



University Senate

Monday, October 30, 2017

University of Kentucky

Strategic Plan 2015-2020

Second Year Metrics Update





Undergraduate Student Success

		Baseline	AY 2015-16	AY 2016-17	AY 2017-18	2020 Goal
Retention Rates	First-Year	82.2%	82.7%	81.7%	83.4%	90.0%
	Second-Year	74.9%	74.9%	74.1%	74.4%	85.5%
	Third-Year	69.7%	70.1%	69.1%	68.4%	82.0%
Graduation Rates*	Four-Year	38.5%	40.4%	44.2%	44.8%	53.0%
	Six-Year	60.2%	61.3%	63.6%	64.6%	70.0%
Graduation Rate Gaps*	Under-represented Minority	16.7%	23.5%	13.0%	15.2%	9.8%
	First-Generation	7.8%	14.1%	16.6%	18.2%	8.0%
	Pell Recipients	15.1%	19.1%	16.1%	19.6%	8.0%

*Results reported from prior year
Italics = preliminary data



Graduate Education

		Baseline	AY 2015-16	AY 2016-17	AY 2017-18	2020 Goal
Doctoral Program Selectivity		25.0%	32.4%	29.4%	30.5%	22.0%
Graduate Degrees Awarded*		1,591	1,555	1,548	1,507	1,639
Diversity of Graduate Enrollment	AA/Black	4.5%	4.6%	4.7%	4.6%	7.7%
	Hispanic/Latino	2.6%	2.4%	2.5%	2.9%	2.7%

**Results reported from prior year*

Italics = preliminary data

Chart includes Masters, Specialist, and Research PhDs



Diversity and Inclusivity

		Baseline	AY 2015-16	AY 2016-17	AY 2017-18	2020 Goal
Enrollment of Under-represented Minorities	Undergraduate	14.7%	15.3%	16.1%	16.6%	16.2%
	Graduate	8.4%	8.9%	10.5%	9.4%	11.8%
Graduation Rate for Under-represented Minorities*	Bachelor	45.2%	40.7%	52.4%	51.9%	60.2%
	Masters	70.9%	64.9%	61.8%	67.4%	78.0%
	Doctoral	45.5%	47.1%	38.5%	63.6%	68.0%
Employment of Faculty	Women	37.1%	38.0%	38.8%	<i>Available November 2017</i>	48.2%
	African American/Black	3.4%	3.5%	3.6%	<i>Available November 2017</i>	6.9%
	Hispanic/Latino	3.0%	3.1%	3.2%	<i>Available November 2017</i>	4.2%
Employment of Executives	Women	48.9%	46.8%	47.4%	<i>Available November 2017</i>	50.0%
	African American/Black	3.5%	4.0%	4.6%	<i>Available November 2017</i>	7.9%
	Hispanic/Latino	0.5%	0.7%	0.5%	<i>Available November 2017</i>	6.1%
Employment of Staff	African American/Black	4.3%	4.6%	4.3%	<i>Available November 2017</i>	5.1%
	Hispanic/Latino	1.1%	1.2%	1.1%	<i>Available November 2017</i>	1.5%

*Results reported from prior year

Italics = preliminary data



Research and Scholarship

		Baseline	FY 2014-15	FY 2015-16	FY 2016-17	2020 Goal
NSF Higher Education Research and Development	Total	\$328.2 M	\$331.7 M	\$349.7 M	<i>Available Spring 2018</i>	\$364 M
	Federal Only	\$142.3 M	\$146.5 M	\$154.6 M	<i>Available Spring 2018</i>	\$159 M
Ranking of Doctoral Programs	Leiden Ranking <small>(baseline year = FY2015)</small>	51.1%	51.1%	52.0%	<i>Available Spring 2018</i>	TBD
Research Space	\$/sq foot	\$191	\$197	\$209	<i>Available Spring 2018</i>	\$300
Licenses	Exclusive Licenses	100	101	105	106	177
	License Income	\$3.3 M	\$1.0 M	\$6.5 M	\$2.4 M	\$3.5 M



Outreach and Community Engagement

		Baseline	AY 2015-16	AY 2016-17	2020 Goal
Unified Reporting Structure	Number of Reporting Structures	25+	3	3	1
Faculty and Staff Delivering Outreach and Community Engagement	Faculty Teaching Courses	14.3%	15.3%	17.4%	25.8%
	Staff Teaching	1.4%	1.5%	1.4%	3.3%
Opportunities for Students	Community Engagement Courses	329	331	337	429
Partnerships	Identified Partnerships	N/A	7,082	Developing tool to capture data	TBD

Planning for the Future





University of Kentucky: Financing the Future

The Financial Challenge Ahead

- Operating budget history
- Projects for the future

Disruptions Occurring in Higher Education

- Focus on net price compared to value (job placement/outcomes)
- Expectations of life-long learning (graduates as students throughout their career continuum)
- Unreasonable student debt levels
 - Debt but no degree
 - Monthly payments too high
- Changing demographics
 - Decreasing numbers of high school graduates
 - Shifting demographics among racial/ethnic groups
 - Increasing market of individuals with some college (non-completers)
- Accountability
 - Performance Funding = Awarding More Degrees
- State fiscal environment
 - Pensions
 - Affordable Care Act (Medicaid)
 - Revenue shortfall



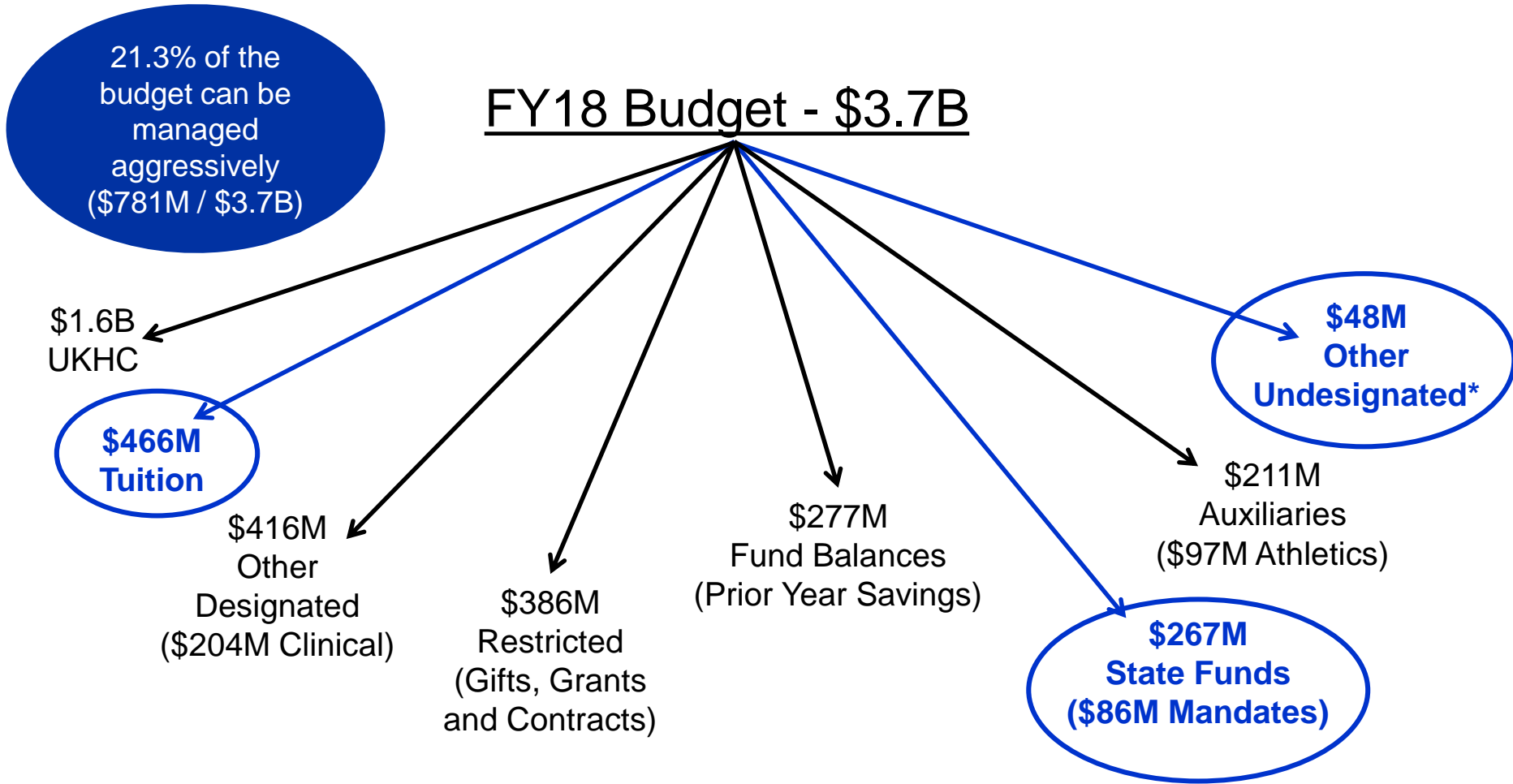
University of Kentucky: Financing the Future

What can we control?

- Achieving optimal balance between investments in operations (faculty / staff, academic programs, student services, research, etc.) and capital (facilities and technology)
- Education, Research and Engagement/Service Missions
 - Enrollment (class size and residency mix)
 - Sticker Price and Net Price (tuition rates, fees, institutional scholarships)
 - Productivity (administration, faculty and staff across all facets of the institutional missions)
- Self-Generated Revenues
 - Philanthropy
 - Investment Income (endowment, operating cash)
 - Entrepreneurial Activities (new degree programs, credentials, life long learning opportunities; business partnerships; corporate relationship management)



University of Kentucky Consolidated Operating Budget



21.3% of the budget can be managed aggressively (\$781M / \$3.7B)

FY18 Budget - \$3.7B

\$1.6B
UKHC

**\$466M
Tuition**

\$416M
Other
Designated
(**\$204M Clinical**)

\$386M
Restricted
(Gifts, Grants
and Contracts)

\$277M
Fund Balances
(Prior Year Savings)

\$211M
Auxiliaries
(**\$97M Athletics**)

**\$267M
State Funds
(**\$86M Mandates**)**

**\$48M
Other
Undesignated***

*Includes balancing solutions



Undesignated General Funds Budget Decisions

In millions	FY 2016-17	FY 2017-18	Change
Revenues			
State Appropriations	\$ 267.0	\$ 267.1	\$.1
Tuition	447.7	466.1	18.4
Other	<u>39.4</u>	<u>43.8</u>	<u>4.4</u>
	\$ 754.1	\$ 776.9	\$22.7
Expenses			
Institutional Student Aid			\$ 8.9
Faculty / Staff Pay (2.5% Merit; 2 mos FY17 increase; faculty promotions and fighting fund)			12.8
Fixed Costs			6.0
Strategic Investments			<u>3.3</u>
			\$ 31.0
Funding Gap			\$ -8.3*

*May not total due to rounding



Undesignated General Funds Budget Decisions

How did we cover the gap?

FY 2017-18 In millions	
Funding Gap	\$-8.3
Balancing Solutions:	
Savings from reduction in misc. fringe benefit rates	\$2.6
Adjust unit to self-operating	.3
Energy Conservation Program	1.1
Enhanced investment strategies	4.3
Funding Gap	\$0



University of Kentucky

Looking at Our Past Decisions

Undesignated General Funds Budget Summary, in millions	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Cumulative Total	Annual Average
Total Increase in Expenses	\$25.1	\$52.3	\$35.0	\$40.7	\$45.1	\$31.0	\$229.3	\$38.2
<i>Faculty and Staff Salary Increases</i>	2.0%	5.0%	2.0%	3.5%	2.0%	2.5%		2.8%
<i>College Incentive Funding</i>	\$1.3	\$6.5	\$6.0	\$2.5	\$7.0	\$2.5	\$25.9	\$4.3
Net Revenue Increases Available	\$2.8	\$35.6	\$26.3	\$38.1	\$33.3	\$22.7	\$158.9	\$26.5
<i>Tuition Rate Increases (Resident/Nonresident)</i>	6% / 6%	3% / 6%	4% / 7.5%	3% / 6%	5% / 8.5%	3% / 6%		4% / 6.7%
<i>Budgeted First-Time Cohort Class*</i>	4,500	4,800	4,800	5,250	5,100	5,100		4,932
<i>Change in State Appropriations</i>	-6.4%	0.0%	-1.5%	0.0%	-4.5%	0.0%		-2.1%
Funding Gap	(\$22.3)	(\$16.8)	(\$8.7)	(\$2.6)	(\$11.9)	(\$8.3)	(\$70.4)	(\$11.7)
Balancing Solutions:								
Base Budget Reductions	-3.7%	-2.7%					\$33.0	
Vertical Cuts, Targeted Reductions, Revenue Enhancements and Other Savings	\$3.1	\$3.0	\$8.7	\$2.6	\$11.9	\$8.3	\$37.5	
	Reduction in benefit costs	Reduction in benefit costs	Reduction in Debt Service Pool; Redirect allocations for data center, leases, reserves	Replace recurring funding for retirement ARC with non-recurring funds	Energy conservation program; vertical cuts to CAFÉ, COM, Facilities, etc.	Reduction in benefit costs; Energy conservation program; Enhance investment strategies		

*For FY18, includes 200 additional transfer students.



University of Kentucky

Looking at Our Past Decisions

Base Case: Assuming Stability (using six-year averages)

Undesignated General Funds Budget Proformas, in millions	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative Total
Total Increase in Incremental Expenses	\$41.2	\$37.3	\$38.5	\$39.7	\$41.0	\$197.7
Net Incremental Revenue Sources Available	\$17.3	\$22.3	\$24.1	\$25.7	\$27.9	\$117.3
Funding (Gap) / Surplus	(\$23.8)	(\$15.0)	(\$14.4)	(\$14.0)	(\$13.2)	(\$80.4)
Base Budget -Reductions / Surplus	-3.9%	-2.5%	-2.3%	-2.2%	-2.1%	-13.0%

**Assumptions:
Based on 6-year averages**

- * 4% / 6.7% resident and nonresident tuition and fee increases
- * 4,932 first-time freshmen cohorts
- * -2.1% annual change in state appropriations
- * 2.8% annual faculty and staff salary increases
- * \$4.3 million annual investment in college incentive programs
- * 4% increase in utility costs + M&O for new research building



University of Kentucky

Looking at Our Past Decisions

Scenario #1: Modest Tuition Increases, Stable Class Size and No Change in State Funding

Undesignated General Funds Budget Proformas, in millions	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative Total
Total Increase in Incremental Expenses	\$37.8	\$33.6	\$34.4	\$35.2	\$36.0	\$176.9
Net Incremental Revenue Sources Available	\$11.9	\$16.4	\$17.1	\$17.6	\$18.5	\$81.5
Funding (Gap) / Surplus	(\$25.9)	(\$17.1)	(\$17.2)	(\$17.6)	(\$17.6)	(\$95.4)
Base Budget -Reductions / Surplus	-4.3%	-2.8%	-2.8%	-2.8%	-2.8%	-15.6%
Assumptions: Based on market and no change in state appropriations	<ul style="list-style-type: none"> * 2% / 4% resident and nonresident tuition and fee increases * 4,900 first-time freshmen cohorts * No change in state appropriations * 2.8% annual faculty and staff salary increases * \$4.3 million annual investment in college incentive programs * 4% increase in utility costs + M&O for new research building 					



University of Kentucky

Looking at Our Past Decisions

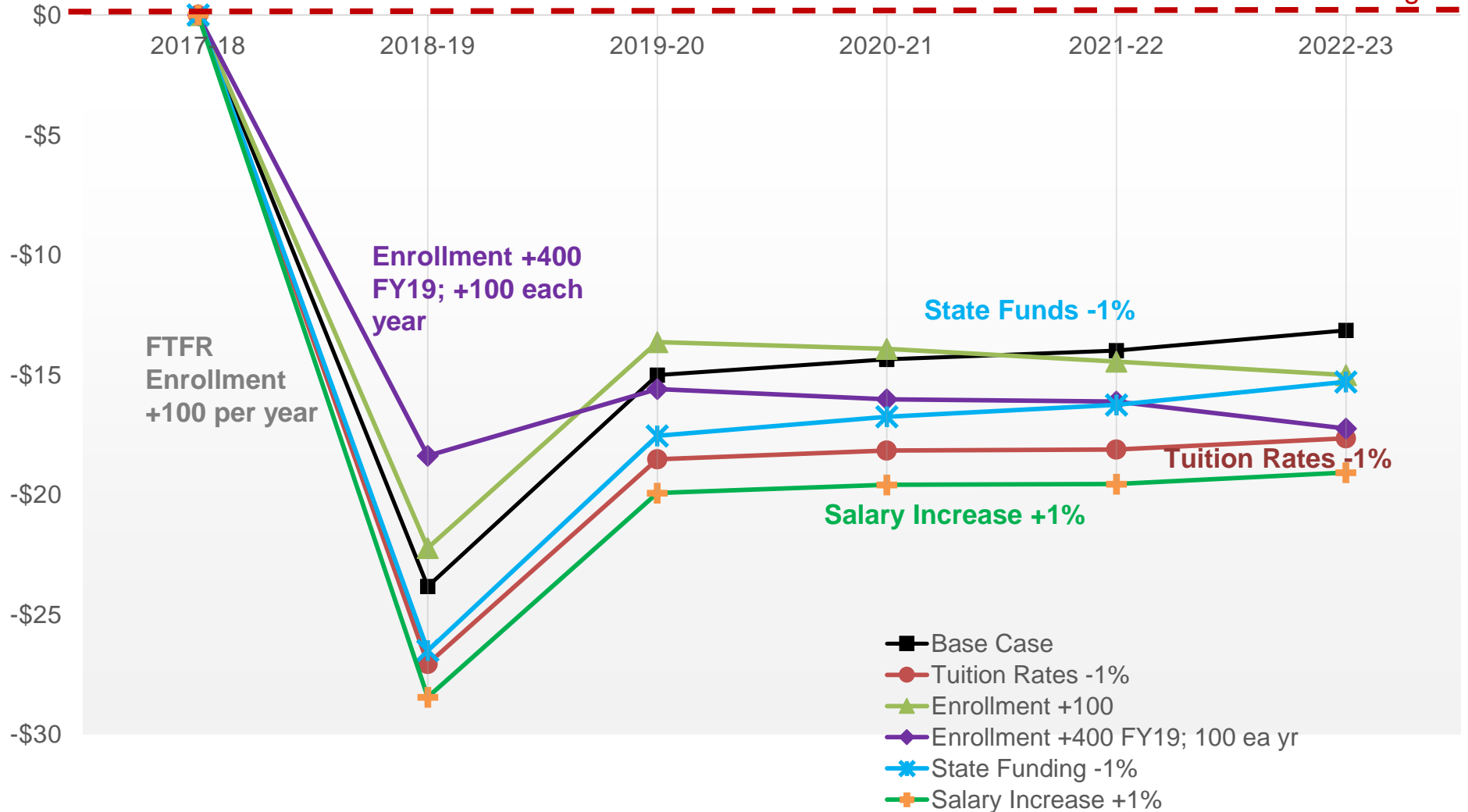
Scenario #2: Modest Tuition Increases, Stable Class Size, No Salary Increases or Strategic Investments in FY19, and a 17.4% Reduction in FY19 State Funding

Undesignated General Funds Budget Proformas, in millions	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative Total
Total Increase in Incremental Expenses	\$20.5	\$33.2	\$34.0	\$34.8	\$35.6	\$158.1
Net Incremental Revenue Sources Available	(\$34.6)	\$16.4	\$17.1	\$17.6	\$18.5	\$35.0
Funding (Gap) / Surplus	(\$55.1)	(\$16.8)	(\$16.8)	(\$17.2)	(\$17.2)	(\$123.1)
Base Budget -Reductions / Surplus	-9.1%	-3.0%	-3.0%	-3.0%	-2.9%	-21.1%
Assumptions: Based on market and change in FY19 state funding similar to state state agencies	<ul style="list-style-type: none"> * 2% / 4% resident and nonresident tuition and fee increases * 4,900 first-time freshmen cohorts * 17.4% reduction in FY19 state appropriations and then flat * No faculty staff salary increases in FY19 followed by 2.8% annual salary increases * No investment in college incentive programs in FY 19 followed by \$4.3 million annual investments * 4% increase in utility costs + M&O for new research building 					



University of Kentucky Looking at Our Past Decisions

Balanced Budget





Board of Trustees Retreat



Six Paradoxical Questions

How do we teach critical thinking and develop the whole person for a lifetime of learning, while at the same time we provide specific skills a graduate needs to get started in a career or retrain for a new career?

How can we grow student enrollment and improve quality amid a dramatic change in the students we serve?

How do you serve both residential students through traditional learning models and online students through distance learning with high-quality education?

How do we effectively balance core/basic fundamental learning, while at the same time encouraging/promoting lifelong learning?

How can we take risks while following rules and regulations?

How can we make education affordable and not affect the quality of educational infrastructure/experience?

Are these the right questions?

