

Faculty Senate Chair Report  
June 1, 2022

**2022-2025 Strategic Plan**

- Draft Plan is being revised based on extensive public feedback
- Developing metrics for evaluation

**President Search**

- Listening Tours have been completed.
- Search committee will be meeting with the Redbook 2.1.1 committee on 6/2/22

**BOT**

- Approved expansion gift for the Envirome Institute
- Budget Workshop was held 5/26/22 (see attached)
- Budget will be presented to board committees on 6/23/22

**Board of Trustees Budget Workshop:  
Proposed FY 2023  
Operating and Capital Budgets**

May 26, 2022

UNIVERSITY OF  
**LOUISVILLE**

# Today's Agenda

1. Priorities and highlights of FY 2023 budget
2. Overview of FY 2022 year-to-date financial activity
3. Overview of proposed FY 2023 operating budget
4. Overview of proposed FY 2023 & 2024 capital budget
5. Input on key decision points and next steps

The background features a dynamic, abstract graphic composed of flowing, wavy bands of red and orange, creating a sense of movement and energy. The colors transition from deep reds to bright oranges and yellows, set against a dark, almost black background.

# **Budget Priorities: Investing in Students, Faculty, Staff & Infrastructure**

# Budget Priorities & Highlights

(Strategic Plan References in green)

## 1. Investing in our students (access and success)

- No undergraduate tuition rate increase (Learn: L1.A2)
- New Cardinal Commitment financial aid program (Learn: L1.A1)
- Increase in student persistence funding (Learn: L1.A2; Invest: I2.A4)
- Increase in graduate student stipends (Learn: L3.A3; Invest: I1.A2)
- Evolve 502 agreement
  
- Two new residence halls (Learn: L1.A4)
- Funding Center for Engaged Learning (Learn: L2.A1; L3.A1)
- Creating Center for Military-connected students (Learn: L1.A1)

# Budget Priorities & Highlights

(Strategic Plan References in green)

## 2. Investing in our faculty and staff (compensation perspective)

- 2.5% COLA effective July 1, 2022 (Work: W3.A2)
- Raising starting wage to \$14.75 per hour (Work: W3.A1)
- \$1.5M toward compensation study (Work: W3.A1; W3.A3)

## Investing in faculty and staff (benefits perspective)

- Continuing employer retirement contributions: 7.5% automatic plus 2.5% match (Work: W3.A3)
- Continuing 100% tuition remission for employees and their dependents (Work: W3.A3)
- No increase in employee health insurance premiums until January 1, 2023 (Work: W3.A3)

# Budget Priorities & Highlights

(Strategic Plan References in green)

## 3. Investments in our university

- Envirome Institute (Invest: I1.A1; I2.A3)
- Digital Transformation Center (Learn: L2.A2)
- Partnership with ULH (Invest: I1.A1; I2.A3)
- Brand campaign (Learn: L1.A1; Invest: I3.A3)
- Web improvement project (Invest: I3.A3)
- Asset preservation (deferred maintenance) (Work: W1.A5)
- New Customer Relationship Management system for Advancement (Invest: I2.A2)
- Continuous priority: Maintaining sound financial base (Work: W2, Cardinal Principles)



# FY 2022 YTD Financial Activity



# Overview of Financial Activity

Through March 31, 2022




## Positive trends continue through March:

- YTD total revenues still exceed total expenses - positive margin
- Provost & CFO have confirmed college budget performance through meetings
- Still trending better than last year (overall) and continuing to trend toward a balanced budget (or slightly positive margin)
- Liquidity has improved over prior years

**We have a solid financial foundation on which to build the FY23 budget**

# Budget-to-Actual Report thru March

FY 2022 vs. FY 2021 (modified cash basis)

Status Indicators	
Better than Expected	
As Expected	
Worse than Expected	

Revenues	FY 2022				FY 2021	Year-over-Year	
	Annual Budget	YTD March	% Realized	Status	YTD March	\$ Change	
<i>General Funds</i>							
Tuition and Fees	339,524,920	316,885,579	93.3%	!	313,325,865	3,559,714	FY 22 tuition rate increase; grad enrollment increase
State Appropriations	130,129,300	104,103,300	80.0%	✓	101,645,500	2,457,800	Performance funding increase
Transfers In	30,779,202	16,545,472	53.8%	✓	13,003,038	3,542,434	Timing of debt service from ULAA and ULRP and increase in F&A transfers
Other Revenue	13,882,080	8,423,791	60.7%	✓	8,258,460	165,331	Increase in child care revenues (ELC) among others
Auxiliaries	13,620,308	13,054,153	95.8%	✓	11,304,161	1,749,992	Improvement in parking, housing, bookstore revenues from COVID lows
Hospital-Related	1,133,097	382,091	33.7%	✓	6,472,546	(6,090,455)	Hospital rent recorded in non-general fund beginning with FY22
CARES / Federal Relief Funds	6,000,000	5,804,953	96.7%	✓	0	5,804,953	Offset to lost tuition and Canon revenues
<b>General Funds Total</b>	<b>535,068,907</b>	<b>465,199,339</b>	<b>86.9%</b>	<b>✓</b>	<b>454,009,569</b>	<b>11,189,769</b>	

## Non-General Funds

UL Research Foundation	601,175,406	592,954,189	98.6%	↑	448,533,987	144,420,203	See "Description of Notable Revenue Changes" section
UL Athletic Association	107,700,000	104,791,383	97.3%	✓	78,379,463	26,411,921	Post-pandemic increase in game attendance
UL Foundation	56,376,651	39,837,253	70.7%	✓	29,186,458	10,650,795	See "Description of Notable Revenue Changes" section
Internally Designated	18,726,327	34,625,090	184.9%	✓	19,294,388	15,330,701	Includes transfers across funds; offsetting expenses
<b>Non-General Funds Total</b>	<b>783,978,384</b>	<b>772,207,915</b>	<b>98.5%</b>	<b>✓</b>	<b>575,394,296</b>	<b>196,813,619</b>	
<b>Total Revenues</b>	<b>\$1,319,047,291</b>	<b>\$1,237,407,254</b>	<b>93.8%</b>	<b>✓</b>	<b>\$1,029,403,865</b>	<b>\$208,003,389</b>	

General funds received in prior years 3,581,945

Non-general funds received in prior years 12,624,145

**Total Funds Available \$1,335,253,382**

Expenses	FY 2022				FY 2021	Change	
	Annual Budget	YTD March	% of Budget	Status	YTD March		
<i>All Funds</i>							
Salary	582,037,186	413,223,961	71.0%	↑	391,831,699	21,392,263	See "Description of Notable Expense Changes" section
Fringe Benefits	148,173,849	107,334,924	72.4%	↑	91,295,600	16,039,324	See "Description of Notable Expense Changes" section
Operating	393,177,129	420,818,016	107.0%	!	268,757,612	152,060,404	See "Description of Notable Expense Changes" section
Financial Aid	157,408,757	152,010,302	96.6%	✓	137,116,057	14,894,245	See "Description of Notable Expense Changes" section
Capital Asset & Debt Service	31,762,410	26,512,716	83.5%	✓	25,942,458	570,258	
Utilities	22,694,052	14,325,813	63.1%	↑	14,386,584	(60,771)	
<b>Total Expenses</b>	<b>\$1,335,253,382</b>	<b>1,134,225,732</b>	<b>84.9%</b>		<b>\$929,330,010</b>	<b>\$204,895,723</b>	

**Revenue Over/(Under) Expenses (\$0) \$103,181,522 \$100,073,856 \$3,107,666**

# Budget-to-Actual Report thru March

FY 2022 vs. FY 2021 (modified cash basis)

## Description of Notable Revenue Changes

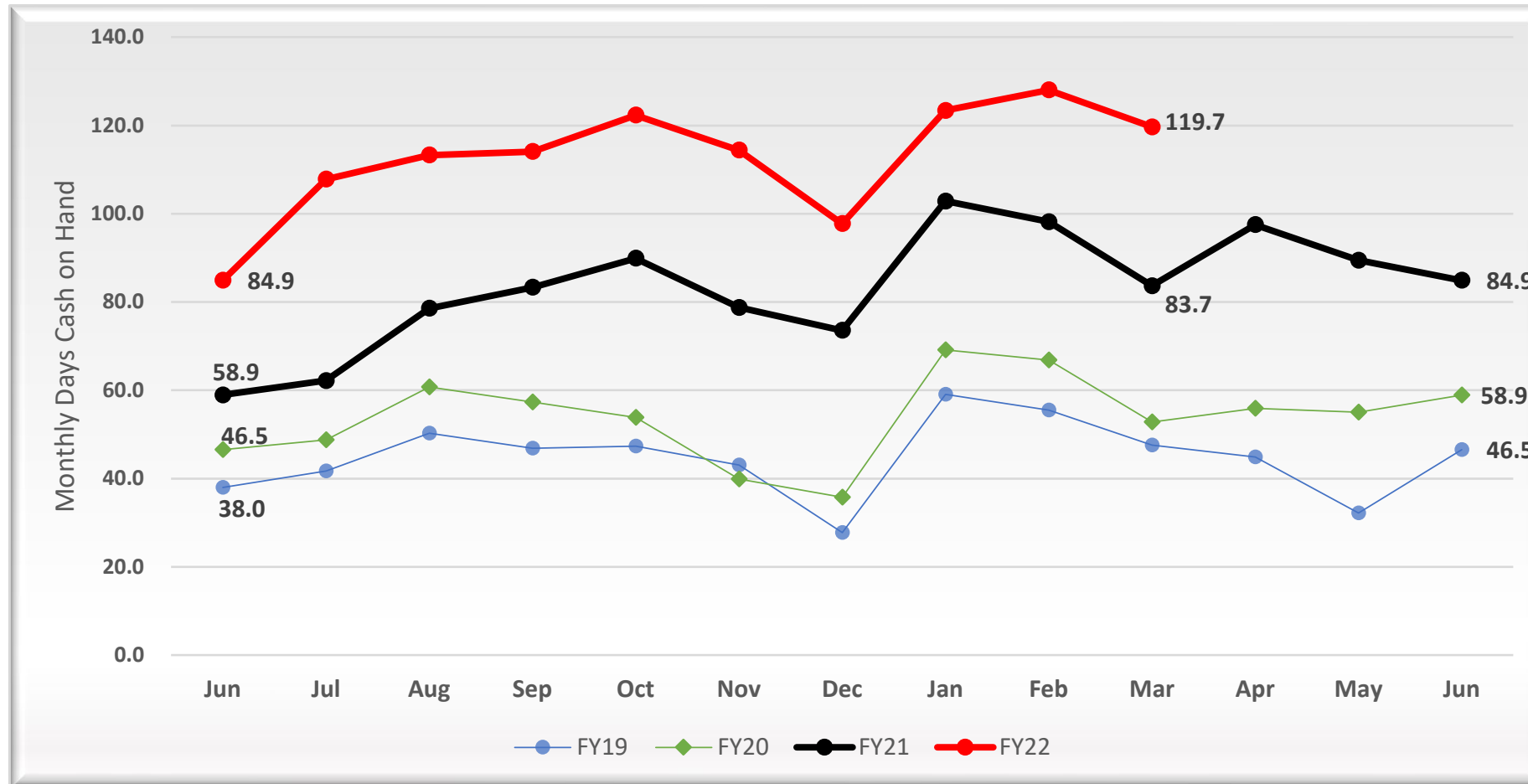
Revenues	Actuals (March)		Change	
	FY 2022	FY 2021		
Tuition and Fees	316,885,579	313,325,865	3,559,714	Tuition rate increase; strong grad enrollment
UL Research Foundation	592,954,189	448,533,987	144,420,203	
<i>Sponsored Research</i>	<i>137,578,485</i>	<i>107,963,715</i>	<i>29,614,770</i>	<i>+\$10M related to COVID grants; +\$3.4M tobacco settlement; +\$1.6M healthcare cybersecurity</i>
<i>F&amp;A Recovery</i>	<i>26,436,673</i>	<i>21,456,871</i>	<i>4,979,802</i>	<i>Increase in research activity</i>
<i>Pass-through financial aid</i>	<i>65,331,156</i>	<i>51,155,847</i>	<i>14,175,309</i>	<i>Increase in CARES and timing of receipt of state CAP funds and award increase</i>
<i>Clinical-related activities</i>	<i>332,944,288</i>	<i>246,037,993</i>	<i>86,906,294</i>	<i>Increased clinical activity plus IGT pass-through and Norton's</i>
<i>All other</i>	<i>30,663,588</i>	<i>21,919,561</i>	<i>8,744,027</i>	<i>\$3.7M grant residuals and RIFs; +\$1.6M patents</i>
UL Athletic Association	104,791,383	78,379,463	26,411,921	
UL Foundation	39,837,253	29,186,458	10,650,795	

## Description of Notable Expense Changes

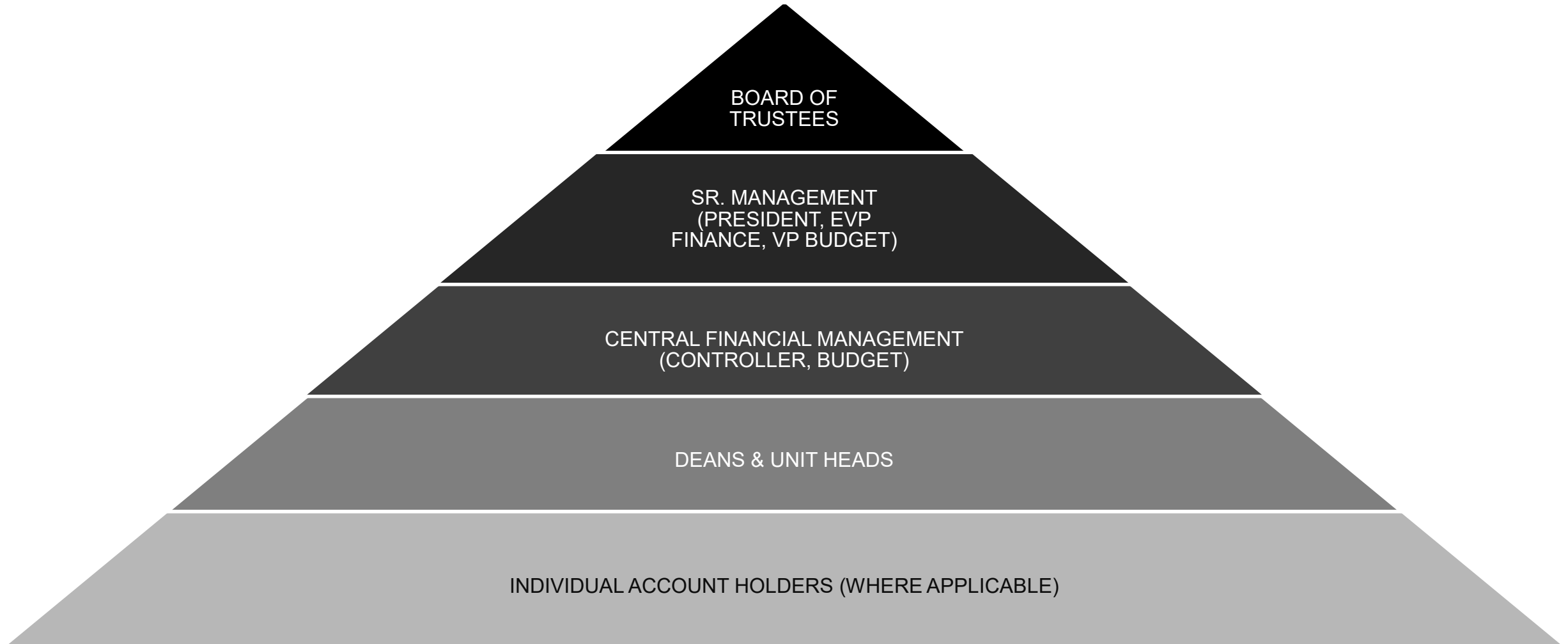
Expenses	Actuals (March)		Change	
	FY 2022	FY 2021		
Salaries and Wages	413,223,961	391,831,699	21,392,263	Primarily due to one-time bonus and 1% COLA in August
Fringe Benefits	107,334,924	91,295,600	16,039,324	Primarily due to restoring employer retirement contributions
Financial Aid	152,010,302	137,116,057	14,894,245	Increase primarily tied to CARES funding and state CAP funding increase
Operating	420,818,016	268,757,612	152,060,404	
<i>Core Operating (exldg. transfers)</i>	<i>268,255,964</i>	<i>166,829,818</i>	<i>101,426,146</i>	
<i>Maintenance</i>	<i>11,452,822</i>	<i>9,629,649</i>	<i>1,823,173</i>	
<i>Services</i>	<i>126,795,062</i>	<i>54,452,017</i>	<i>72,343,046</i>	<i>+\$60M IGT contractual (offsetting revenue); +\$2.3M ERP; +\$1M brand marketing</i>
<i>Subscriptions</i>	<i>25,730,808</i>	<i>17,087,728</i>	<i>8,643,081</i>	<i>Athletics' away game tickets +\$4.2M; timing of Libraries' subscription costs</i>
<i>Travel</i>	<i>11,205,475</i>	<i>4,016,009</i>	<i>7,189,466</i>	<i>Increase follows year of historically low levels of travel due to COVID, primarily Athletics</i>

# Liquid Cash – FY 2019 to FY 2022

Days Cash on Hand Amounts through March 2022, FY 2022



# Who is Monitoring?



# Proposed FY 2023 Operating Budget



# Outline

- What we budget
- Process for budget development
- All funds summary
- Focus on general fund today; highlights of non-general funds
- Contingency planning
- Key decisions and next steps

# What We Budget

## What is in the operating budget? \*

- University of Louisville stand-alone entity (includes General Fund and other department accounts)
- University of Louisville Research Foundation
- University of Louisville Athletic Association

## What is NOT in the operating budget?

(But are included in our financial statements)

- University of Louisville Health (consists of University of Louisville Physicians and the University Medical Center)
- University of Louisville Foundation
- University of Louisville Real Estate Foundation

*\* Only funds transferred to the University from University of Louisville Health and the University of Louisville Foundation are included in the operating budget.*

# What We Budget & Where It Comes From

Revenue Category	Description
<b>Non-general Fund</b> (restricted purpose and self-balancing)	
Clinical	Patient care services and laboratories performed by faculty & staff
Grants and contracts	Research funding from federal government and others; federal student aid
Gifts and endowments	Reimbursement from UofL Foundation for allowable costs
Athletics	ACC conference; media; ticket sales; stadium and arena suites; licensing
Other	Miscellaneous sources such as residuals on grants; research infrastructure
<b>General Fund</b> (mostly unrestricted and allocated via budget model)	
Tuition and fees	Revenues associated with student enrollment in courses
State appropriations	Amount approved by General Assembly; partially based on performance
Other	Includes housing, parking, dining, investment income, etc.

# Budget Development Process Overview

- **Establish and share budget guidelines for university community**
- **Revenues and Expenses**
  - Start with revenue projections
  - Estimate fixed costs
  - Add strategic priorities and links to strategic plan
- **Review and balance budget submissions**
- **Present draft budget to Board for input**
- **Final budget version presented in June for Board approval**

# All Funds Expenditure Budget FY 2023

	UofL Standalone Entity					
	General Funds	Foundation	Internally Designated	UL Research Foundation	Athletics	All Funds
<b>Revenues</b>						
Tuition and Fees	345,812,419					345,812,419
State Funds	145,080,400					145,080,400
Transfers to General Fund	26,567,934					26,567,934
Auxiliaries	15,081,626					15,081,626
Clinical (inclgd Hospital support)	1,106,473			453,062,841		454,169,314
Sponsored Agreements				166,700,000		166,700,000
Pass Through Financial Aid				59,000,000		59,000,000
Other Revenue	22,397,580	75,442,471	11,400,346	14,784,932	114,800,000	238,825,329
CARES						0
<b>Total Fiscal Year Revenues</b>	<b>556,046,432</b>	<b>75,442,471</b>	<b>11,400,346</b>	<b>693,547,773</b>	<b>114,800,000</b>	<b>1,451,237,022</b>
Plus use of prior year funds	1,300,157		16,741,537	7,507,103		25,548,797
<b>Total Revenues</b>	<b>\$557,346,589</b>	<b>\$75,442,471</b>	<b>\$28,141,883</b>	<b>\$701,054,876</b>	<b>\$114,800,000</b>	<b>\$1,476,785,819</b>
<b>Expenditures</b>						
Salary	276,468,436	21,020,466	5,908,027	256,547,683	39,840,368	599,784,979
Fringe Benefits	82,454,790	5,220,587	1,334,718	62,974,741	7,549,360	159,534,196
Operating	76,945,573	37,712,569	17,046,933	298,753,976	43,118,976	473,578,026
Scholarships	68,698,389	11,413,849	1,275,618	63,212,097	16,262,410	160,862,363
Capital Asset plus Debt Service	30,398,772	75,000	2,371,265	31,539	0	32,876,576
Transfers to General Fund	-	-	-	19,470,000	7,097,934	26,567,934
Utilities	22,380,630	-	205,322	64,840	930,952	23,581,744
<b>Total Expenditures</b>	<b>\$557,346,589</b>	<b>\$75,442,471</b>	<b>\$28,141,883</b>	<b>\$701,054,876</b>	<b>\$114,800,000</b>	<b>\$1,476,785,819</b>
<b>Revenues less Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Highlights of Non-General Fund FY 2023 Budget

## Revenues:

- **Athletics**
  - Revenue improvement particularly in marketing and men's basketball
- **UofL Foundation**
  - Increased endowment spend rate
  - No underwater endowments
- **UofL Research Foundation**
  - Anticipated steady funding from sponsored research
  - Growth in clinical operations & IGT treatment

## Expenses:

- **Athletics**
  - Increase in operating expenses largely due to return of normal travel
  - Student support
- **UofL Foundation**
  - Academic unit increase ~\$16.4M
  - Majority of spending increases for scholarships and operating
- **UofL Research Foundation**
  - Medicaid pass-through increases
  - Normalized clinical activity post-2020
  - Change in IGT treatment

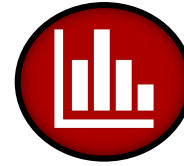


# General Fund Operating Budget Summary

	FY 2022	FY 2023		
	General Fund Adopted Budget	General Fund Proposed Budget	FY 22 to FY 23 Change	
<b>Revenues</b>				
Tuition and Fees	339,524,920	345,812,419	6,287,499	\$3.3M student fees; limited tuition rate increases
State Funds	130,129,300	145,080,400	14,951,100	Increase in state performance funding
Transfers to General Fund	30,779,202	26,567,934	(4,211,268)	
Auxiliaries	13,620,308	15,081,626	1,461,318	Housing and parking primarily; limited rate increases
Clinical (including Hospital)	1,133,097	1,106,473	(26,624)	
Sponsored Agreements	0	0	0	
Pass Through Financial Aid	0	0	0	
Other Revenue	13,882,080	22,397,580	8,515,500	Investment income, events, rental, and other increases
<b>Total Fiscal Year Revenues</b>	<b>529,068,907</b>	<b>556,046,432</b>	<b>26,977,525</b>	
Funds Received in Prior Periods	3,581,945	1,300,157	(2,281,788)	
CARES / Federal Relief Funds	6,000,000	0	(6,000,000)	
<b>Total Funding Available</b>	<b>538,650,852</b>	<b>557,346,589</b>	<b>18,695,737</b>	
<b>Expenditures</b>				
Salary	264,361,559	276,468,436	12,106,877	2.5% COLA; \$14.75/hour starting wage; \$1.5M compensation study
Fringe Benefits	78,818,957	82,454,790	3,635,833	Health insurance and tuition remission increases
Operating	83,270,083	76,945,573	(6,324,510)	
Scholarships	66,260,272	68,698,389	2,438,117	New/expanded financial aid programs
Capital Asset plus Debt Service	24,048,129	30,398,772	6,350,643	Asset preservation; New residence hall
Utilities and Insurances	21,891,852	22,380,630	488,778	
<b>Total Expenditures</b>	<b>538,650,852</b>	<b>557,346,589</b>	<b>18,695,737</b>	
<b>Budget Surplus/(Deficit)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	

# General Fund Revenue Budget Highlights

# Enrollment Update



	Fall 2021 Budget	Fall 2021 Actual	Fall 2022 Projected
Undergraduate	16,018	15,830	16,003
Graduate	6,620	6,529	6,529
Post Doc and House Staff	764	835	835
Total	23,402	23,194	23,367

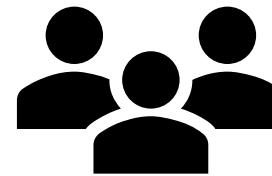
# Enrollment Update:

## New student enrollment deposit comparisons (as of May 20)

### FALL STATUS COMPARISON

Year	Enrollment
2022	3,239 (+246 over Fall 2021)
2021	2,993 (Fall 2022 past year end)
2020	3,080
2019	2,996 (Fall 2022 past year end)

### ETHNICITY

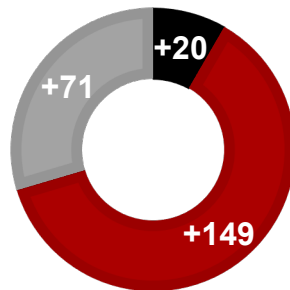


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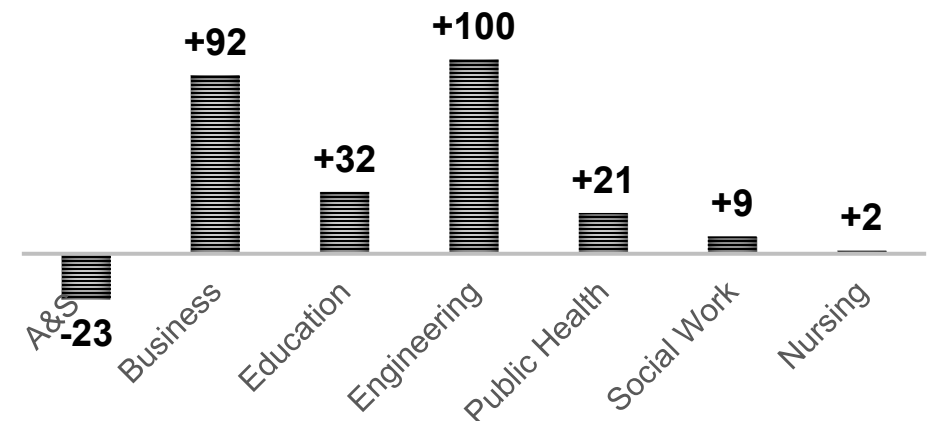
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### LOCATION

- Resident
- Non-Resident
- Indiana Reciprocity



### UNITS



# Establishing FY 2023 Tuition Rates & Fees

## External factors

- Council on Postsecondary Education
- Affordability
- Brand recognition
- Benchmarking to competitors
- Political

## Internal shared governance

- Recommendations made to university leadership by tuition taskforce that includes representation from faculty, staff, and students
- Consideration of total cost of attendance (housing, dining, tuition, fees)
  - Also cost of providing fulfilling student experience

# Tuition & Fee Revenue Assumptions for FY 2023

- **0.0%** increase in undergraduate tuition rates
- 2.0% increase in graduate tuition rates
- 1.6 to 2.5% professional tuition rate increases
- New campus modernization fee

## FY22 to FY23 Change

Undergraduate:	+\$1.1M
Graduate:	+\$1.0M
Professional:	+\$0.8M
<u>Fees:</u>	<u>+\$3.4M</u>
<b>Total change:</b>	<b>+\$6.3M</b>



# Current & Proposed UofL Tuition Rates

(amounts in dollars)	AY 2022	AY 2023	\$ Change	% Change
<b>Undergraduate</b>	<b>Semester Rates (\$)</b>			
Resident	6,087	6,087	0	0.0%
Nonresident	14,260	14,260	0	0.0%
Active Duty Military*	250	250	0	0.0%
<b>Graduate</b>				
Resident	6,762	6,897	135	2.0%
Nonresident	13,819	14,095	276	2.0%
Active Duty Military*	250	250	0	0.0%
<b>Law (Full-time Program)</b>				
Resident	11,899	12,200	301	2.5%
Nonresident	14,474	14,700	226	1.6%
<b>Medicine</b>				
Resident	21,305	21,730	425	2.0%
Nonresident	32,399	33,045	646	2.0%
<b>Dentistry</b>				
Resident	18,121	18,483	362	2.0%
Nonresident	37,804	38,559	755	2.0%

\* per credit hour

# UofL is Affordable and Competitively Priced

- Total cost important (pricing obtained from institutional websites)
- Compared to University of Kentucky:
  - UofL proposed\* undergraduate and non-resident graduate tuition is lower than current UK rates
  - UofL proposed rate includes \$110 proposed student fee increases

Residency and Degree	UK Current	UofL 2022-23 Proposed	Semester Tuition Compared to UK
Resident, undergraduate	\$6,305	\$6,197	\$108 <i>less</i>
Non-resident, undergraduate	\$15,804	\$14,370	\$1,434 <i>less</i>
Resident, graduate	\$6,837	\$7,007	\$170 <i>more</i>
Non-resident, graduate	\$16,774	\$14,205	\$2,569 <i>less</i>

- UofL proposed housing and dining costs are also ~ \$4,300 less per year than current UK rates

# Proposed Mandatory Student Fee Changes

## Student Services Fee: \$10 increase

- \$6 per full-time per semester increase to support student programming
- \$4 per full-time per semester increase to support disability resource center

## Campus Modernization Fee:

- **New \$100 per full-time per student fee** to help fund university's match for state asset preservation dollars and ongoing improvement of condition and safety of classrooms, buildings, and infrastructure
- CPE policy allows up to \$150 fee per full-time student per semester
- Other universities have had this fee since at least 2019:
  - Eastern Kentucky (\$150), Murray State (\$150), Kentucky State (\$150), & Morehead State (\$60)
  - Each fee expires after 25 years

# Proposed Student Housing, Dining & Parking Fees

## Housing

- First increase since August 2020
- Inflationary cost increases; safety; maintaining facilities
- 0% to 4.5% increase depending on hall

## Dining

- First increase since August 2019
- Food and staffing inflationary increases
- 0% increase for commuter plan; 3% increase other plans

## Parking

- First increase since August 2019
- Annual increases: \$6 to \$24
- Comparatively low rates

### FY22 to FY23 Revenue Changes

<b>Housing:</b>	+\$0.28M
<b>Dining:</b>	+\$0.14M
<b>Parking</b> (students only):	+\$0.07M
<b>Total:</b>	+\$0.49M

# State Appropriations – Operating Funds

## 1. Base appropriation

## 2. Performance funding pool

- Created by state law in 2017 with 11 performance metrics
- \$80 million increase in FY 2023 (brings total to \$97M)
- All performance funds returned to pool and reallocated each year based on each university's performance relative to others

## 3. Bucks for Brains (\$5M)- must be matched to obtain & flows to ULF

## FY 2023 State Appropriations to UofL total \$145.1M

- Base (\$127.6M)
- Performance Funding (\$17.5M)

# Increase in State Performance Funding

## Supporting Students and Employees

Change in State Performance Funding Allocation (FY22 to FY23) \$ 14,551,100

<u>Deployment of Additional State Funds</u>		<u>Benefits</u>
Offsetting CARES revenue decrease	6,000,000	University
Increasing institutional financial aid (gross)	2,100,000	Students
<i>less cost allocation</i>	<i>(1,470,000)</i>	
Increasing funding to academic units	1,910,000	Students
Adding 0.5% COLA increase	1,500,000	Employees
Addressing salary compression and equity	1,500,000	Employees
Rising state-mandated tuition waiver costs	1,355,000	Students
Raising starting wages	600,000	Employees
Increasing graduate student stipends	600,000	Students
Increasing student persistence fund	500,000	Students
	<b>Total</b>	
		<b>\$ 14,595,000</b>

# General Fund Expense Budget Highlights

# Investments in Students: \$3.2M

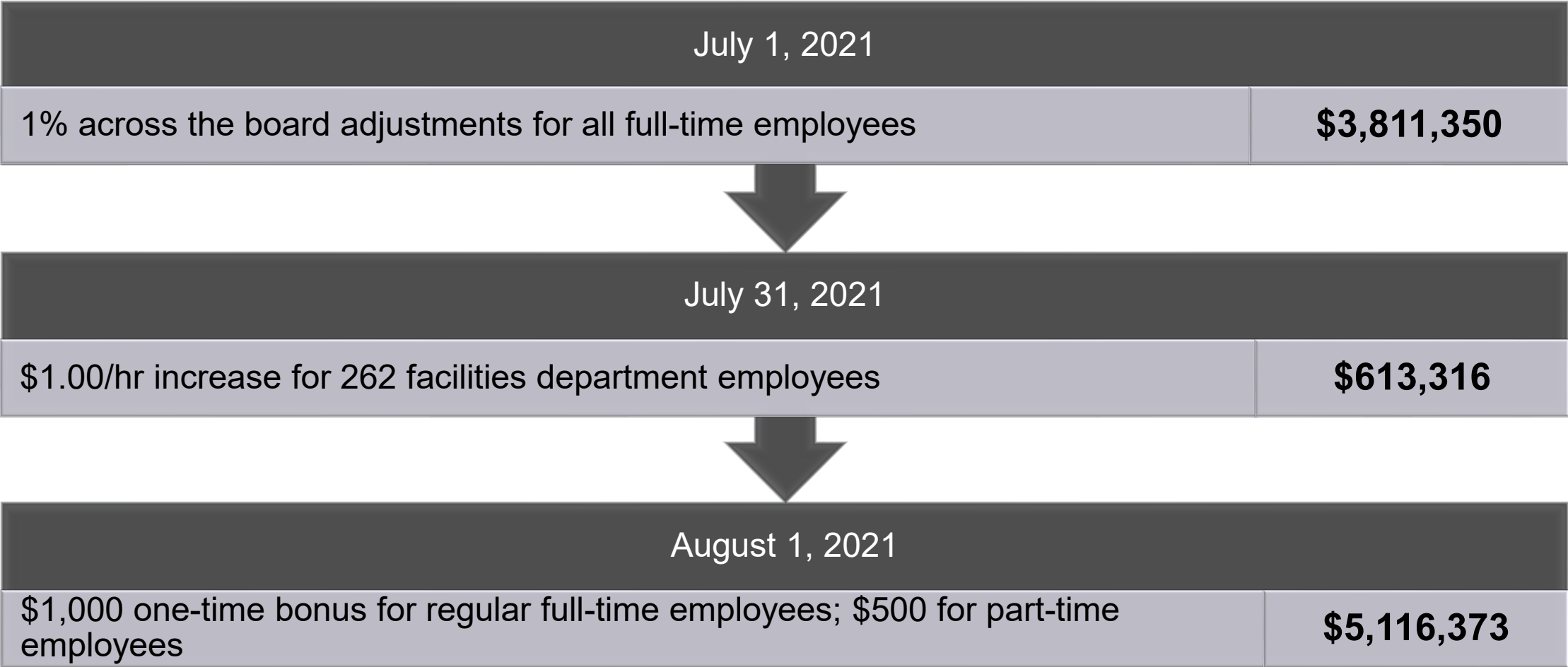
- New Cardinal Commitment
- Corporate Partnerships
- Attracting new students from southwest Ohio
- Increasing graduate student stipends

## FY22 to FY23 Changes

Institutional aid:	+\$2.1M
Student persistence:	+\$0.5M
<u>Graduate student stipends:</u>	<u>+\$0.6M</u>
Total	+\$3.2M



# FY22 Investments in Employees: \$13,422,491



# FY22 Investments in Employees: \$13,422,491



# FY23 Investments in Employees: \$8.2M

- \$14.75 starting wage increase **\$0.6M**
- 2.5% cost of living increase **\$6.1M**
- \$15.00 starting wage increase, compression, equity **\$1.5M**

# Raising Starting Wage to \$14.75/hr

<b>VP/Dean</b>	<b>Number of Employees</b>	<b>Total Cost</b>
Brandeis School of Law	1	\$1,644
College of Arts and Sciences	2	\$4,091
Health Sciences	2	\$1,233
Office of the University Provost	6	\$11,608
School of Medicine	18	\$34,785
Executive VP for Finance & Administration	124	\$450,675
University Libraries	7	\$7,752
VP for Student Affairs	12	\$28,345
<b>Total</b>	<b>172</b>	<b>\$540,133</b>
<b>Fringe Impact</b>		<b>\$97,224</b>



**\$637,357**  
**Grand Total**

# Compensation Study and Action Timeline\*

Q2  
2022

## Current Workforce Analysis

- Adjust starting wage to \$14.75/hr 7/1/2022

Q2/Q3  
2022

## Staff Classification

- Level jobs
- Map jobs to external market matches
- Create new job architecture

Q3/Q4  
2022

## Market Assessment and Pay Equity

- Assess jobs against external benchmarks
- Create new compensation structure and slot jobs
- Conduct pay equity study

Q1/Q2  
2023

## Results and Implementation

- Adjust starting wage to \$15/hr 1/1/2023
- Prioritize critical wage, equity and compression issues 1/1/2023
- Implement highest priority pay actions 7/1/2023

\*Calendar Year

# University Healthcare Expenses

- Medical and prescription costs continue to increase annually
- University absorbed full cost of increases in CY 2021 & 2022; no employee increases
- CY 2023 shared employer and employee increase; effective January 1, 2023

## FY 22 to FY 23 Changes

### Employer

- \$3M calendar year increase (general fund)
- \$834 to \$884 UofL monthly contribution

### Employee

- Cap on premium increase
- \$0 Minimum change per month
- \$14 Median increase per month
- \$44 Maximum increase per month

# FY 2023 General Fund Expense Budgets by Unit

Unit Name	Salaries & Wages	Fringe Benefits	Operating	Scholarships	Total
Audit Services	1,318,062	398,274	110,637	0	1,826,972
Brandeis School of Law	6,086,819	1,754,570	2,156,641	2,098,700	12,096,730
College of Arts & Sciences	44,468,487	13,462,283	3,924,789	678,000	62,533,558
College of Business	20,979,331	4,824,321	4,464,055	869,467	31,137,174
College of Education & Human Development	14,809,818	4,684,597	1,589,999	0	21,084,414
Finance and Administration	3,945,382	1,243,895	284,551	0	5,473,828
Graduate School	3,553,353	744,804	197,844	8,326,400	12,822,400
Health Sciences Administration	3,509,510	1,072,787	965,285	132,464	5,680,046
Human Resources	2,173,358	655,857	204,517	0	3,033,733
Intercollegiate Athletics	0	0	1,931,360	50,700	1,982,060
Kent School of Social Work	7,072,782	1,811,121	841,234	244,351	9,969,487
Office of Advancement	751,190	230,730	249,365	0	1,231,285
Office of Community Engagement	575,268	164,079	75,210	0	814,557
Office of Student Affairs	7,691,091	2,340,416	13,946,298	1,337,561	25,315,367
Office of the President	7,094,466	1,759,043	1,700,022	25,648	10,579,179
Office of the Provost	26,257,184	8,372,030	11,017,099	52,207,244	97,853,557
Operations	26,317,022	10,468,334	9,987,372	0	46,772,727
Office of Research and Innovation	6,862,090	2,128,288	1,795,962	9,154	10,795,495
School of Dentistry	19,167,095	5,881,327	2,305,385	265,380	27,619,187
School of Medicine	29,508,337	7,937,083	4,503,015	603,093	42,551,528
School of Music	5,232,809	1,598,338	482,150	823,600	8,136,897
School of Nursing	5,712,717	1,593,737	313,615	0	7,620,070
School of Public Health & Information Sciences	4,364,357	1,222,420	367,068	30,000	5,983,845
Speed School of Engineering	21,756,998	5,964,248	1,981,812	223,367	29,926,425
University Libraries	5,571,952	2,077,250	10,184,517	0	17,833,719
Utilities	0	0	26,359,798	0	26,359,798
Debt Service & Reserves	1,688,959	336,458	27,513,873	773,260	30,312,550
<b>Total</b>	<b>\$ 276,468,436</b>	<b>\$ 82,726,290</b>	<b>\$ 129,453,474</b>	<b>\$ 68,698,389</b>	<b>\$ 557,346,589</b>

# Contingency Planning Provisions FY23

Maintaining flexibility to address unexpected revenue and/or expense shocks:

- Regular revenue & expense monitoring and active budget correction process continues (cash & accrual)
- Key performance indicators monitored (e.g., cash, A/R, credit hours, enrollment)
- All units required to maintain a minimum of 1% contingency: ~\$10.8M in aggregate
- Multi-year outlook to avoid future surprises



# Proposed FY 2023 and FY 2024 Capital Budget

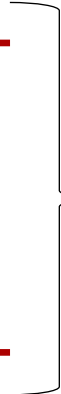
# Capital Budget Overview

1. Very successful state budget
  - \$147M of new state funding to address deferred maintenance AND strategic growth areas
2. State funds require institutional match
  - \$24M over the next two years
3. Overall goals:
  - Improve campus safety and infrastructure reliability
  - Improve the working environment for all colleges and units in some way
  - Alignment with strategic plan

# Overview of Future Major Capital Projects:

## Funding Sources and Category

	<u>FY 2022- 23</u>	<u>FY 2023-24</u>	<u>Combined</u>
<b>Asset Preservation (deferred maintenance)</b>			
State Funds	40,943,000	40,943,000	81,886,000
Institutional Funds (required match)	12,283,000	12,283,000	24,566,000
Total Per Year	53,226,000	53,226,000	106,452,000
<b>Center for Military Connect Students</b>			
State Funds	300,000	300,000	600,000
<b>Engineering Building</b>			
State Funds		65,000,000	65,000,000
Institutional Funds		10,000,000	10,000,000
Total Per Year		75,000,000	75,000,000
<b>Grand Total Per Year</b>	<b>53,526,000</b>	<b>128,526,000</b>	<b>182,052,000</b>



**New state funds = \$147M**

Total University Responsibility	12,283,000	22,283,000	34,566,000
Possible Sources of University Responsibility:			
Long-term borrowing (using Campus Modernization Fee for annual payments)			
Philanthropy (Engineering)			
Other one-time funds available			

# Capital Projects Planning Status

1. Asset Preservation (deferred maintenance)
  - 135 individual projects/activities identified for \$106M
    - 3 Phase project list spanning over 3-4 years
  - Projects include fire and life safety systems, access controls, campus lighting, HVAC, electrical substation upgrades, roofs, restrooms, and elevators
  - All were previously approved as part of the 6 year Capital Plan by the BOT on 4-21-2021
  
2. Center for Military-connected Students
  - Seeking BOT approval to proceed with design and construction
  
3. Engineering Building
  - Engineering space/master plan is complete
  - Starting design phase

# Summary and Next Steps



# Summary of Key Decisions:

## Revenue Assumptions:

- Tuition rates
- Student service fee increase
- Campus modernization fee
- Housing, parking, dining fees

## Expense Assumptions:

- 2.5% COLA increase
- \$14.75 per hour starting wage rate
- Asset preservation: \$12M university match

# Next Steps

- **Please provide any feedback by June 6**
- Now through June 16: Budget office staff to complete budget balancing and prepare budget document
- June 16: Budget document and details shared with Board
- June 23: Board of Trustees consideration of FY 2023 operating and capital budgets
- June 24: Submit tuition rates and mandatory student fees to CPE
- **July 1: Implement FY 2023 budget**

**Questions?**