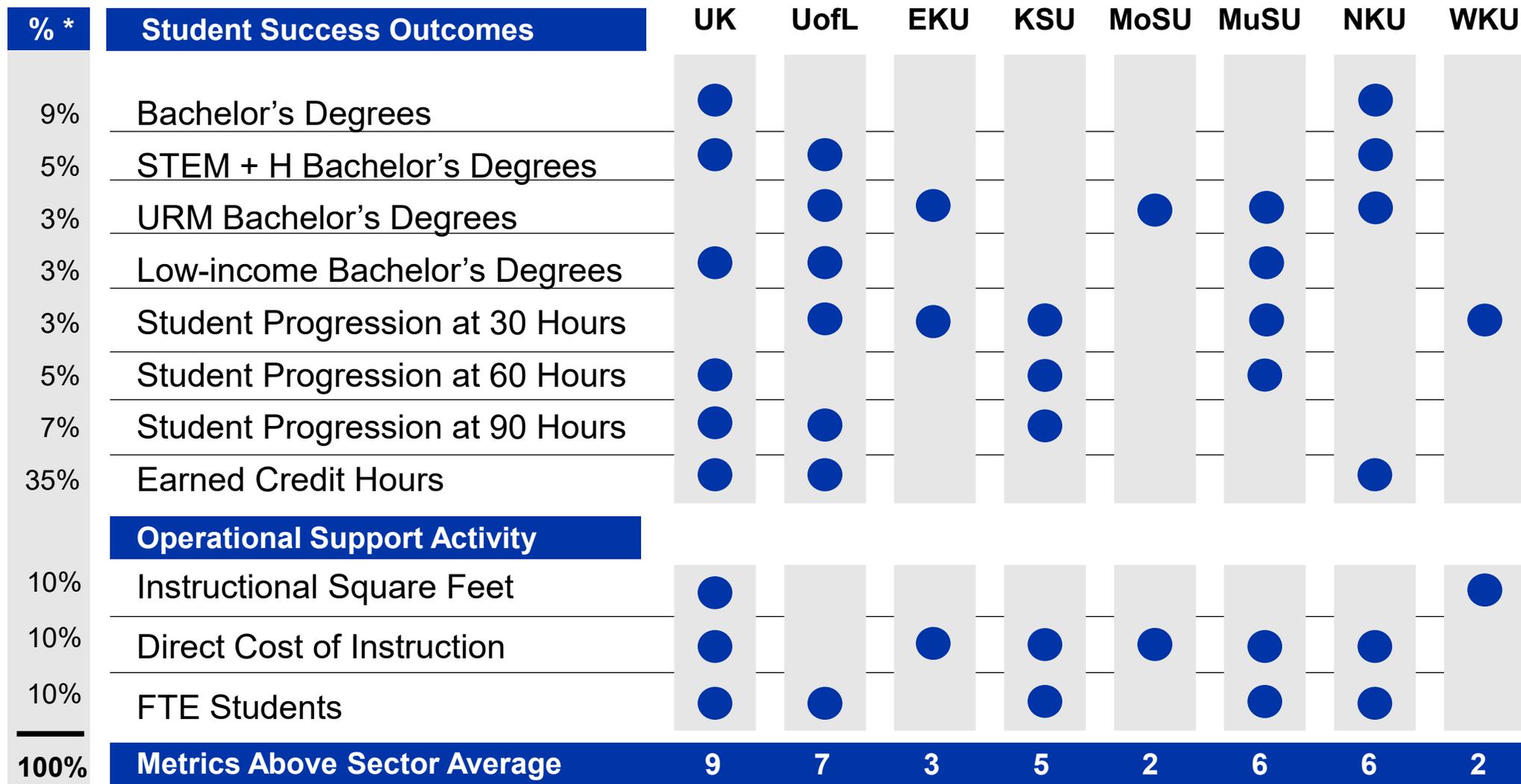


FISCAL YEAR 2023-24 BUDGET

State Performance Funding

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

* Performance funding metric weights



FISCAL YEAR 2023-24 BUDGET

State Performance Funding: Bachelor's Degrees Produced

UK's contribution to Kentucky's public university system



BACHELOR'S DEGREES

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



URM BACHELOR'S DEGREES

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



STEM + H BACHELOR'S DEGREES

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



LOW-INCOME BACHELOR'S DEGREES

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

FISCAL YEAR 2023-24 BUDGET

State Performance Funding Model: Sources and Allocations

PERFORMANCE FUNDING POOL*

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

UK RESULTS

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

IN MILLIONS

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

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

Topics

UK Strategic Plan and Budget Development Principles

Undesignated General Funds: FY 2024 Budget
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Enrollment/Tuition and Mandatory Fees



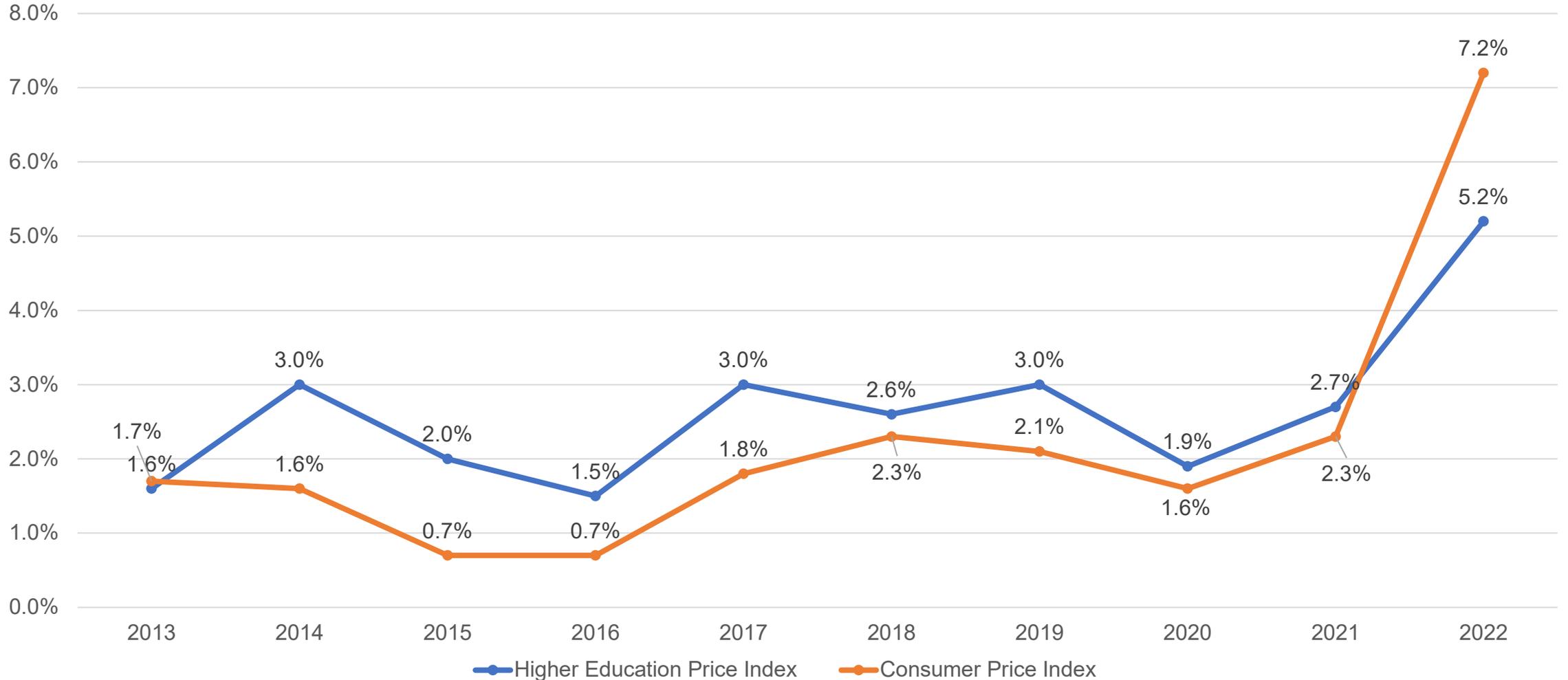
FISCAL YEAR 2023-24 BUDGET

Headcount Enrollment

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

FISCAL YEAR 2023-24 BUDGET

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



Source: 2022 Commonfund Higher Education Price Index Report

FISCAL YEAR 2023-24 BUDGET

Recommended Tuition and Mandatory Fees (per semester)

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

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

FISCAL YEAR 2023-24 BUDGET

Tuition and Mandatory Fees (per semester)

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

*Freshmen and sophomores only through 2018

**Recommended

Topics

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Expenses



FISCAL YEAR 2023-24 BUDGET

Undesignated General Funds Incremental Changes Projected FY 2024 Budget Uses

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

IN MILLIONS

FISCAL YEAR 2023-24 BUDGET

FY 2024: Our People

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



FISCAL YEAR 2023-24 BUDGET

Base Salary Increases

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



Topics

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Financial Allocation Models



Fueling Our Success: Financial Allocation Models



NET TUITION REVENUE (NTR)

Incentivize enrollment growth by sharing increase in net tuition revenue

COLLEGE PRODUCTIVITY MODEL (CPM)

Incentivize institutional values

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

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



PERFORMANCE FUNDING ALLOCATION (PFA)

Incentivize enrolling and graduating more students and in-person instruction

Colleges awarded funds based on proportionate share of:

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



FISCAL YEAR 2023-24 BUDGET

Fueling Our Success: Financial Allocation Models Actual Distributions

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

IN MILLIONS

*As of May 28, 2023

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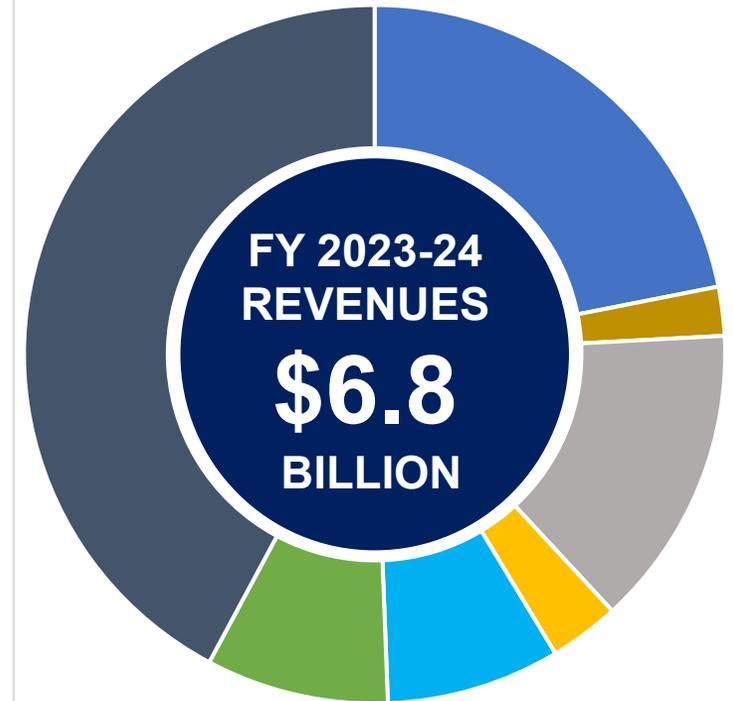
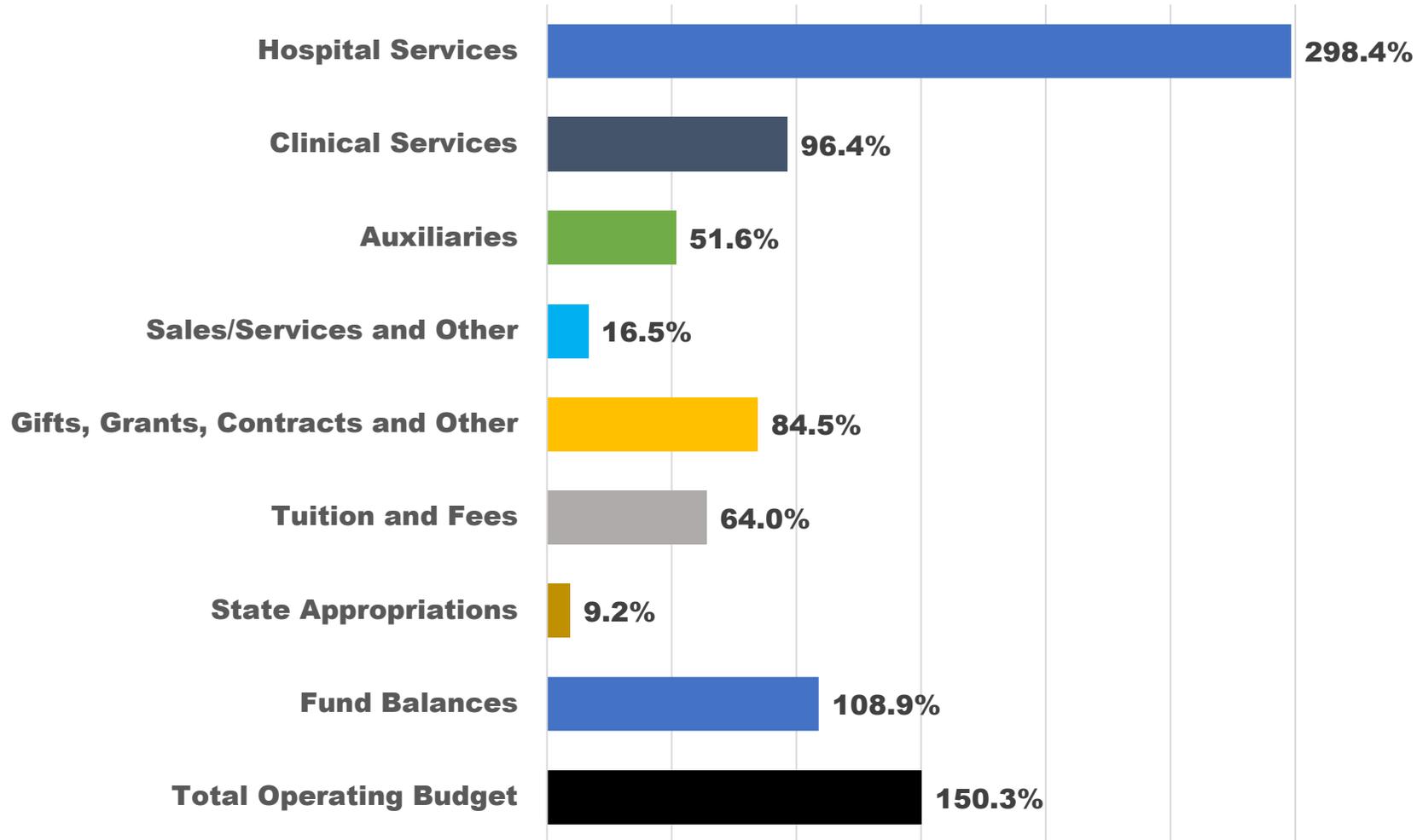
Financial Allocation Models

FY 2024 Operating Budget and Capital Summary



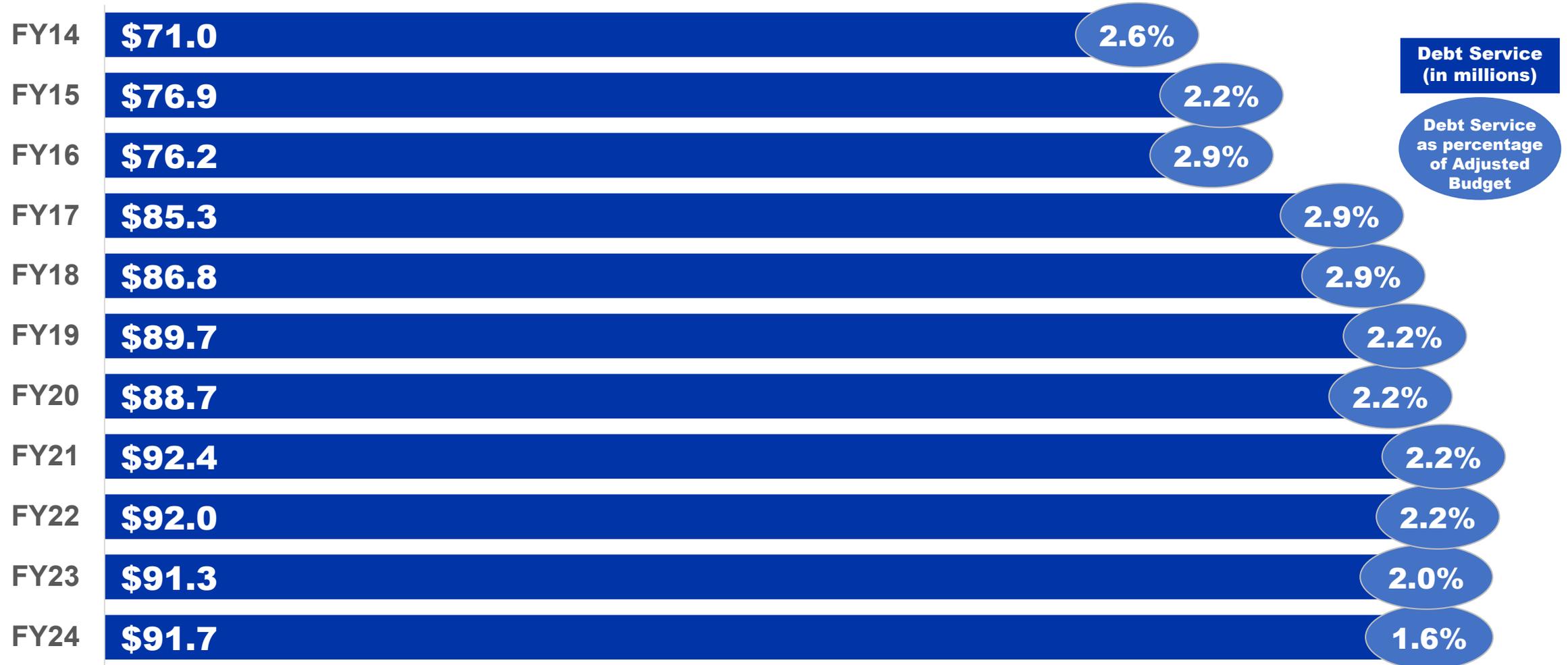
FISCAL YEAR 2023-24 BUDGET

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



FISCAL YEAR 2023-24 BUDGET

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



*Operating Budget less Restricted Funds and Fund Balances

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FCR 5 and FCR 6 Recommendations



QUESTIONS?

