

Faculty Senate Chair Report

June 2020

Fall 2020 Academic Planning

Provost Boehm released a draft of current plans for Fall 2020:

<https://louisville.edu/coronavirus/assets/pivot-to-fall-2020>. Please review these plans carefully and provide question/comments/concerns by June 5 via the following webform: [feedback form](#)

COVID-19 Advisory Committee to Faculty/Staff Senate Leadership

The Faculty and Staff Senates are expanding our standing executive committees to form an Advisory Committee to Faculty and Staff Senate Leadership. Once confirmed, membership will be posted on the Faculty and Staff Senate websites.

Board of Trustees Budget Workshop

The Board of Trustees met Thursday, May 28, 2020 for a workshop to review projections for the FY21 budget. Please see the attached presentation. Please send any comments to the Faculty Senate representatives on the Budget Planning and Monitoring Committee. Membership and contact information for the BPMC may be found on the Faculty Senate website under Committees: <https://louisville.edu/facultysenate/>

The livestream may be viewed at this link: <https://youtu.be/q0STrWkdtDY>

Parking

Gates are currently down on red lots, however, permit holders may access the red lots and park in any space. Permit holders may also park at the North Information Center lot on Belknap Campus.

Impact of COVID-19 on Mental Health

Drs. Pössel and Mitchell and their team, Department of Counseling and Human Development, conduct an online longitudinal study to investigate the impact of COVID-19-related stressors on mental health (https://louisvilleeducation.az1.qualtrics.com/jfe/form/SV_e3PcpY8ablQlcl). With the pandemic and measures to keep the public safe, many individuals experience an increase in certain stressors (e.g., social distancing, change in employment status and income). In addition, it becomes clear that some individuals have experienced declines in their mental health (i.e., anger, anxiety, depression). The study will shed light on why some but not all individuals experience a decline in mental health. While UofL has no or only limited control over the most COVID-19-related stressors, a better understanding of what leaves some members of our community particularly vulnerable allows the leadership team and the whole UofL community to develop strategies to mitigate the impact of COVID-19-related stressors on mental health.

Air Quality and Air Exchange in Campus Buildings

All buildings that are currently open are operating efficiently while maintaining the required number of air changes per design. The Clinics, Labs and Research buildings are equipped with HEPA filters, by design. For conventional buildings like Services-building, Houchens and mainly classroom buildings do not need to have HEPA filters in them and are not required by code.

The Physical Plant staff is preparing a campus wide assessment plan regarding how to mitigate COVID19 by increased ventilation and employ portable HEPA filters to keep the air quality up & remove infectious particles and possible use of UV lights to disinfect virus contaminated surfaces. Plan in progress.

Water Quality in Campus Buildings

All buildings that were permanently closed or that had very limited foot traffic since early March will be checked over the summer.

Over the last two days the portable systems in the following buildings were tested for chlorine residual and were found to be in compliance with drinking water standards. As a preventive measure Physical Plan flushed the building's potable water system for an average of 45 minutes each.

- Life Sciences
- Humanities
- SAC Building East
- Miller Tech
- Education
- Law School
- Grawemeyer Hall
- Unitas
- Threkeld Hall
- Soccer Training Building

Krista Wallace-Boaz

June 3, 2020



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FY 2021 Budget Workshop

THE THINKER
BY AUGUSTE RODIN
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OF LOUISVILLE BY THE

May 28, 2020

Today's Objectives




- **FY 2020 Budget (current year) Update**
 - YTD (April 30) budget-to-actual status
 - COVID-19 related remediation effort status
 - FY 2020 annual outlook
- **FY 2021 Budget**
 - Overview of the University budget
 - Identify risks and uncertainties from COVID-19
 - Present and obtain support for FY 2021 budget assumptions and scenario plans
- **Set framework for formal approval by Board of Trustees in June**





















FY 2020 Update

FY 2020 Thus Far

- **Positive financial trends through March and trending toward planned expectations, then COVID-19**
- **Identified \$39 million of potential COVID-19 related risks/losses in March**
- **Brought together broad-based leadership group**
- **Developed and implemented mitigation plan in 30 days**

Budget-to-Actual Report thru April: FY 2020 vs. FY 2019

Status Indicators	
Better than Expected	
As Expected	
Worse than Expected	

Revenues	FY 2020			FY 2019			Status	Change
	Annual Budget	YTD April	% Realized	Annual Actuals	YTD April	% of Annual		
<i>General Funds</i>								
Tuition and Fees	326,958,382	304,614,378	93.2%	314,291,115	298,214,774	94.9%		6,399,603
State Appropriations	126,633,700	125,367,400	99.0%	127,117,700	127,117,700	100.0%		(1,750,300)
Transfers In	23,655,527	18,817,406	79.5%	23,461,045	20,927,205	89.2%		(2,109,798)
Other Revenue	16,311,627	12,775,880	78.3%	16,922,416	13,209,592	78.1%		(433,712)
Auxiliaries	12,528,885	12,830,483	102.4%	12,604,644	14,009,211	111.1%		(1,178,727)
Hospital-Related	9,237,209	7,184,795	77.8%	8,522,013	6,635,474	77.9%		549,321
General Funds Total	515,325,330	481,590,342	93.5%	502,918,933	480,113,955	95.5%		1,476,387
<i>Non-General Funds</i>								
UL Research Foundation	508,670,468	479,634,503	94.3%	568,696,016	445,506,397	78.3%		34,128,106
UL Athletic Association	117,714,000	86,085,126	73.1%	110,732,317	89,590,944	80.9%		(3,505,818)
UL Foundation	53,246,000	40,489,081	76.0%	75,708,138	43,980,638	58.1%		(3,491,557)
Other Department Funds	36,435,770	24,699,801	67.8%	32,470,471	16,510,677	50.8%		8,189,124
Non-General Funds Total	716,066,238	630,908,511	88.1%	787,606,942	595,588,656	75.6%		35,319,855
Total Revenues	\$1,231,391,568	\$1,112,498,853	90.3%	\$1,290,525,875	\$1,075,702,612	83.4%		\$36,796,242
Expenses								
	FY 2020			FY 2019			Status	Change
	Annual Budget	YTD April	% of Budget	Annual Actuals	YTD April	% of Annual		
<i>All Funds</i>								
Salary	575,197,629	461,494,317	80.2%	563,650,112	468,929,376	83.2%		(7,435,059)
Fringe Benefits	144,697,499	118,679,165	82.0%	142,236,553	118,386,565	83.2%		292,599
Operating	325,507,029	298,320,401	91.6%	385,713,606	277,497,697	71.9%		20,822,704
Financial Aid	135,352,478	129,609,360	95.8%	132,480,708	128,063,245	96.7%		1,546,115
Debt Service	29,620,341	20,696,513	69.9%	22,303,642	20,679,694	92.7%		16,819
Utilities	21,016,592	16,002,953	76.1%	18,642,049	14,640,462	78.5%		1,362,491
Total Expenses	\$1,231,391,568	\$1,044,802,708	84.8%	\$1,265,026,670	\$1,028,197,039	81.3%		\$16,605,669
Revenue Over/(Under) Expenses		\$67,696,145		\$25,499,205	\$47,505,573			\$20,190,572

Budget-to-Actual Report thru April: FY 2020 vs. FY 2019

Description of Notable Revenue Variances

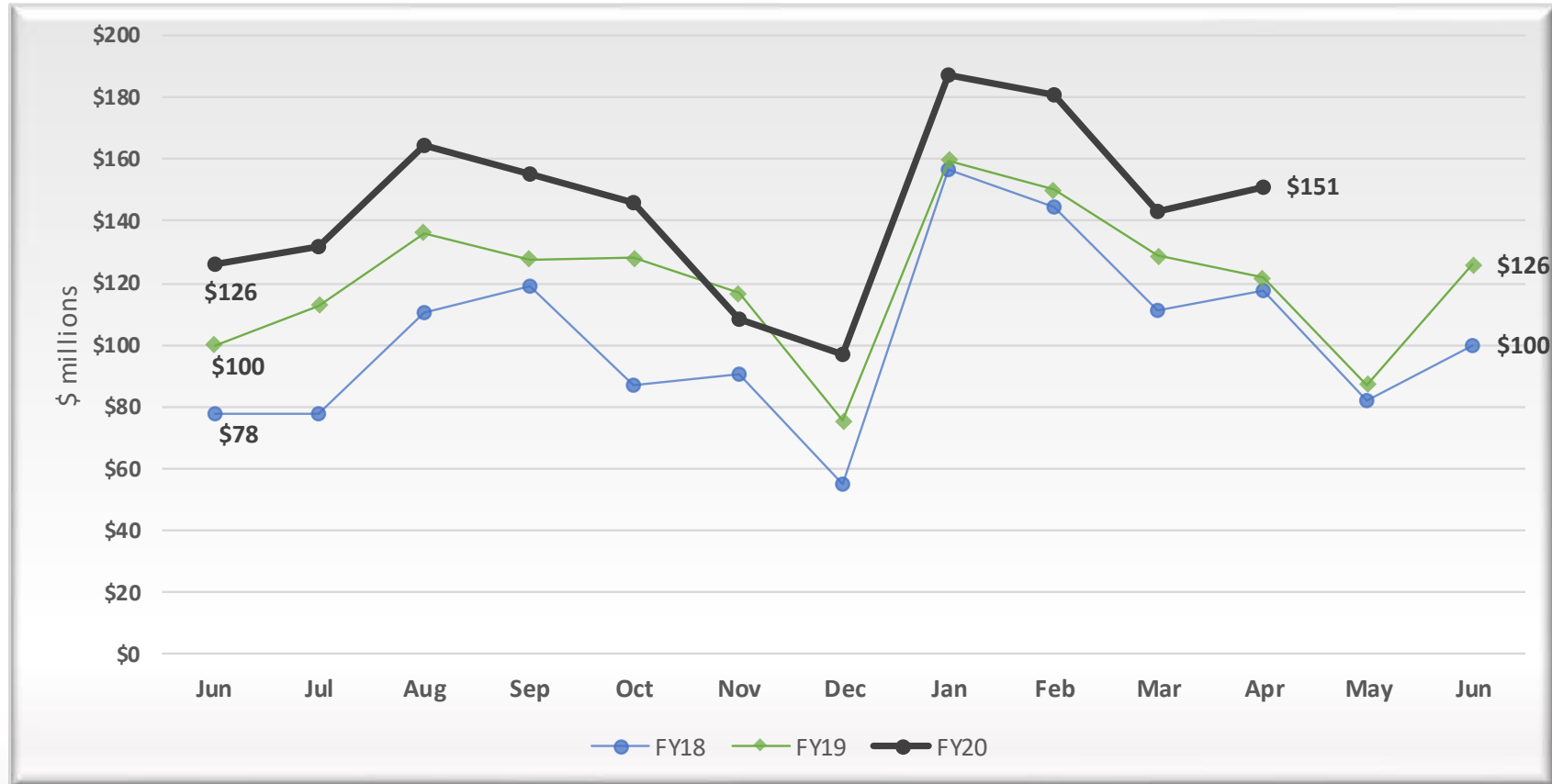
Revenues	Actuals (April)		Change	Notes
	FY 2020	FY 2019		
Tuition and Fees	304,614,378	298,214,774	6,399,603	Increase due to combination of higher tuition rates and growth in online
Transfers In	18,817,406	20,927,205	(2,109,798)	Timing of F&A transfers from ULRF--\$1.3M less in FY 2020- no bottom line impact
Auxiliaries	12,830,483	14,009,211	(1,178,727)	Housing refunds of \$600k (reimbursed by CARES Act dollars)
UL Research Foundation	479,634,503	445,506,397	34,128,106	
<i>Clinical-related activities</i>	<i>274,167,055</i>	<i>254,510,246</i>	<i>19,656,810</i>	Increased IGT (UL and UL Health); +\$7.9M Norton integration; +\$1.3M Passport
<i>Peds transition pass-through</i>	<i>5,000,000</i>	-	<i>5,000,000</i>	One-time revenues with a matching expense transfer to ULP.
<i>Sponsored Research</i>	<i>112,349,853</i>	<i>100,645,399</i>	<i>11,704,454</i>	Federal, state, local, non-profit grants and other sponsored research
<i>Pass-through financial aid</i>	<i>45,077,989</i>	<i>44,378,082</i>	<i>699,907</i>	Federal and state pass-through student aid (e.g., Pell; KEES)
UL Athletic Association	86,085,126	89,590,944	(3,505,818)	-\$4.5M football (1 less home game; no AL game guarantee); 1 less MBB game
UL Foundation	40,489,081	43,980,638	(3,491,557)	Lower year-over-year primarily due to one-time \$10.6 million gift in FY 2019

Description of Notable Expense Variances

Expenses	Actuals (April)		Change	Notes
	FY 2020	FY 2019		
Salaries and Wages	461,494,317	468,929,376	(7,435,059)	\$5.9 million Athletics' payout in FY 2019;
Fringe Benefits	118,679,165	118,386,565	292,599	Increase in employer health insurance contribution rate (anticipated)
Financial Aid	129,609,360	128,063,245	1,546,115	Primarily due to increase in central financial aid
Operating	298,320,401	277,497,697	20,822,704	
<i>Rental</i>	<i>9,551,756</i>	<i>6,403,282</i>	<i>3,148,475</i>	+\$2.5M for Athletics arena rental fee (expected)
<i>Norton pass-through</i>	<i>5,000,000</i>	-	<i>5,000,000</i>	One-time pass through (ULP) for Pediatrics
<i>Services</i>	<i>13,019,224</i>	<i>11,762,334</i>	<i>1,256,890</i>	Primarily due to Medicine contract (Key Bank)
<i>General maintenance and repair</i>	<i>4,154,142</i>	<i>2,894,282</i>	<i>1,259,860</i>	Primarily performed by Physical Plant
<i>Clinical transfers</i>	<i>25,582,272</i>	<i>20,005,866</i>	<i>5,576,406</i>	Primarily associated with increased IGT funding for UL Health (pass through)

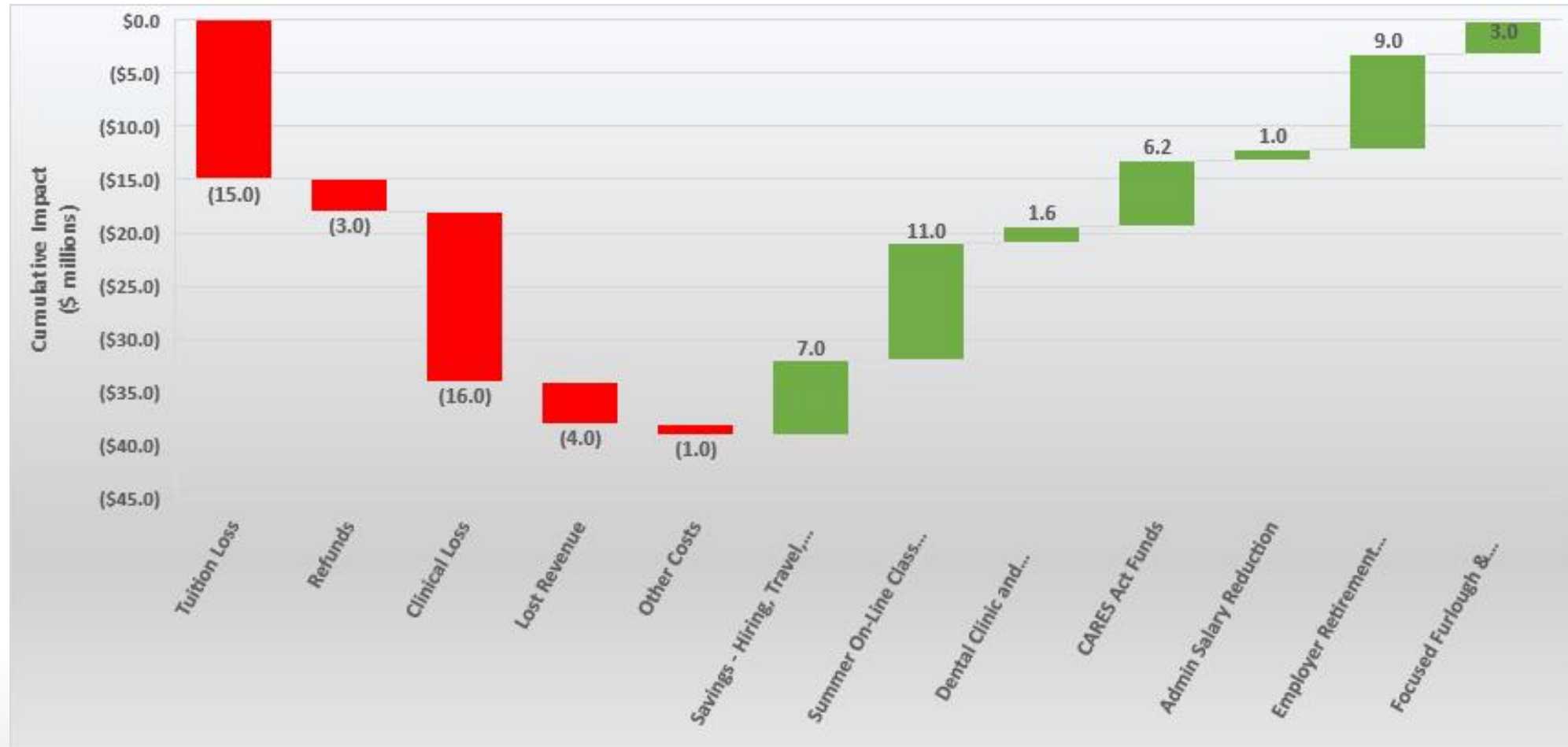
Liquid Cash – FY 2018 to FY 2020

(Actuals through April FY 2020)



COVID-19 Risk and Remediation Plan

Through June 30, 2020



FY 2020 COVID-19 Financial Mitigation Plan Status Update

- We will successfully offset projected \$39 million of COVID-19 impacts through June 30th

Action	Projected Mitigation Amount	Tracking (as of 5/25/20)
Administrative pay cuts (>=\$100k)	\$1.0 million (expense reduction)	As expected
Move summer classes online	\$11.0 million (revenue gain)	As expected (will exceed)
Federal CARES Act	\$6.2 million (revenue gain)	As expected- already received
Limit travel and other spending	\$7.0 million (expense reduction)	As expected
Suspend retirement contribution	\$9.0 million (expense reduction)	As expected
Downsized Dental Activities	\$1.6 million (expense reduction)	As expected
Reduce other pay and limited furloughs	\$3.0 million (expense reduction)	As expected

Management's FY 2020 Annual Outlook: Ending the Year in Good Shape

Thanks to careful, prudent, and deliberate actions from the ENTIRE CAMPUS:

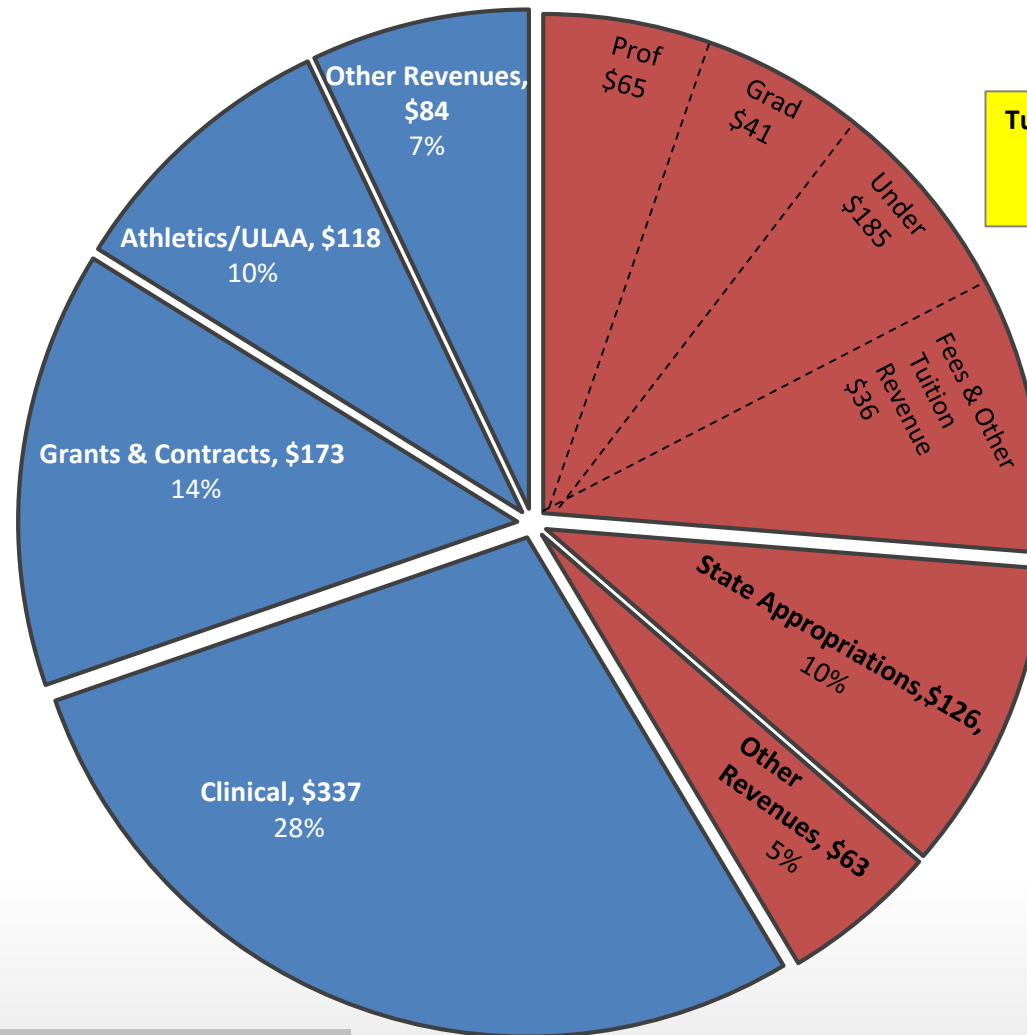
- YTD performance is solid and back on plan
- Still on track for balanced budget at FYE 20
- Cash position is stable and back on plan
- Healthcare assets are performing exceptionally well

FY 2021 Budget

What Are We Budgeting (as a University)?

Sources of Our Funding (FY 2020 Budgeted Revenues)

Restricted/ Non-General Fund - \$711M or 59% of Total Budget



Tuition & Fees, \$326m
26% Total Budget
62% of Unrestricted Funds

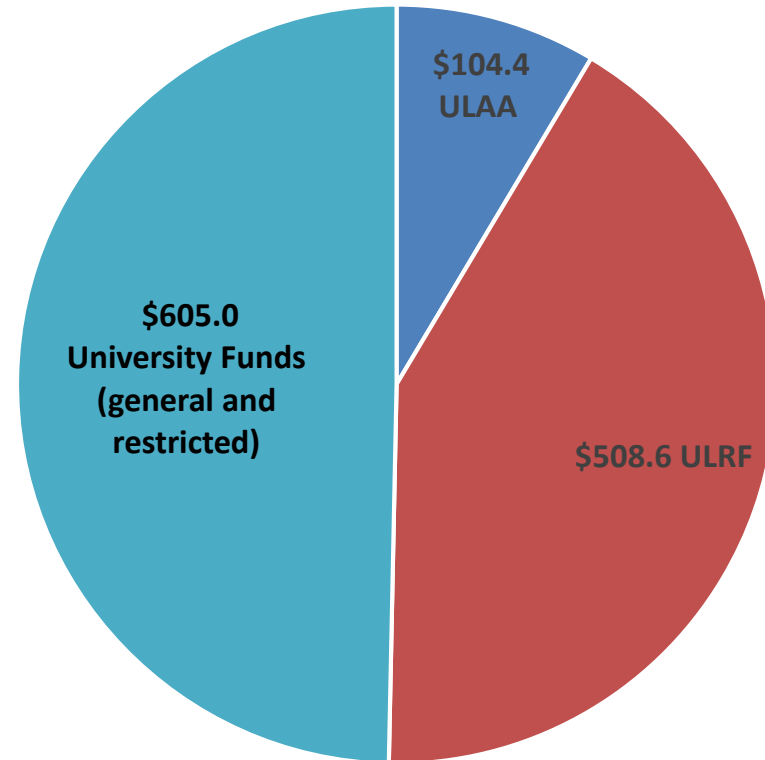
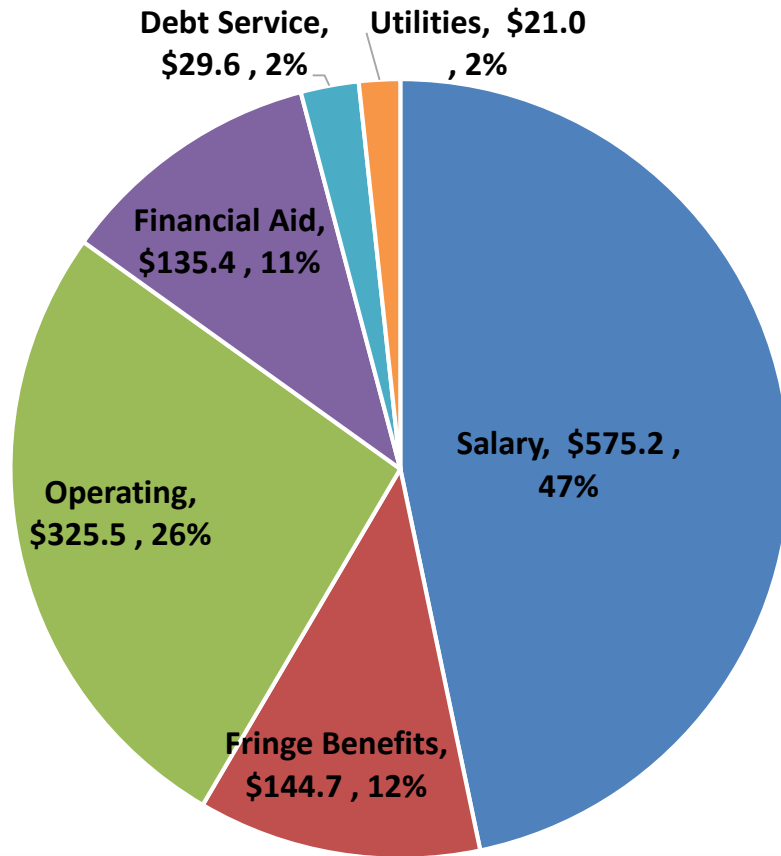
Unrestricted/ General Fund - \$515M or 41% of Total Budget

Other Revenues include UMC Support, gifts, endowments, auxiliaries

How Do We Spend Our Budget?

(Expenses Category and Entity)

(Amounts Reflected in Millions)



All Funds = \$1.2 Billion

What Is Not Included in Our Budget?

- **UofL Health** (the hospital system)
- **University of Louisville Physicians' Practice**
- **University of Louisville Foundation Operations** (including Real Estate Foundation)

FY 2021 Budget Objectives

What are Our Budget Objectives For 2021 and Beyond?

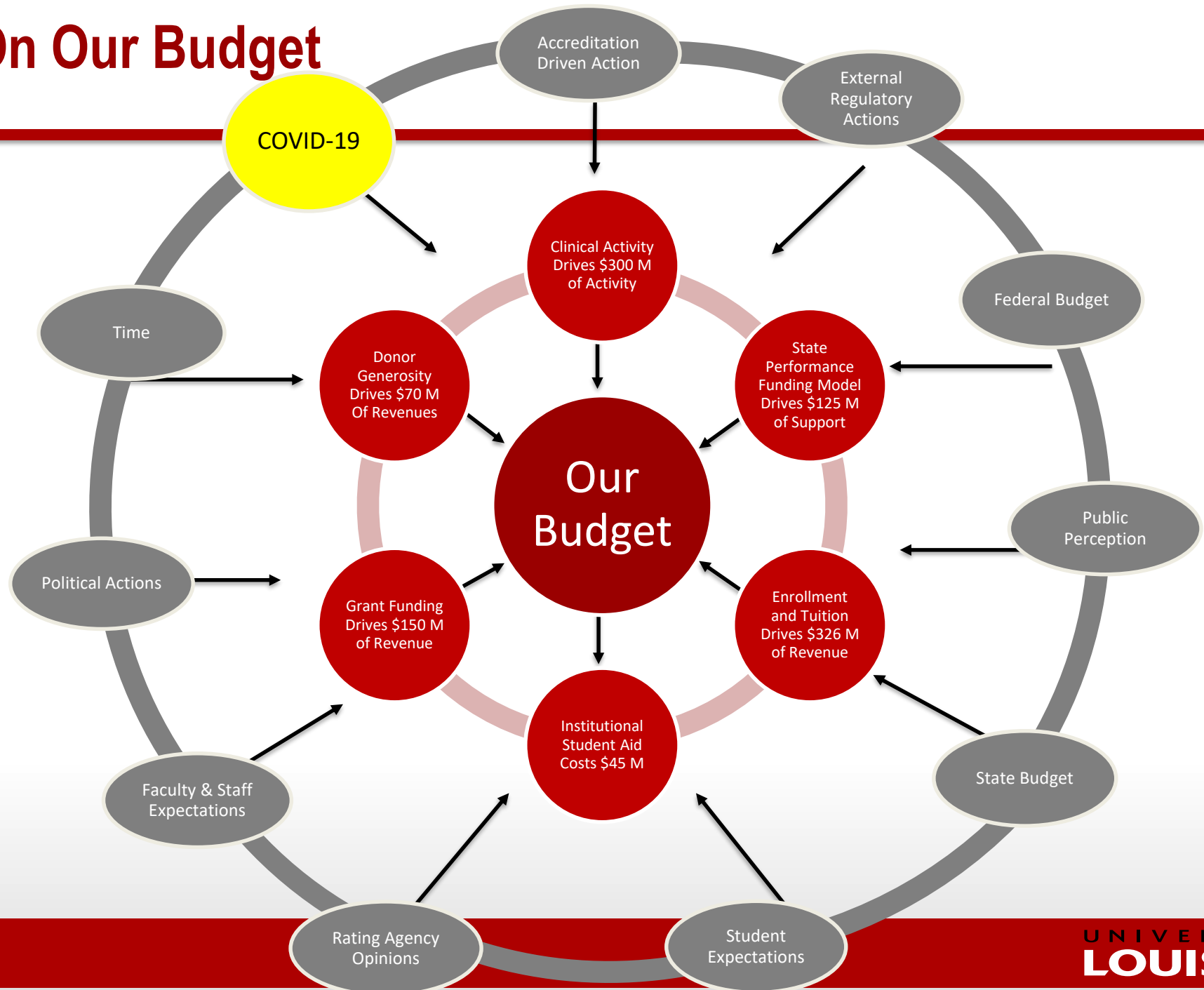
- **Establish sound and data-driven assumptions**
- **Ensure transparent decision-making**
 - Budget Planning and Monitoring Committee
 - Information shared with Chief Academic Officers, faculty, and staff
 - Other committees involved in process with faculty, staff, and student representatives
 - Task Force on Tuition and Fee Setting
 - Budget Model Workgroup
- **Identify and plan for potential revenue and expense changes thru risk assessment process**
- **Provide stable financial platform for university to operate from**

Learn. Work. Invest.

- **Despite current COVID-19 challenges, FY 2021 budget should maintain focus and serve as bridge to better times**
- **University strategic plan sets overall priorities**
 - Three-year plan
- **Budget aligns resource allocation to help achieve priorities**
 - Sends message to internal and external constituencies

FY 2021 Budget Planning: Assumptions and Scenarios

Pressures On Our Budget



How COVID-19 Changed Budget Planning Process

- **National storyline; not limited to UofL or Commonwealth of KY**
- **Swift and severe impacts**
- **Higher level of uncertainty across major revenue categories**
 - Tuition and fees/ Enrollment
 - Auxiliaries
 - State appropriations
 - Athletics
- **Expense implications as well**
 - Cleaning, testing, and safety
 - Remote instruction
 - Remote work

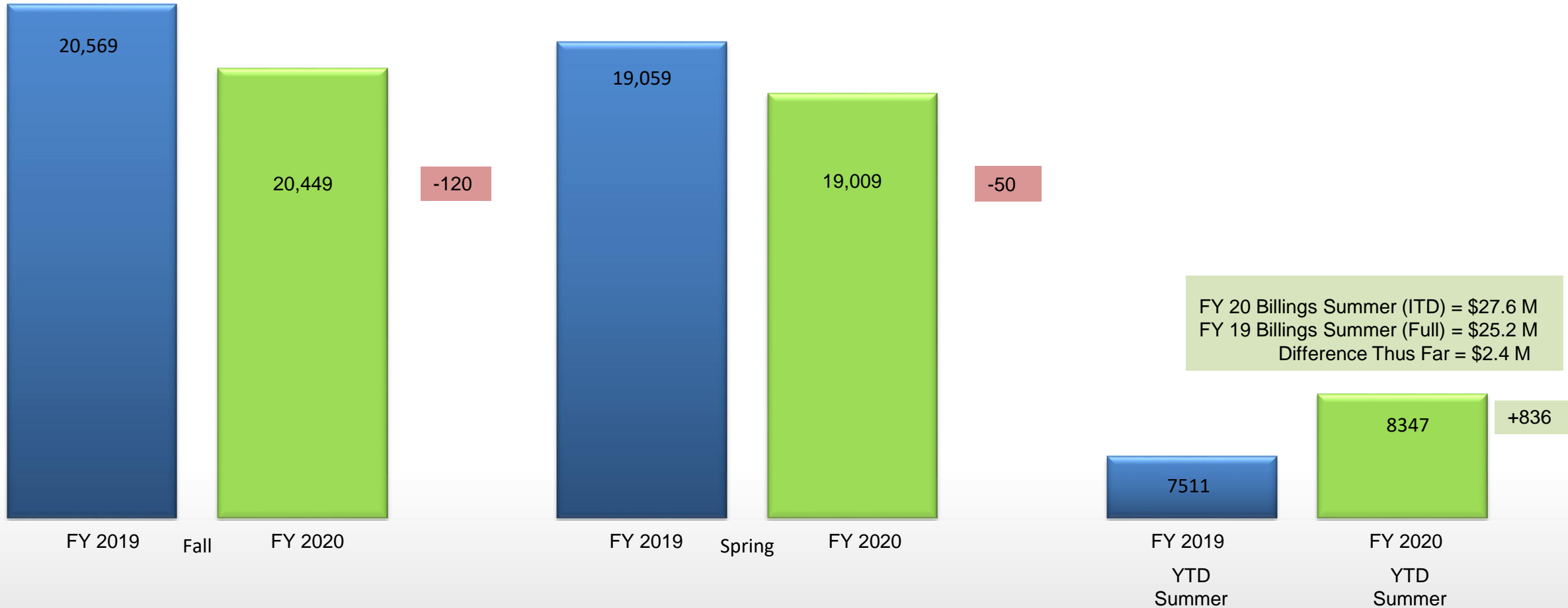
Significant FY21 Budget Driver #1: Academic Plans for Fall Semester

- Overview by Executive Vice President and University Provost Beth Boehm

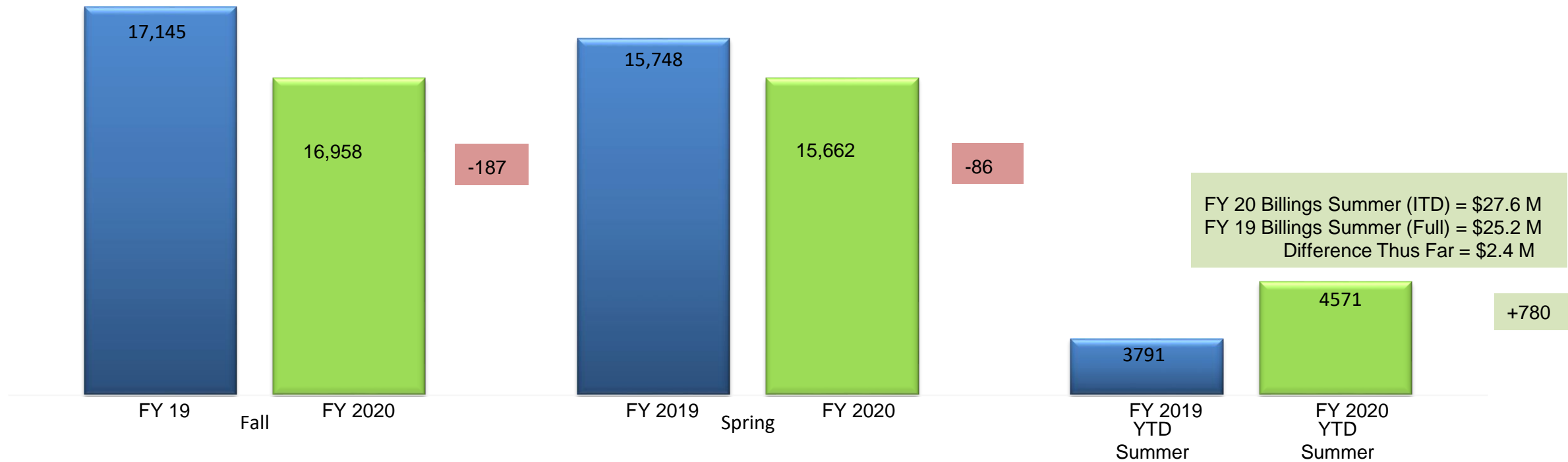
Significant FY21 Budget Driver #2: Enrollment

- **Update by Vice Provost for Enrollment Management and Student Success, Jim Begany**

UofL Current Status: Headcount Reversing the Trend



UofL Current Status: FTE Reversing the Trend



Leading Indicators (as of May 18th) for Fall 2020

Applications for Housing	2019	2020	% Change
First Time Freshman	2016	2148	6.5%
Cancellations	102	196	9.2%
Active Applications	1914	1952	2.0%

Number of ISIR's			
Residency	2019	2020	% Change
Resident	5,059	5,250	3.64%
Non-Resident	2,022	2,474	18.27%
Resident Indiana	333	372	10.48%
Totals	7,414	8,096	8.42%

Retention Indicators (as of May 26th)

Retention	Fall 2018 to Fall 2019	Fall 2019 to Fall 2020
1st to 2nd	77.3%	78.8%
2nd to 3rd	66.1%	66.1%
3rd to 4th	62.9%	62.9%

Current Fall 2020 New Student Enrollment

(Compares 5/18/2020 to 5/20/2019)



Fall 2020 Enrollment Projections

- **Overall (-223)**
 - **Undergraduate (-303)**
 - First Time Freshman (-20)
 - Continuing (-283)
 - FTE (-246)
 - **Graduate (+100)**
 - Master's (+100)
 - Other Graduate Level (even)
 - **Professional (-20)**
 - Dentistry (Even)
 - Medical (Even)
 - Law (-20)

FY 2021 Budget Impact Components

Scenario Overviews

	Least Adverse	Moderate	Most Adverse
Instruction delivery	Classes in-person	Some hybrid, mostly in-person	Entirely online
Student demand			
Retention	No change	-1.0%	-4.0%
First-time freshmen headcount	+50	-20	-150
First-time freshmen FTE	-237	-246	-252
Total Undergraduate enrollment (headcount)	-1.5% (241)	-1.9% (303)	-10% (1,607)
State revenues (KY Office of State Budget Director)	Not available	KY tax revenues fall 10% thru 2Q	KY tax revenues fall 17% thru 2Q
Federal and state aid	New fed. aid and/or state CARES	\$ from state share of CARES	No additional funds
Housing	No change	No double rooms	High occupancy rates
Sponsored research	No change	No change	No change
Athletics	All sports; 15% revenue loss	All sports, but limited fans	No sports or fans in fall or spring

Potential Financial Risks for FY 2021

	Least Adverse	Moderate	Most Adverse
Revenue risks			
Undergraduate enrollment / tuition	(1,900,000)	(4,700,000)	(18,500,000)
Law school enrollment / tuition	(500,000)	(600,000)	(800,000)
Restructure tuition pricing <i>(no online price differential and limited above load charge)</i>	(6,450,000)	(6,800,000)	(7,675,000)
State appropriations	(3,200,000)	(9,500,000)	(12,700,000)
Housing and other auxiliaries	(1,396,000)	(5,906,000)	(9,517,000)
Reduced endowment spend	(6,800,000)	(6,800,000)	(6,800,000)
Athletics	(13,000,000)	(23,400,000)	(81,000,000)
All other (e.g., investment income; conferences)	(3,010,000)	(5,050,000)	(10,010,000)
Subtotal	(36,256,000)	(62,756,000)	(147,002,000)
Expenditure risks			
Utility cost increase	2,400,000	2,400,000	2,400,000
Employer health insurance	2,500,000	2,500,000	2,500,000
1/2 year of COLA	2,500,000	2,500,000	2,500,000
Cleaning, PPEs, testing, contact tracing, etc.	2,625,000	3,000,000	3,475,000
Base budget commitments	5,700,000	5,700,000	5,700,000
Central financial aid	1,600,000	1,600,000	1,440,000
ERP system (1/2 year funding)	2,500,000	2,500,000	2,500,000
Subtotal	19,825,000	20,200,000	20,515,000
Total Potential Financial Risks	(56,081,000)	(82,956,000)	(167,517,000)

Key Decisions to Finalize FY 2021 Budget

Key Decisions and Board Endorsement Needed For:

1. Our tuition proposal

- Rates
 - Must also be approved by CPE Board
- Online price structuring

2. Setting unit contingency at 5% (versus current 1%)

3. Other mitigation strategies (as needed)

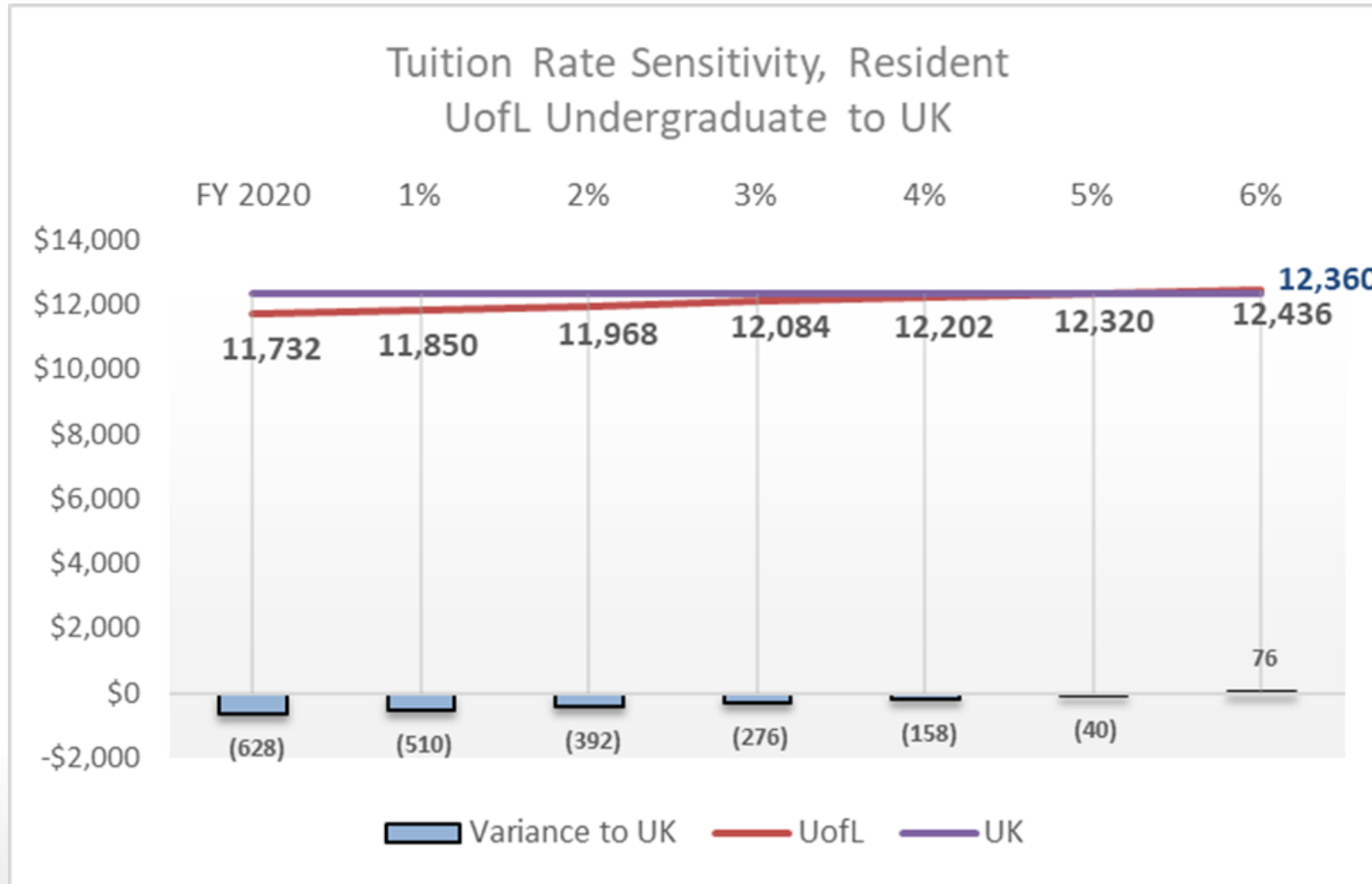
1. Proposed Tuition Rates

- **Rate changes vetted by faculty, staff, and student committee**
 - Subject to CPE approval
- **Undergrad and grad tuition rate changes**

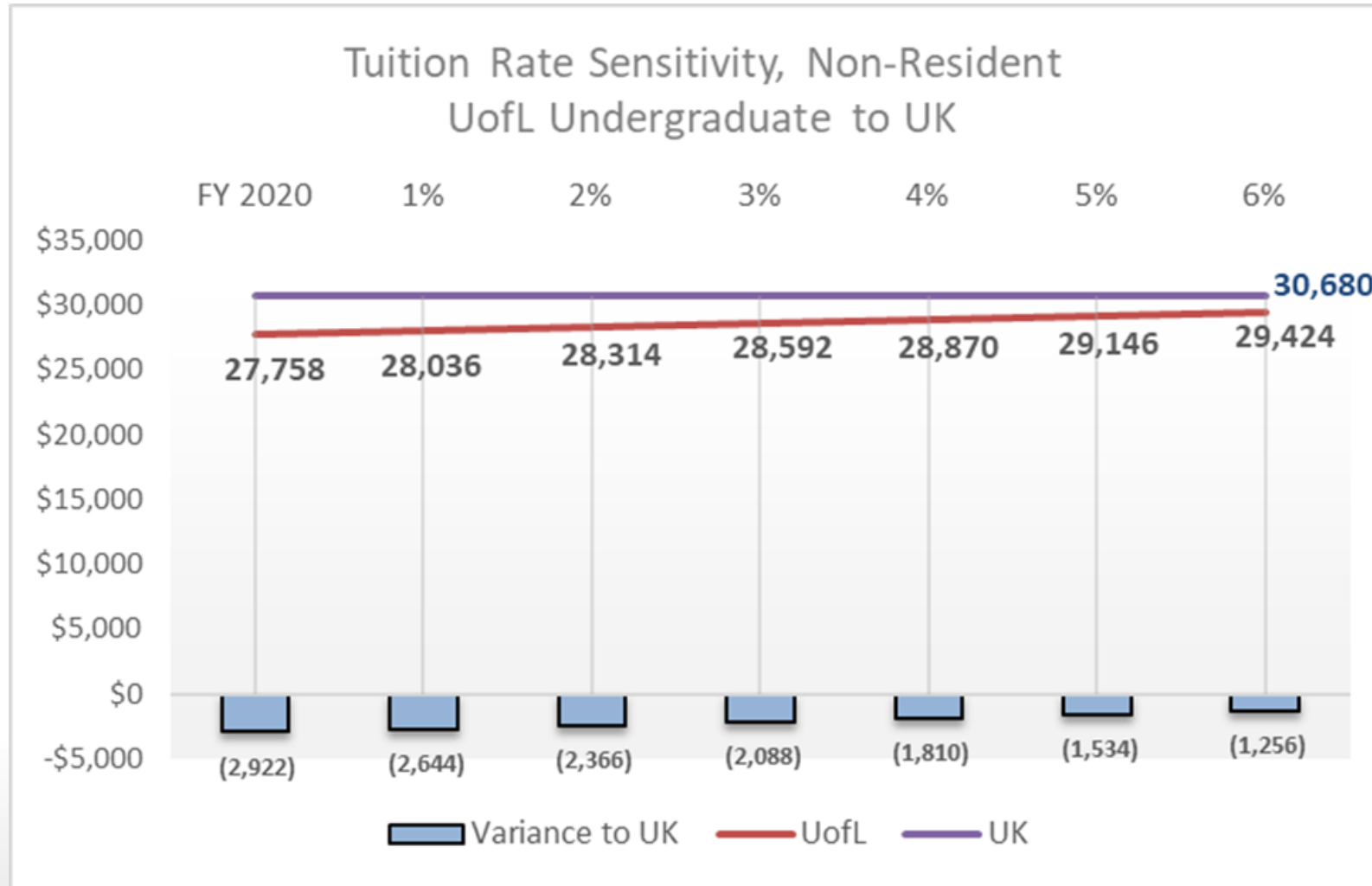
	Residency	Current (per semester)	Proposed (per semester)	\$ Change
Undergrad	In-state	\$5,866	\$5,983	\$117
	Out-of-state	\$13,879	\$13,996	\$117
Graduate	In-state	\$6,500	\$6,630	\$130
	Out-of-state	\$13,557	\$13,687	\$130

- **Professional school rates** (proposed by respective dean)
 - Law: 3.0% increase to resident and non-resident same dollar increase
 - Dentistry: 3.0% increase to resident and non-resident
 - Medicine: 2.5% increase to resident and non-resident

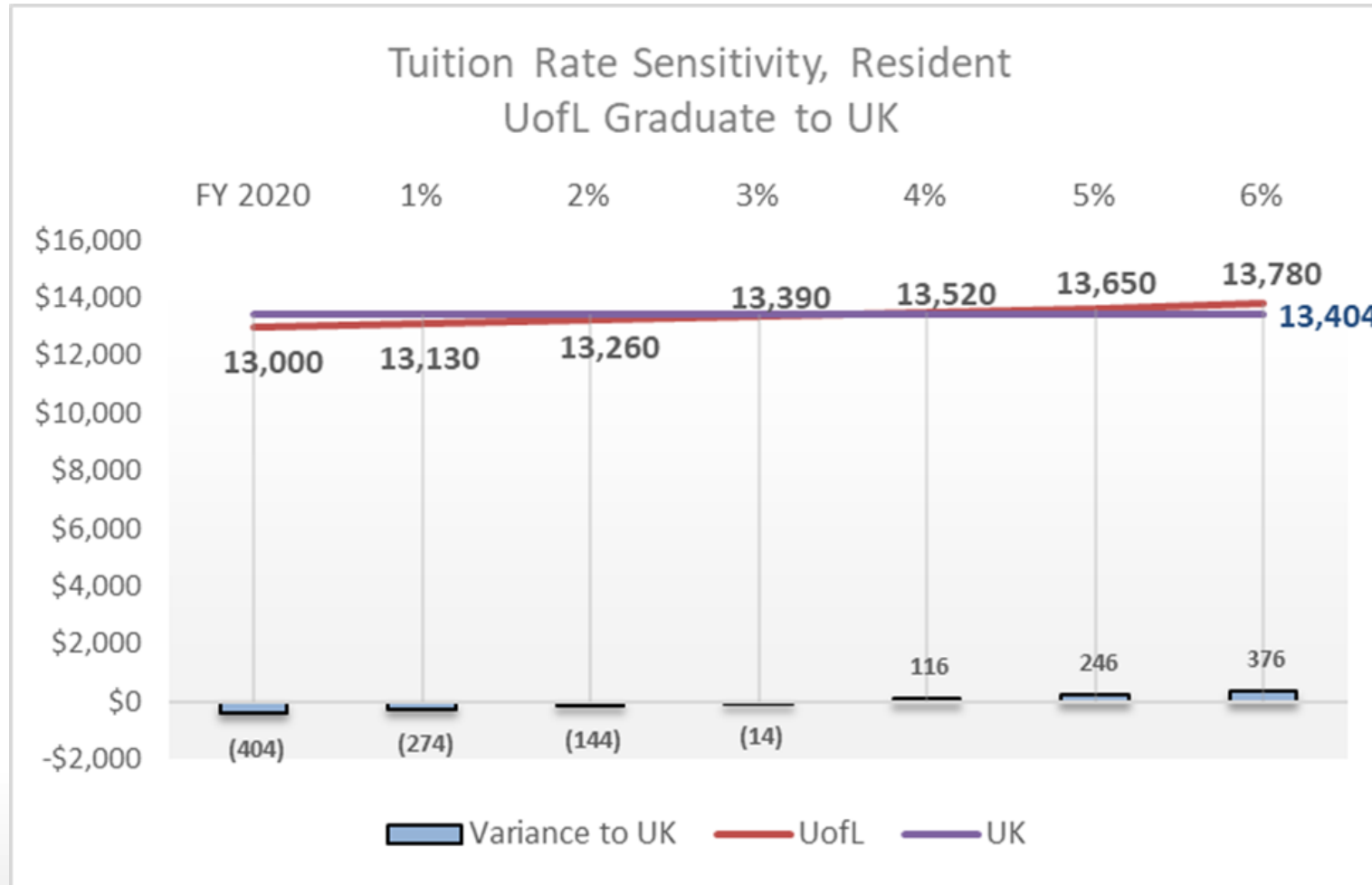
Undergraduate Annual Resident Tuition Rates



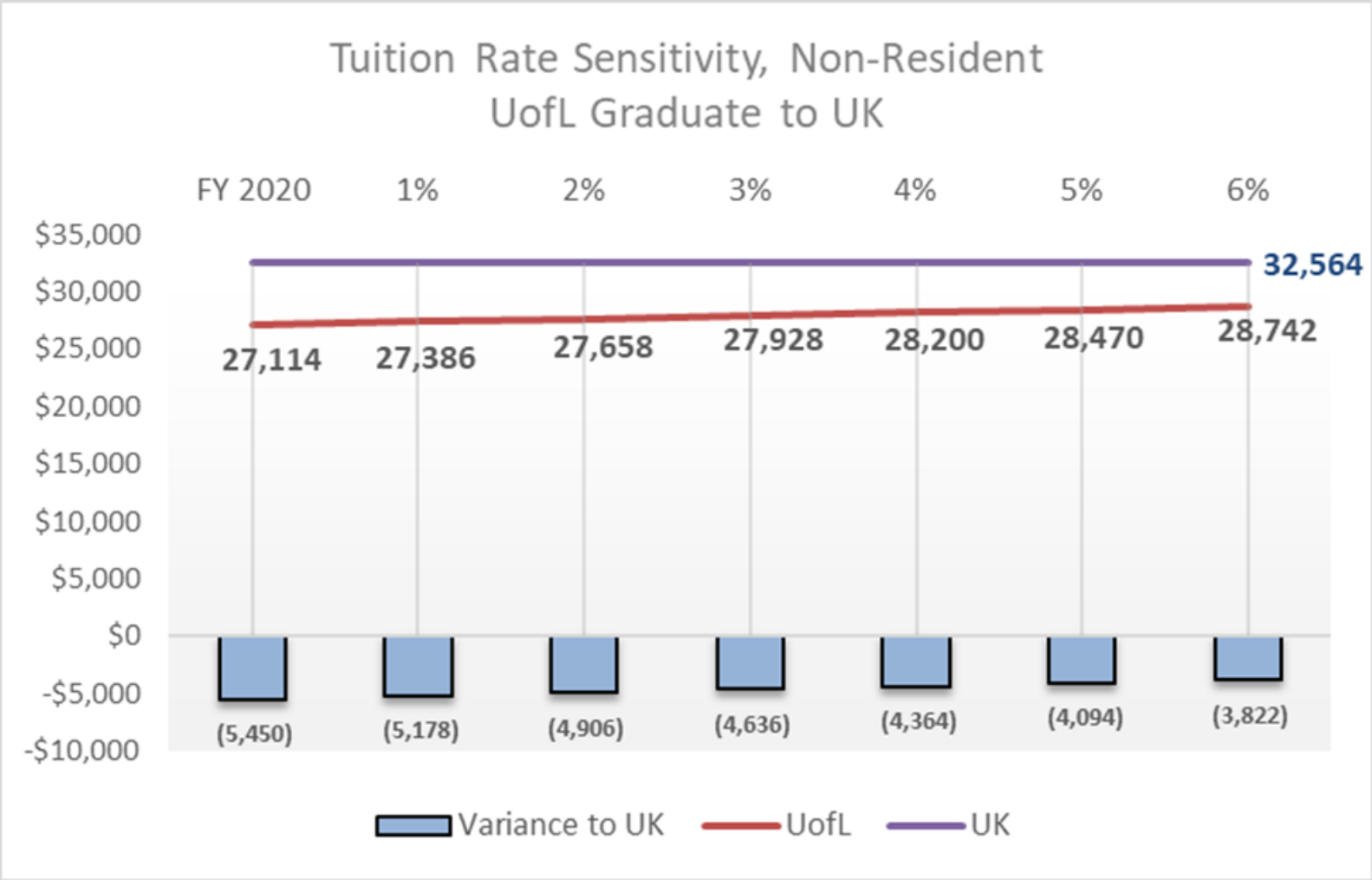
Undergraduate Annual Non-Resident Tuition Rates



Graduate Annual Resident Tuition Rates



Graduate Annual Non-Resident Tuition Rates



Tuition Price Restructuring (online)

- **Why restructure?**
 - Students have advocated for change
 - COVID-19 affected instructional delivery and approach to pricing
- **What will change?**
 - Equalizing online and in-person per credit hour charges by residency
 - No full per credit hour charges above load
 - Assess small fee for consuming high number of credit hours
- **Impacts**
 - Encourage undergrad students to take at least 15 credit hours
 - Speed time to degree completion; save students money
 - Loss of tuition revenue for the university

Online Tuition Pricing Financial Impact: Net Loss of \$6.5 Million

- **Loss of \$6.5 million from not charging tuition for online credit hours above load**
 - Undergraduate > 12
 - Graduate > 9
- **Net loss of \$1 million from equalizing online and in-person rates**
 - Residents will pay less per credit hour (\$499* versus \$539)
 - Non-residents will pay more per credit hour (\$1,521* versus \$539)
- **Revenue gain of \$1 million from nominal per credit hour fee**
 - Undergraduate: \$75 for each credit hour at 16 and above (*12 hours is full-time*)
 - Graduate: \$100 for each credit hour above 12 (*9 hours is full-time*)

* Assumes 2% rate increase

2. Setting Unit Contingency at 5%

- **Currently established at 1% (FY 20)**
- **Reset to 5% totals about \$17 million for FY 21**
 - general fund only
 - excludes dollar certain costs such as debt service
- **Given uncertainty caused by COVID-19, wise to increase reserve**
- **Can be released if situations change (strategic decision process)**
- **Ensures university as a whole has funds set aside to handle reduction in tuition or state revenues, for example**

3. Other Mitigation Strategies (as necessary)

- **Limit hiring to essential need areas**
- **Continue pay reductions for faculty and staff earning \$100k or more**
- **Reduce employer retirement contribution rates**
- **Continue other pay reductions**
- **Continue furloughs**
- **Utilize university reserves**
- **Implement layoffs (only if needed)**

Dollar Impact of Potential Mitigation Examples

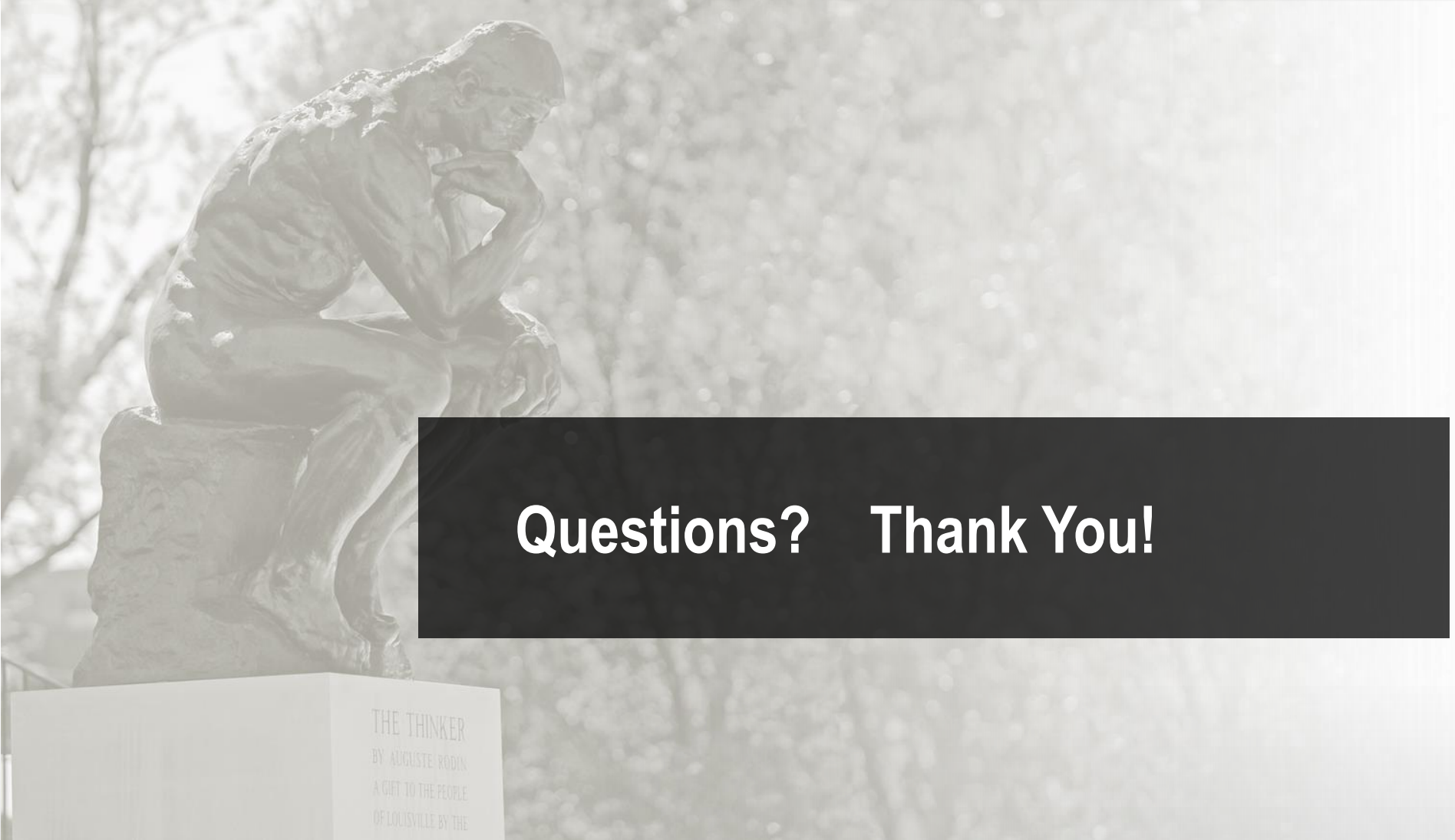
	Least Adverse	Moderate	Most Adverse
Revenue options			
2% tuition rate increase	5,250,000	5,000,000	4,500,000
Graduate enrollment increase	2,000,000	1,600,000	0
Additional state/federal support	5,000,000	3,000,000	0
Foundation carryover	3,400,000	3,400,000	3,400,000
Subtotal	15,650,000	13,000,000	7,900,000
Expenditure offset options			
Set unit contingency to 5%	16,510,000	16,510,000	16,510,000
Athletics--operating expense cuts	13,000,000	23,400,000	50,000,000
Cost avoidance; expense reductions (Auxiliaries)	500,000	2,900,000	2,900,000
Reduce employer retirement match (-2.5%/ -5.0/ -7.5)	8,400,000	16,800,000	25,200,000
Continue pay reductions >\$100k (7mo /9 /11)	2,275,000	2,925,000	5,362,500
Continue furloughs (0 / 70 FTE / 210 FTE)	-	3,000,000	9,000,000
Other measures	-	-	41,000,000
University reserves	-	5,000,000	10,000,000
Subtotal	40,685,000	70,535,000	159,972,500
Mitigation Total	56,335,000	83,535,000	167,872,500

Good Things Still Happening...

- **No increase in employee health insurance premiums thru 6/30/21**
- **No change to tuition remission benefits**
 - 100% tuition remission for eligible employees and dependents
- **Increasing student financial aid**
 - From \$43 million in FY 2020 to at least \$44.6 million in FY 2021
- **Continued support for staff and student emergency funds**
- **Mental health services for students**
 - Adding counselors

Next Steps

- **Endorse budget assumptions and conceptual options to balance budget**
- **Finalize FY 2021 operating budget detail over next three weeks**
 - Allows time for situation to evolve
 - Prepare budget summary documents including unit-level expenditure information
- **Formally present FY 2021 budget to Board of Trustees for adoption at June meeting**



Questions? Thank You!

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