



UofL

Board of Trustees
Finance Committee Budget Workshop
May 12, 2005

UofL Operating Budget 2005-2006



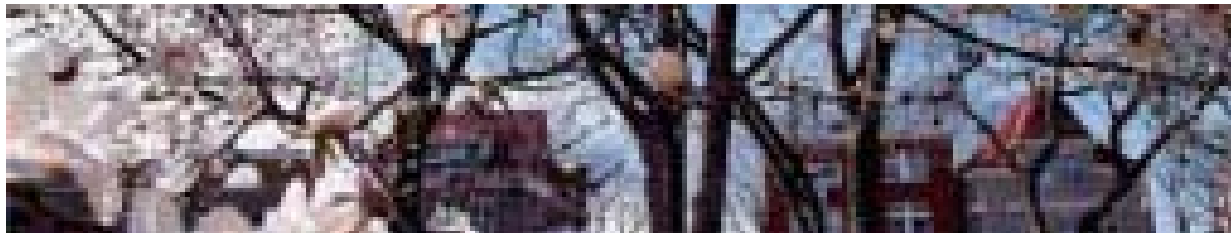
General Comments

- Presentation will focus on *General Fund Budget*
- At This Time, the Proposed Budget is a “*Work in Progress*”
- University-wide Consultation and Participation
- The Proposed Budget is “Balanced”

UofL Operating Budget 2005-2006

Major Forces Affecting the FY 2005-06 Budget

- New State Funds
- Increased Tuition Revenue
- Positioning the University for the Future
 - *Challenge for Excellence*
 - Five Year Strategic Budget Model



UofL Operating Budget 2005-2006

Budget Values

The University of Louisville values:

- ✓ An open budget process that includes full discussion and dialogue with the entire campus community,
- ✓ A budget process that is committed to aligning scarce resources with the University's priorities identified in the *Challenge for Excellence*,
- ✓ A budget process that is based on data analysis and best information available,
- ✓ A budget process that examines the long-term consequences of decisions made in the short term,
- ✓ A budget process that is focused on ensuring the long-term financial viability of the University,
- ✓ A budget process that fully evaluates the human cost and impact of all budget decisions and is sensitive to these impacts.



UofL Operating Budget 2005-2006

Budget Strategy Principles

- ✓ Evaluate the impact of proposed decisions for FY 05-06 on the University through the end of the *Challenge for Excellence*,
- ✓ Make every effort to provide a salary adjustment for faculty and staff,
- ✓ Avoid, budget solutions that are “one size fits all” such as across-the-board budget cuts,
- ✓ Maintain financial aid awards at levels comparable to FY 2004-05,
- ✓ Recognize that a tuition increase will be required in FY 05-06,
- ✓ Maintain modest budget reserves to fund unplanned expenditures, emergencies, and other contingencies.



UofL Operating Budget 2005-2006

Change in Total Operating Budget

	2004-05 Budget	Proposed Budget	2005-06 Change From 2004-05	Percent Change
General Funds	\$343,164,500	\$368,081,500	\$24,917,000	7.3%
UofL Corporations	<u>\$270,000,000</u>	<u>\$330,000,000</u>	<u>\$60,000,000</u>	<u>22.2%</u>
Total Operating Budget	<u><u>\$613,164,500</u></u>	<u><u>\$698,081,500</u></u>	<u><u>\$84,917,000</u></u>	<u><u>13.8%</u></u>





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Proposed Revenue



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UofL Operating Budget 2005-2006

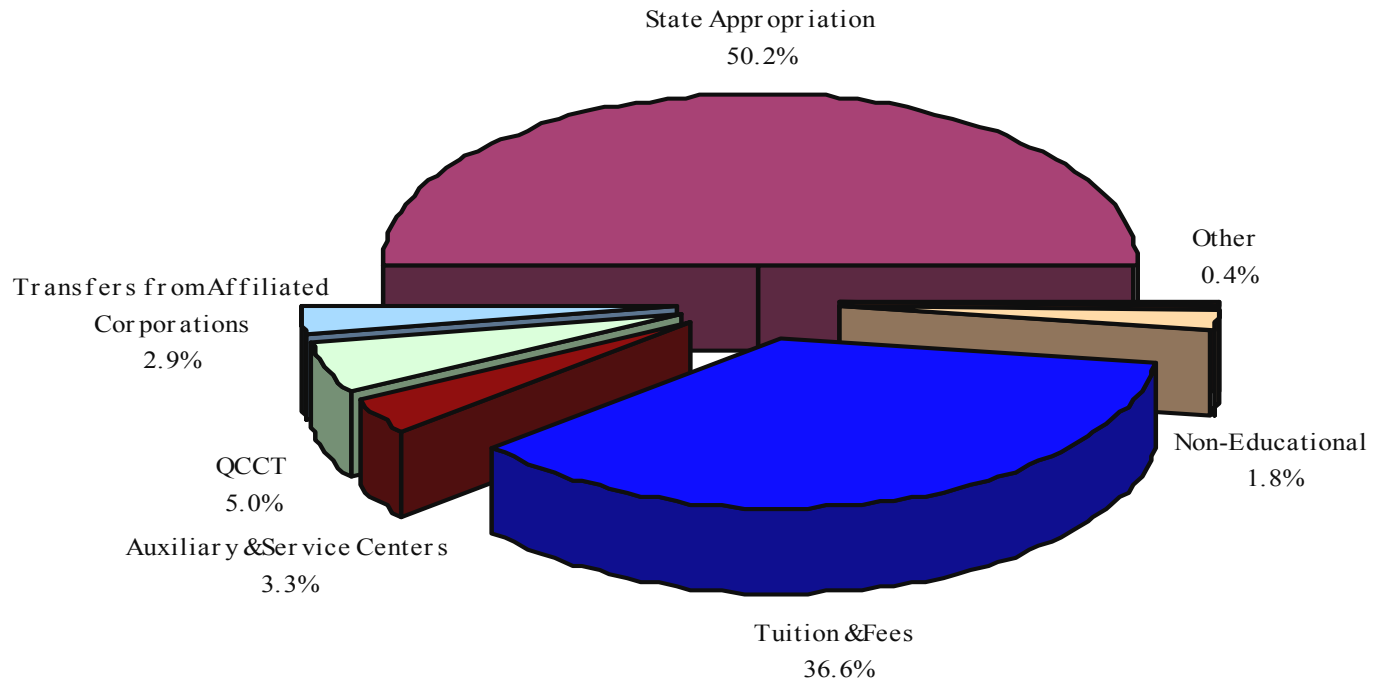
Categories of General Fund Revenue



• State Appropriation & Other State Funds	86.8%
• Tuition Revenue	
• Transfers from Affiliated Corporations	13.2%
• Sales and Services of Educational Activities	
• Organized Activities Related to Instruction	
• Other Non-Educational Revenue	
• Auxiliary & Service Centers	
• Hospital-related Revenue	

UofL Operating Budget 2005-2006

General Fund Revenue By Source of Funds



UofL Operating Budget 2005-2006

Total State & CPE Funding



2005-06 Projected State Appropriation	\$176,109,100
Total CPE Budget Earmarked for UofL	\$7,579,000
Total Other State Funds	<u>\$1,280,000</u>
Total General Fund from State	<u><u>\$184,968,100</u></u>

UofL Operating Budget 2005-2006

State Appropriation

I. 2004-2005 State Appropriation:

Base Appropriation **172,263,200**

II. Budget Increases (Decreases) in Proposed State Appropriation:

A. Base Adjustments

Restore 1/2 of 2004-05 Permanent Cuts	1,545,300	
Hospital (QCCT Escalator)	376,900	
Debt Service	40,400	
M&O on New Facilities	<u>1,508,300</u>	
Subtotal		3,470,900

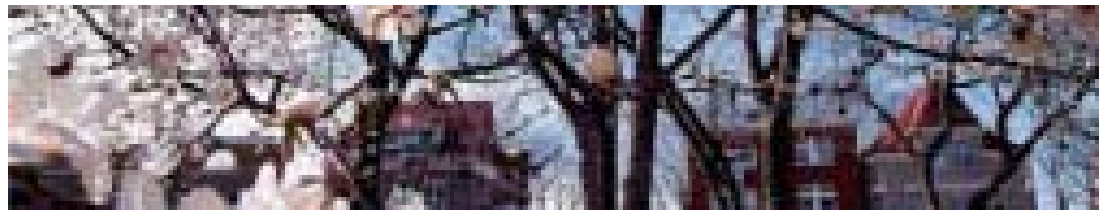
B. Other Adjustments

Equine Industry Program	200,000	
KY Health Care Infrastructure Authority	<u>175,000</u>	
Subtotal		<u>375,000</u>

Total Adjustments 3,845,900

III. 2005-2006 Projected State Appropriation

176,109,100



UofL Operating Budget 2005-2006

Schedule of CPE Pass-Through Funds & Other State Funds

	2004-2005	2005-2006	
	Allocation	Increase (Decrease)	Projected
I. CPE Budget Earmarked for UofL			
Past Enrollment Growth	0	713,100	713,100
Restore Full Amount of Recurring Budget Cuts	0	1,545,300	1,545,300
Funding Distribution Methodology:			
Proportional Increase	0	2,640,940	2,640,940
Benchmark Equity Increase	0	<u>2,679,668</u>	<u>2,679,668</u>
Subtotal	<u>0</u>	<u>7,579,008</u>	<u>7,579,008</u>
II. Other State Funds			
Commonwealth Virtual Library Operations	100,000	0	100,000
Equine Administration Program	700,000	0	700,000
Equine Trust Program	40,000	0	40,000
Kentucky Pollution Prevention Center	431,500	8,500	440,000
Subtotal	<u>1,271,500</u>	<u>8,500</u>	<u>1,280,000</u>
Total Other State Funds	<u><u>1,271,500</u></u>	<u><u>7,587,508</u></u>	<u><u>8,859,008</u></u>



UofL Operating Budget 2005-2006

Other Sources of Revenue

Transfers from Affiliated Corporations	\$10,479,600
Sales & Services of Educational Activities	401,000
Organized Activities - Instruction	803,900
Other Non-Educational Revenue	7,727,700
Auxiliary Enterprises	10,372,000
Service Center Activities	2,688,100
QCCT	18,202,700
Total - Other Sources of Revenue	<u><u>\$50,675,000</u></u>





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Proposed Tuition & Fees



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The Tuition-setting Process

- Consultation/Input
- Review of University goals
- Review of challenges, issues and efficiencies
- Tuition analysis



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About Tuition

- Currently covers about 45 percent of college costs; Balance is covered through State funds
- UofL had the 2nd lowest percentage increase last year of Kentucky Public Universities
- Traditionally Kentucky's Public Universities are considered "affordable" by national standards



UofL Operating Budget 2005-2006

Consultation/Input



- Board of Trustees
- Vice Presidents and Deans
- Faculty Senate Committees
- Staff Senate Committees
- Student Government Leaders (SGA)
- Budget and Planning Advisory Committee
- Public Hearing (3:30pm Floyd Theater, SAC)
- Campus-wide Input – Provost’s Website
- Council on Postsecondary Education

UofL Operating Budget 2005-2006

Challenges

- Retaining Quality Faculty and Staff
- Declining contribution to Financial Aid from the Federal Government
- Rising costs to provide services and materials
- Meeting CPE Goals and Objectives for UofL
- Obtaining Elite University Memberships



UofL Operating Budget 2005-2006

Maintaining Momentum while keeping tuition affordable



- Reinvested \$22 million to strategic priorities such as academic programs, student financial aid, libraries, technology and research during recent years
- Eliminated and re-configured low productivity programs
- Reallocated positions and academic space
- Energy Conservation
- Outsourcing of services

UofL Operating Budget 2005-2006

Maintaining Momentum while keeping tuition affordable



- Begin charging Users for Specialized Goods and Services
- Charging Overhead for Indirect Costs to Continuing Education Programs
- Scale-back original investments in strategic initiatives



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Proposed Tuition & Fees

Market Consideration/Competition



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UofL Operating Budget 2005-2006

2005-06 Proposed

UofL Tuition Rate Schedule



	Semester Rates				
	Actual	Proposed 2005 / 06			
	2004/05	Tuition	per Credit Hr	Increase	Actual %
Undergraduate¹ (12 hour load)					
Resident	\$2,520	\$2,766	\$230.48	\$246	9.75%
Nonresident	\$6,876	\$7,546	\$628.87	\$670	9.75%

Graduate (9 hour load)					
Resident	\$2,736	\$3,003	\$333.64	\$267	9.75%
Nonresident	\$7,542	\$8,277	\$919.71	\$735	9.75%

MBA² (9 hour load)					
Resident	\$3,150	\$3,457	\$384.13	\$307	9.75%
Nonresident	\$8,667	\$9,512	\$1,056.89	\$845	9.75%

Law - Day (10 hour load)					
Resident	\$4,600	\$5,049	\$504.85	\$449	9.75%
Nonresident	\$10,380	\$11,110	\$1,110.66	\$730	7.03%

Law - Evening (12 hour load)					
Resident	\$4,600	\$5,049	\$420.71	\$449	9.75%
Nonresident	\$10,380	\$11,110	\$925.55	\$730	7.03%

UofL Operating Budget 2005-2006

2005-06 Proposed

UofL Tuition Rate Schedule



Medicine ³	Annual Rates				
	Actual	Proposed 2005 / 06			
	2004/05	Tuition		Increase	% Increase
Resident	\$16,936	\$18,540	-	\$1,604	9.75%
Nonresident	\$39,302	\$40,906	-	\$1,604	4.13%

Dentistry ⁴	2004/05	Tuition		Increase	% Increase
Resident	\$18,154	\$20,534	-	\$2,380	9.75%
Nonresident - Billing	\$38,786	\$43,180		\$4,394	9.75%

¹ Business Undergraduate students will pay a \$10 per course fee

² MBA Students will pay a \$100 per course fee

³ Medical School rate includes a \$500 annual technology fee.

⁴ First Year Dental School DMD students entering after July 1, 2005 will pay a \$5,000 annual instrument rental and technology fee which is included in this. This is a \$1,000 increase to the current instrument rental and technology fee and will be phased-in over four years to each successive entering class.

For 2005-06, the class of Second Year students will continue to pay \$4,000; Third and Fourth Year students will continue to pay \$2,500.

UofL Operating Budget 2005-2006

2005-06 Proposed Tuition Increases (Undergraduate Students)

Kentucky Public Institutions

	<u>Resident</u>	<u>Non-resident</u>	<u>\$ Change Resident</u>	<u>\$ Change Non-Resident</u>	<u>% Change</u>
Eastern Kentucky University	\$4,660	\$12,859	\$868	\$2,395	22.89%
Western Kentucky University	\$5,316	\$12,937	\$720	\$1,753	15.67%
Northern Kentucky University	\$4,920	\$10,246	\$552	\$1,150	12.64%
University of Kentucky	\$5,812	\$13,442	\$648	\$1,498	12.54%
Morehead State University	\$4,320	\$11,475	\$480	\$1,275	12.50%
Murray State University	\$4,416	\$12,011	\$432	\$1,175	10.84%
University of Louisville	\$5,532	\$15,092	\$492	\$1,340	9.75%
Kentucky State University	\$4,210	\$10,999	\$376	\$977	9.75%



UofL Operating Budget 2005-2006

2005-06 Tuition Comparison UofL and UK



	UofL	UK*		Total Tuition and Fees	Dollar Over / (Under) UK Tuition	Percent Over / (Under) UK Tuition
		Tuition	Extra Fees			
Undergraduate						
Resident	\$ 2,766	\$ 2,905	\$ -	\$ 2,905	\$ (139)	-5%
Nonresident	\$ 7,546	\$ 6,719	\$ -	\$ 6,719	\$ 828	11%
Engineering Courses						
Resident	\$ 2,766	\$ 2,905	\$ 253	\$ 3,158	\$ (392)	-14%
Nonresident	\$ 7,546	\$ 6,719	\$ 253	\$ 6,972	\$ 574	8%
Business¹						
Resident	\$ 2,766	\$ 2,905	\$ 141	\$ 3,045	\$ (279)	-10%
Nonresident	\$ 7,546	\$ 6,719	\$ 141	\$ 6,859	\$ 687	9%
Graduate						
Resident	\$ 3,003	\$ 3,179	\$ -	\$ 3,179	\$ (176)	-6%
Nonresident	\$ 8,277	\$ 7,364	\$ -	\$ 7,364	\$ 913	11%
MBA Program²						
Resident	\$ 3,457	\$ 3,679	\$ 338	\$ 4,016	\$ (559)	-16%
Nonresident	\$ 9,512	\$ 8,822	\$ 338	\$ 9,160	\$ 352	4%
Law (Day Program)						
Resident	\$ 5,049	\$ 5,776	\$ -	\$ 5,776	\$ (727)	-14%
Nonresident	\$ 11,110	\$ 11,176	\$ -	\$ 11,176	\$ (66)	-1%
Law (Evening Program)						
Resident	\$ 5,049	NA	NA	NA	NA	NA
Nonresident	\$ 11,110	NA	NA	NA	NA	NA

UofL Operating Budget 2005-2006

2005-06 Tuition Comparison UofL and UK

	UofL	UK*		Total Tuition and Fees	Dollar Over / (Under) UK Tuition	Percent Over / (Under) UK Tuition
		Tuition	Extra Fees			
Medicine³						
Resident	\$ 18,540	\$ 18,398	\$ 772	\$ 19,170	\$ (630)	-3%
Nonresident	\$ 40,906	\$ 39,202	\$ 772	\$ 39,974	\$ 933	2%
Dentistry⁴						
Resident	\$ 20,534	\$ 17,514	\$ 4,641	\$ 22,155	\$ (1,621)	-8%
Nonresident	\$ 43,180	\$ 40,975	\$ 4,641	\$ 45,616	\$ (2,436)	-6%

*Based on estimated 12.5% Tuition Increase

¹ Business Undergraduate students will pay a \$10 per course fee

² MBA Students will pay a \$100 per course fee

³ Medical School rate includes a \$500 annual technology fee.

⁴ First Year Dental School DMD students entering after July 1, 2005 will pay a \$5,000 annual instrument rental and technology fee which is included in this rate. This is a \$1,000 increase to the current instrument rental and technology fee and will be phased-in over four years to each successive entering class.

For 2005-06, the class of Second Year students will continue to pay \$4,000; Third and Fourth Year students will continue to pay \$2,500.



UofL Operating Budget 2005-2006

Benchmark Institutions Tuition and Fees 2004-2005 (Per Semester)



Institution	Undergraduate		Graduate	
	Resident	Nonresident	Resident	Nonresident
University of Pittsburgh-Main Campus	4,915	9,850	6,514	12,432
Temple University	4,311	7,894	5,472	7,968
University of Missouri-Kansas City	3,642	8,365	3,478	8,306
University of Illinois at Chicago	3,630	7,786	4,035	8,562
University of Missouri-Columbia	3,331	7,740	4,356	7,272
University of South Carolina-Columbia	3,218	8,402	3,585	7,600
SUNY at Buffalo	2,953	6,083	4,120	6,025
University of Cincinnati-Main Campus (per quarter)	2,793	7,117	3,325	6,125
Wayne State University	2,699	5,783	3,775	7,905
SUNY at Stony Brook	2,694	5,824	3,728	5,738
Virginia Commonwealth University	2,569	8,651	3,695	8,634
Indiana University - Purdue University - Indianapolis	2,549	7,399	2,621	7,190
University of Louisville	2,520	6,876	2,736	7,542
University of Alabama-Birmingham	2,331	5,211	2,886	6,910
University of California-Irvine (per quarter)	2,298	7,950	2,855	7,835
University of California-San Diego (per quarter)	2,284	7,936	2,622	7,602
University of Nevada-Reno	1,612	5,949	5,949	10,286
University of South Florida	1,583	8,028	3,533	13,455



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Proposed Tuition & Fees

Affordability Analysis



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UofL Operating Budget 2005-2006

Affordability Benchmark Institutions

State Per Capita Personal Income and 2004-05 Tuition Rates

Institution	2004 PCPI	2005 ¹ PCPI	Rate	% of PCPI	Rate	% of UG	% of PCPI
IUPUI	\$ 30,094	\$ 30,771	\$ 5,930	19.3%	\$ 15,767	265.9%	51.2%
SUNY at Buffalo	\$ 38,228	\$ 39,088	\$ 5,966	15.3%	\$ 12,226	204.9%	31.3%
SUNY at Stony Brook	\$ 38,228	\$ 39,088	\$ 5,389	13.8%	\$ 11,649	216.2%	29.8%
Temple University	\$ 33,348	\$ 34,098	\$ 9,102	26.7%	\$ 16,268	178.7%	47.7%
University of Alabama - Birmingham	\$ 27,795	\$ 28,420	\$ 4,662	16.4%	\$ 10,422	223.6%	36.7%
University of California - Irvine	\$ 35,019	\$ 35,807	\$ 6,895	19.3%	\$ 23,851	345.9%	66.6%
University of California - San Diego	\$ 35,019	\$ 35,807	\$ 6,851	19.1%	\$ 23,807	347.5%	66.5%
University of Cincinnati - Main Campus	\$ 31,322	\$ 32,027	\$ 8,379	26.2%	\$ 21,351	254.8%	66.7%
University of Illinois - Chicago	\$ 34,351	\$ 35,124	\$ 7,824	22.3%	\$ 19,072	243.8%	54.3%
University of Missouri - Columbia	\$ 30,608	\$ 31,297	\$ 7,100	22.7%	\$ 16,547	233.1%	52.9%
University of Missouri - Kansas City	\$ 30,608	\$ 31,297	\$ 7,175	22.9%	\$ 16,622	231.7%	53.1%
University of Nevada - Reno	\$ 33,405	\$ 34,157	\$ 3,037	8.9%	\$ 11,711	385.6%	34.3%
University of Pittsburgh - Main Campus	\$ 33,348	\$ 34,098	\$ 10,830	31.8%	\$ 20,200	186.5%	59.2%
University of South Carolina - Columbia	\$ 27,172	\$ 27,783	\$ 6,416	23.1%	\$ 16,784	261.6%	60.4%
University of South Florida	\$ 31,455	\$ 32,163	\$ 3,167	9.8%	\$ 16,040	506.5%	49.9%
Virginia Commonwealth University	\$ 35,477	\$ 36,275	\$ 5,138	14.2%	\$ 17,302	336.7%	47.7%
Wayne State University	\$ 31,954	\$ 32,673	\$ 4,358	13.3%	\$ 9,293	213.2%	28.4%
University of Louisville 2004-05	\$ 27,709	\$ 28,332	\$ 5,040	17.8%	\$ 13,752	272.9%	48.5%
University of Louisville 2005-06 (weighted)		\$ 33,525	\$ 5,532	16.5%	\$ 15,092	272.8%	45.0%



UofL Operating Budget 2005-2006

Affordability Service Area

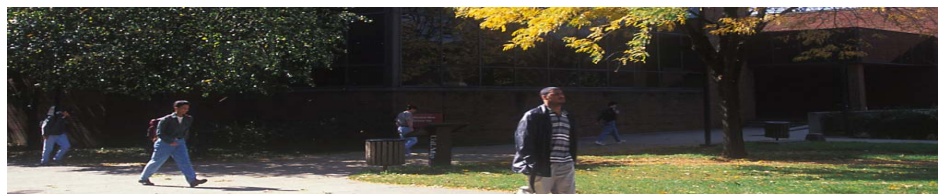
Top Service Area by County and Per Capita Personal Income (PCPI)

County	Fall 2004				
	Students	2003 ¹ PCPI	2004 ² PCPI	2005 ³ PCPI	
Jefferson	10,948	\$ 34,102	\$ 35,295	\$ 36,090	
Oldham	755	\$ 32,730	\$ 33,876	\$ 34,638	
Hardin	695	\$ 25,952	\$ 26,860	\$ 27,465	
Bullitt	498	\$ 24,382	\$ 25,235	\$ 25,803	
Fayette	363	\$ 33,558	\$ 34,732	\$ 35,514	
Kenton	301	\$ 30,908	\$ 31,990	\$ 32,710	
Nelson	288	\$ 26,221	\$ 27,139	\$ 27,749	
Daviess	260	\$ 25,791	\$ 26,694	\$ 27,294	
Shelby	210	\$ 28,567	\$ 29,566	\$ 30,232	
Boone	189	\$ 30,267	\$ 31,327	\$ 32,032	
Warren	177	\$ 25,661	\$ 26,560	\$ 27,157	
Other KY Counties	2,645	\$ 25,978	\$ 26,888	\$ 27,493	
		Average	\$ 28,676	\$ 29,680	\$ 30,348
		Median	\$ 27,394	\$ 28,353	\$ 28,990
Total from Service Area	17,329				
Total UofL Enrollment	21,725				

¹ Projected annual increase in PCPI of 1.9%

² Projected annual increase in PCPI of 3.5%

³ Projected annual increase in PCPI of 2.25%



UofL Operating Budget 2005-2006

Affordability Service Area

Weighted Average Analysis

County	Fall 2004 Headcount		2005 PCPI ³	Total
	Students			
Jefferson	10,948	\$	36,090	\$ 395,108,567
Oldham	755	\$	34,638	\$ 26,151,725
Hardin	695	\$	27,465	\$ 19,087,871
Bullitt	498	\$	25,803	\$ 12,849,773
Fayette	363	\$	35,514	\$ 12,891,474
Kenton	301	\$	32,710	\$ 9,845,673
Nelson	288	\$	27,749	\$ 7,991,787
Daviess	260	\$	27,294	\$ 7,096,486
Shelby	210	\$	30,232	\$ 6,348,662
Boone	189	\$	32,032	\$ 6,053,966
Warren	177	\$	27,157	\$ 4,806,828
Other KY Counties	2,645	\$	27,493	\$ 72,717,930
Total	17,329			\$ 580,950,741
Weighted Average Calculation				\$ 33,525

³ Projected annual increase in PCPI of 2.25%



UofL Operating Budget 2005-2006

Affordability Index

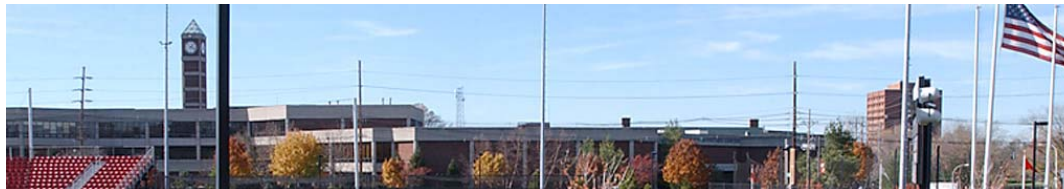
2005-06 Service Area³

	Undergraduate Tuition		Graduate Tuition	
	Resident	Non-Resident	Resident	Non-Resident
Projected Service Area PCPI - 2004-2005 ¹	\$ 33,525			
Median Percent of PCPI	19.8%			
Affordability Index - Tuition per PCPI 2004-2005 ²	\$ 6,644	\$ 15,439	\$ 7,309	\$ 21,927
2005-2006 Proposed Tuition	\$ 5,532	\$ 15,092	\$ 6,006	\$ 16,554
Affordability Difference (\$)	\$ 1,112	\$ 347	\$ 1,303	\$ 5,373
Affordability Difference (%)	20.1%	2.3%	21.7%	32.5%

¹ Weighted average of PCPI for top service area counties

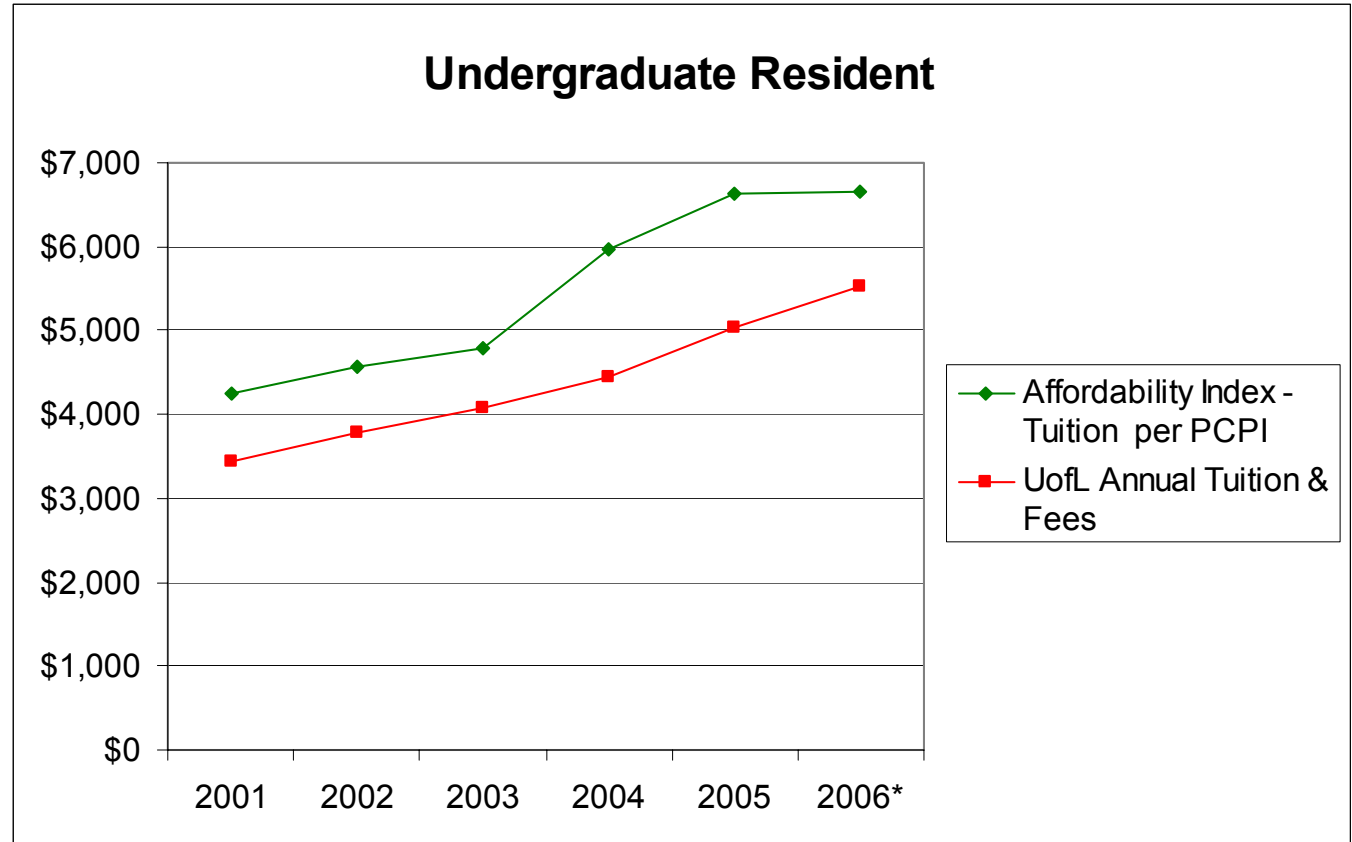
² Graduate tuition indices assumes 10% premium for in-state and an out-of-state rate at 3 times the in-state rate

³ Includes Jefferson, Oldham, Hardin, Bullitt, Fayette, Kenton, Nelson, Daviess, Shelby, Warren, and Boone Counties



UofL Operating Budget 2005-2006

Affordability Index Comparison





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Proposed Tuition & Fees

Total Public Funds Analysis



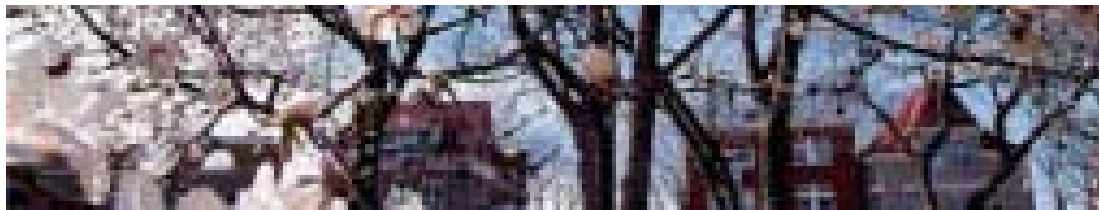
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UofL Operating Budget 2005-2006

Tuition and Fees to Total Public Funds

Fiscal Year	1998/99	1999/2000	2000/01	2001/02
State Appropriation	\$133,736,400	\$137,384,100	\$142,248,400	\$151,094,400
Tuition & Fees	\$67,009,000	\$72,301,800	\$79,082,500	\$79,451,100
Total Public Funds	\$200,745,400	\$209,685,900	\$221,330,900	\$230,545,500
% of Tuition & Fees	33.4%	34.5%	35.7%	34.5%

Fiscal Year	2002/03	2003/04	2004/05	2005/06
State Appropriation	\$148,362,300	\$144,854,200	\$143,781,800	\$146,856,100
Tuition & Fees	\$95,155,500	\$105,036,400	\$118,361,345	\$122,894,100
Total Public Funds	\$243,517,800	\$249,890,600	\$262,143,145	\$269,750,200
% of Tuition & Fees	39.1%	42.0%	45.2%	45.6%



UofL Operating Budget 2005-2006

Proposed Special Fees

Proposed Fee	Unit	Incremental Increase	2005-06 Rate	New/Increase
I. New Fees				
Law School Technology Fee	Law	N/A	\$50 per semester	New
Nursing Clinical Laboratory Fee	Nursing	N/A	\$75 per semester	New
MBA Program Fee	CBPA	N/A	\$100 per course	New
CBPA Technology & Career Management Fee	CBPA	N/A	\$10 per course	New
Music School	Music	N/A	\$45 per recital	New
II. Increase to Existing Fees				
Candidacy Fee	University-wide	1 Credit Hour/\$334	2 Credit Hours/\$668	Increase
Law School Application Fee	Law	\$5 per application	\$50.00 per application	Increase
Public Health Technology Fee	Public Health	\$125 per semester	\$375 per semester	Increase
Dental Instrument Rental Fee	Dental	\$1,000	\$5,000	Increase



UofL Operating Budget 2005-2006



Where the Increases Go

- Academic Programs
 - PhD in Nursing and Entrepreneurship
 - Graduate Assistantships and Stipends
 - New faculty / research scholar positions
- Financial aid
 - Cost Escalator
 - Merit Scholarships
 - Need-based Awards
- Student experience
 - Advising
 - Career Center
 - Academic support services
 - Freshman First-year Experience
 - “Vision-Focus-Action”
 - Diversity
- Technology and library support

UofL Operating Budget 2005-2006

Where the Tuition Increases Go FY 2005-06



I. New Incremental Tuition Revenue From Rate Increase		<u>\$10,705,200</u>
II. Investments		
Educational Experiences: Student Success	\$6,510,700	
Accessibility, Diversity, Equity and Communication	\$557,400	
Research, Creative and Scholarly Activities	\$3,678,000	
Partnerships & Collaborations	\$385,000	
Institutional Effectiveness of University Programs & Services	\$1,363,900	
Faculty and Staff Salary and Compensation	<u>\$10,885,700</u>	
Total Investments		<u>\$23,380,700</u>



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Proposed Expenditures



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Projected Expenditure Increases

- Fixed Costs/Semi Fixed Costs
- Investments in Strategic Initiatives
- Expenditures Offset by Revenue

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Changes in Fixed and Semi-Fixed Costs

- Change in FICA Maximum	75,000	
- Worker's Compensation	58,600	
- Savings in Prior Service Benefit	(530,000)	
- Stop Loss Insurance Coverage	418,000	
- Savings in External Audit	(26,000)	
- Savings in Federal Financial Aid Match	(81,500)	
- Utility budgets (based on VPBA projection)	522,200	
- Utilities Baxter II	350,000	
- M&O and Utilities for New Belknap Facilities	886,100	
- M&O and Utilities for New HSC Facilities	325,900	
- Change in Debt Service Requirements	<u>6,800</u>	
Total Fixed Costs		<u>2,005,100</u>



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Summary of Investments in Strategic Initiatives

<u>Strategic Initiatives</u>	<u>Amount</u>
Educational Experience: Student Success	\$6,510,700
Research, Creative and Scholarly Activities	\$3,678,000
Accessibility, Diversity, Equity and Communication	\$557,400
Partnerships and Collaboration	\$385,000
Institutional Effectiveness of Programs and Services	<u>\$12,249,600</u>
Total	<u><u>\$23,380,700</u></u>



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Investments in Strategic Initiatives

Educational Experience: Student Success

- Career Center	700,000
- Freshman (First Year) Experience	189,500
- Other Academic Initiatives	925,000
- Dean, College of Business and Public Administration Recruitment Package	672,100
- Speed School Staff Student Recruiter Position	51,200
- Inflationary Increase for Library Periodicals	411,500
- Student Recruitment (Personnel and Software)	100,000
- Additional Merit-Based Scholarships	500,000
- Financial Aid Escalator	2,661,400
- "Vision - Focus - Action" Implementation	<u>300,000</u>

Total

6,510,700



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Investments in Strategic Initiatives

Research, Creative and Scholarly Activities

- New Faculty Positions (Cost Net of Grant Revenue)	1,383,000
- Research Administration and Infrastructure	900,000
- PhD Graduate Assistants (Stipend & Benefits)	300,000
- Graduate Stipends Market Adjustment	1,000,000
- Health Insurance - Graduate Assistants	95,000

Total

3,678,000



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Investments in Strategic Initiatives



Accessibility, Diversity, Equity and Communication

- External Affairs Administrator Salary & Fringe	115,400
- New Faculty Positions	117,000
- Additional Need-Based Scholarships	100,000
- Non-Resident Scholars Program	150,000
- Other Academic Initiatives	75,000

Total

557,400

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Investments in Strategic Initiatives

Partnerships and Collaboration

- Kentucky Healthcare Infrastructure Authority Program	175,000
- Autism Training Center	10,000
- Kentucky Equine Program	<u>200,000</u>

Total

385,000



UofL Operating Budget 2005-2006

Investments in Strategic Initiatives

Institutional Effectiveness of Programs and Services

- Information Technology (soft money problem)	500,000
- Home of the Innocents Building Debt Service (1/2 year)	310,500
- Security Information Officer	115,400
- Integrated Marketing Program	100,000
- Development initiative	<u>338,000</u>

Sub-Total 1,363,900

Faculty & Staff Salary and Compensations

- Salary & Wage Increases (3.5%) net faculty catch-up	6,945,800
- Faculty catch-up	1,512,000
- Faculty Promotion Salary Increases	200,000
- Staff Reclassification/Promotion Salary Increases	75,000
- Health Insurance:	

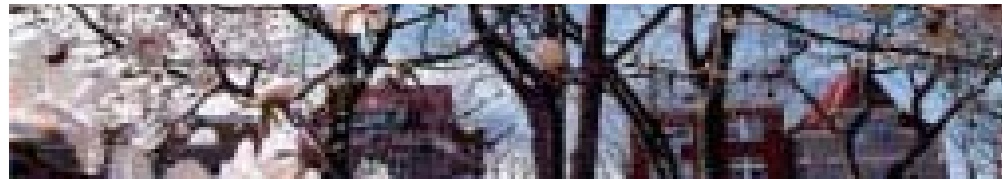
July thru December 2005 - 22% - \$364/mo./employee 980,900

January thru June 2006 - 15% - \$419/mo./employee 1,172,000 2,152,900

Sub-Total 10,885,700

Total

12,249,600



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Salary and Wages



- 3.5% Salary Increase
 - Permanent, Recurring Adjustment To Base Salary
 - Based On Performance Evaluations
 - Faculty and Administrators – 3.5% Performance-Based
 - Staff – 2% Across The Board (Satisfactory Evaluation)
 - 1.5% Performance-Based
- \$1.4 Million Faculty Catch-Up
 - Faculty Salaries Currently \$2.8 Million Below Benchmark Median
 - Permanent, Recurring Adjustment to Base Salary
 - Deans Submit Salary Plan to Provost for Approval

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Distribution of New Faculty Positions

<u>College or School</u>	<u>Number of New Faculty</u>
College of Arts and Sciences	2
College of Business and Public Administration	1
School of Medicine	6
School of Nursing	2
School of Public Health	2
Speed School	3
Other	
Belknap Special Opportunity Recruitment	1
HSC Special Opportunity Recruitment	1
KIESD recruiting opportunity	1
Total	<u>19</u>



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Budget Reductions

- Reductions total approximately \$714,400
- No reductions to core academic programs
- Continuation of phased reductions which began in current fiscal year
- Reductions in selected administrative units

UofL Operating Budget 2005-2006

Summary

- Overview of the Current Situation
- Solicit Input from the Board of Trustees
- Fine Tuning and Report Preparation Remains
- Final Budget Submitted to Board of Trustees at June 2nd meeting
- Budget Implementation: July 1, 2005

