

SENATE MEETING

\* \* \* \*

\* \* \* \*

NOVEMBER 11, 2013

\* \* \* \*

\* \* \* \*

LEE X. BLONDER, CHAIR

CONNIE WOOD, VICE-CHAIR

J. S. BUTLER, PARLIAMENTARIAN

SHEILA BROTHERS, ADMINISTRATIVE COORDINATOR

LISA GRANT CRUMP, COURT REPORTER

\* \* \* \*

\* \* \* \*

BLONDER:

Welcome to the November 11th  
University Senate Meeting.

Before we get started because this  
is Veteran's Day, I'd like to have just a  
moment of silence in honor of our Veterans.  
Thank you.

Please remember to sign in when you  
arrive, give your name and affiliation when  
you speak, attend meetings, respond to emails  
and web posting as appropriate, acknowledge  
and respect others, silence your electronic  
devices, and communicate with your  
constituency.

The first item of business is  
approval of the minutes of October 14th,  
2013. We didn't receive any changes. Does  
anyone have any corrections at this point?

Hearing no corrections, the minutes

UKSenateMeeting-11-11-13.txt

stand approved as distributed by unanimous consent.

Just one announcement today. I've made this announcement previously. I just wanted to remind you that we're having our Annual Stakes Reception Tuesday December 17th after the Board of Trustees meeting.

This is an opportunity for University Senate and Staff Senate to meet with the Board members in a casual atmosphere. There will be drinks and hors d'oeuvres, things like that.

So you'll be getting an email about it in a couple of weeks but I just wanted to mention it. It's on the 18th floor of Patterson Office Tower.

I just have a very brief Chair report. Provost Riordan hosted a lunch meeting with current and former Senate Council Chairs, myself, Holly Swanson, David Randall, Kaveh Tagavi, and Ernie Yanarella.

And we talked for about an hour and a half about the University Senate and Senate Council functions and directions. And we plan to have another meeting again in the future to keep the dialogue going.

Next we have Angie Martin, who is the Vice President for Financial Planning, and she's going to give us an update on the Council on Post-Secondary Education Budget for 2014-2016. Angie? Thank you.

MARTIN:

Good afternoon. I'm going to go over what CPE is, give a little bit of background and then give you a summary of where we stand with regard to the General Assembly.

The Council on Post-Secondary Education is the coordinating agency for Kentucky. Kentucky is rather different. We have a coordinating agency, not a governing agency.

And CPE's main functions are they do have a statutory authority to set tuition fees. They must approve academic programs.

And then they are also responsible for submitting the operating and the capital request to the Governor, to the Legislative Research Commission, to the Office of the State Budget Director as well.

So as we go through this process just remember CPE is the coordinating agency. There are nine public institutions of post-secondary education in the state.

Our two research institutions, UK and U of L. There are six comprehensive institutions and then there's also KCTCS, the Community Technical College System.

Now, CPE's request, they have put it together, they just approved this request last week. Our office, the University Budget Office right now, is hurriedly trying to get all the information into the state system. And we have to submit it by Friday, November

15th.

We have to submit what CPE approves. It's just an extra step that the state requires us to do.

These are all the components of the operating requests for the University of Kentucky, excluding capital, for the biennium which starts July 1st, 2014 and goes through June 30, 2016. Kentucky sets a biennial budget in the even number years.

So the first one to talk about is college and career readiness. And this college and career readiness is CPE actually recommended a total of 19.2 million.

UK's share would only be 1.2 million. And the reason why our amount is so low is because we're not really into developmental education.

And so a lot of the money is going to KCTCS, some money is going to the comprehensive. But the research institutions are not benefitting from this pot very much at all.

We do have to report, if we get this money, if it comes through, we would have to report on how it's used.

Now this 1.2 million would be recurring, meaning we would get 1.2 million in 2014-'15 and could expect to get that same amount every year thereafter.

So we could use it for recurring expenses such as (inaudible).

Now the next bucket is just for the University of Kentucky and the University of Louisville. There was a total request of \$12 million.

And in accordance with House Bill 1, which was passed back in 1997, the Post-Secondary Education Improvement Act, these funds are to be split, two thirds to the University of Kentucky and one third to the University of Louisville.

So we are to get, if this was approved, this is what CPE is recommending, we would get \$8 million to the University of Kentucky for research initiatives and the money would be recurring.

So we would get the money the first year, we would the same dollar amount in the second year.

Right now the way the guidelines are written, or the proposal was written, that this would be to create clusters of excellence. To go after -- to encourage collaborative research between UK and U of L, and that's as strong as we would allow the language to go and still agree with it.

And then you can see the increased partnerships in of course hopefully get to high wage jobs, high wage jobs.

Now the last bullet is that it may be linked for Bucks for Brains and I'm going to get to that later. But yes, this

UKSenateMeeting-11-11-13.txt  
recommendation does include another round of Bucks for Brains.

Kentucky, the State of Kentucky, the Commonwealth of Kentucky, is putting its toe into performance funding. And this is our first step into it that CPE did and this is based on degree production. They are requesting \$18 million the first year, another \$18 million the second year.

So we would have 18 million recurring the first year, 36 million the second year. It would double.

It would be allocated to the institution based upon the number of degrees produced in a rolling average, three year average assessment period.

We had a lot of discussion about this, this bucket. There will be a lot more work as we go forward into the future. But we did get that the degrees are weighted by level.

So a bachelor's degree is worth more than an associate degree. And we also got degrees weighted by cost of instruction based on type of institution.

Our cost structure is different than Kentucky State University so our degrees cost more. And we've gotten that reflected in here.

The Council also insisted on having premiums. So if you issue a degree to a low-income student that happens also to be under-represented and was in the health field, you're going to get a triple premium on that student. So they're trying to focus us and get us to graduate these students.

Land Grant Fund. This is another unique bucket. This actually only applies to UK and Kentucky State University.

We are the two land grant institutions in the state and we successfully argued that when you look at the request in total, our mandated programs, which are a huge part of our budget, weren't represented anywhere.

Out of our \$284 million of base state appropriations over \$80 million is mandated, meaning at some point in time there was a line item authorization for whatever program.

The largest piece of course is for the land grant, the Ag Extension, Ag Experiment Station.

So we did get CPE to include a small inflationary increase in our land grant appropriations so it's only limited to UK and Kentucky State.

We would get 1.2 million in '15 and then an additional 1.2 million. So up to 2.4 million in '16.

Okay. Up to now everything was operating. These were all recurring dollars that we spend. Now we're crossing over into

UKSenateMeeting-11-11-13.txt  
non-recurring dollars. This is more the capital, the investment side.

CPE is recommending a total \$95 million for Bucks For Brains. This is our endowment match program and we were able to expand it last time to also include capital projects, but those had to be matched dollar for dollar.

And the way it's allocated is out of the 95 million, 75 million would be allocated to UK and U of L. UK would get the two thirds.

So we would get 50 million and 15 million would be allocated to all six comprehensive and then 5 million is KCTCS. This will be the first time KCTCS really got into this game.

And then we do want to retain that flexibility to endow or expend on capital. That's been very helpful to us.

On the capital side it's always complicated, and state legislators really look at operating and capital are two separate buckets.

So looking at the capital side and what CPE did is they had a study performed back in 2007 of all the institutions and came up with a quantity and quality need system-wide of \$1.8 billion.

So what they've done is they've said we'll ask for 600 million for each biennium for the next three bienniums and it's going to be for asset preservation and new and expanded space.

So we go through a lot of calculations and what it ended up with is to allocate 15 million to each institution and then you can see how the rest of the pot was allocated.

So for Kentucky, for UK, we ended up with 161.5 million of the \$600 million pot that's being asked for. Remember this is just requested, it's not real yet of course.

But we had to request in certain categories because some of it was limited to research, some of it we're supposed to do asset preservation and some we can do - we can address the quantity needs of the institution.

So these are the top three state bonded projects that are on our list right now. They would require other funding as well.

The biggest piece is capital renewal maintenance pool, this is fixing our current buildings. How do we maintain roofs and infrastructure.

Now in addition to state bonds we need to ask for authority to spend our own money which is agency bonds. And what we've got on our list actually totals \$365 million and you can see what we've got there.

Student Center, is our number one

UKSenateMeeting-11-11-13.txt  
project. Then Healthcare is wanting to finish out some more floors in the patient care facility. The parking structure, improve infrastructure, and student housing.

Now student housing you can see is 232 million, 202 would be provided by the private developer. We're estimating that 30 million, may be needed just for to take care of the space, the educational space that's in the building.

I don't know if any of you have been in Central Hall, but we've got a tremendous amount of educational space in these facilities.

And as we work through these agreements, two things coming out, we're going to have to pay for the demolition of these buildings, the ones we take for sites, and then fitting up inside the buildings, the educational space.

Okay. So what's next. Our next steps are we wait until November 15th. Friday, we hit the submit button along with every other state agency, every other state institution.

The Governor's Office then gets to work. The Governor is supposed to give a State of the Commonwealth Address on January 8th. And he's scheduled to give his Governor, the Governor Budget Address on January 21st.

And then the fun begins because the General Assembly will be back and this is a regular session. It will take them to the middle of April before they cease and go home, adjourn. And they likely take the whole time to work through the budget.

So we get updates of course as they move through. The first update is what's included in the budget, in the Governor's budget.

That's a key part. Because he introduces it and then it goes to the House, then it goes to the Senate and then it goes, it always comes back to the House and then it goes to Conference Committee.

And our state legislators have done such fun things as stopping the clock. They can only work so many days. And so they literally, they're down to the last day, and they can only work until midnight so they just stop the clock and keep on working.

Well, a judge has ruled that that is not legal and so they have to live with the clock. And it's really turned out interesting.

I guess it was two sessions ago, the Senate ended up not having any days left after they approved the budget so what that meant was that the budget went back to the House, the House amended and puts it out - no - yes. Sorry. No. The House accepts it.

UKSenateMeeting-11-11-13.txt

The Governor goes in and vetoes some language and the Senate cannot come back and override because they don't have any days to meet. So I know they'll be very cautious of time and that won't happen this time.

An issue just to watch is the retirement issue at the comprehensive universities. We're waiting for this one to kind of go up and you may have noticed there's a lot of talk about pension.

The comprehensive universities, a lot of them are actually in the state retirement system so they have a defined benefit plan, not a defined contribution plan.

We have defined contribution plans that means we put 10 percent of your salary into a 403B, you match 5 percent. Well, the comprehensives are looking at huge increases in their rate to participate in the state.

They're looking at their rate going from 26 percent all the way up to about 45 percent. So that means the comprehensive total percentage of benefits will be approaching 60 percent when you count in health insurance and life insurance and all the other pieces.

So the comprehensives are really going to be pushing, because you saw there is nothing here that's going to address that. So that's the one piece that I would say is really hanging out there to watch.

RIORDAN: Any questions?  
Chris Riordan, Provost.  
You may clarify what our base budget is and that these are all on top of it.

MARTIN: Very good point.  
Our base budget is \$284 million. It is exactly the same amount that we had back in 2001-'02. We've had a lot of ups and downs since then.

But this would be in addition to the base. Now this performance funding, that's a big issue for a lot of states.

We're saying that it would only be - we're only putting at risk new dollars if we don't perform.

The State of Tennessee has gone as far to put 100 percent of the base at risk. So there's some discussion going on about well maybe we should do that for our institutions.

So that's another piece that's kind of moving but we're not going to be able to really see that develop. We develop in two years from now when we're looking on '16 and '18. Good question.

BLONDER: Other questions? Thank you very much.

The next item on our agenda is an item from the Senate's Academic Programs Committee. This is a proposed new

UKSenateMeeting-11-11-13.txt  
undergraduate certificate in Appalachian Studies. Andrew Hippisley unfortunately is not able to be here today, so Mary Arthur is going to present this.

ARTHUR: So this is a recommendation that the University Senate approve the establishment of a new undergraduate certificate in Appalachian Studies. This is in the Appalachian Center which is within the College of Arts and Sciences.

The primary focus of this certificate is to meet a state mandate to educate students about Appalachian issues and so this would be in addition to a minor that's already present in Appalachian Studies.

The idea then is that the certificate could kind of expand access to Appalachian Studies to students in lots of different disciplines.

And in fact the faculty of record for this particular certificate are in a bunch of different colleges, Fine Arts, Ag, Education, Medicine, and Arts and Sciences.

The certificate would be 12 hours. Everybody would be required to take Introduction to Appalachian Studies which is APP 200. From there the director, who is Ann Kingsolver, would guide students in three additional courses.

Those three additional courses, two of them will have to be in the 300 or above level, one could be below that, and one would have to be outside the student's primary college.

The certificate also has a requirement that students satisfy some sort of engagement requirement. This could be through service learning or an internship. It could be with or without credit.

And students would also be required to complete a capstone requirement that could occur within another preexisting course that they're taking within the Appalachian Studies.

Ann will chime in if I get anything wrong here.

The certificate has in place assessment for both learning outcomes and the program itself.

BLONDER: So we have a motion on the floor, a positive recommendation from Senate Council that the Senate approve the establishment of a new undergraduate certificate Appalachian Studies in the Appalachian Center within the College of Arts and Sciences.

Is there discussion for or against the motion? Questions?

JONES: I have a question. There is an Appalachian -

BLONDER: State your name and -

JONES: Davy Jones, Toxicology.

BLONDER: Thank you.



UKSenateMeeting-11-11-13.txt

JONES:

There is an Appalachian Center, which is a multi-disciplinary research center, that for a long time was under the Provost that got moved organizationally recently to be reporting to the dean of Arts and Science. So it's a multi-disciplinary research center inside Arts and Sciences. And there are centers that report to the dean.

In parallel to that was an academic program that was homed in Arts and Science. Now we don't put certificates and credit-bearing courses in MDRCs. We put them inside degree programs, certificate programs, some of which hang at the level of a college.

So is this certificate going in the academic program but hanging at the level of a college, or is this some new precedent that a certificate is going to go inside an MDRC?

KINGSOLVER: May I address that?

ARTHUR: Yes.

KINGSOLVER: Ann Kingsolver, Appalachian Center and Appalachian Studies Program.

The proposal is for an academic certificate, undergraduate certificate, through the Appalachian Studies Program, which is an academic program, and the review process went all through that, the academic program.

This is part of the mission of connecting the missions of the Appalachian Studies Program within the Appalachian Center.

What the Appalachian Center does is better connects the region with the University, all of the colleges at the University with (inaudible).

And so the internship opportunities, the service learning opportunities, are already there through the Appalachian Center and so the Appalachian Center can help support the possibilities for engagement for the students but the students would earn their academic requirements through the Appalachian Studies Program.

And I should clarify this, the Senate Council asked that the major departments show up on the transcript as credit bearing experience and we revised the proposal that you have now.

And also the courses are not APP courses for the most part, there are courses that appear. We have about 40 faculty across 10 colleges at the University.

And the whole point of requiring students to explore courses outside their colleges is to really make it a University-wide program so that students in any college could take advantage of this.

And the courses that count as APP courses are approved through the faculty, the Curriculum Committee. I think it's six colleges. And they don't have to be cross-

UKSenateMeeting-11-11-13.txt  
listed as APP. So this is not (inaudible).  
It's actually connecting students with  
opportunities that are already there.

BLONDER: Thank you. Do you think we need to  
amend the wording of this motion then?

JONES: I would feel much more comfortable,  
the word has to be in an Appalachian Studies  
Program instead of the Appalachian Program.

BLONDER: So you're making the motion to  
amend the motion to say in the Appalachian  
Studies Program?

JONES: Yes.

BLONDER: Is there a second to the amendment?

GROSSMAN: Second. Robert Grossman, Arts and  
Sciences.

BLONDER: Is there discussion of that, the  
amendment?

Okay, let's vote on the amendment.  
All in favor? Opposed? Abstained? The  
amendment carries.

Now we want to go back to the  
original motion. Is there any further  
discussion of the motion as amended?

Okay. All in favor of the motion  
as amended? Opposed? Abstained? Motion as  
amended carries. Thank you.

The next item from Senate's  
Academic Programs Committee is the proposed  
new undergraduate certificate in Clinical  
Healthcare Management. And I believe Richard  
Charnigo is going to present this on behalf  
of SAPC.

CHARNI GO: Thank you.

BLONDER: Thank you.

CHARNI GO: This is a recommendation that the  
University Senate approve the establishment  
of a new undergraduate certificate, a  
Clinical Healthcare Management certificate in  
the division of Clinical Leadership and  
Management in the Department of Clinical  
Studies in the College of Health Sciences.

So this certificate has been  
proposed in response to a training need. The  
proposal for the certificate documents that  
healthcare professionals are often asked to  
assume leadership positions but most of them  
are without formal academic education or  
training to do so.

So this certificate is anticipated  
to meet that need and they are actually  
expecting about 20 to 30 students annually.

The structure of the certificate is  
to contain 12 credit hours, 9 credit hours  
will be common to everybody.

They will include a course in  
health services administration, a financial  
management of healthcare institutions course,  
and an independent study.

And then one course will be  
selected from a list and there are various  
ways to meet that requirement including a  
course in Leadership and Human Resource  
Management and a course in Health Law.

UKSenateMeeting-11-11-13.txt

There are student learning outcomes and there's a plan in place to assess them, both by serving a graduates of the certificate program and by convening focus groups of employers.

There is a dedicated faculty of record and the resources are already here for the program to run, in particular, all of the courses are currently in existence.

BLONDER: So we have a motion on the floor, a recommendation positive from Senate Council that the Senate approve establishment of a new undergraduate certificate, Clinical Healthcare Management in the Division of Clinical Leadership and Management within the Department of Clinical Studies in the College of Health Sciences.

Is there discussion for or against the motion? Questions? Yes.

HARRISON: Ann Harrison, College of Health Sciences.

This is just a technicality but kind of an important one. It's the Department of Clinical Sciences, not the Department of Clinical Studies. So the department is incorrect.

BLONDER: Okay. So can we just --  
CHARNIGO: Amend the motion of that?

BLONDER: Yes. Do you want to make a motion to amend the wording.

HARRISON: So moved.

BLONDER: Is there a second?

BRION: Second. Gail Brion.

BLONDER: All in favor of the amended wording? Opposed? Abstained. Okay. The amendment carries.

Is there further discussion of the motion? All in favor? Opposed? Abstained? Motion carries. Thank you, Richard.

Next we have Greg Wasilkowski, Chair of Senate's Academic Organization and Structure Committee. This is on the proposed merger of the Department of Molecular and Biomedical Pharmacology and the Graduate Center for Nutritional Sciences into a new single Department of Pharmacology and Nutritional Sciences.

WASILKOWSKI: So first of all I want to point out that the new name does not use any other words than some of these previous names. So I learned my lesson last time.

Moreover there are no changes as far as the educational programs are concerned. The two graduate programs will be the same.

There will be still two directors of graduate studies and also there will be two sets of graduate faculty for each of the programs.

So this is just for endorsement.

While the chairperson of this new department will be the current chairperson of the department and the -- all current core

UKSenateMeeting-11-11-13.txt

faculty from both units will be also members of core faculty of this new department.

And also the current graduate faculty from other colleges also will be asked to continue being graduate faculty of programs.

Maybe a few words about reasons for the - this proposal. First of all, the center, it's really a center, has only five core members and a deficit of over \$60,000 a year.

And this is of course too small a number of faculty to continue research and be productive as they should be.

Also the Department of Pharmacology has 22 core members, which is more than 5 of course, but still it is relatively small if you consider other basic sciences departments in the College of Medicine.

And moreover, recently they -- their research grant was criticized by NIH for small size of faculty and weakness in Nutritional Sciences. So getting 5 extra members from Nutritional Sciences to join this new department will also strengthen that aspect of this new department.

And there are some other reasons like, for instance, both are naturally-complementary so which would strengthen collaboration and they would stabilize both programs, especially this graduate center.

Now endorsement. All core faculty from both programs support the merger. Moreover, there is a very strong endorsement from all the units in the College of Medicine because it is supported also by the Provost.

And additionally as I mentioned the graduate faculty, there's quite a few of them from other colleges and there was a special meeting in March where this merger was discussed and 21 -- and there was voting and 21 were positive.

GROSSMAN: Are those the graduate faculty from the center?

WASILKOWSKI: No. Graduate faculty are not - are not - are from other colleges.

GROSSMAN: Affiliated with the department or with the center?

WASILKOWSKI: With the - with both.

CASSIS: I'm sorry. Is it okay if I finish?

WASILKOWSKI: Finish, yes.

CASSIS: It was --

BROTHERS: Name please.

CASSIS: My name is Lisa Cassis, I'm Chair of Pharmacology.

It was the graduate faculty of the Nutritional Sciences Center.

WASILKOWSKI: Thank you.

And as I mentioned, the graduate faculty (inaudible) in these programs, the majority are from the College of Agriculture and also there are some College of Health Sciences. And there is letter from each of

UKSenateMeeting-11-11-13.txt

the deans which acknowledge they were consulted and they don't raise any objections.

And lastly, all members of the committee were supportive of the endorsement.

BLONDER:

Thank you. So we have a recommendation from the Senate Council that the University Senate endorse the merger of the Department of Molecular and Biomedical Pharmacology and the Graduate Center for Nutritional Sciences into a new single Department of Pharmacology and Nutritional Sciences.

Is there discussion?

GROSSMAN:

Bob Grossman, A and S.

I just have a quick question. When you said that all faculty in the two units support the merger, how was that determined?

WASILKOWSKI:

We received the letters expressing support from all the faculty.

CASSIS:

Lisa Cassis, Pharmacology.

So those votes, the 100 percent unanimous support are by primary appointments in each of those units.

GROSSMAN:

So they wrote individual letters or there was a meeting with a vote, or what?

CASSIS:

There was a meeting with a vote and they wrote individual letters as well.

BLONDER:

Are there other questions or comments? Okay. All in favor? Opposed? Abstained? Motion carries. Thank you, Greg.

Next we have Davy Jones, who is Chair of the Senate's Rules and Elections Committee, he will be discussing the proposed change to Senate Rule 6.4.7.A.1 and this pertains to record keeping and reporting of minor academic offenses. Davy?

JONES:

In the academic offenses section of the University Senate Rules there's a clause where a warning letter can be put into a student's file for a particular minor offense issue.

The current language of the Senate Rules state that if the student doesn't do anything else negative and graduate, that this warning letter in the student's file will be destroyed.

It was brought to our attention later that that actually violates some external record-keeping laws and we cannot destroy those letters upon the student's graduation.

And so we have here in your packet some alternative, some new language for the Senate Rules that says if the student commits no offenses subsequently then after the student graduates, the Registrar shall reveal the existence of the offense to outside parties only after the following circumstances, or only under the following, 1) a court order, subpoena, or the student authorizes the record to be released, and any external party, the third party looking, is

UKSenateMeeting-11-11-13.txt  
specifically looking for such a letter and not just requesting a transcript or something I guess.

So we have these, this new language that preserves the record isn't destroyed because that would be illegal, but protects it to the maximum extent possible against third parties getting to it.

BLONDER: So we have a positive recommendation from Senate Council that the Senate approve the proposed changes to Senate Rule 6.4.7.A.1.

Is there discussion? All in favor? Opposed? Abstained? Motion carries. Thank you.

Next we have again Davy Jones, Chair of Senate's Rules and Elections Committee, is going to be discussing the election of new Senate council members and officers. Davy?

JONES: So we have two elections processes that are going to be going on somewhat in parallel there beginning in about a week or so.

The Senate council as a Body has got nine elected Faculty Senators on it. Every year three of them rotate off. And so we have to conduct an election for replacing those three.

And these are the three Senators whose terms are ending. So you're going to have a call from me come out to the 94 elected faculty to send in nominations and start the election process to find the new members who will take office here beginning January 1.

Also the Senate Council Chair position, Dr. Blonder, is going to be finishing her second term this coming May. And so it's now in December that the election is run to - for there to be a new Senate Council Chair elected.

That election is conducted by the Senate Council itself, but there's some early stages in it in which the 94 elected Faculty Senators again will put people in nomination from among the nine who are eligible.

If only one person wants to be eligible then the election would be declared over at that time. If there's more than one candidate who is interested then there will be a phase in which you're going to receive some election statements from these people and have a chance to input to the Senate Council your comments on the qualifications of the candidates.

And then after comprising all that information the Senate Council -- the Senate Council will vote for who will be the next Senate Council Chair who will take office next June 1st.

And I'll take this moment also to add that around the turn of the year you'll

UKSenateMeeting-11-11-13.txt

also, all the regular full time faculty, will be getting something from me in which we'll start the process for election for Faculty Trustee.

One of the seats, you can see the term ends on June 30th and we've got to start the ball rolling to get that election going in early January in order to get the process for sure culminated by April-ish for the person to take office on the Board beginning July 1.

So just after the holidays you'll get something from me on that too.

BLONDER: Are there any questions for Davy about that?

GROSSMAN: Bob Grossman, A and S. I would like to propose that we change Gail Brion's last name to Brion-Kowski.

BRION: I will not accept that.

BLONDER: Okay, thank you.

Next item on the agenda, proposed changes to Senate Rule 5.4.1.1.0, Late Addition to the Degree List.

Let me give just a little bit of background on this. We often have, not often, but occasionally we have students who either do not apply on time or if an administrator is involved at a college level, the application is not submitted on time and we get requests to add students to the degree list.

In April of 2010 the Senate Council voted to accept adding a student to the degree list if the reason that the student was not on a degree list was due to administrative error.

Now we don't - most colleges have the student apply themselves, but mainly this comes up in one or two colleges that have an administrator involved in the process.

So we have a policy in place whereby if a college emails us and says there was administrative error, can you please add a student to the degree list, we do that.

We don't have a policy on hardship. We have had recently a couple of cases where a student missed the degree deadline.

And there's three degree deadlines as you know, November 30th for a May degree, February 28th for August degree, and June 30th for December degrees as undergraduate.

So we had a couple of cases in the spring where the student missed the deadline and if the student hadn't been added to the degree list, would not have been inducted into the military or would not have been able to sit for a nursing exam. It would have made a big difference in their career path.

So we wanted to develop a policy that would allow adding students to the degree list based on hardship. But we also don't want to have students not take the

UKSenateMeeting-11-11-13.txt  
deadline seriously and then we have, you know, dozens and dozens or hundreds of students coming to Senate Council at the last minute wanting to be added to the degree list.

So this is the policy that we developed and I think you will have seen it. Basically it's the hardship policy will have a student do a one page statement that's approved and signed by their major director, by the Dean's Office, will be forwarded to the Senate Council and we need to get that four business days prior to a Board meeting.

That's just basically a summary of the policy.

So I guess with that I'll just ask if there are any questions or comments?

Okay. Well, we have a positive recommendation from Senate Council that the Senate approve the proposed changes to Senate Rule 5.4.1.1.0. All in favor? Opposed? Abstained? Motion carries. Thank you.

Okay. Our last item on the agenda is Provost Riordan and she has agreed to give us an update on the financial model. She sent around quite a bit of information last week updating the faculty community and she's going to elaborate on that now and we'll have a chance for questions.

RI ORDAN:

So I was given 15 minutes so you're getting arrears by this version and I'll string it out for an hour. No, I'm just kidding.

We'll go as long as you want. I will give a high level overview and then I'm happy to take questions throughout the entire thing. And if you want to come up and talk afterwards one on one, I'm happy to do that as well.

As Lee mentioned, we did send out some material last week to the campus and about two weeks ago we began our workshops around the financial model with the colleges. It was the deans and the financial teams that they chose to bring to those.

They were two and a half, almost three hours long. And it's just the beginning.

I want to say that the implementation phase is going to take 18 months. And what that 18 months entails is a lot of conversation, a lot of education, a lot of partnership, a lot of tweaking.

We've got lots and lots of work strings and work teams that are working on various aspects of this that I'll talk about in a minute, but it's not that we rolled out a model that is 100 percent complete.

Already we've had some fabulous feedback from the deans and from the budget officers and from other people. And so we're constantly keeping a list of things that we might modify and as we go through this we'll



UKSenateMeeting-11-11-13.txt

continue to improve the model.

There we go. So one of the things I really like to talk about when we visit the colleges, and I visited a couple of faculty councils as well. And anyone that wants to have us come and talk with them about the financial model, we're happy to do that. But we always start with some of the values that we put in place.

Clearly, as a state university, one of the things that we do hold dear is the financial stewardship of the funds that are given to us by parents, by students and by the state.

So one of the things that this model really does is it focuses on accountability. It focuses on accountability for how we're spending money and how we're deploying it across the University. And I think that will become more obvious as we go through that.

Also, the second thing is that it's about quality and excellence. Every conversation that I had with the deans and every conversation that we had with the budget officers is that new programs, new activities all have to be done with the eye towards quality and excellence.

We want to continue to build a brand and a reputation of the University of Kentucky. And we want to continue to build its excellence. And that's where the work of the University Council comes into play as well.

The second two values kind of go together as collaboration and coordination. We just heard today about some wonderful certificates that are being done across the University. I'd love to see more of that occurring.

We're starting to see joint programming going on.

This model in no way, shape or form, prohibits collaboration but in fact really asks the colleges to collaborate and look at how we can more efficiently and effectively use our resources.

It's also going to take a high degree of coordination among many offices on this campus. Many colleges and many offices.

So I think there's going to be more communication than we've ever had before which is also a culture change as I realize it.

And I think the thing that's probably the most important is that we're creating a level of transparency that has never existed before.

I always like to go out to groups and I say how many of you know how our budgets were developed before. Anybody in here know? Okay. So that's the answer, right.

UKSenateMeeting-11-11-13.txt

This is our University. We should have a good understanding of the financial system within the University.

It doesn't mean you have to get down to the nitty gritty. If you tell us you want to get down to the nitty gritty detail, we will get down there with you and show you everything.

But we should have a basic understanding of how the funds are flowing across the University, how we're making strategic decisions, and subsequently how the resources go along with that.

So again this represents a true culture change I think here at the University of Kentucky. We're going to have lots and lots of conversation over the next 18 months and I hope it's just the beginning of how we continue to collaborate and work together.

As I mentioned, clearly this model has a sense of values associated with it and benefits. One is the financial stewardship.

Just as you heard Angie talking about, more and more states are moving towards, you know, performance based budgeting models for the state institutions. They want to know how we're spending the money. They want to know what outcomes are coming from that money that they're giving to us.

And so we've seen our neighboring states in Tennessee going to that model very effectively. They're actually one of the leading states to do that. Indiana is also doing that.

It's been on the horizon for Kentucky and I suspect probably over the next two to four years we'll be moving into a performance based system for the state. So what they're basically asking us to steward the money that we're giving it and steward it well.

It also doesn't mention the transparency. And the thing to me that's the most important about this model is it allows us to do some predictive modeling.

So as Angie mentioned, we traditionally here at the University of Kentucky had just gone for a year, budget year by year.

That's not very effective from a strategic and a long-term prospective. So what this will allow us to do is to get into four or five year modeling around our finances.

As you know, the model began development over a few years ago really. Back in August of 2011, a lot of conversations went on just in terms of the design stage. Really looking at other universities that were implementing models like this and looking at different formulas and now we're into the implementation phase.

UKSenateMeeting-11-11-13.txt

I do want to make clear again, and you will hear me say it at least 20 times, implementation doesn't mean that we've got a set financial formula, what it means is we've got a starting place and we're starting the dialogue.

What I found when I came in is that we had a lot of consensual conversations but we had not actually put the tire on the road and started driving it.

So we needed to get to the colleges, we needed to get them some data, we needed to let the budget officers get into the financial formulas and run PIP tables and play with the numbers and start giving us feedback. We needed to work it through our system.

So that's where we are right now is in this implementation phase. It slowed it down a bit. We are not going live with this model in July of 2014. I think that was the date that perhaps has previously been shared, maybe last spring that was shared.

We're going into a partnership year. We will tentatively go live in July of 2015 which is fiscal year '16. If we're ready. Okay?

So what's going to happen early this next year is we're going to run in parallel. The model is going to inform the centralized decision-making around the financials budget and we will just use it in parallel for this next year. And we won't go live until fiscal year '16, July of '15. Is everybody with me?

So you can kind of see where we are. Right now it's just round one in the training. And I'll talk a little bit more, fill you in, about all the training that we're doing.

It is an education process. And we do have a manual. We did not send that out via email. We don't have it up on our website because it is proprietary.

But if you're interested in it please come up to me and to Angie at the end, we'll take your email, we'll send it out to you. It goes down into the details.

You'll see on it it's called Draft. And that's because we want our budget officers, we want our deans, we want the other financial people in the colleges to give us feedback on how to make things more clear. But it does go through detail by detail all of the different pieces of the model and it gives examples. It also has a term of glossaries, glossary terms and stuff like that.

So round two is going to begin in November, December. This time for the training we gave all of the colleges their income statement. It's basically a profit/loss statement for fiscal year '12.

UKSenateMeeting-11-11-13.txt

Actual. Is everybody with me? That's three year old data.

Everybody says why would we use three year old data? It was the cleanest data that we had when we started formulating this model. We're in the process right now of running fiscal year '12/'13, actual to budget, and fiscal year '13/'14 budget to actual to date.

So by December the colleges will have three data plans. Fiscal year '12 actual, fiscal year '12/'13 actual to budget, and fiscal year '13/'14 budget to actual to date.

Here's the tricky thing for the University of Kentucky. I came out of a system like this so it was a little bit of something that was new for me. Because we weren't on a system like this before our budgets were done in general, meaning we weren't very disciplined and we weren't very precise in how we formulated our budgets for each fiscal year.

So we have our budgets that are submitted and then we have our actually happened. Anybody want to run a correlation between the two of those, I guarantee there would not be one.

So we've got a little bit of education to do in terms of how people were budgeting and then what was actually spent.

The other thing that's a bit complicated in this and why it takes a lot of time for us to go through this with the colleges is that in any budget and in any actual spending you have two pots of money. One that's called recurring that comes back each and every year. Okay, so you might have \$100 million in your recurring budget.

And then we also have a non-recurring budget which are one time funds. There might have been something coming in from Bucks for Brains, as Angie mentioned, or we might have a gift come in that's just one time money.

What's happened here for the last several years because we had a budget retraction of the recurring, a lot of places filled in with non-recurring funds into the recurring slots. Is everybody with me?

So what that means is we have to pull out, we have to tease out all the non-recurring funds to see what we actually are spending money on with our recurring dollars.

So one of the things that this model really does is it helps us keep a really good clean set of books for each one of the units on campus in terms of what's recurring money, what comes back every year. And then what we're adding on in a non-recurring one time basis.

For the faculty that I've worked with at my former institution, I know I had

UKSenateMeeting-11-11-13.txt

to practically shake everybody and say one time, one time means one time. Because we have a tendency to think about our non-recurring funds that it should come back each and every year.

But when we have these budget retractions, that part we've been filling in our recurring funds with our non-recurring.

So we're going to continue through this and then as I said, back in October of 2014 we will begin another process with our colleges for a strategic prospective looking at where they're headed, what their strategic resource allocation is, and then setting out their budget (inaudible).

This is an all-in model. There basically are three components to it.

We have our revenue generating units. So our colleges, anything that's generating tuition and that sort of thing.

Our support and resource units, so most of the things affiliated with the Provost Office, Student Affairs, the President's Office, Marketing and Communications, Legal Counsel. All of those are support units.

And then we have our auxiliaries and self-supporting units. These are the units on our campus that should be tubs on their own bottom. These are the ones that basically should have a break even of how much revenue they bring in and how much expense they bring in.

So dining, residence halls, Athletics, UK Healthcare, those are examples of auxiliary. Make sense?

So let me talk about some basic components. I'm not going to go through all the formulas in detail, but I do want to talk a little bit about it.

So in terms of the financial models for the revenue generating units, these are the colleges predominately and some of the centers. And then the Martin School and the Patterson School as well are in here.

We have tuition. So how is the tuition allocated that comes in the door. And again if I ask you how the tuition was allocated at the end of graduate level previously, does anybody know?

It's just kind of done in a lump sum and it followed historically. So it didn't matter if a college was growing, it didn't get additional tuition based on that growth. Okay, so I'll talk a little bit more about how we're doing it in this model.

The state appropriations. The state of Kentucky has given us money, \$284 million. Hopefully if we're successful this year we've got more coming in the door.

The mandated money has been going to the mandated programs. But the rest, does anybody know how it's been handed out?

Historically it's just gone back into the units.

F & A from the research that we're doing, does anybody know how F & A was allocated? You guys are failing.

GROSSMAN:

There was a formula.

RIORDAN:

Generally what we did was we took 80 percent back at the central level and then kind of dispersed it out. In this model 100 percent is going to flow back to the units where the research is being done.

Allocated expenses. So expenses for the support units is what allocated expenses are. And then SIF is a strategic investment fund and I'm going to talk about this, too.

But these are kind of the five areas that everybody should kind of keep in mind that the model actually talks about.

So I'm not going to go through all of the formulas that we've given to the colleges, but again if you want it, I can -- more than happy to give you the fun and guidelines. But I want to talk about it just in terms of an income statement.

So for all of our revenue generating units, on the left we've got all the revenues that come in the door and on the right we've got all the expenses.

So on the left you've got your tuition, your state appropriations, your F & A revenues and all other revenues. So gifts, endowment income, any kind of grants and contracts that are non-F & A related, sales and services, clinical revenue and recharges on service centers.

Some of our colleges like Ag have service centers, motor pool, that sort of thing. They're almost like mini auxiliaries within a college. They're supposed to break even. But if they do make a little bit of money it goes back, okay, to that college.

So tuition and fees. Under this model we had to figure out a way to split the tuition and fees within a college.

So basically the way that it's working is for undergraduate tuition, 75 percent of the fund of the pooled tuition will flow for the earned student credit hours. Okay? Not attempted but earned.

25 percent is going to go to the home college. We recognize that with the students that there's a lot of care and feeding in terms of advising and other types of things.

So 75 percent of the pool is going to go for the student credit hours where they're earned and 25 percent for where the student is housed from a college perspective.

If they have double majors we're going to work out a cost share for that 25 percent between the two colleges.

At the undergraduate level there's

UKSenateMeeting-11-11-13.txt

a resident blind. So we basically are taking the pooled average tuition across residents and non-residents. So we don't want to get in a (inaudible) behavior across the campus of some colleges recruiting all out of state students and some colleges, you know, saying we don't want in state over out of state. So we will make it resident blind.

So it's just a pooled average tuition rate. So in fiscal year '12 that pooled average tuition was \$291 per student credit hour. Okay. Is everybody with me?

The graduate levels, same formula applies. 75 percent, how we're letting residency flow. By the time you're in your 20s it's hard for people to recruit you one way or another.

We recognize that many of our graduate programs recruit more heavily out of state and so that is following that. So 75 percent on student credit hour earned and 25 percent for the home college.

We also have differential programs so the College of Medicine, College of Law, College of Business. That's a 100 percent flow-through. Because those students generally come into a cohorted program and we want that money to flow through there.

Now let's just assume a College of Business student wants to take a class in Fine Arts because they're interested in arts administration. Because we are one college the money still flows back to the College of Business for that one particular class.

Now if all of a sudden B and E wants to create a concentration in arts administration then there's got to be a conversation between the deans and we talk about cost sharing and revenue sharing. Make sense?

Okay. All other, there's all kinds of special arrangements. I hope we have lots and lots of certificates coming up, renewal degree programs or other kinds of joint programs and those would all be negotiated for how the tuition flows.

All that's doing is showing you how the money flows back out and where it's headed. Make sense?

State appropriations. Again we started thinking about how and why we get state appropriations. If we think about the Commonwealth and things that we know are really important is that we educate students from Kentucky. That we graduate students from Kentucky. And as a research one, you heard Angie talk about there's only two of us that we focus on research.

So state appropriations are being allocated by those three dimensions. Students retained, Kentucky students educated and retained, Kentucky students graduated, and research.

UKSenateMeeting-11-11-13.txt

Now because those 16 colleges and some of our schools are not all the same, we didn't want to lump in medicine with the Martin School or with Law. So Medicine focuses more heavily on research.

So we've actually created a cohort model into four different groups. And state appropriations are allocated among those four groups based on their mission.

So within a research base, one of them is the healthcare colleges, they're heavily research, they've got a higher percentage of funds coming through based on their research.

For our undergraduate and graduate programs, Ag, well -- so we've got Engineering, we've got Communications, we've got A and S. We've got B and E. Those are more heavily rewarded for educating our undergraduate students. Make sense?

F & A revenues, 100 percent flow back to the colleges. And all other revenues, 100 percent flow back to the colleges. Is everybody with me? Questions?

JONES: Just on that point, how is the Vice President for Research Office going to be funded if 100 percent of the money is going back to colleges?

RI ORDAN: That's a great question, Davy. So let me hold that one. Let me talk a little bit about the expense side.

So if we're pushing all the money out, how do we pay for the things that are essential and what are the colleges now responsible for.

So the colleges will still have the capability of doing financial aid from both undergraduate and graduate. I'm going to talk about the core financial aid in just a minute. Colleges are now responsible for the majority of the F & A expenses, start up packages and everything else.

They also have all their other direct expenses. So people, compensation, staff, faculty, operating expenses, they're all the responsibility of the colleges now.

Then we have two other things that are allocated expenses that I'm going to talk specifically about in a minute. These are the indirect costs as being part of the University. And a University-wide allocation is actually a rebate that comes in as a positive. You have parenthesis on it around the expense side.

So these are things like insurance rebates, if we do better in some of our auxiliaries they give us money back and we're rebating that and kind of spreading it out across the University. Service assessments for auxiliaries is part of that.

So there's actually five different areas that we are charging each of the revenue generating units for. Okay. So we



UKSenateMeeting-11-11-13.txt  
have the University. Remember the three pots, the auxiliaries, those are tubs on their own bottoms, they get a service assessment that gets pushed back out under that allocated expenses.

Then we've got our support units. We have to have general counsel. We need to have a Vice President of Research. We need to have Student Services. You need to have Marketing and Communications. You need to have a fund raising arm.

So how are all of those things funded. We also need to have core undergraduate scholarships and we need to have core graduate scholarships, University level scholarships, financial aid. Those are all funded by allocated expenses.

In other words, we charge the colleges for being a part of the University of Kentucky. Okay. Is everybody with me?

You can call it allocated expenses, indirect expenses, whatever you want. These are the costs to the colleges for being a part of the University of Kentucky.

So there's five areas. Academic support which is basically all of the Provost areas. It includes undergraduate scholarships, the graduate scholarships that we provide at our level, the Provost Office, Student Affairs, undergraduate programs, internationalization.

So everything that would be part of the academic core. Administrative support, President's Office, General Counsel, Marketing and Communications, Central Finance and Budget. This is done on a FTE basis.

Campus resources, these are things like the library, the police, those are done on an FTE basis.

Facilities, so our Central Facilities Office, that is done on a square foot basis, gross square foot basis. So how much space a college or unit has. And then research is a percentage of the research that is awarded to that area.

Now people often ask how do you allocate these. So there's going to be a Budget Advisory Committee that Eric and myself, Eric Monday, he is the Executive Vice President for Finance and Administration.

Each year we will go and say here's the funding that's needed for academic support. That could include an increase in graduate scholarships. That could include an increase in undergraduate scholarships. That could include an increase in undergraduate education because we need to add some more resources for first gen students. It could add increase in resources for the Honor's programs.

We also have the obligation, however, of being very efficient and being very effective with how we're spending the

money.

So at the same time we'll be talking about how we're combining resources and how we might be most effective when using those resources. And we also will be coming out with some outcome measures.

And so in essence we're also pulling back the layers of the onion, pulling back the veil, on how all these expenses are being used at the University level.

So if one inherits \$100 million for academic support and then we say the next year it's 110 million, it's not just a single decision made by the Provost, it's a decision made by that Budget Advisory Committee.

Okay? Yes.

GROSSMAN: Bob Grossman, A and S.

So for ever since I've been here there's a - been a discussion or an assumption that our administration is bloated.

Will these changes allow us to compare ourselves to other universities to see whether we are bloated?

Because as far as I know, no one's ever really been able to ask a dean whether it is in fact true that we have a bloated administration.

RI ORDAN: Absolutely. So that would be part of the thing that I would come forward with for the academic support areas and Eric Monday would come forward with administrative support and same thing for campus resources.

I think what it allows us to do, not that we couldn't have done it before, but it's being very open and transparent, and benchmarking against other universities and comparing and contrasting.

So you would think that any time we would come in and make any sort of request for additional funds there should be justification but also include perhaps benchmarking.

BRI ON: So we'll be able to break out in dollars per student tuition, sort of ratio, of what it costs us to support students here versus their tuition?

RI ORDAN: You know that's a really hard question and it's a great question. We've actually had somebody in the state asking us that.

It's so complicated to do that. In fact, I talked with a consultant from the Education Advisory Board a few weeks ago and it would be an exercise to do that. And I'm not sure that's a path that we want to go down, quite frankly.

But we will be able to show the amount of money spent in all of our support units and then hopefully directly correlate those with some specified outcome measures.

BRI ON: And this allocation pool is about what percentage right now?

RI ORDAN:

It varies by college, quite frankly, because those colleges that have diversified their revenues, their revenue streams, versus those that have only done it in the tuition and programs.

So those that are heavy in terms of programs, actually have a much higher what I call overhead for the University. And I think the highest is around 41 percent. And the lowest was I think 30 percent. And it's because we've got the diversification of the revenue streams.

So we actually have some really small units that are quite efficient in terms of the overhead because they have very little space, they haven't grown, they haven't added a lot of staff and a lot faculty. And they're highly efficient in terms of how many hours they teach and so they're doing really well.

BRI ON:

I'm sorry. Gail Bri on, College of Education.

RI ORDAN:

Sure.

BRI ON:

I'm also curious about the facilities charge. Does it matter who brought in the money to build those buildings?

RI ORDAN:

No. We had to come up with a way and, in fact, I have to just be clear, all building space is the same whether you're in a new Pharmacy building or whether you are in the College of Design, you know, that needed some additional renovation, or the Matthews building.

So all building space is treated the same. It's usually a dollar amount per square foot.

BRI ON:

No matter --

RI ORDAN:

All money is blue whether it's from the state or whether it's from private donations. And so, yeah... Do you have a question?

GROSSMAN:

I was just wondering why money is blue, I thought it was green.

RI ORDAN:

Other questions?

So you know, I've heard a lot of comments, tub on your own bottom, this is not a tub on your own bottom model. Places like the University of Washington, Harvard, are tubs on their own bottoms.

BLONDER:

Could you explain what that means? I don't really understand it.

RI ORDAN:

It means that you are responsible for all of your revenue and all of your expenses 100 percent. And so it means that they're completely responsible for everything that comes in the door and everything that goes out the door.

So this is what we call a hybrid model. It's really kind of a blend between decentralization and centralization. There's enough through that allocated expenses where we do have centralized expenses that each of

UKSenateMeeting-11-11-13.txt

the units are being charged for, for being part of the University of Kentucky.

And then we are also doing something that's called a strategic initiative fund, which is a tax. And that's a 20 percent tax, and that's on tuition, fees, and state appropriations.

That's going to be pulled back up centrally so that we can make strategic resource allocation. And that is again hopefully going to be informed quite heavily by our new strategic plan and where those resource allocations should be made.

Now frankly, for the next several years, the SIF fund will generally be made to keep the colleges in the same state. We are not looking at all of a sudden changing the flow of funding for each of the colleges.

What we need the colleges to do is to think strategically about their revenue base. We need the colleges to think about how they're strategically using their resources or using or spending the money. And then what shifts can be made over time.

So the SIF really for the next several years will be used probably to help subsidize the colleges from a resource perspective.

What you can see will be any kind of University-wide priorities, the rebalancing subvention, you've probably heard the term subvention, things that are subsidized. Same thing as keeping colleges whole.

It will be guaranteed for one year, fiscal year '16, starting in July '15, and every year after that. And it's renegotiated with the colleges based on strategic conversation.

But you will not see wild swings in this University. We are a \$2.7 billion enterprise. So this will move very gradually but it will allow us to help fund some areas of growth and also to allocate some of our funding strategically.

You can see things like we have a big technology unit that would come out of the SIF fund. If we want to put some metrics around, additional metrics around, retention and graduation, we might put some funding towards that.

There are things like microfinance funds. So a college wants to have a bridge loan to build something or to start a new program, so we'll be able to do that out of this SIF fund. Okay. Is everybody with me on that?

So all the revenues, the expenses, and then the SIF fund. Yes?

PRATS:

Armando Prats, Arts and Sciences.

I have to confess to a deplorable ignorance on my part about some of the things that I see here. And certainly I should have

UKSenateMeeting-11-11-13.txt

raised my hand when you asked if everybody knew what F & A was or SIF was or whatever. I'm glad that there is a glossary somewhere.

But what I wanted to see if I can have a sense of is how does this translate, for example, into ever increasing numbers of students in classes and courses that don't benefit the student by having, you know, 300 people or so?

What kind of pressures does this model put on departments that are traditionally not able to produce much revenue to simply put more students in more seats and what kind of education does that model produce ultimately in our students?

RI ORDAN:

That's a great question.

So I just want to go back to one of the values that I ask every time somebody says they want to start a new program or something else.

Tell me how this adds to the quality of excellence here at the University of Kentucky and tell me how it fits with the new strategic direction of a particular college or program.

We don't recommend taking this funding formula and narrowing it down to a college because there are units that do not be necessarily - we don't necessarily want them bringing in a lot of tuition because there's things that they should be doing that are a higher priority or a strategic priority.

What, why it changes the conversation is that as we grow and as part of the strategic plan that you're looking at a strategic growth initiative, we have already publicly stated that the fall of 2014 we'll be at 4800 undergraduates. For fall of '15 we'll be at 5000.

We're not declaring how much more we're growing than that because we need to do a whole predictive modeling and strategic growth plan. What I don't want to have happen is students only going through 300 person classes their entire freshman year. That is not educating with quality and excellence.

And so what this will allow us to do is because we've not been able to resource those areas that have grown, we've not been able to do that in the past, and this will allow us to start shifting some of the funds towards those growth areas.

I would say that it requires good coordination, it requires good communication, and it requires strong leadership from all of the areas. We'll always look at things for quality and excellence.

And like I said, that's the conversation I've been having with all the deans. And I've been getting -- trying to set up a meeting with all of the department

UKSenateMeeting-11-11-13.txt  
chairs this semester so we have that same conversation.

This is not about generating more programs and bringing in more students. We - the places we can grow immediately are with retention. If we just had all of our colleges were at 82 percent, if we just had all of our colleges focusing on retention and getting us up into the 90s, that's an automatic increase in the dollars that are flowing into the system.

And even more importantly, it succeeds in one of our goals and one of our missions is retaining our students and helping them graduate.

I do think we have perhaps some opportunity to improve on the graduate side in terms of some of our programs, and growth in those.

And we definitely have all of those other revenues. You know, there's a lot of room for our deans in some of our colleges to go out and do some additional fund raising. A lot of you have talked about non-degree types of programs, certificate and continuing education, that will be a revenue source.

So there's a lot of ways in which we can what I call balance out the portfolio so that we don't become a tuition-driven university.

Long answer. The beauty of this is that we do have state appropriations that help us do that and it's not about just becoming a tuition-driven university.

But it's a really important question and something that we have to keep in the conversation at all times.

I appreciate that comment very much. Other questions? Yes.

WATKINS: John Watkins, Public Health.

I've got a question about research challenge trust fund monies that are specifically allocated to programs of excellence.

And to what degree will colleges and/or the University have authority to redirect those funds under the new budget model?

MARTIN: Research challenge trust funds were appropriated by our General Assembly (inaudible) through a conversation with the Council on Post-Secondary Education. We still provide them annual reports, as you may know, on those programs.

So at this point they're - everything's in the model. But at this point they're just flowing straight through.

RIORDAN: So we do have a series of it. And it's a really good comment because I think there's been a lot of programs mandated over the last decade. Some we're still reporting on and those we have to continue. And then there's others that we no longer have to

report on but I think are still being done.

So it's a real conversation about how those kinds of programs, they might already be in (inaudible) of a college or a department and you don't want to stop doing them. And there's others that you might want to stop doing.

But those that are mandated that we have to report on, those are funded exactly how the state asks us to fund them and we have to continue those unless we go back again and renegotiate those funds. But that's a whole other portion of this.

A lot of the state appropriation that Angie talked about if we look at just the research dollars, the \$8 million, if that comes in, that's pulled, not pulled out of the model, but just flows straight through because that's what the state mandated it for. It doesn't get put through the formula in this model.

So only what I call the general funds, the state appropriations that get pushed through.

BRI ON: So the 40 percent and 20 percent that you've been talking about taking out doesn't come out of that?

RI ORDAN: I'm not sure - what 40 percent and 20 percent? Correct, correct. Yes. Yes.

BRI ON: 40 percent for student and 20 percent for --

RI ORDAN: Correct. We don't tax many of the programs. Other questions?

BLONDER: I have a couple of questions.

One of the things that I've been concerned about and that I think some faculty are also concerned about is graduate education. I wonder if you can talk a little bit more about that in the budget model.

RI ORDAN: Sure. It's a great question, Lee.

So if you didn't hear her, she was asking about graduate education and funding. So this can actually be funded in a couple of different places.

In the financial model the way that it would work is that colleges do have the capability of allocating their own financial aid. And we pulled the numbers out of fiscal year '12, and I believe it was \$20 million of graduate financial aid that was funded by the colleges, 26 million was funded by the University. And that number has stayed the same.

Now in fiscal year '12, we have to realize that the buying power of our dollar has gone down. So while we've stayed flat really for the last six years, the buying power of those dollars has gone down.

So the way that the model is set up right now is 26 million that is there for the University allocation is still there. It's part of this allocated expenses under academic support. So that's not changing.

Now theoretically two things have happened. The colleges could fund additional graduate education because they now have ways of seeing how they can do it. So they can add to their own financial aid.

I can also make the pitch to add to graduate education through the allocated expenses and then that gets taxed out or the indirect costs get spread out to the colleges (inaudible) strategic priority. Okay.

Or the third way is we could put this as part of the SIF fund.

But the way that the model is designed right now, graduate education is not changing and in any measurable way the 26 million, that's at the University level and it's been there for the last five, six years. It's still there as part of the allocated expenses.

Does that make sense? Is everybody with me on that?

So there's three ways you can actually change graduate education.

GROSSMAN: Where would teaching assistants fit into that?

RIORDAN: Same bucket. That's 26 million, it's all part of -

GROSSMAN: That's the 26 million?

RIORDAN: Uh-huh. All in. That's all in. Fellowships, assistantships, some people call them waivers. But they're tuition rebate basically. That's the 26 million.

BLACKWELL: Jeannie Blackwell, Dean of the Graduate School.

But the stipends for TAs are part of the college budgets. They are currently.

RIORDAN: Right.

BLACKWELL: So the TA stipends reside in --

RIORDAN: Right. That would be part of the 20 million.

BLACKWELL: Right. And RA stipends that are grant-supported are also paid by the colleges and so that's a college expense?

RIORDAN: Correct. That's in the 20 million. Everything else is the 26 million and that's the University.

Now as I mentioned I know that I have an assistant that has much younger eyes than I have because this was the sheet that she printed out.

We do have all of the members of the work stream that are part of this on this sheet that's honestly not readable so this is also online.

There are 11 teams of people that are working to work through getting the tire to hit the road. There's a lot of implications for this.

Policies and documentation, we clearly want to have clear policies and documentation that goes along with it. So this team is working on the funding



UKSenateMeeting-11-11-13.txt  
guidelines document, as an example.

We have had a team, Angie Martin's been a part of this team, doing unit analysis and model testing for all of the different data. I mean really down to the details.

We now have every budget officer from every college really working on these and getting down, really down into the granular level data. You have to get down into it to make sure we're being precise and understand.

I told the deans in the colleges, we've probably identified 85 percent of the issues within the colleges. But we're going to need them to help us with the other 15 percent.

Training is continuing on. The budget process development as you can imagine, the conversations are going to be very different going forward.

These are the conversations around strategy. Where are colleges heading, what resources are needed, and how we're going to work together to get there.

The dean's council, we've committed to talking about the budget model and concerns at every single meeting we have.

Data reports and dashboards, we want to have again transparency in data that our deans and budget officers can get on and play with. So we've got a team working on that so that it's easily accessible and queried.

We've got research is probably the most complicated. We have a four year tail, a four year commitment on research obligations that have been made across this campus.

We are going to uphold all commitments that have been made from the research side, from the VPR, but we have to work through the transition.

There's also just a lot of nuances for how F & A translates within the various colleges. So we've got a full team of people working on that, heavily populated with faculty on that team.

The budget officers, of course, communications team, and then we've got a Faculty Advisory Committee, that was nominated a lot by the University Council and also by the deans. There's probably about 20 people now and I think they're meeting this week.

Again a team of faculty that we want to really understand the model, get into the details, and help provide us with advice, concerns, kind of like some of the things that were raised here. So that we've got the constant conversation going.

JONES: On that point, what features that are existing in what's being rolled out right now would you say this feature is here in

UKSenateMeeting-11-11-13.txt

this way because this is the place that was most impacted by the faculty input?

RI ORDAN: Can you state that question again?

JONES: The program that you're rolling out now and the features that it has, where does faculty input make a big difference?

RI ORDAN: You know, I wasn't here for part of the process so I think that - and then they did have conversations with I know 1400 people. And I think that some of the conversations about concerns that were resident versus nonresident really came from the faculty. Concerns over collaboration and how we operationalize collaboration within the model came from faculty. Concerns about research allocations came from the faculty of the colleges and particularly the researchers themselves weren't receiving some of the funds back. So that came from the faculty.

MARTIN: The tuition, the 75/25.

RI ORDAN: 75/25 came from the faculty, this is in terms of student credit hours earned versus 25 percent in the home college.

I would say all of those areas really have been informed by the conversations around campus and some of the values that people are (inaudible).

Where we already have had some input is on things like previously the continuing education and graduate education was part of the fee tax structure, the SIF structure. And so conversations with the deans and the budget officers and other people that are doing that it doesn't make sense to have a 20 percent charge on that.

So we're taking that out of that model. We're also looking at how we're financially modeling dual majors and some other areas based on input.

So I expect, you know, again we're not going to go 180 degrees. This is a pretty solid formula for the campus but we do need to work out all the nuances.

And so I think the Faculty Concerns Committee will help inform things like policies and documentation, you know, making sure that we don't go too far askew in certain areas. Does that help?

JONES: Thank you.

RI ORDAN: Other questions? Yes.

CHRIST: I guess I was wondering -

BLONDER: Give her your name.

CHRIST: Oh. Alice Christ, Fine Arts.

I was wondering about faculty membership on some of those other ten committees because it looks like you have one Faculty Advisory Committee and ten more are -

RI ORDAN: Yes.

CHRIST: - doing serious work.

RI ORDAN: I wanted to see if you could read those.

We do have faculty scattered, not

across all of the committees.

I mean clearly the faculty aren't part of the budget committee, Budget Officers Committee, or the Dean's Council, and the training has to be done by our resident experts.

But I think we've got at least a faculty member on almost all of the other committees with the most heavily populated committees being research and the Faculty Advisory Committee.

Yes. So we're welcoming, if anybody wants to join in with these, it's not a closed club by any means. If faculty are more than willing to join any of these, we're more than happy to have them. Other questions?

So we are again just in the education feedback stage. It is just starting. It's going to be 18 months of education. The most heavily education is going to occur over the next several months.

We already had met with the deans, we're going to go back for a meeting, 2.0 as we like to call it. We're going to start the budget development meetings with them in January.

We're also doing all the auxiliary heads, the support unit heads. We are willing to do customized training for anybody. Had a conversation with the College of Medicine, Faculty Counsel. We had conversations with the Department Chairs in A and S.

So we're starting to go out for anybody that would like customized training. We will probably also start some workshops just for faculty and staff in general at the start of the year.

So if anybody wants to get down into it, they can, this is meant to be a conversation and something that is hopefully understood by the majority of people on this campus. Other questions, concerns?

HULSE: Scott Hulse, College of Engineering.

The unit that you're referring to is college level, correct?

RIORDAN: Correct.

HULSE: And so what, I guess how much of this model is - are you asking or hoping or whatever, that the deans will follow when it comes to the support of the department within the college?

Because obviously within colleges there's a lot of things going on too, and so I'm just wondering if it's purely the dean's decision on how they're going to roll through to the subunits or if it's you're trying to put something on them as well.

RIORDAN: No. In fact, as I mentioned before we recommend that they don't take this model and flow it through the college because it

doesn't make sense.

Now Engineering is one college on the campus that does, in fact, have a formulaic approach for how funds are distributed. That occurred under the incremental budget model. So it didn't have anything to do with this formula.

Each of the deans does have different ways in which he or she might distribute the funds. Where we're going to be getting in the conversations is back in the budget conversations, strategically where are you headed, what resources do you need and how are you allocating those resources.

So as an example we've had some colleges that have had areas that have grown tremendously over the last couple of years. So we're looking towards getting those deans to come back and talk about how they're going to be strategically allocating those resources to keep ensuring quality and excellence.

But that will be a conversation with the deans. And like I said, every single one of them has a slightly different way of distributing the funds, and they should.

We can't have one approach. We've got 16 different colleges. We have a lot of different revenue generating in the units and we want to (inaudible) to everybody. Good question.

Other concerns that we should be thinking about and anything that we need to put on the table?

GROSSMAN:

Bob Grossman, A and S.

I would emphasize, I know this is something you're aware of, but the increasing or incentivizing the collaboration between units rather than competing for students, I heard you say and I've heard others say, yes, we want to do that, we want to encourage people to work together rather than...

But what I haven't yet heard is how that will be done, what are the details about how that will be done.

And it's not a question you need to answer right now but I think it's something we all want to hear because that's one of our biggest concerns about this new model.

RIORDAN:

Sure. Well, let me just address how we're starting to do it.

So it is through conversations with the deans, I keep going back to strategically. We've got a great opportunity in our strategic plan to think about unique collaborations that might occur on campus and I hope some of the great ideas will come from the strategic planning process itself.

And then just in the conversations with the deans now have been different, had a conversation about strategically where they're heading and how else they can be

partnering with campus.

So we're constantly having those conversations and hopefully as we see even the unit plans roll out there'll be more collaborations through those.

As an example, we've got probably a ripe opportunity on this campus for certificates, sustainability, you've heard me say that multiple times.

We just saw an interdisciplinary certificate crop up today that's quite wonderful. As the model flows out, clearly some of the processes and policies will prevent competition and also encourage collaboration.

And then we'll also have the strategic initiatives fund which is really designed to help you spend and perhaps you'll provide initial funding for good collaborative projects on this campus.

So that's really a big part of that SIF fund is to really encourage that cross in trans-disciplinary collaboration. Research, programs, everything.

Great question. Yes, sir.

WILSON:

John Wilson, Medicine.

I see on the model that it deals with research but how does it consider service? All of us sitting here today are not generating revenue.

And in essence, how do we - I mean I'm not suggesting incentivizing service to the University in contrast to engaging in revenue generating activities for our colleges.

RIORDAN:

Sure. You know, and again I want to kind of go back to the revenue side. So it's always been this way. It's a great question because many of us have given service, lots of times we're service throughout our career.

So I would say all the colleges do it slightly differently, quite frankly. So as a regular faculty member most of us have a DOAN. And I would say service probably ranges anywhere on average for tenure track faculty from perhaps 5 percent to 20 percent.

And A and S, I've seen your profile, it's 45, 45, 10, as an example. So 10 percent of a faculty member's time will be allocated for service whether it's University or professional service.

So that process doesn't change. The DOE process really is still in place. It's just a matter of how the faculty member's time is allocated.

We are not, and I keep saying this, we're not a private university and we're not a tuition-dependent university. So all this is, is really a resource flow tool. It is not a strategic plan. It is not a strategic allocation, resource allocation tool. It is just a resource tool that shows how the money

is flowing.

So it doesn't change the way that we can allocate faculty to work. And that's part of why we have, you know, state appropriations and why we have, you know, other revenue that's coming in the door is so that you can continue to do all the work of teaching, research and service.

There is nothing formulae in the model around service other than the mandated programs.

JONES: Davy Jones, Toxicology.

BLONDER: Connie has a question.

JONES: Oh, I'm sorry. Go ahead.

WOOD: Tuition dollars that are allocated to the colleges based on those dollars which result in earned credits?

RIORDAN: Correct.

WOOD: What happens to the dollars that don't result in earned credits? Where do they go and what percentage of the total are those?

RIORDAN: So it's a great question and we've actually had this question a lot.

So let's just assume that there's \$100 million worth of tuition that comes in the door, earned or not earned, 100 million. That's the pot. That pot that is our pot that's distributed based on earned, percentage of earned student credit hours.

So it's just divided by the earned student credit hours. The pot doesn't change. The whole pot gets distributed. It's just -

WOOD: Oh, it's being distributed proportionally to the --

RIORDAN: Correct. The pot is there. Yeah. Absolutely.

WOOD: That's a different statement than tuition only from earned credit hours?

RIORDAN: Yeah. They get it from - it's distributed based on earned credit hours.

WOOD: Got it.

RIORDAN: So if I have a college that, you know, offers a whole bunch of classes that nobody finishes, it gets distributed to the other college that have a whole bunch of classes and it gets earned. Yeah. So that pot stays the same. Davy?

JONES: Parted that's -- that's fine.

RIORDAN: Other questions?

GROSSMAN: Sorry, one more.

RIORDAN: Please.

GROSSMAN: Buildings. Is there going to be responsibility for the colleges to pay for buildings or is that going to be handled entirely the same?

RIORDAN: Both. So, you know, the way that it works now is not going to be any different than the way that it works now.

So just like Angie said, we have put in for state appropriations for some

UKSenateMeeting-11-11-13.txt

buildings. And as you saw, just as an example, we asked for \$25 million just to help with the actual physical presence on campus. And then we had the research building and a law building.

We also are going to have a lot of philanthropy around our buildings. And it definitely falls back to the colleges as well. And as well as to our central fundraising unit.

We also have the capability of our own (inaudible) agency bonds. And then those agency bonds, the amount that we have to pay each year for those, that will be taxed back to the colleges to pay for those. Generally speaking.

GROSSMAN: All the colleges or the college that is benefitting from that space?

RIORDAN: Just the colleges that are benefitting from that space.

INAUDI BLE: Did you have a question?  
My name is (inaudible), A and S.  
I think you asked us a good question at the beginning if we knew anything about the financial aspects of our University's function. Financial literacy, right?

I would suggest and I think it would be a great project for our students or a competition. I am into visual models which would be great to have a visual flow of how these things work. And you talked about transparency, right?

So it would be a lot easier for me today, because honestly I don't know how money moves at the University level.

RIORDAN: Sure.

INAUDI BLE: So I think it would be a great tool to visualize these problems.

RIORDAN: Sure.

INAUDI BLE: So that it's all open to us, to our students, and in the spirit of the grand, grand mission so that anybody from Kentucky will click on something and they say well that's where my money is going or that's how UK functions.

RIORDAN: Yeah, that's a great idea perhaps to develop some kind of model that they can click through for a simplistic answer.

I can start by saying if you want to come up and give me your name and email, I will send you the printed bylines which goes through in detail the entire model example by example.

But I think having a more general one that we can have for the open public is a great idea. Other suggestions or things we can be doing?

Again, if you would like to have 15, 16 pages I think in terms of the funding guidelines, I thought I had 15 minutes so I didn't bring all the fancy visuals and stuff like that.

UKSenateMeeting-11-11-13.txt

So I am a visual person and an example person and it is in that document if you would like that. Otherwise, the full blown presentation is online. There's a financial model website under the Provost's site. And we've got frequently asked questions.

And again, my email is Ms. Christine Riordan at uky.edu. If you want to email me directly, I'm more than happy to answer any questions or sit down with any of you at any time.

Just let me know. We want to keep the conversations going. If there's other concerns or things that you think of, just let us know. Okay? Thank you.

BLONDER: Thank you very much.

I want to encourage (inaudible) Some of you are on Faculty Council and Provost Riordan came to the College of Medicine Faculty Council, that was very helpful. So if you or your colleagues on your Faculty Council's would be interested, you'll have to send her an email and she and Lisa Wilson and (inaudible).

All right. Well, we have no other business. May I have a motion to --

UNIDENTIFIED: So moved.  
UNIDENTIFIED: Second.

C E R T I F I C A T E O F S E R V I C E

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HARRISON )

I, LISA GRANT CRUMP, the undersigned Notary Public in and for the State of Kentucky at Large, certify that the facts stated in the caption hereto are true; that I was not present at said proceedings; that said proceedings were transcribed from the digital file(s) in this matter by me or under my direction; and that the foregoing is a true record of the proceedings to the best of our ability to hear and transcribe same from the digital file(s).

My commission expires: April 6, 2015.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of office on this the 14th day of January, 2014.

\_\_\_\_\_  
LISA GRANT CRUMP  
NOTARY PUBLIC, STATE-AT-LARGE  
K E N T U C K Y  
NOTARY ID 440572