

2014-15

Tuition and Mandatory Fees, Housing and Dining

University of Kentucky

May 5, 2014

Presentation to the
University Senate



President Eli Capilouto

DRAFT

Setting Tuition and Mandatory Fees Starts with the Operating Budget...

FY 2014-15 Guiding Principles

1. Faculty and staff pay raise – competitive salaries and benefits
2. No across-the-board budget reallocation – minimize impact on the academic core
3. Moderate tuition and fees increase – affordable rates for students and their families

University of Kentucky Current Funds Revenue Budget

| | FY 2013-14 | FY 2014-15 |
|-----------------------------------|------------------------|---------------|
| Recurring: | | |
| <i>Undesignated General Funds</i> | | |
| Tuition | \$347,785,900 | \$375,714,400 |
| State Appropriations | 283,869,300 | 279,611,300 |
| Other | 16,284,600 | |
| <i>Designated General Funds</i> | | |
| Hospital System | 987,892,400 | |
| Other | 332,580,300 | |
| <i>Auxiliary Funds</i> | 177,905,600 | |
| <i>Restricted Funds</i> | 346,617,600 | |
| Non-recurring: | | |
| Fund Balances | 235,133,700 | |
| Total | \$2,728,069,400 | |

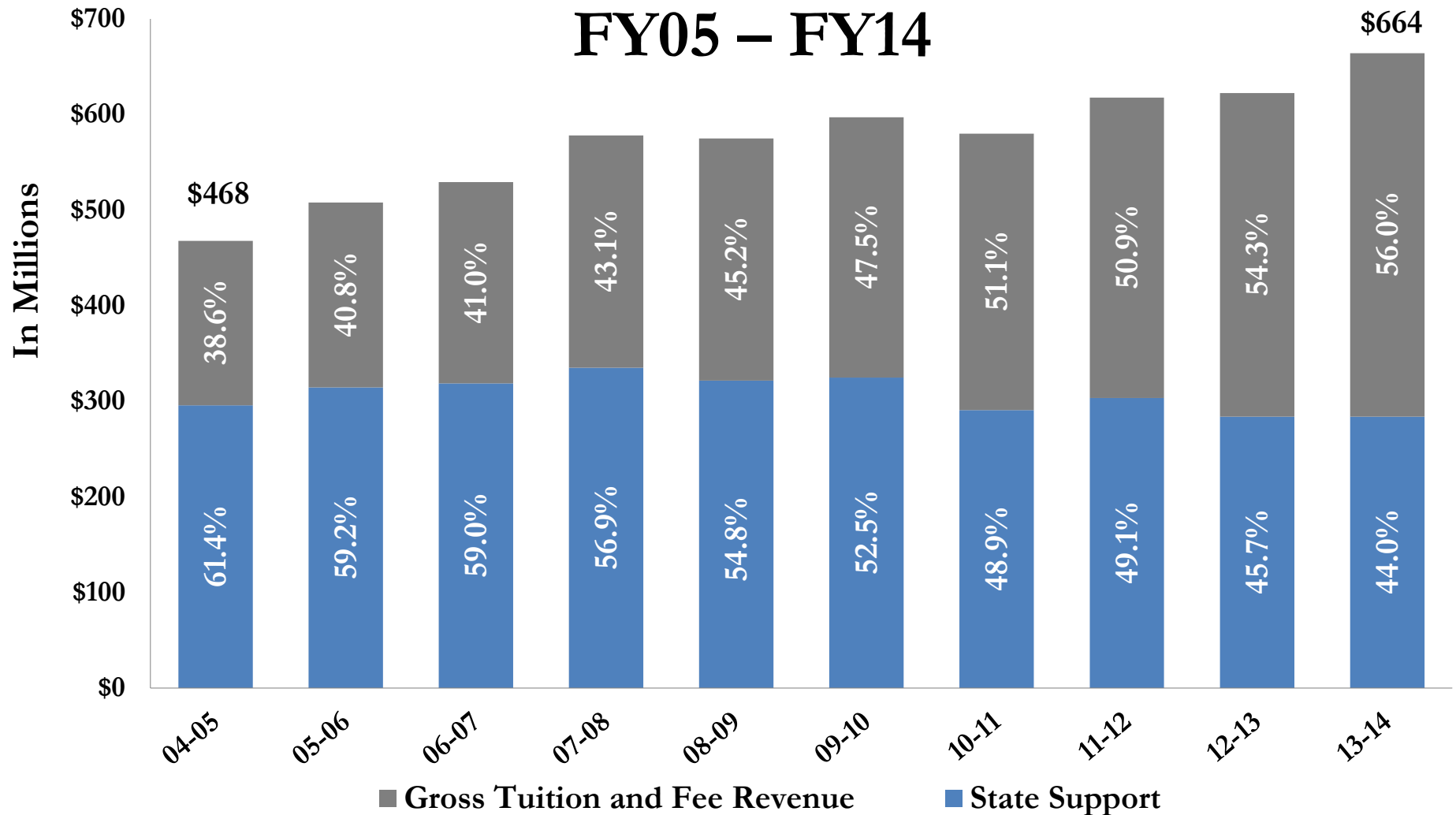
Preliminary

University of Kentucky

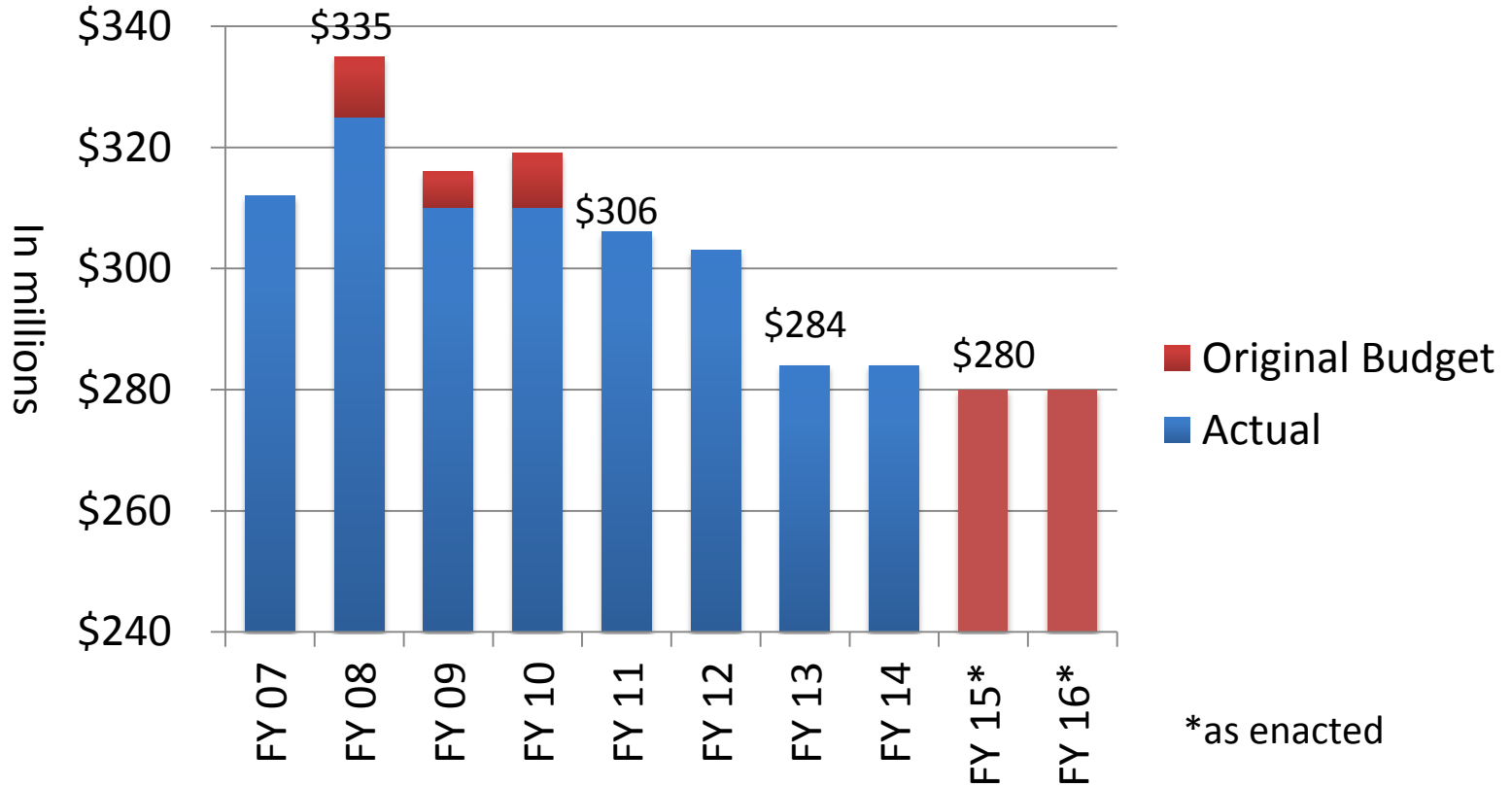
Shift in Total Public Fund Revenue Sources

Original Operating Budget

FY05 – FY14



University of Kentucky State Support



FY 2014-15 Operating Budget
Estimated Funding Need
Undesignated General Funds

| | |
|--|---------------------|
| State Appropriations Reduction | \$4,258,000 |
| Personnel | |
| Faculty and Staff Merit Salary Pool (2%) | 8,566,400 |
| Investments in Faculty | 969,800 |
| Benefits / Other | 1,877,700 |
| Operating | |
| Student Financial Aid | 11,774,300 |
| Fixed Costs Including Utilities | 2,122,800 |
| Campus Facilities Transformation Pool | 1,000,000 |
| College Incentive Programs | 5,547,000 |
| Enrollment Growth Target Reserve | 2,063,900 |
| Strategic Investments | 1,000,000 |
| Total Funding Need | \$39,179,900 |

| FY 2014-15 Operating Budget Budget Solution Undesignated General Funds | |
|--|---------------------|
| Total Funding Need | \$39,179,900 |
| Efficiencies and New Revenues | 3,254,000 |
| Re-deployment of Funds | 4,700,000 |
| Remaining Funding Need | \$31,225,900 |

| FY 2014-15 Operating Budget Budget Solution Undesignated General Funds | |
|--|----------------------|
| Remaining Funding Need | \$31,225,900 |
| Gross Tuition Revenue | 27,928,500 |
| Remaining Funding Gap | (\$3,297,400) |

FY 2014-15
Campus Facilities Transformation Pool

| | |
|---|---------------------|
| Recurring Capital Renewal Funds | |
| Campus Facilities Transformation Pool | \$ 5,000,000 |
| Debt Service Pool | 10,454,500 |
| Physical Plant Utilities / Renovation Fund | 2,000,000 |
| Classroom Improvement Fund | 967,000 |
| Capital Landscape Improvement Fund | 350,000 |
| Total Recurring Capital Renewal Funds | \$18,771,500 |
| FY 2014-15 Commitments | |
| Debt Service: Academic Science Building | \$4,109,700 |
| Funding Gap | 3,297,400 |
| FY 2014-15 Remaining Capital Renewal Funds | \$11,364,400 |

Tuition Revenue Assumptions

| Tuition Rate Increases | |
|-------------------------------|--------------|
| Resident | 5.0% |
| Non-resident | 8.0% |
| Entering First-Time Class | 4,800 |
| Residency Mix | 66% resident |
| Retention Rate | 83.5% |

Recommended Tuition and Mandatory Fees*
Per Semester

| | Fall 2013 | Fall 2014 | Change |
|---------------------------------------|------------------|------------------|---------------|
| Undergraduate – Lower Division | | | |
| Resident | \$4,983 | \$5,232 | \$249 |
| Non-Resident | \$10,526 | \$11,367 | \$841 |
| Undergraduate – Upper Division | | | |
| Resident | \$5,127 | \$5,384 | \$257 |
| Non-Resident | \$10,667 | \$11,521 | \$854 |
| Graduate | | | |
| Resident | \$5,386 | \$5,656 | \$270 |
| Non-Resident | \$11,419 | \$12,332 | \$913 |

*Includes Student Center Renovation Fee

Recommended Tuition and Mandatory Fees

- Differential Tuition Rates
 - Graduate Programs
 - Professional Practice Programs
 - Medicine
 - Dentistry
 - Pharmacy
- Course and Program Fees

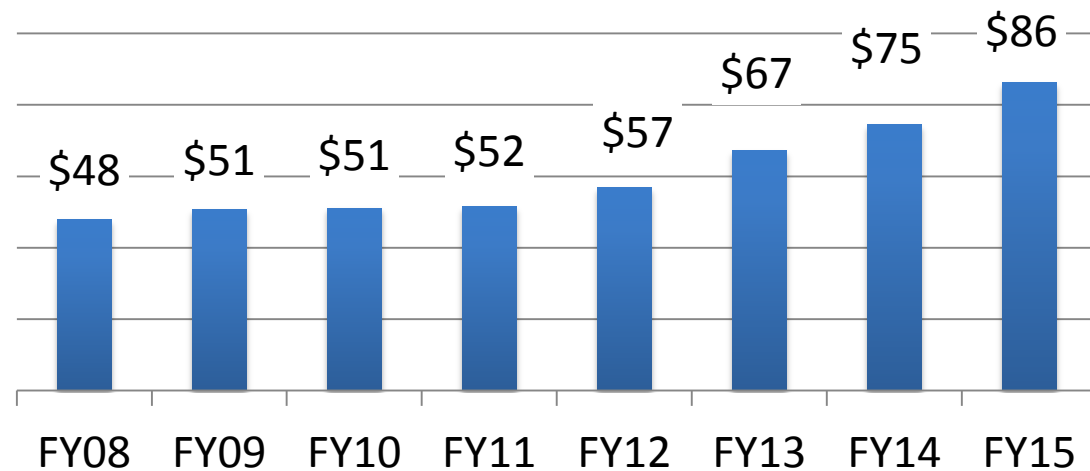
Tuition and Fees and Student Financial Aid

Tuition and Mandatory Fees Per Semester

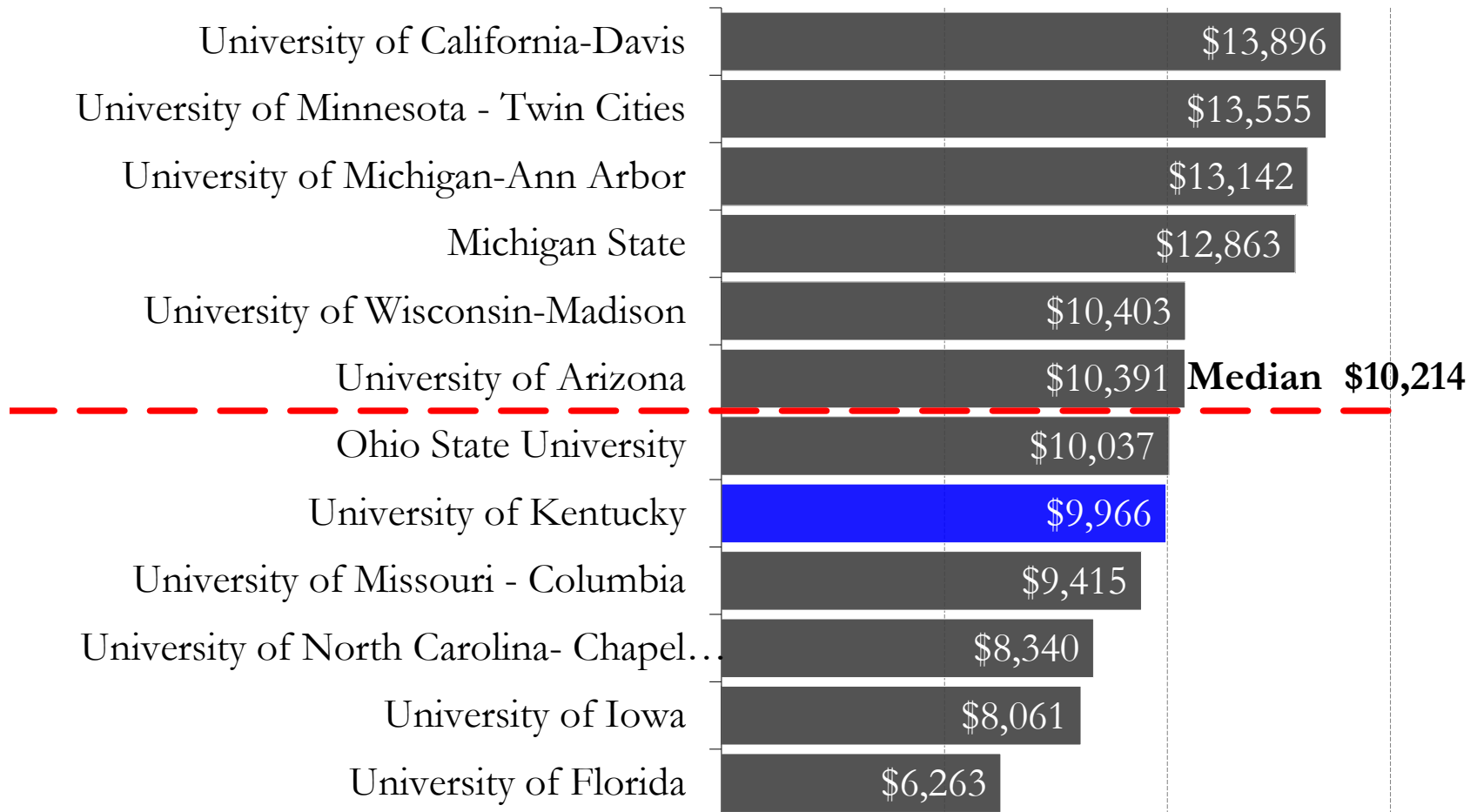
| Fall Semester | UG Resident Rate* | Annual % Change | 4 Year Average % Change |
|---------------|-------------------|-----------------|-------------------------|
| 2003 | \$ 2,274 | 14.4% | |
| 2004 | \$ 2,583 | 13.6% | |
| 2005 | \$ 2,906 | 12.5% | |
| 2006 | \$ 3,255 | 12.0% | 13.1% |
| 2007 | \$ 3,548 | 9.0% | 11.8% |
| 2008 | \$ 3,868 | 9.0% | 10.6% |
| 2009 | \$ 4,062 | 5.0% | 8.8% |
| 2010 | \$ 4,305 | 6.0% | 7.3% |
| 2011 | \$ 4,564 | 6.0% | 6.5% |
| 2012 | \$ 4,838 | 6.0% | 5.8% |
| 2013 | \$ 4,983 | 3.0% | 5.3% |
| 2014 | \$5,232 | 5.0% | 5.0% |

*Freshmen and Sophomores

UK Funded Student Financial Aid



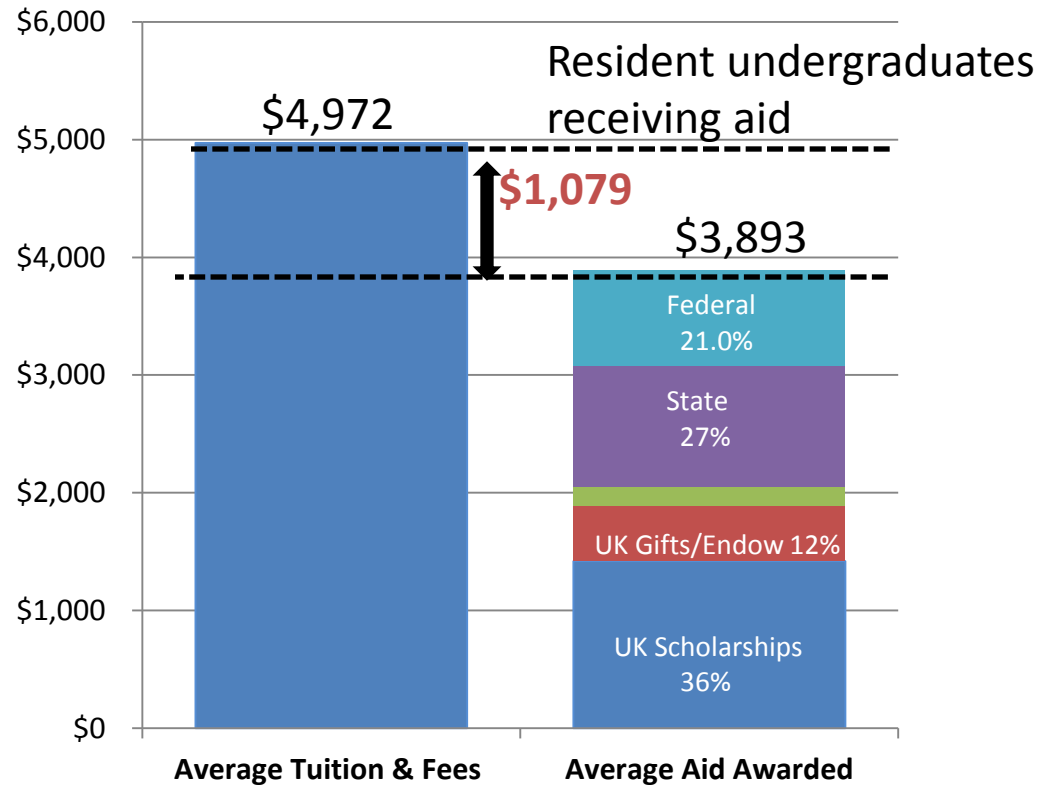
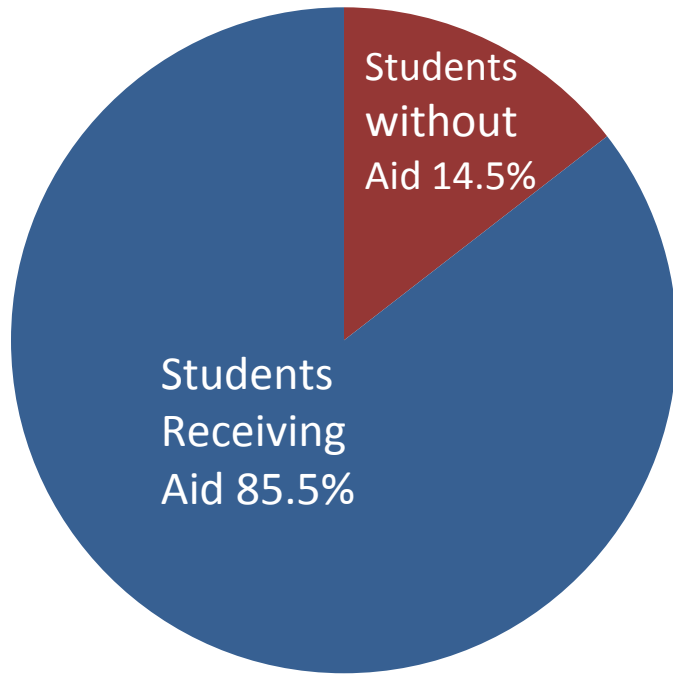
Resident Undergraduate Tuition and Fees, FY 2013-14



University of Kentucky

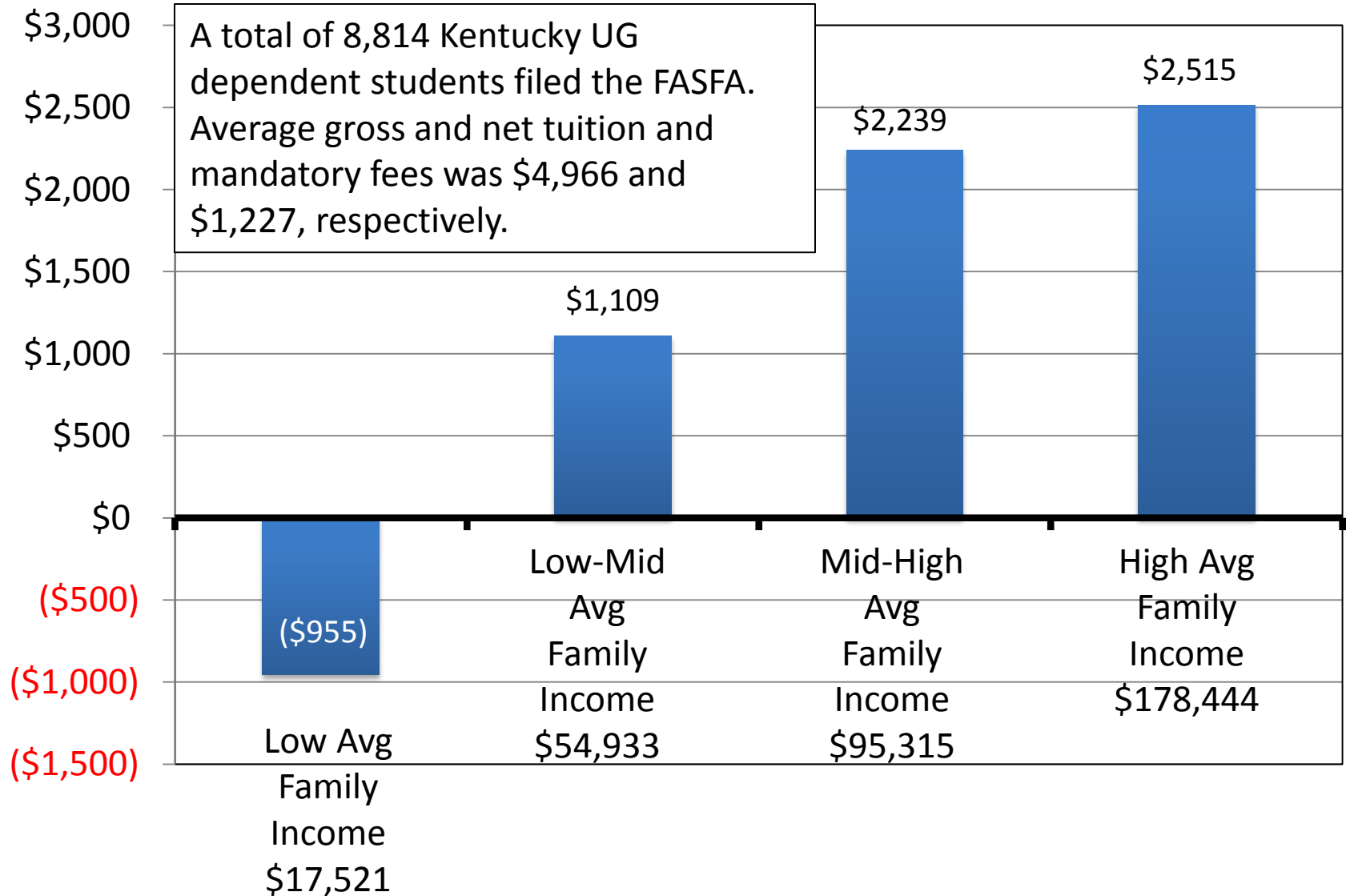
Full-time, Kentucky Resident Undergraduates Receiving Grants or Scholarships

Fall 2013



A total of 12,986 (85.5%) of 15,189 resident undergraduates received some form of financial aid in Fall 2013. These students paid an average of \$1,079 out-of-pocket for tuition and mandatory fees.

Full-Time Dependent Resident Undergraduate Students Average Net Tuition and Mandatory Fees by Income Quartile Fall 2013



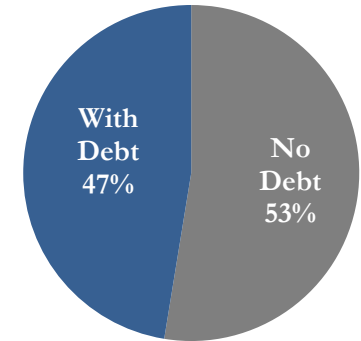
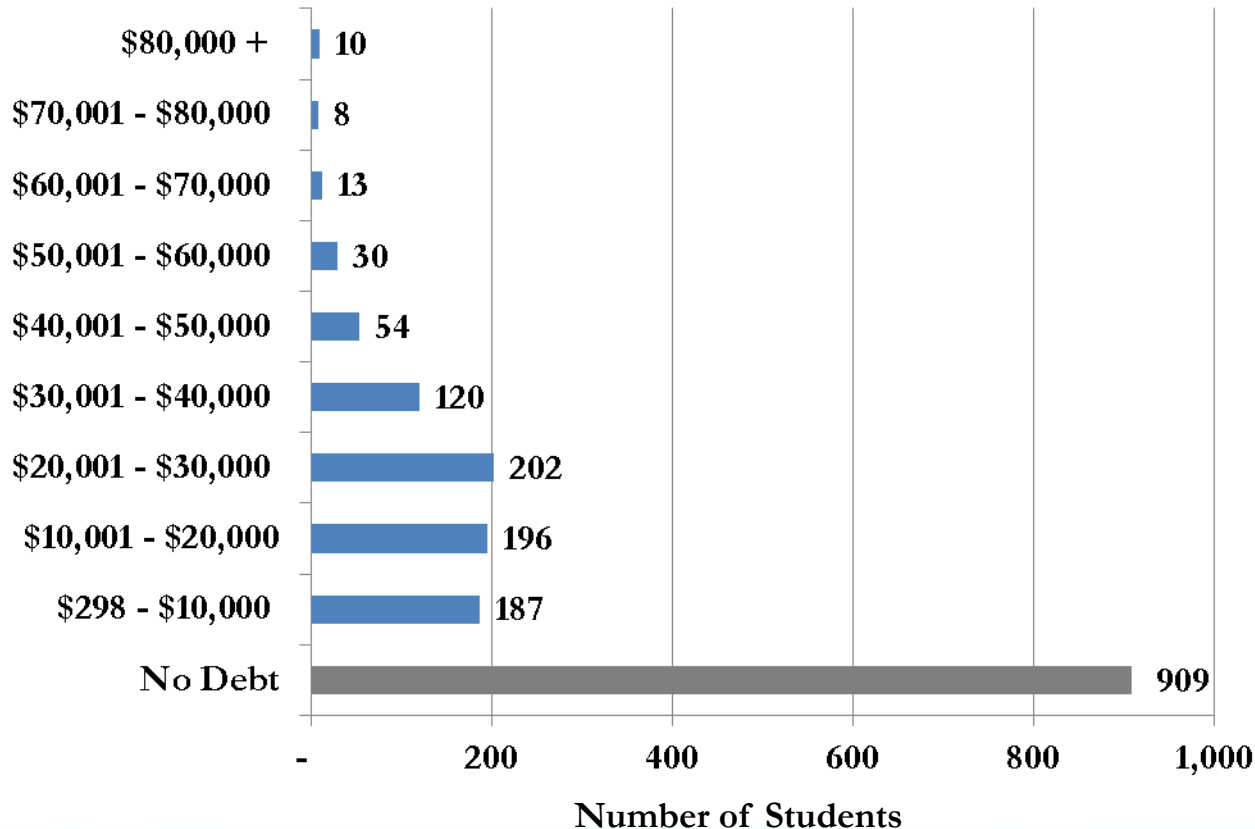
Kentucky Postsecondary Graduate Average Debt

| College Graduating Class | Average Debt | National State Ranking* | Proportion of Graduates with Debt |
|--------------------------|--------------|-------------------------|-----------------------------------|
| 2012 | \$22,384 | 10 | 62% |
| 2011 | \$22,287 | 14 | 60% |
| 2010 | \$19,375 | 8 | 58% |
| 2009 | \$19,112 | 9 | 54% |
| 2008 | \$15,951 | 4 | 57% |

- Ranked by lowest to highest debt.

Source: Project on Student Debt

Average Debt of Resident Baccalaureate Graduates from the Fall 2006 Entering Freshmen (full-time resident) Cohort




KY Residents = 3,415 (81.5%)

- **1,759 students graduated after 5.5 years (51%)**
 - 53% of graduates had no student loans
 - 47% of graduates with loans had average debt of \$23,500

Median Earnings by Education Level

- Workers, age 25 and older, with a high school diploma earned \$33,800 before taxes.
- Workers, age 25 and older, with a bachelor's degree earned \$55,700 before taxes.
- Additional earnings, after taxes, of a worker with a bachelor's degree would pay off \$23,500 of student loans in less than two years.

Sources: The College Board, *Education Pays 2010*, Figure 1.1; U.S. Census Bureau, 2009; Internal Revenue Service, 2008; Davis et al., 2009; calculations by the authors.



2014-15 Proposed Rates for Housing and Dining

Presentation to the
University Senate



President Eli Capilouto

Proposed Undergraduate Housing Rates (Per Semester, Per Person)

| | FY 2014 | FY 2015 | \$ Increase | % Increase |
|--|---------|---------|-------------|------------|
| Housing Traditional Double | \$2,323 | \$2,323 | \$0 | 0.0% |
| Housing Traditional Single | \$3,485 | \$2,823 | -\$662 | -19.0% |
| Greek Double | \$2,392 | \$2,392 | \$0 | 0.0% |
| Greek Single | \$3,588 | \$3,588 | \$0 | 0.0% |
| 4-person suite (UK Premium and Type A Units) | \$3,325 | \$3,425 | \$100 | 3.0% |
| 2-Bedroom Suite (Type B Units) | N/A | \$3,904 | N/A | N/A |
| 4-Bedroom Suite (Type C Units) | N/A | \$4,216 | N/A | N/A |
| Additional Housing Fees* | \$70 | \$72 | \$2 | 2.9% |

* Smith and Woodland Glen II are nine months halls open to accommodate students who require housing during stated academic recesses (August 22, 2014-May 10, 2015).

Proposed Apartment Housing Rates (Per Month)

| Commonwealth Village, Greg Page, Shawneetown, and Rose Lane | FY 2014 | FY 2015 | \$ Increase | % Increase |
|--|---------|---------|-------------|------------|
| Efficiency | \$505 | \$520 | \$15 | 3.0% |
| 1-Bedroom | \$603 | \$621 | \$18 | 3.0% |
| 2-bedroom | \$650 | \$670 | \$20 | 3.1% |
| German House | | | | |
| Single | \$592 | \$610 | \$18 | 3.0% |
| 1-Bedroom | \$680 | \$700 | \$20 | 2.9% |

Proposed Dining Plan Rates* (Per Semester)

| | Meals | FLEX | FY 2014 | FY 2015 | \$ Increase | % Increase |
|-------------------------------|----------|-------|---------|---------|-------------|------------|
| Minimum Plan** | 7 | \$200 | \$1,300 | \$1,350 | \$50 | 3.9% |
| Optional Plans | | | | | | |
| Meals per week | 10 | \$300 | \$1,777 | \$1,830 | \$53 | 3.0% |
| | 14 | \$300 | \$2,310 | \$2,379 | \$69 | 3.0% |
| | 21 | \$300 | \$2,841 | \$2,841 | \$0 | 0.0% |
| Block-plan meals per semester | 85 | \$700 | \$1,570 | \$1,617 | \$47 | 3.0% |
| | 95 RA*** | \$350 | \$1,372 | \$1,413 | \$41 | 3.0% |
| | 130 | \$300 | \$1,570 | \$1,617 | \$47 | 3.0% |

* Negotiations with potential private dining partners are ongoing and may result in lower dining rates

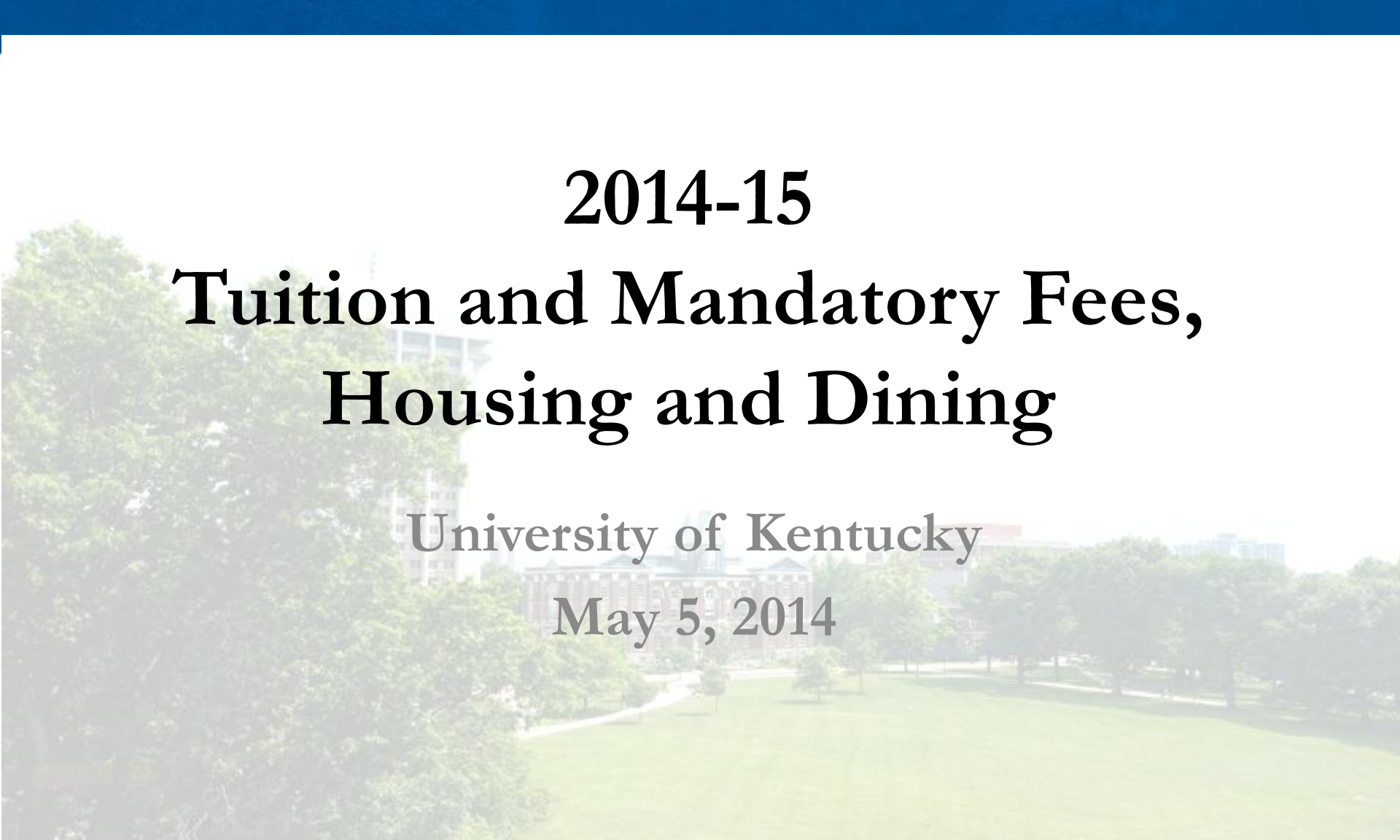
** All students living in residence halls are required to purchase at least the minimum plan

*** 95 Block plan limited to resident assistants (RA) only

Next Steps

- **May 9:** Tuition and Mandatory Fees, Housing and Dining Recommendation
- **June 10:** 2014-15 Operating and Capital Budget presented to UK Board of Trustees
- **June 20:** Tuition and mandatory fees approved by CPE
- **August 27:** Fall 2014 – first day of classes

Discussion and Questions



2014-15 Tuition and Mandatory Fees, Housing and Dining

University of Kentucky
May 5, 2014

Presentation to the
University Senate



President Eli Capilouto