

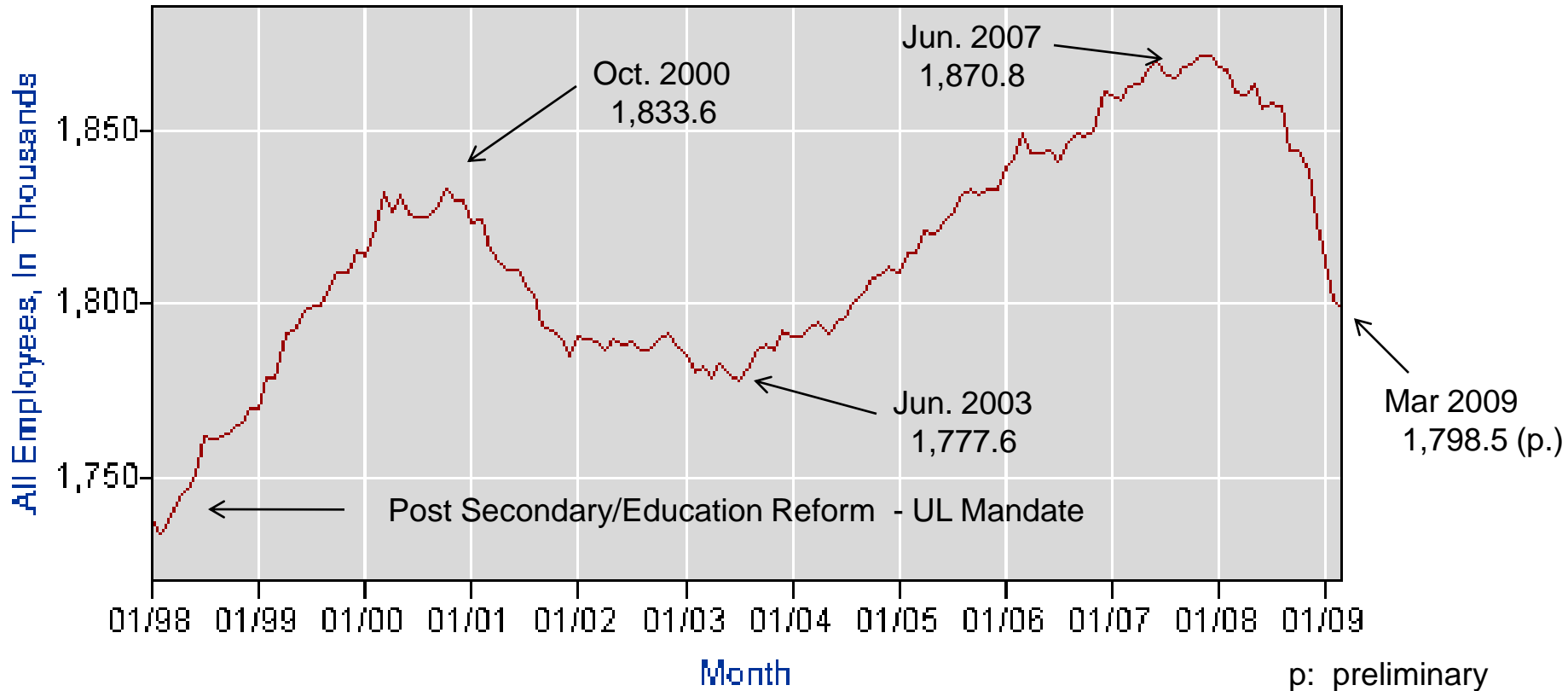


UNIVERSITY OF
LOUISVILLE®

BUDGET FORUM– 2009/10

April 21, 2009

Employment in Kentucky Has Slowed Since January 2008 (Nonfarm employment in thousands)



Job Loss



Reduced Incomes



Drop in State Income /Sales Taxes



Budget Cuts

State Mandated Budget Reductions

FY 2001-02 through FY 2009-10

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Cumulative Total
Recurring FY 2002	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$27.0)
Nonrecurring FY 2002	(\$3.9)									(\$3.9)
Recurring FY 2003		(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$24.0)
Recurring FY 2004			(\$3.1)	(\$3.1)	\$0.0 ¹	\$0.0	\$0.0	\$0.0	\$0.0	(\$5.2)
Nonrecurring FY 2004			(\$7.9)							(\$7.9)
Nonrecurring FY 2008							(\$5.1)			(\$5.1)
Recurring FY 2009								(\$10.0)	(\$10.0)	(\$20.0)
Nonrecurring FY 2009 @ 2%								(\$3.2)		(\$3.2)
<i>Probable Recurring FY 2010 @ 2%</i>									(\$3.2) ²	(\$3.2)
<i>Probable Recurring FY 2010 @ 2.7%</i>									(\$4.2) ³	(\$4.2)
	<u>(\$6.9)</u>	<u>(\$6.0)</u>	<u>(\$17.0)</u>	<u>(\$9.1)</u>	<u>(\$6.0)</u>	<u>(\$6.0)</u>	<u>(\$11.1)</u>	<u>(\$19.2)</u>	<u>(\$23.4)</u>	<u>(\$104.6)</u>

1. The Recurring Reduction from FY 2004-05 was restored in FY 2005-06.

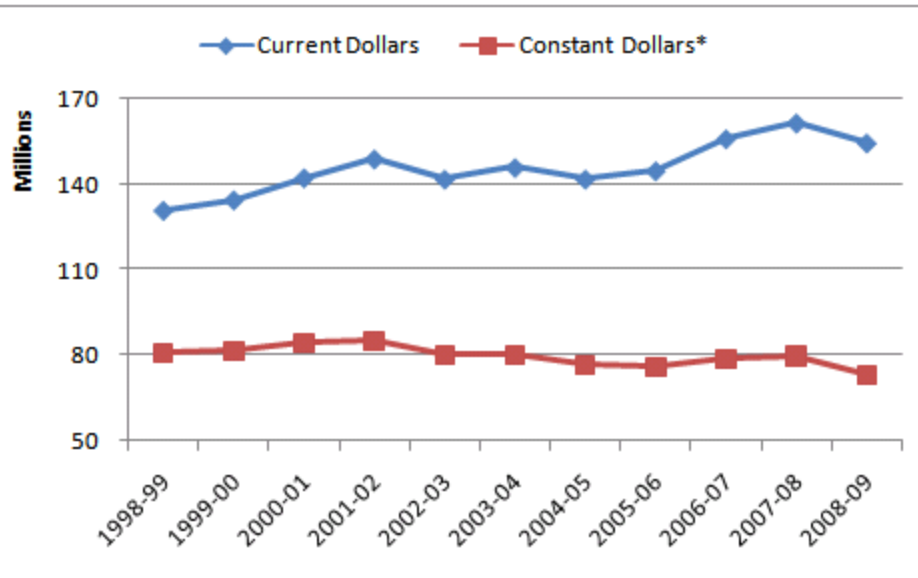
2. Anticipating the Nonrecurring for FY 2009 to become recurring in FY 2010.

3. The projected FY 2009-10 Recurring Reduction is predicated on 2% of the FY 2009-10 Budget of the Commonwealth as enacted and signed into law.

FY 2008-09: 6% + 2% = **\$13.2M**

Net State Appropriation Increase Since 1999

Net State Appropriation Increase Since 1999



Net State Appropriation	Current Dollars	Constant Dollars*
1998-99	130,785,900	80,931,900
1999-00	134,484,100	81,852,800
2000-01	142,248,400	84,270,400
2001-02	148,897,200	85,035,500
2002-03	141,766,400	80,048,800
2003-04	145,847,600	80,268,400
2004-05	141,789,500	76,560,200
2005-06	144,690,500	75,873,400
2006-07	155,959,900	78,648,500
2007-08	161,522,800	79,795,900
2008-09	154,522,400	73,205,600
Dollar Increase from 1998-99 to 2008-09	23,736,500	(7,726,300)
Percent Increase from 1998-99 to 2008-09	18.1%	-9.5%
Average Annual Change	1.6%	-0.8%

* Using Consumer Price Index (CPI)



UofL's Operating Budget

April 21, 2009

- Open / Transparent Process
- Consensus Building
- Commitment to Strategic Priorities – First “The Challenge”, now “The 2020 Plan”
- Compensation / People → Priority
- Long-term Impacts
 - Recurring revenues and expenditures
 - Protect core academic programs
 - Position the University for success

- Since we don't know next year's state appropriation – preliminary plan: 4.7% cut
- Fixed Costs – to be covered first
 - M&O for new facilities coming online
 - Utilities
 - Health Insurance – 3% increase in UofL's contribution effective January 1, 2010
- Salaries – 0% increase for faculty and staff
- Tuition – 5% increase (CPE)
- Modified Meal Plan

FY 2009-10

Discretionary Resources - "Where It Comes From"

Reduction in State Base Appropriation - Assumed		(7,345,900)
University Revenue Decisions		
Tuition Rate Increase		
Fall and Spring @ 5%	6,768,500	
Summer @ 9%	1,007,400	
Total Tuition Rate Increase		7,775,900
Other Discretionary Revenue		1,439,700
Increased Revenue Available for Budget Initiatives		<u>1,869,700</u>

FY 2009-10

Increase in Discretionary Expenditures - "Where It Is Proposed To Go"

Fixed Costs	4,648,595
Salary Increases	0
Budget Reduction Strategies	
Unit Based Budget Reductions @ 2.08%	(5,843,906)
University Wide Revenue Enhancements / Budget Reductions	<u>(750,000)</u>
Total Budget Reduction Strategies	(6,593,906)
Other Discretionary Expenditures	576,054
Policy Initiatives	<u>3,238,957</u>
Proposed Increases in Operating Expenses	<u>1,869,700</u>

Increase in Expenditures - Where It Is Proposed To Go

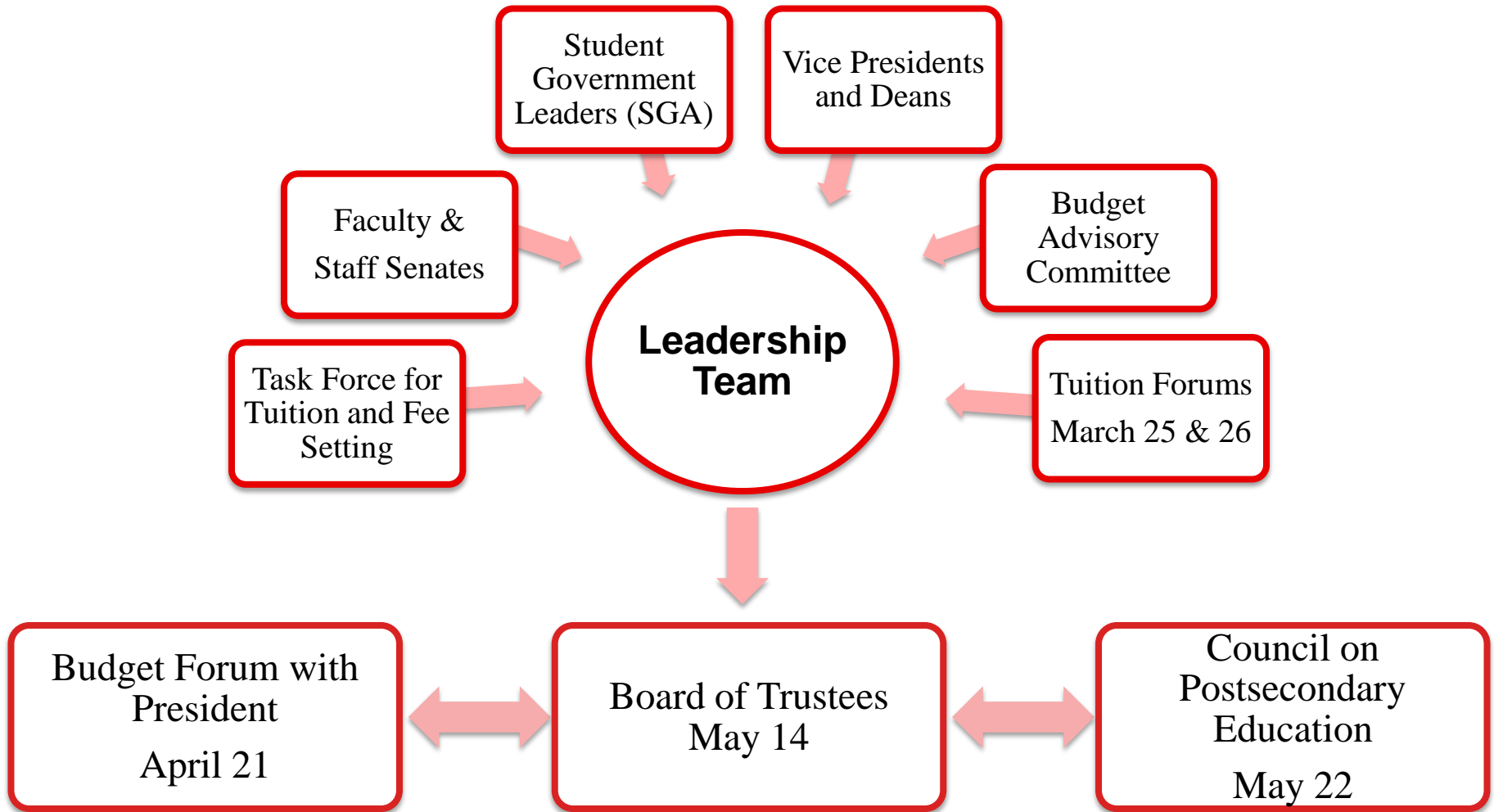
Policy Initiatives

Description	Amount
Student Initiatives	
Financial Aid Programs	
- Cardinal Covenant Program (3 rd year)	250,000
- Additional Need-based Aid	200,000
- Financial Aid Escalator @ 5% (central scholarships only)	1,084,058
Ideas to Action (QEP)	112,625
Library - 24 Hour Operation	75,537
Informacast - (Notification System in Classrooms)	28,000
Army and Air Force ROTC Stipends - 1st of 3 years	150,000
Additional Campus Police Officers (3)	157,735
Total Student Initiatives	2,057,955
Faculty & Staff Initiatives	
Salary and Wage Increases	
- Faculty and Staff Salary Adjustment Pool @ 0%	0
- Faculty Promotions	417,628
- Staff Reclassification / Promotion Fund	150,000
Total Faculty & Staff Initiatives	567,628
Research Initiatives	
Bio Safety Lab / Center for Predictive Medicine	474,594
Audit Services - Additional Auditor Positions	138,780
Total Research Initiatives	613,374
Total Policy Initiatives	3,238,957



Let's Talk About Tuition

April 21, 2009



Task Force on Tuition and Fees Setting Proposal

	Semester Rates			
	2008-09	2009-10	Change	
			Amount	Percent
Undergraduate				
Resident	3,782	3,972	190	5.0%
Nonresident	9,177	9,636	459	5.0%
Distance Education (per credit hour)	411	430	20	4.7%
Graduate				
Resident	4,103	4,311	208	5.1%
Nonresident	9,045	9,252	207	2.3%
Distance Education (per credit hour)	593	623	30	5.0%
Traditional MBA & IMBA Programs (Being Phased Out)				
Resident	5,483	5,760	277	5.1%
Nonresident	12,716	12,996	280	2.2%
Law				
Resident	6,872	7,220	348	5.1%
Nonresident	14,146	14,490	344	2.4%
Law (Part-time Program)				
Resident	6,872	7,220	348	5.1%
Nonresident	14,146	14,490	344	2.4%

Task Force on Tuition and Fees Setting Proposal

	Annual Rates			
	2008-09	2009-10	Change	
			Amount	Percent
Medicine				
Resident	24,498	25,724	1,226	5.0%
Nonresident	42,820	42,820	-	0.0%
Dentistry				
Resident	20,548	21,576	1,028	5.0%
Nonresident	48,072	49,100	1,028	2.1%
Fixed Price Programs				
MBA Cohort Program *				
Resident	30,000	31,000	1,000	3.3%
Nonresident	30,000	31,000	1,000	3.3%
IMBA Cohort Program (Effective May 2008)				
Resident	27,000	30,000	3,000	11.1%
Nonresident	27,000	30,000	3,000	11.1%
Ed.D. Practitioner (new students)				
Resident	15,000	15,750	750	5.0%
Nonresident	15,000	15,750	750	5.0%
Ed.D. Practitioner (advanced placement)				
Resident	10,000	10,500	500	5.0%
Nonresident	10,000	10,500	500	5.0%

* \$26,760 when taken as part of the MD/MBA dual degree

Current Year Tuition and Fees CPE Benchmark Institutions

Institution Name	Estimated in-State Tuition & Fees 2009-10 *	Out-of-State Tuition & fees 2009-10	On campus, Room & Board 2008-09 **
University of Pittsburgh-Pittsburgh Campus	14,324	24,455	8,600
University of Illinois at Chicago	12,302	25,311	8,744
Temple University	12,020	21,491	8,884
University of Cincinnati-Main Campus	9,869	25,118	9,240
University of South Carolina-Columbia	9,280	24,053	7,318
Wayne State University	8,514	18,248	6,932
University of California-San Diego	8,465	30,107	10,787
University of California-Irvine	8,448	30,087	10,527
University of Louisville (9)	7,944	18,744	6,058
Virginia Commonwealth University	7,118	20,710	9,430
University of Iowa	6,824	22,198	7,673
SUNY at Buffalo	6,599	13,172	9,552
Stony Brook University	6,430	14,330	9,132
University of North Carolina at Chapel Hill	5,626	23,514	7,334
University of Utah	5,548	17,430	6,469
University of New Mexico-Main Campus	5,076	16,493	7,080
University of Alabama at Birmingham	4,897	10,870	8,924
University of South Florida	4,113	17,466	8,080

* For institutions that have not published tuition rates for 2009-10, a 5% increase was estimated based on the 2008-09 rates.

** Does not include modified meal plan

April 21, 2009



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Questions?

April 21, 2009