

UNIVERSITY OF
LOUISVILLE[®]

FY 2020 Budget Update to Faculty Senate

Dan Durbin, VP Finance/CFO

THE THINKER
BY AUGUSTE RODIN
A GIFT TO THE PEOPLE
OF LOUISVILLE BY THE

June 5, 2019

Today's Objectives

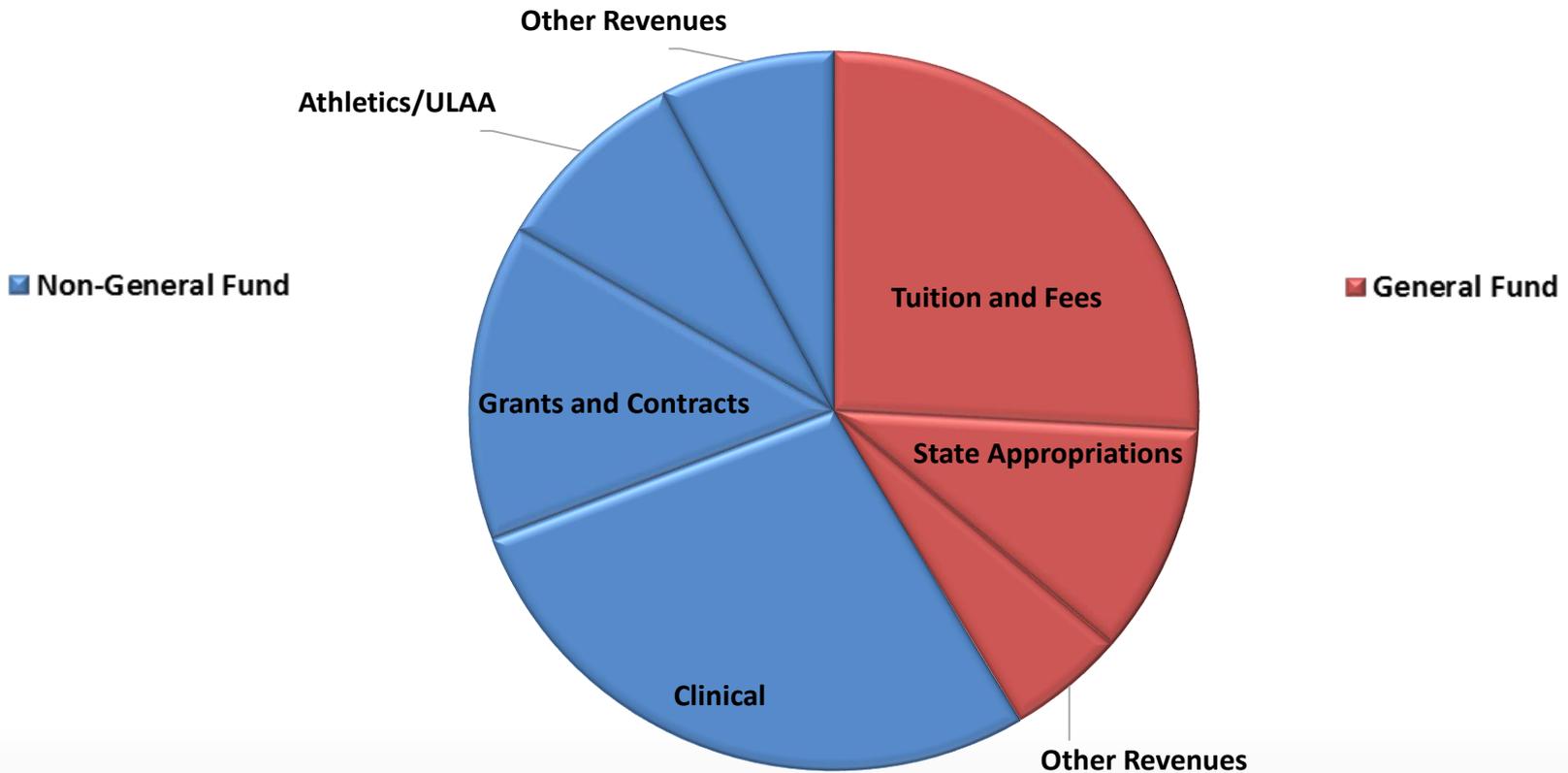
- **Share draft FY 2020 budget (all funds)**
- **Confirm assumptions and recommendations**
- **Prepare formal budget for approval in June**

FY 2020 Budget Objectives

- **Provide stable and predictable financial base to operate from**
- **Serve as bridge to upcoming Strategic Plan outcomes and decisions**
- **Fund only inflationary and critical needs until Strategic Plan completion**

Preliminary FY 2020 Budget

What Are We Budgeting?



* Other revenues include UMC support, gifts, endowments, auxiliaries

Expense-Based Changes for FY 2020

Total: \$23.8 million

(in millions)

Inflationary Items Utilities; employer health insurance; bi-weekly pay	\$2.2
Academic Unit Commitments Deans' Commitments and Unit Online Spending Increases	\$5.8
Employee Salary Increase 2% effective on January 1, 2020	\$2.6
Compliance and Infrastructure IT support, library materials, risk management, Institutional Research	\$2.0
Student Aid and Enrollment Additional institutional aid and Enrollment Management support	\$1.3
FY 2020 Impact of Prior Year Expenses Funded by One Time Sources Originally \$20 million; addressed via expenditure control & revenues	\$8.9
Mandatory Fees Student Activity: \$176k; Student Services: \$400k; Student Activities Center: \$400k	\$1.0

Sources to Meet Expense Changes

(in millions)

- **New state performance funding:** \$ 0.5
 - **Internal savings & revenue:** \$ 8.4
 - **New unrestricted gifts:** \$ 5.7
 - **Tuition and mandatory fee increases:** \$ 9.2
- Total \$23.8**

Tuition and Fee Related Assumptions

General Tuition and Fee Change Recommendations

- Recommended rate changes from Tuition Task Force appointed by Provost
 - Membership included students, faculty, staff, and administrators
 - Approved 2.5% general tuition increase for all degree types, less mandatory fees

	Resident		Non-resident	
	Proposed Rate	Annual Change	Proposed Rate	Annual Change
Undergraduate	2.4%*	\$272	2.5%	\$676
Graduate	2.5%	\$316	2.5%	\$660
Law	2.5%	\$546	2.5%	\$1,020
Dentistry	2.5%	\$840	2.5%	\$1,754
Medicine	2.5%	\$994	2.5%	\$1,510

- **Online Tuition Rate Changes**

- Lower online rate to align with face-to-face per credit hour = \$489
- Assess new \$50 per credit hour fee = \$539
- No increase in online rates for 4 years
- Proposed increase is 8.5% for undergraduate students (net increase of \$42 per credit hour)
- Proposed increase is 7.0% for graduate students

FY 2019 Undergraduate Cost of Attendance

(ranked by resident cost)

Kentucky Schools	Resident	Non-Resident
University of Kentucky	\$30,100	\$47,500
Eastern Kentucky	23,324	34,102
University of Louisville	21,914	37,536
Western Kentucky	19,589	35,483
Kentucky State	19,167	30,621
Northern Kentucky	18,932	28,580
Murray State	17,784	33,240
Morehead State	17,650	22,126

Sources: Individual institution websites; March 2019

Undergraduate Tuition & Fee Comparisons

Proposed FY 2020 Rates

Institution	2019-2020		2018-19		2019-2020 Change	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
University of Kentucky	\$12,538	\$30,902	\$12,244	\$29,098	2.4%	6.2%
University of Louisville	11,732	27,758	11,460	27,082	2.4%	2.5%
Western Kentucky	10,803	26,496	10,602	26,496	1.9%	0.0%
Northern Kentucky	10,293	20,270	10,032	19,680	2.6%	3.0%
Eastern Kentucky	9,822	19,893	9,536	19,314	3.0%	3.0%
Murray State	9,347	24,957	9,084	24,540	2.9%	1.7%
Morehead State	pending		9,070	13,546	pending	
Kentucky State	pending		8,184	19,638	pending	

Distribution of Proposed General Tuition and Fee Increase

- **4 components:**

	<u>Resident</u> (annual)	<u>Non-resident</u> (annual)
Student Activity Fee	\$8	\$8
Student Services Fee	\$20	\$20
Student Activities Center	\$20	\$20
General Support	<u>\$224 to \$946</u>	<u>\$628 to \$1,462</u>
Total Change:	\$272 to \$994	\$676 to \$1,510

Comparison of UL Proposed Online Tuition Rates to Current Year at Other Institutions

Category	Institution	Undergraduate		Graduate	
		Resident	Non-Resident	Resident	Non-Resident
		Total Tuition & Fees			
Kentucky Publics	Eastern Kentucky University	432	432	638	638
	Morehead State University	394	581	599	599
	Murray State University	454	454	644	644
	Kentucky State University	400	400	500	500
	Northern Kentucky University	437	437	653	653
	Western Kentucky University	530	530	707	707
	University of Kentucky	500	500	746	746
Benchmarks	SUNY at Buffalo	421	407	579	625
	Temple University	644	644	1,075	1,075
	University of Alabama at Birmingham	441	441	534	534
	University of California - Irvine	360	897	648	1,068
	University of Cincinnati	459	474	738	761
	University of Iowa	345	345	564	564
	University of New Mexico	446	446	475	475
	University of Pittsburgh (ACC)	962	962	937	937
	University of South Florida	241	605	545	567
	University of Louisville	539	539	764	764

Other Proposed Fee Changes

	Fee Description	Current	Proposed	# of Students Affected	Estimated Revenue Change
Arts and Sciences					
1	Film Production	\$0	\$90/semester	144-146	\$26,000
2	Chemistry Lab	\$30; \$45; \$60 per course	\$70; \$45; \$80; \$60 per course	1,756	\$33,000 to \$34,000
3	Anthropology Lithic Technology	\$0	\$25 per course	14	\$700
Music					
4	Recital fee	\$0	\$35 per course	44	\$3,100
Speed School					
5	Microfabrication	\$0/\$100 per course	\$250 per course	28	\$10,000

Other Proposed Fee Changes

	Fee Description	Current	Proposed	# of Students Affected	Estimated Revenue Change
College of Business					
6	Franchise Mgt Certificate	\$714 per credit hour	\$550; \$750 per credit hour	New	New
7	Master of Accountancy	\$21,000 program cost	\$25,000 program cost	New	New
College of Education and Human Development					
8	Teacher Preparation	\$714/\$681 per credit hr.	-25% per credit hour	359	- \$541,000
9	Counseling and Human Develop.	\$0	\$100; \$50 per course	87	\$7,500
School of Dentistry					
10	Instrument Fee	\$650/\$7,000 per year	\$700/\$7,500 per year	540	\$486,000

Other Proposed Fee Changes

	Fee Description	Current	Proposed	# of Students Affected	Estimated Revenue Change
School of Medicine					
11	Disability insurance	\$46 per year	\$55 per year	648	\$11,700
12	Drug screen fee	\$0	\$49 per year	162	\$15,700
School of Nursing					
13	RN to BSN	\$497 per credit hour	-25% per credit hour	34	Undetermined
Housing					
14	Residency halls	Various	Various	1,417	\$200,000

Proposed Housing Rate Examples

(see Housing Rate Schedule for details)

- **62% of all beds will pay less in FY 2020**
- **Weighted average change for all beds = 2.9%**
- **Traditional:** 0.2% **decrease** per semester (\$12 annual)
- **Apartment:** 1.35 to 7.25% **increase** per semester (\$86 - \$490 annual)
- **Suite:** 8.8 to 11.4% **increase** per semester (\$644 to \$818 annual)

Other Fee Changes:

	Fee Description	Current	Proposed	# of Students Affected	Estimated Revenue Change
Student Affairs (mandatory fees)					
15	Student Activities	\$12 per semester	\$16 per semester	22,000	\$176,000
16	Student Services	\$75 per semester	\$85 per semester	22,000	\$400,000
17	Student Activity Center	\$15 per semester	\$25 per semester	22,000	\$400,000
Parking					
18	Parking permits	Various	Various	Various + Employees	\$140,000

Permit Pricing Recommendation

Permit Type	Quantity	2019-20 (Proposed)		2018-19 (Current)	
Commuter	3,586	\$100	\$358,600	\$100	\$358,600
Grad Student	1,216	\$205	\$249,280	\$199	\$241,984
Resident Student	2,228	\$199	\$443,372	\$169	\$376,532
Employee	1,383	\$305	\$421,815	\$296	\$409,368
620 Garage	1,786	\$398	\$710,828	\$386	\$689,396
Chestnut/JHHS Garage	818	\$500	\$409,000	\$485	\$396,730
Reserved	1,209	\$747	\$903,123	\$725	\$876,525
Total	12,226		\$3,496,018		\$3,349,135
Difference			\$146,883		\$0

Average annual increase \$17 for students and \$14 for employees

Foundation Related Changes

Impact to University

• Foundation Endowment Spend Policy Changes

- Market value decrease (financial market decline)
- Carry-over removed from spend determination
- Pro-ration eligibility changed from 80% to 90%
- Individualized fund spend calculation

• Overall Decrease of \$6.0 Million:

Fiscal Year 2019

Approved Endowment Spend

Endowment Programs	25.7M
Advancement	6M
President's Office	-
<u>ULF Operational Funding</u>	<u>1.7M</u>
Total Endowment Spend Allocation	33.4M

Fiscal Year 2020

Approved Endowment Spend

Endowment Programs	19.7M
Advancement	6M
President's Office	-
<u>ULF Operational Funding</u>	<u>1.7M</u>
Total Endowment Spend Allocation	27.4M

Impact to Foundation Spend by Purpose

(numbers reflected in millions)

Purpose	Endowment Spend Policy			Balances at 3/31/19		
	FY 20	FY 19	Difference	Endow. Spend	Gifts	Total
Student Financial Aid	3.57	5.85	(2.28)	4.78	2.47	7.25
Academic Support	4.34	5.86	(1.52)	7.29	10.71	18.01
Instruction	2.09	3.19	(1.10)	6.05	2.61	8.66
Institutional Support	1.20	1.66	(0.47)	1.37	5.72	7.08
Research	7.50	7.94	(0.45)	8.79	15.93	24.73
Public Service	0.16	0.24	(0.08)	0.40	6.48	6.88
Other	0.86	0.98	(0.12)	0.13	4.40	4.53
Grand Total	19.71	25.72	(6.01)	28.81	48.32	77.14

FY 2020 Proposed Budget

FY 2020 Proposed Operating Budget (Non-accrual)

	FY 2020 Budget					
	General Funds	UL Research Foundation	Athletics	Foundation	Other	All Funds
Revenues						
Tuition and Fees	327,256,882					327,256,882
Clinical		306,503,247				306,503,247
Sponsored Agreements		129,500,000				129,500,000
State Funds	126,633,700					126,633,700
Pass-through Financial Aid		43,400,000				43,400,000
Transfers	20,645,768					20,645,768
Auxiliaries	12,528,885					12,528,885
Hospital Affiliation	9,237,209	30,301,404				39,538,613
Other Revenue	15,102,305		117,714,000	54,033,475	41,692,211	228,541,991
Total Revenues	511,404,749	509,704,651	117,714,000	54,033,475	41,692,211	1,234,549,086
Expenditures						
Salary	259,855,400	237,375,118	39,576,000	21,637,368	12,253,608	570,697,494
Fringe Benefits	71,227,488	54,349,897	7,346,000	5,726,831	3,048,828	141,699,044
Operating	74,434,714	173,644,535	50,541,000	17,059,165	25,220,514	340,899,928
Scholarships	64,149,803	44,273,593	16,168,000	9,603,511	1,168,201	135,363,108
Debt Service	21,537,698	0	3,283,000	0	0	24,820,698
Utilities	20,199,646	61,508	800,000	6,600	1,060	21,068,814
Total Expenditures	511,404,749	509,704,651	117,714,000	54,033,475	41,692,211	1,234,549,086
Surplus/(Deficit)	0	0	0	0	0	0

Multi-year Budget Outlook

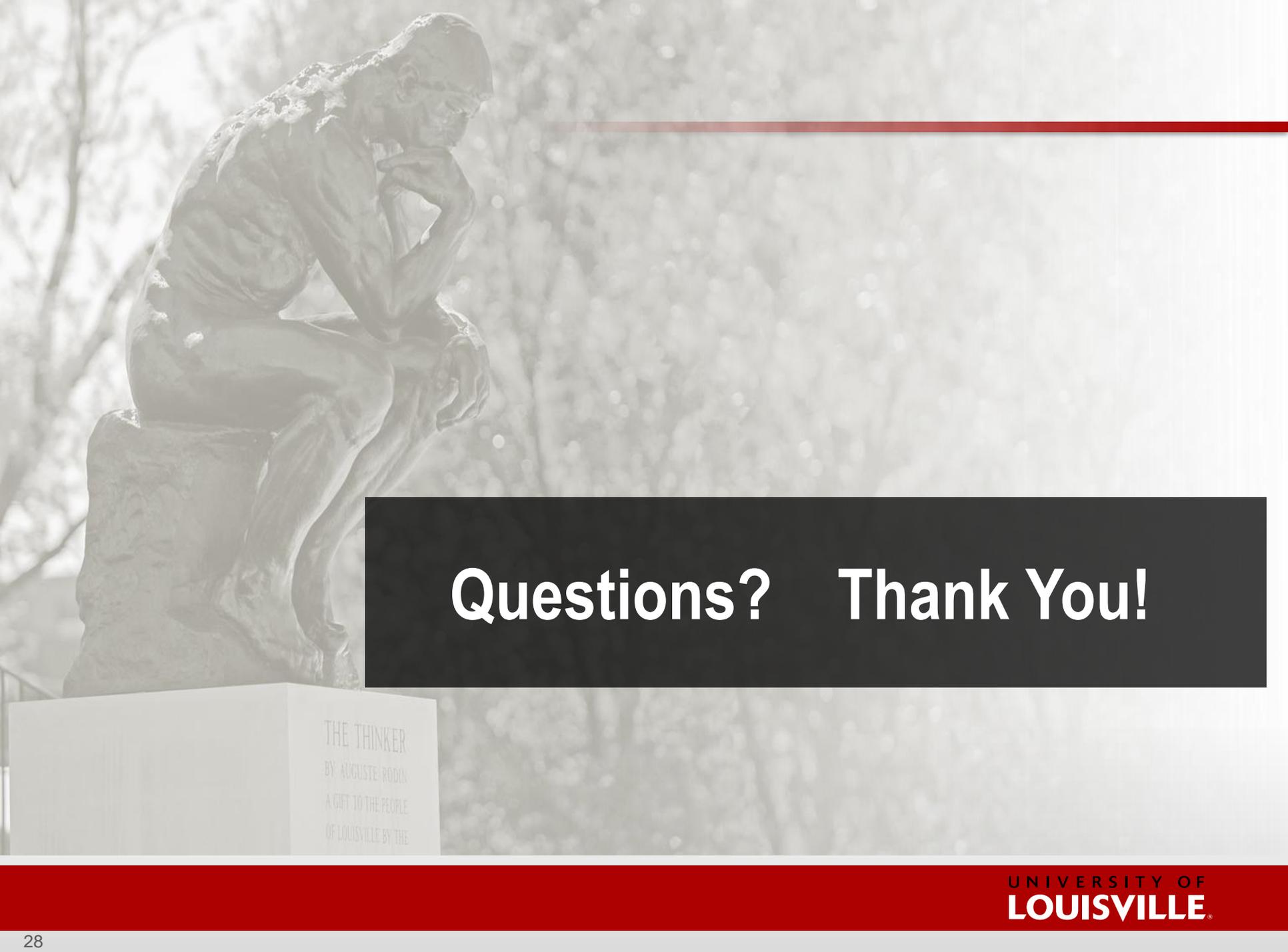
Multi-Year Operating Budget Plan

(Non-accrual)

	FY 2019	FY 2020	FY 2021	FY 2022
	Year-end Estimate	Proposed Budget	Budget Plan	Budget Plan
Revenues				
Tuition and Fees <i>(adj. for > FY 20)</i>	313,168,647	327,256,882	335,436,882	343,816,882
Clinical	301,800,000	306,503,247	306,503,247	306,503,247
Sponsored Agreements	129,500,000	129,500,000	129,500,000	129,500,000
State Funds	127,065,525	126,633,700	126,633,700	126,633,700
Pass-through Financial Aid	45,100,000	43,400,000	43,400,000	43,400,000
Transfers	22,817,000	20,645,768	20,645,768	20,645,768
Auxiliaries	12,000,000	12,528,885	12,528,885	12,528,885
Hospital Affiliation	30,000,000	39,538,613	39,538,613	39,538,613
Other Revenue	232,600,000	228,541,991	228,541,991	228,541,991
Total Revenues	1,214,051,172	1,234,549,086	1,242,729,086	1,251,109,086
Expenditures				
Salary <i>(adj. for > FY 20)</i>	565,400,000	570,697,494	576,257,494	587,547,494
Fringe Benefits <i>(adj. for > FY 20)</i>	140,100,000	141,699,044	147,919,044	152,289,044
Operating	331,500,000	340,899,928	334,909,928	326,739,928
Scholarships <i>(adj. for > FY 20)</i>	132,700,000	135,363,108	136,963,108	136,993,108
Debt Service	23,244,714	24,820,698	24,820,698	24,820,698
Utilities <i>(adj. for > FY 20)</i>	20,600,000	21,068,814	21,668,814	22,298,814
Total Expenditures	1,213,544,714	1,234,549,086	1,242,539,086	1,250,689,086
Surplus/(Deficit)	506,458	0	190,000	420,000

Next Steps

- **Finalize FY 2020 budget for approval**
 - **Efforts to achieve enrollment targets**
 - **Ensure colleges utilize Foundation carryover and gifts**

The background of the slide features a faded, grayscale image of the famous bronze statue 'The Thinker' by Auguste Rodin. The statue is shown in a contemplative pose, sitting on a stone pedestal. A dark horizontal bar is positioned across the top of the image. A large, dark rectangular box is overlaid in the center, containing the text 'Questions? Thank You!'.

Questions? Thank You!

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