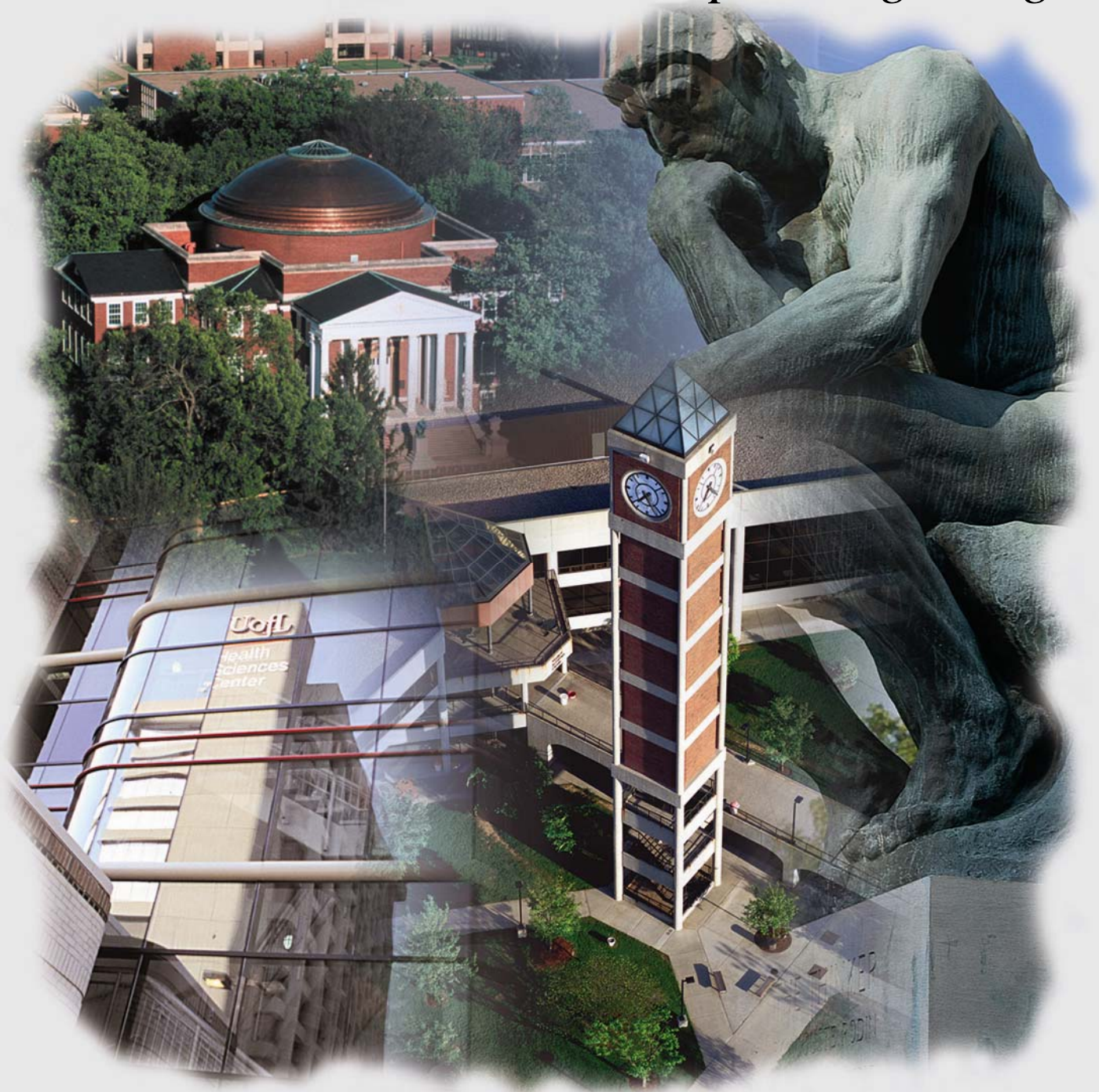


*Board of Trustees  
Finance Committee Workshop  
2006-2007 Operating Budget*



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# UNIVERSITY of LOUISVILLE

## Board of Trustees

Finance Committee  
Budget Workshop  
May 11, 2006

**2006-2007 OPERATING BUDGET**

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# Finance Committee Budget Workshop

## *May 11, 2006*

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# Finance Committee Budget Workshop

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**2006-07 OPERATING BUDGET**  
**BUDGET OVERVIEW**

**I. GENERAL**

The preliminary 2006-07 operating budget for the University of Louisville supports the commitment of becoming a great CITIZEN UNIVERSITY – a University that is committed to thinking beyond the campus, addressing the direct correlation between advanced education and contributions to the state’s tax base, between academic research and entrepreneurial development. UofL will merge this philosophy into an existing business strategy that will meet the mandate set in 1997 by the Kentucky General Assembly. This vision has set the University of Louisville on course to become a “premier metropolitan research University” by the year 2020. UofL remains strongly committed to its business plan, the *Challenge for Excellence*, a “roadmap” specifying goals and quantifiable benchmarks to ensure progress is made to achieve this long-term goal. Under the direction of President Ramsey and his leadership team, UofL is proceeding with many of the Challenge’s strategies through this 2006-07 Operating budget. This budget includes many important initiatives to ensure the University is on target to meet the primary goal of becoming a premier nationally recognized research university.

Planning for the University’s 2006-07 operating budget began in early Fall 2005. Again this year, the Leadership Team employed a strategic five-year budget projection model and developed a set of budget values and principles that helped to guide the budget process. The following are the five strategic goals that drove all budgetary decisions and allocations to strategic initiatives:

**Goal One – Educational Experience: Student Success** – Create a responsive, challenging, and supportive educational environment characterized by high standards, commitment to quality, and student success.

**Goal Two – Research, Creative and Scholarly Activities** – Focus energy and resources to enhance the scholarly agenda and advance to national prominence areas of programmatic strength.

**Goal Three – Accessibility, Diversity, Equity, and Communication** – Develop a seamless system of access and intercultural understanding that promotes and supports race and gender diversity, inclusivity, equity, and open communication.

**Goal Four – Partnerships and Collaboration** – Develop and integrate interdisciplinary activities associated with teaching, research, and service. Support existing partnerships and engage new partners to contribute to the educational, social and economic progress of the region and state.

**Goal Five – Institutional Effectiveness of Programs and Services** – Improve the effectiveness and accountability of programs and services in fulfilling the mission and vision of the University.

The following are the values that guided this year’s operating budget process:

## **II. BUDGET VALUES**

The University of Louisville values an open budget process that:

1. Includes full discussion and dialogue with the entire campus community.
2. Is committed to aligning scarce resources with the University’s priorities identified in the *Challenge for Excellence* and identified in the institutional Scorecard.
3. Is based on data analysis and best information available being incorporated into the decision-making process.
4. Examines the long-term consequences of decisions made in the short term.
5. Is focused on ensuring the long-term financial viability of the University and reflects decisions that ensure its financial stability and growth.
6. Fully evaluates the human cost and impact of all budget decisions and is sensitive to these impacts.

In developing the budget for FY 2006-07, the University of Louisville adheres to the following budget principles:

## **III. BUDGET PRINCIPLES**

1. Evaluate the impact of proposed decisions for FY 2006-07 on the University through

the end of the *Challenge for Excellence*.

2. Compensation awarded by the University should be effective in attracting, motivating, and retaining quality faculty and staff and should respond pragmatically to the influence of external market forces.
3. Continue to align faculty and staff salaries to those of our benchmark institutions and marketplace as applicable.
4. Develop budget adjustments and reallocations based upon detailed analysis using the best data and information available.
5. Recognize that a significant tuition increase will be required in FY 2006-07. Any tuition increase will be based upon a detailed analysis of relevant information such as changes in tuition by peer and benchmark institutions, market conditions, changes in per capita income, median family income (MFI), state appropriations and other such factors.
6. As a minimum maintain modest budget reserves to fund unplanned expenditures, emergencies, and other financial contingencies.
7. Maintain financial aid budgets at levels comparable to previous years. Moreover, the University will structure the financial aid budget in such a way as to have a competitive balance between merit and need-based aid.

The President and his Leadership Team submit for your consideration a proposed FY 2006-07 general fund operating budget of \$389.4 million, an increase of approximately \$21.5 million, or 5.9% over last year. Also included in this document are references to budgets for the affiliated and non-affiliated University of Louisville corporations. In total these corporations are budgeted at \$375,000,000 for FY 2006-07. This is an increase of \$45 million or 13.6% over the last year. This increase is a direct result of increases in grant and contract activity, clinical operations, philanthropy, and available earnings from endowments. Currently, the recommended FY 2006-07 Operating Budget is balanced; the proposed revenue budget equals the proposed expenditure budget. This budget proposal, however, is preliminary and represents a snapshot as of May 11, 2006. It may change slightly before the Board of Trustees meets in June 2006 for final approval.

**Revenue Assumptions**

1. Included in House Bill 380, the enacted 2006-08 state biennial budget, is a \$187.5 million appropriation for the University of Louisville for fiscal year 2006-07. The state budget also contains a \$500,000 pass-through in the Council on Postsecondary Education (CPE) budget that is earmarked for permanent research infrastructure at UofL. This is a net increase in state funds of \$4.3 million from the FY 2005-06 budget.

1. The University is projecting no enrollment decline or major change in student residency mix is anticipated.

	Headcount	FTE
Undergraduate	15,057	11,424
Graduate	4,793	2,929
Professional	1,910	1,893
Total	21,760	16,246

- Based on goals set in conjunction with the CPE, undergraduate enrollment is projected to increase only slightly. The admissions office accepted fifty additional first time freshman for the Fall 2006. The University will also continue to maintain its academic qualifying standards. The minimum ACT score is scheduled to remain at 20 for FY 2006-07.
- Enrollment projections for the professional schools are based on agreed-upon class sizes and CPE caps for resident students in Medicine and Dentistry. The School of Law will increase its non-resident enrollment by approximately 10 students and the School of Dentistry expects to change its student residency mix to produce additional tuition revenue while keeping tuition rate increases lower than other academic units.

1. Tuition revenue for 2006-07 is estimated using an approved tuition rate increase of 13% for all resident enrollment categories except Dentistry, which will increase 10%. Graduate MBA tuition projections are based on a 21% increase. Additional revenue generated by the higher tuition rate will be used by the College of Business to improve the quality of the MBA program. Tuition rates for the other professional schools are based on regional competition so as to remain competitive in recruiting non-resident students for those schools.



1. The tuition revenue budget for 2005-06 operating year was over-realized from a slight increase in the number of students, more full-time students and a slightly different mix of residents and non-residents. Approximately \$1.6 million of that over-realized tuition revenue is budgeted for 2006-07 and is built into the budget base going forward.
5. Indirect Cost Recovery is budgeted at a slightly higher level for 2006-07. This incremental revenue is offset by expenses for research infrastructure and debt service on the new Belknap Research Building.
6. As a result of a slight increase in short term interest rates and a projected increase in available short-term cash to invest, this budget includes an increase of \$1.4 million in projected investment income.

**2006-07 OPERATING BUDGET**  
**REVENUE HIGHLIGHTS**

In April 2006, the Kentucky legislature enacted a comprehensive 2006-08 budget plan for the Commonwealth. Included in the enacted budget was a \$3.4 million increase in benchmark funding for the University of Louisville. This amount was only 25% of the Council on Postsecondary Education's original \$13.5 million funding request for UofL. While disappointing for FY 2006-07, the University did fare better in the second year of the state budget. The revenue estimates included in this budget are realistic and attainable; yet, there is little flexibility for significant fluctuations, especially in tuition revenue. Past experience, however, shows that actual booked revenue has tracked closely with revenue projections.

The University proposes a general fund revenue budget of \$389,351,200 – an increase of approximately \$21.5 million, or 5.9%, over the 2005-06 budget. The proposed general fund revenue budget is categorized into the following ten major groups:

<b>PROJECTED GENERAL FUND REVENUE BY SOURCE</b>	
State Appropriation and Other State Funds	\$189,244,800
Tuition and Fees	154,559,700
Transfers from Affiliated Corporations	10,783,500
Sales and Services of Educational Activities	351,000
Organized Activities Related to Instruction	919,900
Other Non-Educational Revenue	7,685,600
Auxiliary Enterprises	3,787,700
University Housing	6,453,600
Service Centers	2,026,700
Hospital-Related Revenue	<u>13,538,700</u>
<b>Total Projected General Fund Revenue</b>	<b><u>\$389,351,200</u></b>

1. **State Appropriation and Other State Funds** is the largest component of the University’s revenue budget, totaling \$189.2 million. The Kentucky General Assembly in House Bill 380 enacted the state budget in April of this year. Specifically the budget includes \$3.4 million for base funding distributed based upon the CPE’s “Funding Distribution Methodology.” Other changes to UofL’s base appropriation include an additional \$338,000 to fund the UofL Hospital Quality and Charity Care Trust (QCCT) cost escalator, \$300,000 earmarked for the Equine Industry Program in the College of Business and a minor technical adjustment to the base appropriation. UofL’s appropriation also includes a scheduled \$231,700 decrease in state-supported debt service. The CPE’s budget includes pass-thru funds of \$500,000 earmarked for research infrastructure at UofL. These funds will be transferred to the University after July 1, 2006.

The state funding for 2006-07 is summarized in the following two summary schedules:

<b>UofL State Appropriation Summary</b>			
<b>I. 2005-06 State Appropriation:</b>			
Base Appropriation			<b>183,688,100</b>
<b>II. Budget Increases (Decreases) in Proposed State Appropriation:</b>			
A. Base Adjustments			
Benchmark Funding	3,390,600		
Hospital (QCCT Escalator)	338,000		
Debt Service	(231,700)		
Technical Adjustment	(200)		
Subtotal	3,496,700		
B. Other Adjustments			
Equine Industry Program	300,000		
Subtotal	300,000		
<b>Total Adjustments</b>		<b>3,796,700</b>	
<b>III. 2006-07 Projected State Appropriation</b>			<b>187,484,800</b>

**Schedule of CPE Pass-Through Funds and Other State Funds**

	2005-06	2006-07	
	Allocation	Increase (Decrease)	Projected
<b>I. CPE Budget Earmarked for UofL</b>			
Research Support	0	500,000	500,000
Subtotal	0	500,000	500,000
<b>II. Other State Funds</b>			
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	491,100	(71,100)	420,000
Subtotal	1,331,100	(71,100)	1,260,000
<b>Total Other State Funds</b>	<b>1,331,100</b>	<b>428,900</b>	<b>1,760,000</b>

2. **Tuition and Fees** represent the second largest component of the University's general fund revenue budget. In fall 2005, the Executive Vice President and Provost appointed a Tuition and Fee Setting Task Force to comprehensively research, analyze and recommend tuition and fee rates for the 2006-07 academic year. The task force spent considerable time and energy over several months fulfilling its charge. As part of its detailed work, the task force met with the Council on Postsecondary Education's Vice President for Finance to better understand the CPE's position on the issue of affordability and the newly adopted CPE tuition-setting guidelines for fiscal year 2006-07. Those guidelines included graded maximum increase percentages based on the amount of funding provided by the Commonwealth in its budget legislation.

In March, the Executive Committee of the Board of Trustees approved the schedule of tuition rate increases recommended by the University's Tuition and Fee Setting Task Force. This recommendation was well within the CPE guidelines. On April 5, 2006, the Council on Postsecondary Education took final action and approved those rates for the University of Louisville.

The approved rates reflect an overall undergraduate, graduate and professional resident tuition rate increase of 13%. Exceptions to this general rule include the graduate MBA program, the professional Dentistry program and mandatory lower rates for non-resident students. University-wide the tuition rate increase for non-residents was kept slightly lower than the resident rate increase based on input from Deans of the colleges and schools and the University’s admissions staff. These selective rate limitations are designed to keep rates for non-resident students competitive with other schools in the same recruiting markets. The table below shows the details of the new tuition rates by enrollment category:

Tuition Revenue Projections	Percent Increase	
	Resident	Non-Resident
Undergraduate	13.0 %	6.5 %
Graduate	13.0 %	4.8 %
MBA	21.0%	7.9%
Law	13.0 %	6.0 %
Dentistry	10.0 %	7.3 %
Medicine	13.0 %	5.8 %

The College of Business plans to use the additional tuition revenue generated by the higher MBA tuition rate increase for programmatic enhancements in that program. Conversely, the Dental School chose to keep the tuition rate increase for their resident professional students lower than 13% because of competitive issues with the University of Kentucky.

As mandated by the Council on Postsecondary Education, students in selected southern Indiana counties are granted “tuition reciprocity.” These students, because of their geographic proximity, are charged the resident tuition rate plus a \$250 per semester surcharge. New this year, this Indiana reciprocity category was added to the detailed tuition schedule found at the end of this section on page 16.

Based on these approved rates, the University projects approximately \$154.6 million in tuition and fees revenue from all sources including credit and non-credit instructional

programs. This is an increase of \$19.9 million, or about 14.7% over last year. Approximately \$13.5 million of that amount is attributable to the proposed tuition rate increases. The tuition revenue budget was also increased \$1.6 million to permanently budget over-realized tuition revenue from FY 2005-06. The Deans were consulted early in the budget development process to ensure the current year enrollments can be maintained on a permanent, recurring basis. Other increases include increased tuition revenue from admitting a slightly larger number of first-time freshman students. The Law School also anticipates increasing tuition revenue by either admitting additional students, changing the residency mix of its admitted students, or both.

Also included in the tuition revenue budget are specific items for **Special Instructional Programs**. Routinely, tuition revenue dollars generated from these unique programs directly offset expenditure budgets of a like amount. For FY 2006-07, this revenue in this category is projected to increase approximately \$83,000.

Revenue generated from the non-credit **Continuing Education Programs** is projected to increase \$614,100 in FY 2006-07. Included in this change are small adjustments to continuing education programs in Dentistry, Justice Administration, and the Kent School of Social Work along with a \$605,000 increase in the budget of the Delphi Center for Teaching and Learning. Again this year, the Delphi Center continues to expand its offerings of executive and professional development seminars, IT certification courses, OSHA training classes, and other new options.

Similarly, the **Distance Education** at UofL is rapidly growing and this category will increase almost \$1.6 million to a total of \$3.4 million. Enrollment particularly in on-line courses continues to grow significantly each year. Tuition revenue from the Distance Education offerings has increased almost 250% over the four years since inception of the incentivized Distance Education Tuition Assessment and Revenue Allocation program. Of the \$1.6 million increase, about \$350,000 is overrealized distance education revenue that accrues to the benefit of the University centrally.

The budgets for **Mandatory and Miscellaneous Fees** are expected to increase by approximately \$2,059,700.

- ◆ The largest item in this category is a new Student Health Fee for students on the Belknap campus. The fee, approved at the April Board of Trustees meeting, will provide funds for basic primary care, expanded psychiatry services and extended hours treatment both in addition to and in conjunction with students' existing insurance

coverages. Application of the fee will also ensure that a broader segment of the student population has access to basic health services. The fee is projected to generate \$1,283,200 in new revenue annually.

- ◆ Also approved at the April Board of Trustees meeting is a new Course Drop fee. This fee, budgeted initially at \$100,000, is primarily intended to modify student behavior, that is, to be more focused and intentional in the course selection process during pre-registration each semester.
- ◆ A third new fee approved at the April Board of Trustees meeting is the Graduate Nursing Clinical fee. The fee covers costs associated with clinical laboratory instruction, including lab supplies, clinical equipment, support of simulation equipment, preceptor placement coordination and clinical visitations. In 2005 a similar undergraduate clinical fee was introduced, and this new graduate fee, budgeted at \$36,000, will provide similar clinical resource support to the growing graduate nursing program.
- ◆ The remainder of this revenue category is comprised of budget increases in existing fees (Orientation, Graduate Admission, Medical Student Technology, Dental Instrumental Rental, and other miscellaneous fees) which are overrealized in 2005-06 and whose revenue amounts are expected to either remain at the current level or increase slightly.
- ◆ A detailed schedule of other unit-based course or program special fees, approved by the Executive Committee of the Board of Trustees at its March meeting, is located at the end of this section on page 16.

**3. Transfers from Affiliated Corporations** will increase \$378,900 for FY 2006-07.

- ◆ Indirect cost recovery funds from sponsored research growth are projected to increase about \$600,000 next year. By current University policy, 80% of indirect cost recovery funds will subsequently transfer from the UofL Research Foundation, Inc. to the University's general fund operating budget. The Senior Vice President for Research will use these funds to build the research enterprise, fund debt service on new research buildings, and support new positions and operating expense increases associated with sponsored research administration.

- ◆ Debt service on the new Natatorium will decrease in 2006-07, so transfers from the University of Louisville Athletic Association, Inc. to the UofL general fund will decrease \$55,000 in this revenue category. Also this year, Athletics Overhead previously transferred to the University is being eliminated (\$227,600). These Athletics related revenue items reduce the overall increase in this Transfers category.
- 4. The small revenue category of **Sales and Services of Educational Activities** is projected to decrease \$50,000 from its currently budgeted level of \$401,000 to \$351,000. This decline is an anticipated reduction of fee income to the Center for Infrastructure Research in its commissioned study of infrastructure problems in Metro Louisville.
- 5. The category of **Organized Activities Related to Instruction** will increase by \$24,000. This increase is a net amount of changes—both increases and reductions—in six of the twelve program budgets in this category.
- 6. The category of **Other Non-Educational Revenue** will increase approximately \$1,156,500 from last year. Most of this increase is a direct result of a \$1.4 million increase in interest income. As both interest rates and available cash balances increase, this projected figure is very attainable. Other changes are comprised of small increases and decreases in several existing programs including Intramural Fees, Women’s Center Sales, MAPS Research, and the LYNK credit card processing of student payments.
- 7. The \$4.5 million reduction in **Hospital Related Revenue** is primarily a result of a technical accounting change in which payments from the state to the UofL Hospital are now treated as pass-through transactions rather than revenue to the University.
- 8. **Auxiliary Enterprise Revenue** is projected to increase from last year’s budget by approximately \$6,400 because of small changes in the Contract Vending and Food Service Contract program budgets. These revenue changes are offset by similar changes in their respective expenditure budgets.
- 9. **University Housing Revenue** is projected to increase only \$12,900 for FY 2007 to \$6,453,600. Approved housing rates will increase between 3 and 7% for fiscal year 2006-07. Because several housing facilities will have limited occupancy during the upcoming academic year and the use of Unitas Tower for summer events is also down, the increase in revenue for all student housing is minimal for 2006-07.
- 10. **Approximately** \$422,900 of new general fund revenue is projected in FY 2006-07 for

**Service Center** activities. This category of revenue is for selected University service functions which are self-supporting and function like stand-alone businesses—their expenditure budgets are based entirely on internal charges to other university departments for services rendered or on externally generated service income. The increase in this category is caused primarily by the creation and budgeting of six new service centers in the Medical School: Nuclear Magnetic Resonance Facility (\$178,200); Biophysics Lab (\$115,900); Bioengineering Laboratory (\$104,600); Microarray Facility (\$91,400); Molecular Modeling Facility (\$78,400); and the Institute for Cellular Therapy Core Services Lab (\$31,300). One program, the Center for Cellular Delivery, ceased to operate as a service center (\$100,000) in the current fiscal year, and smaller changes in six other centers account for the remainder of the net change (Pathology Core Lab, Central Stores and Stockroom, Communication Services, Contract Technology Support Services, NMR Maintenance, and the Microtechnology Service Center).

The changes described in this section are summarized by type of revenue in the schedule on the next page. Following that summary is a second chart which compares prior, current and budget year revenue estimates and actual performance by the categories discussed here.

**SUMMARY OF CHANGES IN BUDGETED REVENUE**  
**Fiscal Year 2006-07**

	2005-2006 Original Budget	Adjustments			2006-2007 Proposed Budget	Change from 2005-2006	
		State Appropriation	Tuition and Fees	Program Budgets		Other Revenue	Amount
<b>EDUCATIONAL AND GENERAL REVENUE</b>							
Tuition and Fees							
Summer School Tuition	9,599,000	0	936,300	0	0	936,300	9.8%
Fall and Spring Tuition	110,889,400	0	14,592,100	0	0	14,592,100	13.2%
Subtotal	120,488,400	0	15,528,400	0	0	15,528,400	12.9%
Special Instruction Programs	981,700	0	82,900	0	0	82,900	8.4%
Distance Education	1,846,500	0	1,576,800	0	0	1,576,800	85.4%
Continuing Education	2,622,100	0	614,100	0	0	614,100	23.4%
Subtotal	5,450,300	0	2,273,800	0	0	2,273,800	41.7%
Incidental Fees:							
Mandatory Fees	5,428,600	0	70,000	0	0	70,000	1.3%
Miscellaneous Fees	3,330,500	0	1,989,700	0	0	1,989,700	59.7%
Subtotal	8,759,100	0	2,059,700	0	0	2,059,700	23.5%
Total Tuition and Fees	134,697,800	0	19,861,900	0	0	19,861,900	14.7%
State Appropriation							
University Base	163,347,500	3,158,700	0	0	0	3,158,700	1.9%
Hospital Quality Care and Charity Trust (QCCT)	18,243,400	338,000	0	0	0	338,000	1.9%
Metropolitan College	2,097,200	0	0	0	0	0	0.0%
Other Appropriations	0	300,000	0	0	0	300,000	NA
Total State Appropriations	183,688,100	3,796,700	0	0	0	3,796,700	2.1%
CPE Pass-Through Funds	0	500,000	0	0	0	500,000	NA
Other State Funds	1,331,100	(71,100)	0	0	0	(71,100)	-5.3%
Total Appropriation, CPE and Other State Funds	185,019,200	4,225,600	0	0	0	4,225,600	2.3%
Transfers From Affiliated Corporations	10,404,600	0	0	0	378,900	378,900	3.6%
Sales and Services of Educational Activities	401,000	0	0	0	(50,000)	(50,000)	-12.5%
Organized Activities Related to Instruction	895,900	0	0	14,000	10,000	24,000	2.7%
Other Non-Educational Revenue	6,529,100	0	0	(99,000)	1,255,500	1,156,500	17.7%
Hospital Related Revenue	18,053,700	0	0	0	(4,515,000)	(4,515,000)	-25.0%
<b>Total Education &amp; General Revenue</b>	356,001,300	4,225,600	19,861,900	(85,000)	(2,920,600)	21,081,900	5.9%
<b>AUXILIARY ENTERPRISES REVENUE</b>							
Auxiliary Enterprises	3,781,300	0	0	6,400	0	6,400	0.2%
University Housing	6,440,700	0	0	12,900	0	12,900	0.2%
Service Center Activities	1,603,800	0	0	422,900	0	422,900	26.4%
Total Auxiliary Enterprises Revenue	11,825,800	0	0	442,200	0	442,200	3.7%
<b>TOTAL GENERAL FUND REVENUE</b>	367,827,100	4,225,600	19,861,900	357,200	(2,920,600)	21,524,100	5.9%
Affiliated U of L Corporations Revenue	330,000,000	0	0	0	45,000,000	45,000,000	13.6%
<b>TOTAL UNIVERSITY REVENUE</b>	697,827,100	4,225,600	19,861,900	357,200	42,079,400	66,524,100	9.5%

**2006-07 Operating Budget  
REVENUE ESTIMATE SUMMARY**

	2004-2005		2005-2006		2006-2007		
	ORIGINAL BUDGET	ACTUAL 6/30/2005	ORIGINAL BUDGET	ACTUAL 4/28/2006	PROPOSED BUDGET	CHANGE FROM 2005 - 2006 AMOUNT	PERCENT
<b>EDUCATIONAL AND GENERAL REVENUE</b>							
Tuition and Fees:							
Summer School Tuition	8,482,300	9,962,162	9,599,000	12,801,906	10,535,300	936,300	9.8%
Fall & Spring Tuition	99,712,100	102,115,726	110,889,400	113,199,060	125,481,500	14,592,100	13.2%
Subtotal	108,194,400	112,077,888	120,488,400	126,000,966	136,016,800	15,528,400	12.9%
Special Instructional Programs	2,133,800	2,155,265	981,700	1,831,095	1,064,600	82,900	8.4%
Distance Education	1,423,400	2,997,922	1,846,500	5,545,303	3,423,300	1,576,800	85.4%
Continuing Education	3,013,700	2,585,892	2,622,100	2,403,790	3,236,200	614,100	23.4%
Subtotal	6,570,900	7,739,079	5,450,300	9,780,188	7,724,100	2,273,800	41.7%
Incidental Fees:							
Mandatory Student Fees	5,919,800	7,981,882	5,428,600	9,091,839	5,498,600	70,000	1.3%
Miscellaneous Fees	1,081,600	1,215,500	3,330,500	1,446,075	5,320,200	1,989,700	59.7%
Subtotal	7,001,400	9,197,382	8,759,100	10,537,914	10,818,800	2,059,700	23.5%
Total Tuition and Fees	121,766,700	129,014,349	134,697,800	146,319,068	154,559,700	19,861,900	14.7%
State Appropriation and Other State Funds							
University Base	152,299,100	152,932,000	163,347,500	134,591,643	166,506,200	3,158,700	1.9%
Hospital Quality Care and Charity Trust (QCCT)	17,866,500	17,866,500	18,243,400	15,202,833	18,581,400	338,000	1.9%
Metropolitan College	2,097,200	1,992,300	2,097,200	1,660,250	2,097,200	0	0.0%
Other Appropriations	0	0	0	0	300,000	300,000	NA
Total State Appropriations	172,262,800	172,790,800	183,688,100	151,454,726	187,484,800	3,796,700	2.1%
CPE Pass-Through Funds	0	0	0	0	500,000	500,000	NA
Other State Funds	1,271,500	1,095,993	1,331,100	1,459,591	1,260,000	(71,100)	-5.3%
Total State Appropriation and Other State Funds	173,534,300	173,886,793	185,019,200	152,914,317	189,244,800	4,225,600	2.3%
Transfers From Affiliated Corporations	9,232,700	10,290,367	10,404,600	8,010,388	10,783,500	378,900	3.6%
Sales and Services of Educational Activities	401,000	358,875	401,000	226,279	351,000	(50,000)	-12.5%
Activities Related to Instruction	774,900	569,055	895,900	601,207	919,900	24,000	2.7%
Other Noneducational Revenue	7,010,000	3,148,363	6,529,100	8,831,870	7,685,600	1,156,500	17.7%
Hospital Related Revenue	17,842,000	10,566,835	18,053,700	2,336,315	13,538,700	(4,515,000)	-25.0%
<b>Total Educational and General Revenue</b>	330,561,600	327,834,637	356,001,300	319,239,444	377,083,200	21,081,900	5.9%
<b>AUXILIARY ENTERPRISES REVENUE</b>							
Auxiliary Enterprises	3,941,200	1,533,390	3,781,300	3,204,426	3,787,700	6,400	0.2%
University Housing	6,386,300	6,740,158	6,440,700	6,628,181	6,453,600	12,900	0.2%
Service Centers	2,275,400	3,750,025	1,603,800	1,176,862	2,026,700	422,900	26.4%
<b>Total Auxiliary Enterprises Revenue</b>	12,602,900	12,023,573	11,825,800	11,009,469	12,268,000	442,200	3.7%
<b>TOTAL GENERAL FUND REVENUE</b>	343,164,500	339,858,210	367,827,100	330,248,913	389,351,200	21,524,100	5.9%
<b>Affiliated U of L Corporations Revenue</b>	270,000,000	340,945,000	330,000,000	359,581,000	375,000,000	45,000,000	13.6%
<b>TOTAL UNIVERSITY REVENUE</b>	613,164,500	680,803,210	697,827,100	689,829,913	764,351,200	66,524,100	9.5%

**2006-07 Operating Budget**

**Proposed Tuition Schedule  
2005-06 to 2006-07**

	2005-2006		2006-2007		Dollar Change		Percent Change		
	Resident	Non-Resident	Resident	Indiana Reciprocity Non-Resident	Resident	Non-Resident	Resident	Non-Resident	
<b>I. Semester Rates</b>									
Undergraduate	2,766	7,546	3,126	3,376	8,036	360	490	13.0%	6.5%
Graduate	3,003	8,277	3,393	3,643	8,674	390	397	13.0%	4.8%
MBA	3,757	9,812	4,545	4,795	10,583	788	771	21.0%	7.9%
Law	5,049	11,110	5,705	NA	11,777	656	667	13.0%	6.0%
Medicine	9,020	20,203	10,193	NA	21,375	1,173	1,172	13.0%	5.8%
Dentistry	7,767	19,090	8,544	NA	20,484	777	1,394	10.0%	7.3%
<b>II. Annual Rates</b>									
Undergraduate	5,532	15,092	6,252	6,752	16,072	720	980	13.0%	6.5%
Graduate	6,006	16,554	6,786	7,286	17,348	780	794	13.0%	4.8%
MBA	7,514	19,624	9,090	9,590	21,166	1,576	1,542	21.0%	7.9%
Law	10,098	22,220	11,410	NA	23,554	1,312	1,334	13.0%	6.0%
Medicine	18,040	40,406	20,386	NA	42,750	2,346	2,344	13.0%	5.8%
Dentistry	15,534	38,180	17,088	NA	40,968	1,554	2,788	10.0%	7.3%

## 2006-07 Operating Budget Unit-Based Course Program Special Fees

Proposed Fee	Unit	Incremental Increase	2006-07 Rate
<b>I. New Fees</b>			
Biology Lab Fee (BIOL 244, 258, 262, 302, 331, 347, 358, 400, 410)	A&S	N/A	\$15 per course
Biology Lab Fee (Biol 416)	A&S	N/A	\$25 per course
Chemistry Lab Fee (Chem 207, 208)	A&S	N/A	\$10 per course
Chemistry Lab Fee (Chem 209, 210)	A&S	N/A	\$20 per course
Chemistry Lab Fee (Chem 343, 343H, 344, 344H, 470, 527, 528, 529, 546)	A&S	N/A	\$40 per course
Math Computer Lab Fee (Math 560)	A&S	N/A	\$60 per course
Graduate Nursing Clinical Fee (Nurs 629, 656)	Nursing	N/A	\$100 per course
Graduate Nursing Specialty Fee (Nurs 615, 622, 624, 633, 645, 661, 665, 672)	Nursing	N/A	\$200 per course
Course Change Fee	University	N/A	\$20 per course dropped
Health Fee - All Students	University	N/A	\$35 per semester
Additional Health Fee - Students w/o Health Insurance	University	N/A	\$100 per semester
<b>II. Increases to Existing Fees</b>			
Studio Art Fee - 100 Level	A&S	\$12.50 per course	\$25 per course
Studio Art Fee - 300 Level	A&S	\$17.50 per course	\$35 per course
Studio Art Fee - 400 & 500 Level	A&S	\$32.50 per course	\$50 per course
Studio Art Fee - 600 Level	A&S	\$50 per course	\$75 per course
Business Technology & Career Management Fee	COB	\$20 per course	\$30 per course
Urban & Public Affairs (transferred from Business to A&S)	A&S	\$2.50 per course	\$12.50 per course

**2006-07 OPERATING BUDGET**  
**EXPENDITURE ASSUMPTIONS**

1. The proposed expenditure budget is based on total general funds available from a carefully-developed projection of revenue. Currently, the University of Louisville employs several methods of budgeting such as traditional “incremental” budgeting, program budgeting, formula budgeting, and a few elements of Responsibility Center Budgeting (RCB).
2. The University’s “fixed costs” are scheduled to increase approximately \$2.6 million for FY 2006-07. These increases in fixed cost items are typically covered first from new discretionary dollars before other program considerations.
3. Faculty and staff compensation remains a top priority for the University’s Leadership Team. The following compensation items are included in this proposed budget:
  - An average 3.5% salary increase pool for faculty and staff,
  - An additional pool totaling \$1.4 million for faculty benchmark salary adjustments,
  - An additional pool totaling \$450,000 for staff catch-up salary adjustments,
  - 15% increase in health insurance premiums, and
  - Additional funding for faculty promotions and staff reclassifications.
4. Beyond additional faculty and staff compensation, the proposed budget includes other strategic initiatives totaling approximately \$9.2 million. These initiatives help to advance the University’s strategic plan and CPE Action Agenda goals.
5. Some modest strategic budget reductions are included in this proposed budget and are required to balance the budget.

**2006-07 OPERATING BUDGET**  
**EXPENDITURE HIGHLIGHTS**

1. The largest component of the University of Louisville's expenditure budget is faculty and staff compensation—salaries, wages, and fringe benefits. Combined they comprise approximately 63.4% of the general fund budget. The President and the Leadership Team continue to place faculty and staff compensation high on the list of University priorities.

This year, the President and his Leadership Team recommend a performance-based salary increase pool of 3.5%. Faculty and staff receiving a satisfactory or proficient performance evaluation will receive a 2% salary adjustment, with the remaining 1.5% will be awarded based on departmental performance evaluations. The total cost of this 3.5% salary increase pool is approximately \$7 million. This amount includes the increased cost of employee benefits associated with the raises.

Also included in this budget is \$1.4 million for the second and last year of this iteration of faculty benchmark salary adjustments. The most recent faculty salary study shows that UofL's faculty salaries are \$2.8 million below that of the median average salaries by discipline and academic rank among the University's 2003-04 benchmark institutions.

An additional \$450,000 is earmarked for staff salary catch-up adjustments. These funds will be pooled centrally pending the completion of the staff market salary study by the Human Resources Department. The overall salary policy and implementation guidelines were developed in consultation with the Vice Presidents, Deans, the Faculty and Staff Senates, the Student Government Association, and the Planning and Budget Advisory Committee.

In addition to the salary increases mentioned above, this budget proposal also includes a \$200,000 increase to the faculty promotion fund and a \$75,000 increase to the staff reclassification / promotion fund. These amounts are over and above the performance and benchmark equity salary adjustments and are distributed to departments throughout year on an "as needed" basis. Past experience shows that these centrally administered funds, coupled with unit funds, are sufficient to cover requested promotions and reclassifications during a given fiscal year.

2. Health care costs continue to escalate across the nation. The University's Human Resources department projects that health care premiums will increase approximately 15% for calendar year 2007. A portion of the increase in premiums is directly related to a general rise in health care costs. Another factor influencing the rate increase is the University experienced an

unusually high number of expensive claims in the fourth quarter of calendar year 2004 creating a sizable deficit in the insurance liability program. The University's external auditors have noted this problem, which will require UofL to "pay down" a portion of this deficit each year. Included in the proposed budget is funding to cover the cost of providing a 15% increase for employee health insurance for calendar year 2007.

Employee-paid health insurance premiums for calendar year 2006 are currently \$419 per month per employee, which pays the cost for single coverage on UofL's basic health plan. Employees may opt for other health care coverages but must pay the additional cost of the more expensive plans.

- ◆ The proposed budget contains an additional \$758,200 for continuing the same level of support, \$419 per month per employee, for the second half of calendar year 2006.
- ◆ The proposed budget also includes an additional \$1,007,300 to cover a projected 15% premium increase for 2007. This brings the new rate to \$482 per month per employee, effective January 1, 2007.

3. **Fixed and semi-fixed costs** are projected to increase notably for the 2006-07 fiscal year. Separate and apart from the aforementioned employee benefits, this budget includes approximately \$2.6 million for increases in budgetary items that are classified as fixed or semi-fixed costs. These increases routinely must come "off the top" of discretionary general funds to provide for basic operating needs of a fixed nature.

Changes in this category include:

- ◆ In the 2006-07 fiscal year there is one less working day in the annual work calendar for classified staff. This is a peculiarity of the Roman calendar that varies the number of working days from year to year. This anomaly will generate savings of approximately \$125,400 for FY 2006-07.
- ◆ Also included is \$141,500 to cover the projected increased cost of funding the Social Security (FICA) taxes on a higher maximum salary. This budget projection uses last year's 4.6% increase as an estimate for the new maximum.
- ◆ Because increases to the external auditing contract with BKD, LLP are partially based on the level of state funding, UofL's audit fees are projected to increase slightly in FY 2006-07. The proposed budget includes an additional \$12,000 for this increase.

- ◆ As more employees are encouraged to enroll in the University's mandatory retirement program, the costs continue to escalate. Included in this budget is \$339,600 to cover these projected increases.
  - ◆ The University recently re-negotiated its life insurance carrier contract on a competitive bid basis. CIGNA Insurance was chosen and yielded savings of approximately \$175,000.
  - ◆ Because of a recent increase in worker's compensation claims, this budget is projected to increase \$137,500 for FY 2006-07.
  - ◆ The budgets for long term disability and unemployment insurance are projected to change slightly in FY 2006-07. In total, changes to these budgets will yield a budget savings of \$41,000.
  - ◆ Based upon preliminary consultations with the various utility providers, utility budgets for existing University facilities are projected to increase significantly for FY 2006-07. An additional \$1.1 million is included in the budget of the Physical Plant Department to cover these projected cost increases.
  - ◆ Also included in the proposed budget is funding for M&O and utilities associated with new facilities coming online in FY 2006-07. Approximately \$1.2 million is earmarked for new Belknap Campus facilities and another \$304,000 for new facilities on the Health Sciences Campus.
4. Aside from those items mentioned above, this proposed budget includes an additional \$9.2 million for investment in key strategic initiatives. The President and Leadership Team made investments in strategic initiatives that are critical to achieving the University's long-term goals. The following details and categorizes each investment by strategic goal:
- ◆ **Goal One – Educational Experience – Student Success** – Create a responsive, challenging, and supportive educational environment characterized by high standards, commitment to quality, and student success.
    - To aid in the recruitment and retention of quality students this budget earmarks \$4.6 million for the student financial aid budget. Most of this amount - \$3.7 million - offsets the projected 13% tuition rate increase and maintains the financial aid budget at roughly the same program expenditure levels as in FY 2005-06. An additional

\$500,000 is included to fund merit based scholarships. This is the third year of a multi-year plan intended to recruit a greater number of high-quality students. To ensure no qualified student is denied admittance to the University of Louisville for financial reasons, \$400,000 is earmarked specifically for need-based Financial Aid. The Admissions and Financial Aid offices will jointly administer these funds to the financially needy students unable to qualify for other forms of need based aid.

- This budget includes two new faculty positions in the College of Business. These new faculty were approved as part of the recruitment package for the Dean of the College of Business. These two new faculty lines total \$250,000, which is intended to fully fund both full-time salaries and the associated fringe benefits.
- At the heart of every great University is a great library. The University of Louisville's library is a member of the prestigious Association of Research Libraries and ranks nationally among the top 100 of all college and university libraries. Included in this budget is an allocation of \$434,200 to help fund the inflationary costs associated with the library periodicals.
- Included in the new addition to Ekstrom Library is a study area available to students twenty-four hours a day. To provide a secure, safe and non-threatening learning environment for all students, this budget includes \$50,000 for two (2) Public Safety positions assigned exclusively to library security detail.
- Providing improved student life for both traditional and non-traditional students at UofL is essential to achieving many initiatives within the Student Success goal. Enhanced student life will help to improve graduation and retention rates and overall student satisfaction. To this end, this budget includes an additional \$70,000 for initiatives proposed by the Student Government Association.
- To fulfill the Dean of Music's recruitment package, funding was added to the School's budget for two new graduate assistant positions. This \$40,000 allocation fully funds the stipend, health insurance and tuition remission for those two graduate students.
- Increased support for new and existing PhD programs is vital to meeting the state mandated graduate enrollment goals. To advance this endeavor, \$400,000 is earmarked for additional graduate assistants in the Business Entrepreneurship and existing PhD programs across the University.

- ◆ **Goal Two – Research, Creative and Scholarly Activities** - Focus energy and resources to enhance the scholarly agenda and advance to national prominence areas of programmatic strength.
  - To maintain the momentum in campus research activity, this budget includes authorization to create approximately twenty (20) new research-active faculty positions. The \$2 million required to fund the positions will be “bridged” with one-time funds until July 1, 2007. Permanent funds will then be earmarked in the 2007-08 Operating Budget. While these new positions will have a primary focus in research, they will also provide much needed undergraduate and graduate instruction on both the Belknap and HSC campuses. At this time, the Senior Vice President for Research expects to likely use the positions in the following strategic focus areas:
    - Bio-Safety Lab – 6 positions
    - Cardiology – 3 Positions
    - Bioinformatics – 6 Positions
    - Belknap Research Building Clean Room – 3 Positions
    - School of Medicine – 2 Positions
  - As the University’s research enterprise continues to grow, the University must also provide the much needed administrative infrastructure to support the growth in research activity. This proposed budget includes \$1.2 million to support this important initiative. The Senior Vice President for Research will administer these funds, providing funds for research related programs as well as new positions in the Research and other administrative offices.
  - Strong graduate programs are crucial to the University attaining its goal of becoming a nationally recognized metropolitan research institution. This budget includes \$700,000 specifically earmarked for stipend increases for graduate assistants and fellowships budgeted across the University. The latest statistical study shows a total investment of \$4 million is needed to bring UofL’s stipends in line with those of similar institutions. This is the second year of a four-year funding plan. The Dean of the Graduate School administers these funds centrally.
- ◆ **Goal Three – Accessibility, Diversity, Equity, and Communication** - Develop a seamless system of access and intercultural understanding that promotes and supports

race and gender diversity, inclusivity, equity, and open communication.

- UofL is committed to recruiting and retaining a diverse population of students, faculty and staff. To help foster greater diversity on campus, an additional \$150,000 is in the budget for key diversity initiatives. These funds are available to the Vice Provost for Diversity for university-wide diversity programs, diversity training and other related programs during the upcoming fiscal year.
  - The recruitment of high quality non-resident students is critical to attaining the University's strategic goals. To aid in the recruitment of these students, the University began the "Non-Resident Scholars" program in Fall of 2005. This budget includes an additional \$150,000 to fund the second year of this scholarship program. This program provides an academic scholarship which remits the difference between the resident and non-resident tuition rates to highly qualified non-resident students.
  - Providing top notch childcare to the University's students, faculty, and staff has been a goal for many years. This budget earmarks \$200,000 to begin the planning phase for this initiative. It is envisioned that a new childcare center would be located on or near campus and provide childcare for the entire University community.
  - \$10,000 is earmarked for the University's African American Student Association. These funds are matched annually by the full Student Government Association. These Funds are used to provide programs for the African American student community and adds additional diversity programming to the campus.
- ◆ **Goal Four – Partnerships and Collaboration** – Develop and integrate interdisciplinary activities associated with teaching, research, and public service. Support existing partnerships and engage new partners to contribute to the educational, social, and economic progress of the region and state.
- This budget restores funding previously reduced in the Labor Management Center. Operating funds totaling \$86,000 will be added to the Center's budget. The funds will be used for special programs and daily operations in the Center.
  - In the budget of the Commonwealth, \$300,000 was earmarked for educational improvements in the Equine Industry program. This allocation, coupled with a similar allocation in the 2005-06 state budget, brings the total general fund allocation to \$500,000 for the Equine Educational Improvement program.

**Goal Five – Institutional Effectiveness of Programs and Services** – Improve the effectiveness and accountability of programs and services in fulfilling the mission and vision of the University.

- The University’s Integrated Marketing plan was developed several years ago and is a key component of the University’s overall student recruitment and fund-raising plan. In past years, the University’s Marketing plan was funded on an ad hoc basis using one-time, central reserve funds. Included in this budget is the final allocation of \$50,000 in recurring dollars. This program, in total, is now supported by permanent general funds.
- In January of 2000, the University began implementing the Peoplesoft enterprise (ERP) software. Over the past five years, Information Technology has accumulated approximately \$3 million in permanent costs associated with hardware and software maintenance and related personnel assigned to maintain the systems. Most of these costs were funded on an ad hoc basis using one-time central funds. Included in this budget is \$360,000 for the second year allocation of a multi-year phased funding plan to budget these expenses using permanent sources of funds.
- Providing benefits to the University’s part-time faculty and staff is a primary component of the Human Resource’s strategic plan. The proposed budget includes \$62,000 for health insurance for this group of employees. This represents a \$94 per month contribution towards the cost of health insurance.
- On campus student safety continues to be a top priority for the University. Because of a recent increase in criminal activity in areas surrounding the campus, three additional campus police officers were added and assigned exclusively to patrol those areas. This budget includes approximately \$160,000 for the salaries and associated benefits for these officers.
- Hardware and software maintenance costs continue to escalate annually. Generally, these contracts increase annually based on increases in the University’s operating budget. Included in this budget are funds totaling \$140,000 to cover this 9.76% projected increase.

The following is a summary of all strategic initiatives included in the proposed 2006-07 budget:

**Investment in Strategic Initiatives**

**2006-07 Fiscal Year**

<b>Educational Experience: Student Success</b>		
A&S Dean Commitment		76,500
Faculty Catch-up		1,400,000
Library Materials (Books and Periodicals)		434,200
Library Public Safety Positions (2)		50,000
New Music Graduate Teaching Assistants (2)		40,000
New College of Business Faculty (2)		250,000
PhD Graduate Assistants (stipend & benefits)		400,000
Additional Merit-based Scholarships		500,000
Additional Need-based Scholarships		400,000
Health Insurance - Graduate Assistants		100,800
Financial Aid Escalator		3,677,100
Total Educational Experience: Student Success		<u>7,328,600</u>
<b>Research, Creative and Scholarly Activities</b>		
New Faculty Positions (Cost Net of Grant Revenue)		A
Graduate Stipends Market Adjustments		700,000
Research Administration and Infrastructure		700,000
State Research Support Funds		500,000
Total Research, Creative and Scholarly Activities		<u>1,900,000</u>
<b>Accessibility, Diversity, Equity and Communication</b>		
African American Programming Initiatives		10,000
Childcare Center		200,000
Diversity Initiatives		150,000
Non Resident Scholars Program		150,000
Total Accessibility, Diversity, Equity and Communication		<u>510,000</u>
<b>Partnerships and Collaboration</b>		
Equine Industry Program		300,000
Labor Management Center		86,000
Total Partnerships and Collaboration		<u>386,000</u>
<b>Institutional Effectiveness of Programs and Services</b>		
Salary & Wage Increases (3.5% excluding vacant positions)		7,016,600
Faculty Promotion Salary Increases		200,000
Staff Reclassification/Promotion Salary Increases		75,000
Health Insurance:		
July thru December 2006 - 15% - \$419/mo./employee	758,200	
January thru June 2007 - 15% - \$482/mo./employee	<u>1,007,300</u>	1,765,500
Hardware and Software Maintenance		140,000
Health Insurance for Part-Time Faculty and Staff		62,000
Information Technology (soft money problem)		360,000
Integrated Marketing Program		50,000
Staff Salary and Wage Catch-up		450,000
Additional New Public Safety Positions		157,300
Total Institutional Effectiveness of Programs and Services		<u>10,276,400</u>
<b>Total Investment in Strategic Initiatives</b>		<b><u>20,401,000</u></b>

A, \$2 million authorized in fiscal year 2006-07, budgeted in fiscal year 2007-08

5. This budget also includes unit-based budget reductions totaling approximately \$1.4 million. The President and his Leadership Team selectively chose areas for revenue enhancement and expense reduction that would increase operational efficiencies, protect core academic programs and minimally impact the strategic goals of the University.

For FY 2006-07, budgeted positions associated with UofL's fund-raising operations will be moved from general funds to the UofL Foundation, Inc. This change yields general fund savings of approximately \$1.1 million. This was a multi-year strategy that began in the 2005-06 operating budget and is the "best practice" used by most Universities to fund their fund raising operations.

6. The proposed expenditure budget is increased by approximately \$4 million for items **directly offset by revenue**. Programs included in this category have a one-to-one relationship between a specific revenue item and a specifically budgeted expenditure. Included in this category are:

- ◆ Several Continuing and Distance Education programs have proposed increases of approximately \$1.8 million in total for 2006-07. The majority of this increase is a direct result of budgeting the various Distance Education programs at 80% of actual revenue. Each year, the Distance Education programs continue to grow substantially. Budgeting the expenses upfront should reduce a requirement for budget adjustments and provide more financial flexibility for departments offering distance education courses throughout the year.
- ◆ Expenditures offset by Miscellaneous fees are projected to increase approximately \$1.4 million. Much of this increase is associated with establishing new budgets for the Student Health Program.
- ◆ Approximately \$338,000 is directly offset by appropriations from the Commonwealth. This amount is for the Quality and Charity Care Trust (QCCT) inflation escalator. While included in UofL's State appropriation, these funds are transferred directly to the QCCT and—unlike other general fund appropriations—the Commonwealth captures lapsed funds at year-end.
- ◆ Expense budgets offset by non-educational revenue will decrease approximately \$169,000. This change results from multiple revisions to "program budgets" across the University.

- ◆ A number of other small adjustments to various programs round out this category of Expenditures Offset by Specific Revenue.
7. The expenditure budget for the University's **Auxiliary Enterprises** decreased approximately \$18,600 for 2006-07. This small change is a result of minor adjustments in food service operations, and the bookstore. Because of late changes in the state budget involving the addition to the HSC parking garage, University parking is budgeted at the 2005-06 level and may be adjusted after July 1, 2006.
  8. The **Student Housing** budget is projected to increase approximately \$12,900 for FY 2006-07. The Board of Trustees approved the new housing rates in April 2006, which are effective Fall 2006. On average, the rates for the residence halls will increase 7% and apartments will increase 4%. According to University housing administration, UofL rates remain competitive with the University of Kentucky and other regional institutions. The rate increase was required to support additional personnel costs, operating costs, deferred maintenance and minor renovation projects.
  9. The expenditure budgets for the University's **Service Centers** are 100% self-supporting and function as stand-alone business enterprises. That is, their respective expenditure budgets are based entirely on internal charges to other University departments for services rendered or on externally produced service income. This budget includes an increase in Service Center expenditures of \$422,900. Most of this increase is a direct result of budgeting new service centers on the Health Science Campus and in the J.B. Speed School of Engineering.

## 2006-07 Operating Budget Summary of Changes in Budgeted Expenditures

	2005-06			2006-07			Changes in			2006-07				
	Original Budget	Administrative Reorganization	Revised Budget	Offset by Revenue	Transfers	One-Day Variance	Salary Increases	Fixed Costs	Strategic Initiatives	Programmatic Reductions	Fringe Benefits	Proposed Budget	Increase/Decrease	Percent Change
<b>Academic Units</b>														
Academic Support Programs	3,376,588	0	3,376,588	0	178,121	(1,266)	67,456	0	200,000	0	43,568	3,864,467	487,879	14.4%
Arts and Sciences	41,589,644	1,888,338	43,477,982	923,600	317,465	(5,895)	959,254	0	743,428	0	557,775	46,973,610	3,495,628	8.0%
Business	14,909,843	(1,888,338)	13,021,505	186,900	71,373	(1,577)	260,139	0	858,408	0	168,016	14,564,764	1,543,259	11.9%
Dentistry	13,790,183	0	13,790,183	230,500	(517)	(5,272)	275,495	0	75,756	0	177,934	14,544,079	753,896	5.5%
Education & Human Development	11,643,429	0	11,643,429	276,600	239,257	(1,806)	232,608	0	185,970	0	150,235	12,726,293	1,082,864	9.3%
Graduate Programs	3,197,488	0	3,197,488	0	(194,243)	(519)	63,878	0	330,024	0	41,257	3,437,885	240,397	7.5%
Kenn School of Social Work	2,887,533	0	2,887,533	13,300	46,132	(206)	57,686	0	48,867	0	37,258	3,090,570	203,037	7.0%
Brandeis School of Law	4,763,186	0	4,763,186	4,000	(87)	(525)	95,157	0	66,073	0	61,459	4,989,263	226,077	4.7%
Libraries	15,814,342	0	15,814,342	78,400	7,979	(6,066)	315,933	0	517,831	0	196,649	16,925,068	1,110,726	7.0%
Medicine	47,465,781	0	47,465,781	75,900	16,935	(8,820)	1,038,253	0	370,628	0	626,062	49,584,739	2,118,958	4.5%
Metropolitan College (UofL)	618,747	0	618,747	0	0	0	12,361	0	7,984	0	20,345	639,092	3.3%	
Music	4,511,217	0	4,511,217	(200)	95,910	(820)	90,123	0	156,755	0	58,208	4,911,193	399,976	8.9%
Nursing	3,420,859	0	3,420,859	71,028	64,187	(687)	68,341	0	42,311	0	44,139	3,710,178	289,319	8.5%
Other Academic Programs	3,312,765	0	3,312,765	610,700	104,426	(628)	66,181	0	(37,500)	0	42,745	4,098,689	785,924	23.7%
Public Health	2,775,636	0	2,775,636	36,700	268,269	(187)	55,451	0	65,585	0	35,814	3,237,268	461,632	16.6%
J. B. Speed School of Engineering	15,652,232	0	15,652,232	(141,400)	158,221	(1,980)	312,694	0	169,998	0	201,960	16,351,726	699,494	4.5%
Undergraduate Studies	3,336,145	0	3,336,145	0	66,159	(757)	66,648	0	7,500	0	43,046	3,518,741	182,596	5.5%
<b>Total Academic Units</b>	<b>193,065,618</b>	<b>0</b>	<b>193,065,618</b>	<b>2,366,028</b>	<b>1,439,587</b>	<b>(37,011)</b>	<b>4,037,658</b>	<b>0</b>	<b>3,839,134</b>	<b>(37,500)</b>	<b>2,494,110</b>	<b>207,167,624</b>	<b>14,102,006</b>	<b>7.3%</b>
<b>Support Units</b>														
General Institutional Expenses	6,045,421	0	6,045,421	0	0	(139)	2,773	12,000	0	0	278	6,060,333	14,912	0.2%
Institutional Support:														
President	1,083,431	40,000	1,123,431	0	0	(477)	22,443	0	0	0	14,496	1,159,893	36,462	3.2%
Provost	5,333,020	0	5,333,020	(1,500)	(771,968)	(1,030)	106,541	0	361,000	(200,000)	68,812	4,894,875	(438,145)	-8.2%
V.P. Business Affairs	8,691,668	0	8,691,668	25,000	22,979	(10,308)	173,639	0	207,300	0	112,148	9,222,426	530,758	6.1%
V.P. Info Technology	8,875,428	0	8,875,428	0	21,642	(110)	177,310	0	500,000	0	114,519	9,688,789	813,361	9.2%
V.P. Advancement	3,440,296	0	3,440,296	0	4,984	(1,647)	68,729	0	50,600	(1,097,900)	15,665	2,480,727	(959,569)	-27.9%
V.P. External Affairs	645,798	0	645,798	0	(1,829)	(86)	12,902	0	8,333	0	8,333	665,117	19,319	3.0%
V.P. Finance	4,485,252	0	4,485,252	(100,000)	112,111	(2,207)	89,605	0	450,000	0	57,873	5,092,634	607,382	13.5%
Physical Plant	28,187,756	0	28,187,756	28,187,756	1,442	(36,005)	585,769	2,608,600	0	0	364,705	31,712,267	3,524,511	12.5%
Research Administration	8,120,578	0	8,120,578	0	(516,060)	(2,092)	162,230	0	1,233,665	0	104,780	9,103,100	982,522	12.1%
University Reserves	7,683,152	0	7,683,152	(95,000)	(252,532)	(2,319)	90,338	0	140,150	0	0	7,475,770	(207,382)	-2.7%
Student Activities	3,150,446	1,375,535	4,525,981	1,254,599	0	(2,319)	90,338	0	4,100	0	58,347	5,931,046	1,405,065	31.0%
Student Enrollment Services	0	4,683,519	4,683,519	55,000	39,644	(1,600)	93,566	0	1,000	0	60,431	4,931,560	248,041	5.3%
Student Financial Aid	30,723,610	0	30,723,610	0	(100,000)	(1,600)	0	0	4,727,100	0	63	35,350,710	4,627,100	15.1%
Student Government Association	530,000	0	530,000	68,141	0	0	1,796	0	0	0	63	600,000	70,000	13.2%
Student Services	6,099,054	(6,099,054)	0	0	0	0	0	0	0	0	0	0	0	0.0%
Debt Service/Transfers	17,667,585	0	17,667,585	0	0	0	0	(283,200)	0	0	0	17,384,385	(283,200)	-1.6%
<b>Total Support Units</b>	<b>140,762,495</b>	<b>0</b>	<b>140,762,495</b>	<b>1,206,240</b>	<b>(1,439,587)</b>	<b>(58,020)</b>	<b>1,587,640</b>	<b>2,337,400</b>	<b>7,674,915</b>	<b>(1,297,900)</b>	<b>980,450</b>	<b>151,753,633</b>	<b>10,991,138</b>	<b>7.8%</b>
<b>Auxiliary Enterprises</b>														
Auxiliary Enterprises	2,077,200	0	2,077,200	(84,953)	0	(1,947)	41,497	0	0	0	26,802	2,058,600	(18,600)	-0.9%
Service Centers	1,049,800	0	1,049,800	394,164	0	(5,782)	20,972	0	0	0	13,546	1,472,700	422,900	40.3%
University Housing	5,136,287	0	5,136,287	16,000	0	(428)	102,611	0	4,200	0	66,273	5,324,943	188,656	3.7%
<b>Total Auxiliary Enterprises</b>	<b>8,263,287</b>	<b>0</b>	<b>8,263,287</b>	<b>325,211</b>	<b>0</b>	<b>(8,157)</b>	<b>165,081</b>	<b>0</b>	<b>4,200</b>	<b>0</b>	<b>106,621</b>	<b>8,856,243</b>	<b>592,956</b>	<b>7.2%</b>
University of Hospital (QCCT)	23,743,400	0	23,743,400	(41,62,000)	0	0	0	0	0	0	0	19,581,400	(4,162,000)	-17.5%
Metropolitan College	1,992,300	0	1,992,300	0	0	0	0	0	0	0	0	1,992,300	0	0.0%
<b>Total General Funds</b>	<b>367,827,100</b>	<b>0</b>	<b>367,827,100</b>	<b>(2,64,521)</b>	<b>0</b>	<b>(103,188)</b>	<b>5,790,379</b>	<b>2,337,400</b>	<b>11,518,249</b>	<b>(1,335,400)</b>	<b>3,581,181</b>	<b>389,351,200</b>	<b>21,524,100</b>	<b>5.9%</b>
<b>Total U of L Corporations</b>	<b>330,000,000</b>	<b>0</b>	<b>330,000,000</b>	<b>45,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>375,000,000</b>	<b>45,000,000</b>	<b>13.6%</b>
<b>TOTAL UNIVERSITY</b>	<b>697,827,100</b>	<b>0</b>	<b>697,827,100</b>	<b>44,735,479</b>	<b>0</b>	<b>(103,188)</b>	<b>5,790,379</b>	<b>2,337,400</b>	<b>11,518,249</b>	<b>(1,335,400)</b>	<b>3,581,181</b>	<b>764,351,200</b>	<b>66,524,100</b>	<b>9.5%</b>

2006-07 Operating Budget

History of Budgeted Expenditures

	2003-04 Budget	2004-05 Budget	2005-06 Budget*	2006-07		
				Proposed Budget	Change From 2005-06	Percent Change
<b>Academic Units</b>						
Academic Support Programs	4,172,280	4,160,620	3,376,588	3,864,467	487,879	14.4%
Arts & Sciences	37,035,203	38,897,963	43,477,982	46,973,610	3,495,628	8.0%
Business	13,045,443	13,320,986	13,021,505	14,564,764	1,543,259	11.9%
Dentistry	12,185,945	12,783,449	13,790,183	14,544,079	753,896	5.5%
Education & Human Development	10,830,987	11,796,002	11,643,429	12,726,293	1,082,864	9.3%
Graduate Programs	2,708,890	2,469,202	3,197,488	3,437,885	240,397	7.5%
Kent School of Social Work	2,625,266	2,746,211	2,887,533	3,090,570	203,037	7.0%
Brandeis School of Law	4,507,297	4,510,513	4,763,186	4,989,263	226,077	4.7%
University Libraries	14,813,783	15,077,945	15,814,342	16,925,068	1,110,726	7.0%
Medicine	45,255,147	45,917,871	47,465,781	49,584,739	2,118,958	4.5%
Metropolitan College (UofL)	668,770	670,360	618,747	639,092	20,345	3.3%
Music	4,265,611	4,323,568	4,511,217	4,911,193	399,976	8.9%
Nursing	2,715,293	3,140,319	3,420,859	3,710,178	289,319	8.5%
Other Academic Programs	3,256,903	3,234,562	3,312,765	4,098,689	785,924	23.7%
School of Public Health	2,151,002	2,216,370	2,775,636	3,237,268	461,632	16.6%
J.B. Speed School of Engineering	14,060,666	14,746,051	15,652,232	16,351,726	699,494	4.5%
Undergraduate Studies	2,524,021	3,147,001	3,336,145	3,518,741	182,596	5.5%
<b>Total Academic Units</b>	<b>176,822,507</b>	<b>183,158,993</b>	<b>193,065,618</b>	<b>207,167,624</b>	<b>14,102,006</b>	<b>7.3%</b>
<b>Support Units</b>						
General Institutional Expense	6,746,477	6,233,601	6,045,421	6,060,333	14,912	0.2%
Institutional Support	26,727,015	28,963,045	32,594,893	33,204,461	609,568	1.9%
Physical Plant	23,296,719	24,408,305	28,187,756	31,712,267	3,524,511	12.5%
Research Administration	5,267,054	5,740,647	8,120,578	9,103,100	982,522	12.1%
University Reserves	7,837,449	7,793,220	7,683,152	7,475,770	(207,382)	-2.7%
Student Activities	2,826,000	2,891,000	4,525,981	5,931,046	1,405,065	31.0%
Student Enrollment Service	0	0	4,683,519	4,931,560	248,041	5.3%
Student Financial Aid	22,952,401	27,345,246	30,723,610	35,350,710	4,627,100	15.1%
Student Government Association	530,000	530,000	530,000	600,000	70,000	13.2%
Student Services	5,294,719	5,386,539	0	0	0	0.0%
Debt Service/Transfers	15,288,222	17,350,304	17,667,585	17,384,385	(283,200)	-1.6%
<b>Total Support Units</b>	<b>116,766,056</b>	<b>126,641,907</b>	<b>140,762,495</b>	<b>151,753,633</b>	<b>10,991,138</b>	<b>7.8%</b>
<b>Auxiliary Enterprises</b>						
Auxiliary Enterprises	2,030,700	2,243,700	2,077,200	2,058,600	(18,600)	-0.9%
Service Centers	544,200	652,100	1,049,800	1,472,700	422,900	40.3%
University Housing	4,377,743	5,109,000	5,136,287	5,324,943	188,656	3.7%
<b>Total Auxiliary Enterprises</b>	<b>6,952,643</b>	<b>8,004,800</b>	<b>8,263,287</b>	<b>8,856,243</b>	<b>592,956</b>	<b>7.2%</b>
University of Louisville Hospital (QCCT)	23,000,300	23,366,500	23,743,400	19,581,400	(4,162,000)	-17.5%
Metropolitan College	2,097,594	1,992,300	1,992,300	1,992,300	0	0.0%
<b>Total General Funds</b>	<b>325,639,100</b>	<b>343,164,500</b>	<b>367,827,100</b>	<b>389,351,200</b>	<b>21,524,100</b>	<b>5.9%</b>
<b>Total UofL Corporations</b>	<b>247,500,000</b>	<b>270,000,000</b>	<b>330,000,000</b>	<b>375,000,000</b>	<b>45,000,000</b>	<b>13.6%</b>
<b>TOTAL UNIVERSITY</b>	<b>573,139,100</b>	<b>613,164,500</b>	<b>697,827,100</b>	<b>764,351,200</b>	<b>66,524,100</b>	<b>9.5%</b>

\* Includes reorganization changes after July 1, 2005

## SUMMARY OF SALARY INCREASE GUIDELINES

EMPLOYEE CATERGORY		SALARY INCREASE PERCENTAGES				
		Across-the-Board	Performance Based	Range of Performance Based Increases	Unsatisfactory	Total
Full-time Faculty	(FAC)	-0-	3.5%	2%-5%	-0-	0-5%
Permanent Full-time Faculty	(FAC)	-0-	3.5%	2%-5%	-0-	0-5%
Instructional (Lump Sum)	(FAC)	3.5%	-0-	—	—	3.5%
Research Associates	(RES)	-0-	3.5%	2%-5%	-0-	0-5%
Graduate Assistants *	(GRD)	-0-	—	—	—	3.5% *
Administrators	(ADM)	-0-	3.5%	0-5%	-0-	0-5%
P&A Staff	(PRF)	-0-	3.5%	2%-5%	-0-	0-5%
Classified Staff	(CLS)	-0-	3.5%	2%-5%	-0-	0-5%
House Staff	(HSF)	3.5%	-0-	—	—	3.5%
Student Wages	(STD)	-0-	-0-	—	—	-0-
Overtime Wages	(OT1)	-0-	-0-	—	—	-0-
Temporary and Casual Labor	(TMP)	-0-	-0-	—	—	-0-
Shift Differential	(SHF)	3.5%	-0-	—	—	3.5%

\* Graduate Assistant stipend increases will be pooled centrally for targeted adjustments by the Graduate Dean.

**2006-07 Operating Budget**  
**Summary of Changes in Revenue and Expenditures**

**I. Educational and General Revenue Budget:**

<b>A. 2005-06 E&amp;G Revenue Base Budget</b>		353,904,100
<b>B. 2005-06 Adjustments to State Appropriation</b>		
<b>- Base Adjustments:</b>		
Base Appropriation		3,390,600
Technical Adjustment		(200)
E&G Debt Service Adjustment		(231,700)
Hospital Contract - QCCT Escalator		338,000
Equine Industry Program		300,000
Other State Funds - Kentucky Pollution Prevention Center		(71,100)
Research Support Funding		<u>500,000</u>
Total Adjustments to State Appropriation		4,225,600
<b>C. Adjustments to Tuition and Fee Revenue:</b>		
<b>Tuition:</b>		
- Projected Tuition Rate Increase (on budgeted enrollment):		
Summer Term @ 9.75% (from FY05)	936,300	
Fall & Spring Term @ 13%, 6.5 % Non-Resident Undergraduate, 4.8% Non-Resident Graduate, 6% Non-Resident Professional	<u>12,633,300</u>	
		13,569,600
- Actual Tuition Revenue Adjustments		
Additional Non-Resident Law School Students	100,000	
Additional 50 Undergraduate Students	250,000	
Fall 2005 and Spring 2006 Overrealization	<u>1,608,800</u>	
		1,958,800
Sub-Total Adjustments to Tuition		15,528,400
<b>Fees:</b>		
Continuing Education	614,100	
Distance Education	1,576,800	
Special Programs	82,900	
Mandatory Fees	70,000	
Miscellaneous Fees	<u>1,989,700</u>	
		4,333,500
Total Adjustments to Tuition and Fee Revenue		19,861,900
<b>D. Adjustments to Transfers from Affiliated Corporations:</b>		
- Elimination of Athletics Overhead		(227,600)
- Series O Debt Service (Natatorium) reduction		(55,000)
- Indirect Cost Recovery		
Series N Debt Service (Belknap Research Building)	2,500	
Indirect Cost Recovery	600,000	
Environmental Health and Safety Budget Enhancement	<u>59,000</u>	
		661,500
Total Adjustments to Transfers from Affiliated Corporations		378,900
<b>E. Adjustments to Sales and Services of Educational Departments:</b>		(50,000)
<b>F. Adjustments to Organized Activities Related to Instruction</b>		24,000
<b>G. Adjustments to Other Non-Educational Revenue</b>		
- Increase in Interest Income		1,350,500
- LYNK Credit Card		(100,000)
- Other Non-Educational Revenue		<u>(94,000)</u>
Total Adjustments to Other Non-Education Revenue		1,156,500
<b>H. Hospital Related Revenue:</b>		(4,515,000)
<b>Total Projected E&amp;G Revenue</b>		<u><u>374,986,000</u></u>

**2006-07 Operating Budget  
Summary of Changes in Revenue and Expenditures**

**II. Auxiliary Enterprises, Service Centers and Housing Revenue Budget:**

A. Auxiliary Enterprises Base Budget		3,781,300
- Adjustments to Auxiliary Enterprises Budgets	6,400	
<b>Subtotal Auxiliary Enterprises</b>	<u>6,400</u>	<b>3,787,700</b>
 B. Service Centers Base Budget		 1,603,800
- Center for Cellular Delivery	(100,000)	
- Bioengineering Laboratory	104,600	
- Microarray Facility	91,400	
- Molecular Modeling Facility	78,400	
- Biophysics Lab	115,900	
- Contract Tech Support	(60,600)	
- Nuclear Magnetic Resonance Facility	178,200	
- Other Adjustments to Service Center Budgets	15,000	422,900
<b>Subtotal Service Centers</b>	<u>422,900</u>	<b>2,026,700</b>
 C. Student Housing Base Budget		 6,440,700
- Adjustments to Housing Budget	12,900	
<b>Subtotal Student Housing</b>	<u>12,900</u>	<b>6,453,600</b>
 <b>III. Metropolitan College:</b>		 <b>2,097,200</b>
<b>Total University Revenue</b>		<b><u>389,351,200</u></b>

**I. Educational and General Expenditure Budget:**

A. 2005-06 Expenditure Base Budget		355,723,400
 B. Fixed Costs:		
- Change in FICA Maximum	141,500	
- One Less Work Day For Classified Staff	(125,400)	
- Audit Fees	12,000	
- Life Insurance	(174,600)	
- Accidental Death and Dismemberment Insurance	18,300	
- Long Term Disability Insurance	(32,100)	
- Worker's Compensation Insurance	137,500	
- Unemployment Insurance	(8,900)	
- Employer Retirement Contribution	339,600	
- Utility budgets (based on average increase of 10% in projection model)	1,106,700	
- Funding for New Belknap Facilities		
- M&O	832,000	
- Utilities	366,000	
Total Funding for New Belknap Facilities	<u>1,198,000</u>	
- Funding for New HSC Facilities		
- M&O	164,900	
- Utilities	139,000	
Total Funding for New HSC Facilities	<u>303,900</u>	
- Change in Debt Service Requirements	(280,100)	
<b>Total Fixed Costs</b>	<u>(280,100)</u>	2,636,400
 C. Investment in Strategic Initiatives:		
- Educational Experience: Student Success		
- A&S Dean Commitment	76,500	
- Faculty Catch-up	1,400,000	
- Library Materials (Books and Periodicals)	434,200	
- Library Public Safety Positions (2)	50,000	
- New Music Graduate Teaching Assistants (2)	40,000	
- New College of Business Faculty (2)	250,000	
- PhD Graduate Assistants (stipend & benefits)	400,000	
- Additional Merit-based Scholarships	500,000	
- Additional Need-based Scholarships	400,000	
- Health Insurance - Graduate Assistants	100,800	
- Financial Aid Escalator	3,677,100	
Total Educational Experience: Student Success	<u>7,328,600</u>	

**2006-07 Operating Budget  
Summary of Changes in Revenue and Expenditures**

- Research, Creative and Scholarly Activities			
- New Faculty Positions (Cost Net of Grant Revenue)		A	
- Graduate Stipends Market Adjustments		700,000	
- Research Administration and Infrastructure		700,000	
- State Research Support Funds		500,000	
Total Research, Creative and Scholarly Activities		<u>1,900,000</u>	
- Accessibility, Diversity, Equity and Communication			
- African American Programming Initiatives		10,000	
- Childcare Center		200,000	
- Diversity Initiatives		150,000	
- Non Resident Scholars Program		150,000	
			<u>510,000</u>
- Partnerships and Collaboration			
- Equine Industry Program		300,000	
- Labor Management Center		86,000	
			<u>386,000</u>
- Institutional Effectiveness of Programs and Services			
- Salary & Wage Increases (3.5% excluding vacant positions)		7,016,600	
- Faculty Promotion Salary Increases		200,000	
- Staff Reclassification/Promotion Salary Increases		75,000	
- Health Insurance:			
July thru December 2006 - 15% - \$419/mo./employee	758,200		
January thru June 2007 - 15% - \$482/mo./employee	1,007,300		
		<u>1,765,500</u>	
- Additional New Public Safety Positions		157,300	
- Hardware and Software Maintenance		140,000	
- Health Insurance for Part-Time Faculty and Staff		62,000	
- Information Technology (soft money problem)		360,000	
- Integrated Marketing Program		50,000	
- Staff Catch-up		450,000	
Total Institutional Effectiveness of Programs and Services			<u>10,276,400</u>
Total Investment in Strategic Initiatives			20,401,000
<b>D. Planned Programmatic Budget Reductions:</b>			
- Development Staff Moved to UL Foundation, Inc.		(1,097,900)	
- Other Various Reductions		(237,500)	
			<u>(1,335,400)</u>
<b>E. Expenditure Increases Offset by Specific Revenue or Departmental Credits:</b>			
- Continuing Education		596,600	
- Distance Education		1,226,800	
- Special Programs		80,700	
- Mandatory Fees		70,000	
- Miscellaneous Fees		1,392,700	
- Sales and Services of Educational Departments		(50,000)	
- Organized Activities Related to Instruction		189,700	
- Other Non-Educational Programs		(169,000)	
- Kentucky Pollution Prevention Center		229,400	
- Hospital Contract - QCCT Inflation Escalator		338,000	
Total E & G Expenditure Increase Offset By Revenue			<u>3,904,900</u>
<b>F. Hospital Related Expenses:</b>			(4,500,000)
<b>Total Projected E&amp;G Expenditure Budget</b>			<u><u>376,830,300</u></u>

**2006-07 Operating Budget**  
**Summary of Changes in Revenue and Expenditures**

**II. Auxiliary Enterprises, Service Centers and Housing Expense Budget:**

A. Auxiliary Enterprises Base Budget		2,077,200
- Adjustments to Auxiliary Enterprises Budgets	(18,600)	
<b>Subtotal Auxiliary Enterprises</b>		<b><u>2,058,600</u></b>
 B. Service Centers Base Budget		 1,049,800
- Center for Cellular Delivery	(100,000)	
- Bioengineering Laboratory	104,600	
- Microarray Facility	91,400	
- Molecular Modeling Facility	78,400	
- Biophysics Lab	115,900	
- Contract Tech Support	(60,600)	
- Nuclear Magnetic Resonance Facility	178,200	
- Other Adjustments to Service Centers Budgets	15,000	422,900
<b>Subtotal Service Centers</b>		<b><u>1,472,700</u></b>
 C. Student Housing Base Budget		 6,365,700
- Adjustments to Housing Budget	12,900	
<b>Subtotal Student Housing</b>		<b><u>6,378,600</u></b>
 <b>III. Metropolitan College:</b>		 <b><u>2,611,000</u></b>
<b>Total University Expenditures</b>		<b><u><u>389,351,200</u></u></b>
 <i>University Projected Surplus/(Deficit)</i>		 <b><u><u>0</u></u></b>

<sup>A</sup> \$2 million authorized in fiscal year 2006-07, budgeted in fiscal year 2007-08

**GENERAL FUND BUDGETED EXPENDITURES**  
Fiscal Years 2001 to 2007 (Dollars in thousands)

**BUDGET TRENDS**  
**2006-07 Operating Budget**

**GENERAL FUND BUDGETED EXPENDITURES**

Fiscal Years 2001 to 2007 (Dollars in Thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2001-2007	
	Budget	Budget	Budget	Budget	Budget	Budget	Amount	Percent
							Change	Change
<b>Academic Units</b>								
Academic Support Programs	3,648	4,277	4,172	4,161	3,377	3,864	216	-10.0%
Allied Health Sciences	1,665	1,037	0	0	0	0	(1,665)	-100.0%
Arts & Sciences	35,378	35,954	37,035	38,898	43,478	46,974	11,596	32.8%
Business	12,610	12,554	13,045	13,321	13,021	14,565	1,955	15.5%
Dentistry	11,100	11,028	12,186	12,783	13,790	14,544	3,444	31.0%
Education & Human Development	10,197	10,215	10,831	11,796	11,643	12,726	2,529	24.8%
Graduate Programs	1,799	2,439	2,709	2,469	3,197	3,438	1,639	91.1%
Kent School of Social Work	2,546	2,600	2,625	2,746	2,888	3,091	545	21.4%
Kentucky Health Services	7,052	0	0	0	0	0	(7,052)	-100.0%
Brandeis School of Law	4,530	4,505	4,507	4,511	4,763	4,989	459	10.1%
University Libraries	13,937	14,263	14,814	15,078	15,814	16,925	2,988	21.4%
Medicine	39,654	44,763	45,255	45,918	47,466	49,585	9,931	25.0%
Metropolitan College (UofL)	669	669	669	670	619	639	(30)	-4.5%
Music	3,915	4,039	4,266	4,324	4,511	4,911	996	25.4%
Nursing	2,427	2,482	2,715	3,140	3,421	3,710	1,283	52.9%
Other Academic Programs	2,501	3,106	3,257	3,235	3,313	4,099	1,598	63.9%
Public Health	0	1,863	2,151	2,216	2,776	3,237	3,237	N/A
J. B. Speed School of Engineering	13,430	13,640	14,061	14,746	15,652	16,352	2,922	21.8%
Undergraduate Studies	2,526	2,711	2,524	3,147	3,336	3,519	993	39.3%
Provost Academic Initiatives	0	0	0	0	1,300	0	0	N/A
<b>Total Academic Units</b>	<b>169,584</b>	<b>172,145</b>	<b>176,822</b>	<b>183,159</b>	<b>194,365</b>	<b>207,168</b>	<b>37,584</b>	<b>22.2%</b>
<b>Support Units</b>								
General Institutional Expense	6,083	6,979	6,746	6,234	6,045	6,060	(23)	-0.4%
Institutional Support	25,950	26,353	26,729	28,964	31,256	33,205	7,255	28.0%
Physical Plant	21,805	22,772	23,297	24,408	28,188	31,712	9,907	45.4%
V P Research	4,165	4,671	5,267	5,741	6,121	6,498	1,333	32.5%
University Reserves	8,754	7,767	7,837	7,793	7,683	7,476	(278)	-3.2%
Student Financial Aid	17,766	20,412	22,952	27,345	30,724	35,351	17,585	99.0%
Student Activities / Student Government / Student Enrollment Services	8,470	8,645	8,651	8,808	9,779	11,463	2,993	35.3%
Debt Service/Transfers	15,291	15,288	15,288	17,350	17,668	17,384	2,093	13.7%
<b>Total Support Units</b>	<b>108,284</b>	<b>112,887</b>	<b>116,767</b>	<b>126,643</b>	<b>139,464</b>	<b>151,754</b>	<b>43,470</b>	<b>40.1%</b>
<b>Auxiliary Enterprises</b>								
Auxiliary Enterprises	5,116	1,972	2,031	2,244	2,077	2,058	(3,058)	-59.8%
Enterprise Activities	2,209	0	0	0	0	0	(2,209)	-100.0%
Service Centers	0	1,698	544	1,050	1,050	1,473	1,473	N/A
University Housing	0	3,932	4,378	5,109	5,136	5,325	5,325	N/A
<b>Total Auxiliary Enterprises</b>	<b>7,325</b>	<b>7,602</b>	<b>6,953</b>	<b>8,003</b>	<b>8,263</b>	<b>8,856</b>	<b>1,531</b>	<b>20.9%</b>
University of Louisville Hospital (QCCT)	22,053	22,103	23,000	23,367	23,743	19,581	(2,472)	-11.2%
Metropolitan College	2,197	2,153	2,097	1,992	1,992	1,992	(205)	-9.3%
Unrestricted Fund Balance - Undesignated	7,000	7,000	0	0	0	0	(7,000)	-100.0%
Total General Funds	316,443	323,890	325,639	343,164	367,827	389,351	72,908	23.0%
Total UofL Affiliated Corporations	198,000	227,500	247,500	270,000	330,000	375,000	177,000	89.4%
<b>TOTAL UNIVERSITY</b>	<b>514,443</b>	<b>551,390</b>	<b>573,139</b>	<b>613,164</b>	<b>697,827</b>	<b>764,351</b>	<b>249,908</b>	<b>48.6%</b>

FIRST-TIME FRESHMEN AT KENTUCKY STATE INSTITUTIONS  
Enrollment Market Share Analysis

INSTITUTION	Fall 2004		Fall 2005		Percent Change
	Students	Percent	Students	Percent	
Eastern Kentucky University	2,554	9.1	2,500	9.3	-2.1%
Kentucky State University	362	1.3	416	1.5	14.9%
Morehead State University	1,284	4.6	1,300	4.8	1.2%
Murray State University	1,358	4.9	1,389	5.1	2.3%
Northern Kentucky University	1,952	7.0	1,777	6.6	-9.0%
University of Kentucky	3,880	13.9	3,835	14.2	-1.2%
<b>University of Louisville</b>	<b>2,358</b>	<b>8.4</b>	<b>2,313</b>	<b>8.6</b>	<b>-1.9%</b>
Western Kentucky University	2,983	10.7	3,150	11.7	5.6%
Total Kentucky Public Universities	16,731	59.8	16,680	61.7	-0.3%
Kentucky Community Technical College System (KCTCS)	11,255	40.2	10,338	38.3	-8.1%
<b>TOTAL FIRST-TIME FRESHMEN IN KENTUCKY</b>	<b>27,986</b>	<b>100</b>	<b>27,018</b>	<b>100</b>	<b>-3.5%</b>

Source: The Fall data is from the Institutional Research Office at each institution.

**HEADCOUNT ENROLLMENT BY LEVEL**

	Five Year Trend						Five Year Trend Percent Change
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	
<b>Undergraduate</b>	156	56	2	0	0	0	(156) -100.0%
Allied Health Sciences	7,883	7,687	7,784	7,832	8,143	8,156	273 3.5%
Arts and Sciences	2,864	2,764	2,859	2,832	2,804	2,792	(72) -2.5%
Business	553	480	497	452	322	282	(271) -49.0%
Continuing Studies	60	59	56	58	58	96	36 60.0%
Dentistry	612	681	815	916	1,006	1,109	497 81.2%
Education & Human Development	274	267	263	266	260	261	(13) -4.7%
Music	519	592	711	841	867	858	339 65.3%
Nursing	1,491	1,473	1,416	1,489	1,434	1,468	(23) -1.5%
Speed Engineering	65	72	72	38	39	35	(30) -46.2%
Metroversity	14,477	14,131	14,475	14,724	14,933	15,057	580 4.0%
<b>Total Undergraduate</b>	102	71	36	0	0	0	(102) -100.0%
<b>Graduate</b>	670	621	725	814	813	815	145 21.6%
Allied Health Sciences	655	642	678	652	650	553	(102) -15.6%
Arts and Sciences <sup>(1)</sup>	22	36	25	38	40	38	16 72.7%
Business <sup>(1)</sup>	1,480	1,486	1,635	1,684	1,629	1,694	214 14.5%
Dentistry	8	18	4	8	5	3	(5) -62.5%
Education	409	340	468	442	498	431	22 5.4%
Graduate - Interdisciplinary	273	397	322	344	394	382	109 39.9%
Kent School of Social Work	51	57	64	59	68	74	23 45.1%
Medicine - Basic Sciences <sup>(1)</sup>	111	114	126	128	100	101	(10) -9.0%
Music	0	0	63	76	82	112	112 NA
Nursing	677	656	618	640	647	590	(87) -12.9%
Public Health	4,458	4,438	4,764	4,885	4,926	4,793	335 7.5%
Speed Scientific School <sup>(1)</sup>	307	313	316	314	320	320	13 4.2%
<b>Total Graduate</b>	372	393	391	403	401	421	49 13.2%
<b>Professional</b>	574	565	574	589	580	588	14 2.4%
Dentistry	1,253	1,271	1,281	1,306	1,301	1,329	76 6.1%
Law	38	26	31	18	16	27	(11) -28.9%
Medicine	542	528	538	531	549	554	12 2.2%
<b>Total Professional</b>	580	554	569	549	565	581	1 0.2%
<b>Interns and Residents</b>	20,768	20,394	21,089	21,464	21,725	21,760	992 4.8%
<b>TOTAL UNIVERSITY</b>							

<sup>(1)</sup> Total of 126 graduate students across these schools are studying at the post-doctoral level for 2005-06.

ACTION	DATE	STATUS
Preliminary Budget Planning, Modeling and Coordination	August — December 2005	Completed
Identification of Budget Issues	August — October 2005	Completed
Consultation with VP's, Deans and Constituency Groups	September 2005—May 2006	Completed
Development of FY 2006-07 Salary Increases and Guidelines	February—March 2006	Completed
FY 2006-07 Tuition Setting Process	October 2005—February 2006	Completed
Leadership Team Formulates Comprehensive Tuition and Fee Proposal for UofL	Monday, February 27, 2006	Completed
Informal Tuition Discussion with Students	Monday, March 6, 2006	Completed
Board of Trustees Approves Tuition Rates for FY06-07	Tuesday, March 7, 2006	Completed

<b>ACTION</b>	<b>DATE</b>	<b>STATUS</b>
President Briefs Board of Trustees on Tuition Rates	Tuesday, March 7, 2006	Completed
University-Wide Forum on Tuition and Fees Proposal	Wednesday, March 22, 2006	Completed
Final Decision Regarding FY07 Salary Increases	Late March 2006	Completed
Preliminary Decision regarding CY07 Health Benefits	Late March 2006	Completed
CPE Tuition Hearing for UofL	Wednesday, April 5, 2006	Completed
CPE Tuition Hearing for UofL	April 2006	Completed
Decision on New Strategic Initiatives	April 2006	Completed
Salary Increase Implemented	April 2006	Completed
Budget & Financial Planning Prepares Material for the Board of Trustees Finance Committee Budget Workshop	Tuesday, April 18 — Wednesday, May 3, 2006	Completed
Mailing to Board Members	Thursday, May 4, 2006	Completed
2006-07 Finance Committee Budget Workshop	Thursday, May 11, 2006	Scheduled



**SCHEDULE FOR DEVELOPING THE  
2006-07 OPERATING BUDGET**

ACTION	DATE	STATUS
Operating Budget is Finalized and Budget Document is Sent to Print	Friday, May 12 — Monday, May 29, 2006	Scheduled
Mailing to Board Members	Tuesday, May 30, 2006	Scheduled
President submits 2006-07 Budget to the Board of Trustees for Approval	Tuesday, June 6, 2006	Scheduled