



Operating FY 2022 Budget

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TRANSMITTAL LETTER

To the Board of Trustees:

On behalf of the University of Louisville community, I am pleased to submit the university's operating budget for Fiscal Year 2022. Nearly one year ago we faced the challenge of our lifetime that touched all corners of UofL. But as one community of care, we managed those difficulties with purpose, planning, and perseverance. Now, our outlook has never been brighter. Our operations are financially solid; our enrollment and research expenditures hit historic highs; and external credit rating agencies enhanced their outlook for UofL. While the pandemic may have temporarily slowed us, it has not diminished or deterred us from making progress toward fulfilling our mission of educating a diverse population of students, practicing and applying research, and providing engaged service and outreach.

The FY 2022 budget demonstrates that UofL is on the right track financially and remains committed to its strategic plan. First, the budget is financially stable and structurally balanced. Revenues and expenses are aligned. One-time funds, including federal relief funds, are included in the budget but are associated with one-time expenses.

Second, the budget shows the university's commitment to its students. The FY 2022 budget includes \$16 million in new, one-time federal funding that will be used to award up to \$1,500 per student; holds housing, dining, and student parking rates flat; funds the purchase of 700 new laptops for incoming students; begins funding for our second new residence hall; and commits almost \$10 million in additional funding to academic units.

Third, the budget displays its commitment to employees by including funding for up to a 2% compensation increase at an anticipated cost of about \$7 million, including up to \$5.1 million from the university's general fund. The FY 2022 budget also includes funding to restore the university's retirement contribution rates to their pre-pandemic levels and allocates funding for a faculty and staff compensation study. For the second consecutive year, employee health insurance premium increases will be paid by the university and employee parking rates will remain unchanged. In addition, the budget increases funding for the university's Early Learning Center, creates and funds a dual career program to help attract minority faculty, and funds the Employee Success Center.

The FY 2022 budget is a great example of shared governance at its best. The proposed budget and planning parameters and strategies were shared with numerous constituent groups throughout the budget development process. These groups included: deans (via individual meetings); staff and faculty senate leadership; university vice presidents and vice provosts; my

leadership team; a budget committee appointed by the provost that included student representation; faculty who participated in budget planning and budget model workgroups; lead fiscal officers from each unit; and you, the Board of Trustees. The depth and breadth of interaction with representatives from across the university community helped mold the FY 2022 budget including the budget priorities listed above.

I am incredibly proud of how the UofL community pulled together over the past year. Evidence of their dedication to keeping the university open and focused on its mission in a time of extreme difficulty is clearly demonstrated in this budget. The Cardinal family is tremendous!

Go Cards!

A handwritten signature in black ink that reads "Neeli". The signature is written in a cursive, flowing style.

Neeli

SUMMARY OF FY 2022 BUDGET

The FY 2022 operating budget for the University of Louisville is \$1,335,253,382. The university's budget consists of two primary fund groups: general funds and non-general funds. The general fund budget encompasses routine activities of the university including instruction and operation and is primarily funded by unrestricted revenues such as tuition and state appropriations. The university's non-general fund budget includes activities tied to specific purposes such as grants, gifts and endowments, clinical operations, and athletics. Most non-general fund revenues flow through the university's two affiliated corporations: University of Louisville Research Foundation, Inc. (ULRF) and the University of Louisville Athletic Association, Inc. (ULAA).

The FY 2022 operating budget does not include University of Louisville Health (i.e., University of Louisville Physician practice and University Medical Center) or the University of Louisville Foundation (including the Real Estate Foundation). Both entities are discretely presented component units of the university with separate governing boards who review and approve those operating budgets. However, the funds that these entities transmit to the university are included in the budget displayed herein.

Table 1 shows the university's all funds operating budget for FY 2022. General Funds for FY 2022 are presented in the second column to the right of the category descriptions. Non-general funds are shown in the subsequent four columns.

Anticipated revenues and resources needed for FY 2022 total \$1,335,253,382. Tuition and fee revenues of \$339.5 million and clinical/hospital revenues of \$342.5 million are the two largest revenue sources representing 51 percent of the total. The FY 2022 budget also includes \$28 million in one-time federal coronavirus relief funds. The University has been awarded \$76.9 million in federal and state relief funds since FY 2020. One-time revenues will be connected to one-time expenses.

Budgeted expenses match available resources. Salaries and fringe benefits are the largest expense categories and total \$730.2 million or 54.7 percent of the total expense budget. Scholarship expenses—including federal and state pass-through aid such as Pell and Kentucky Educational Excellence Scholarship (KEES)—total \$157.4 million, a \$22 million increase from FY 2021.

Table 1: FY 2022 Operating Budget by General and Non-general Fund Revenues and Expenses

	FY 2021	FY 2022 Budget					All Funds
	General Fund Adopted Budget	General Funds	Research Foundation	Athletics	Gifts and Endowments	Internally Designated	
Revenues							
Tuition and Fees	325,927,672	339,524,920					339,524,920
State Funds	127,056,800	130,129,300					130,129,300
Transfers to General Fund	23,967,589	30,779,202					30,779,202
Auxiliaries	13,132,518	13,620,308					13,620,308
Clinical (including Hospital)	9,308,327	1,133,097	341,438,891				342,571,988
CARES / Federal Relief Funds	0	6,000,000	22,000,000				28,000,000
Sponsored Agreements			151,000,000				151,000,000
Pass Through Financial Aid			46,790,000				46,790,000
Other Revenue	14,206,997	13,882,080	30,129,260	107,700,000	56,376,651	18,726,327	226,814,318
Total Fiscal Year Revenues	513,599,903	535,068,907	591,358,151	107,700,000	56,376,651	18,726,327	1,309,230,036
Funds Received in Prior Periods	3,000,000	3,581,945	9,817,255			12,624,145	26,023,346
Total Funding Available	516,599,903	538,650,852	601,175,406	107,700,000	56,376,651	31,350,472	1,335,253,382
Expenditures							
Salary	256,583,186	264,361,559	256,092,408	37,921,932	19,375,125	4,286,161	582,037,186
Fringe Benefits	75,708,778	78,818,957	57,646,573	7,095,355	3,507,077	1,105,887	148,173,849
Operating	88,933,726	83,270,083	199,378,797	37,676,595	25,275,109	16,797,343	362,397,927
Scholarships	65,771,365	66,260,272	65,593,273	15,889,072	8,219,340	1,446,800	157,408,757
Capital Asset plus Debt Service	26,700,413	24,048,129				7,714,281	31,762,410
Transfers to General Fund			22,464,356	8,314,846			30,779,202
Utilities	23,164,110	21,891,852		802,200			22,694,052
Total Expenditures	536,861,578	538,650,852	601,175,406	107,700,000	56,376,651	31,350,472	1,335,253,382
Budget Surplus/(Deficit)	(20,261,675)	0	0	0	0	0	0

- FY 2022 general fund budget includes \$13.8 million in contingency funds. Unit-by-unit detail of contingency funds is provided on page 27.

Connection to the Strategic Plan

The University of Louisville is committed to being a great place to learn, to work and in which to invest by celebrating diversity, fostering equity, and striving to achieve inclusion. This reality is embedded in our strategic plan, underlies the Grand Challenges and the Cardinal Anti-Racism Agenda (CARA), and is embodied in our interactions in line with our values, the Cardinal Principles. The university continues to make measurable progress towards achieving its bold goals.

Following a successful FY 2021 in which the university, through prudent financial decision-making and a campus-wide commitment to tightening our belts, operated under a balanced budget, preparation of the FY 2022 budget presented unique problems, including unpredictable costs associated with the COVID-19 pandemic and concerns about student enrollment.

Meanwhile, the university continued to push forward in its effort to become a premier anti-racist metropolitan research university while dealing with both the pandemic and the political, economic, and social justice issues impacting Louisville and the nation.

These factors posed specific challenges not only to maintaining a balanced budget in 2020-21, but also to developing a budget that addressed the current needs of and prepared a brighter future for our students, faculty and staff and our community for the coming year.

Strategic Planning

Fortunately, for planning purposes the university has a well-established strategic plan to guide it in setting priorities and maintaining momentum toward achieving and strengthening its state-mandated status as a premier metropolitan research university.

The strategic plan provides a roadmap toward excellence, directing the university to become a great place to learn, to work and in which to invest. While this budget ensures appropriate and necessary support for fixed costs needed to maintain standard university operations, it is laser-focused on the strategic plan, reflecting the commitment to those three goals and directing funding to specific efforts that will enable the university to meet its lofty ambitions.

More specifically, each goal area – Learn, Work and Invest – will be achieved through three strategies. The university is taking significant steps, and this budget reflects significant investments, in each of those areas.

While not all-inclusive, the following pages provide some specific examples of how we are directing funding in 2021-22 to the strategic plan goals.

Investments in the plan
A Great Place to Learn

Goal: The University of Louisville is a great place to LEARN because it prepares students for success now, next and beyond. We accomplish this by supporting the whole student through transformative, purpose-driven and engaged learning.

Strategy 1: Attract and graduate the most talented, diverse student body through meaningful and structured commitment to student success, guided by the Strategic Enrollment Management Plan, to raise the university's national prominence.

Strategy 2: Engage every undergraduate student in required, meaningful experiential learning opportunities.

Strategy 3: Engage students in research that will bolster our prominence among Carnegie-classified Research 1 universities.

Strategy 1 focuses the institution on the importance of recruiting and retaining a talented student body. This strategy supports the CPE Strategic Plan and strategically aligns with the state performance funding model. To achieve this strategy, the university has strategically invested in the following items:

- The university is supporting its students, particularly underrepresented students and those from low socio-economic backgrounds, by more than doubling the amount of need-based financial aid, from \$8 million to \$16 million. Using CARES Act funding, the university will emphasize providing aid based on need.
- The university also will provide 700 laptop computers for high-need students at the cost of more than \$500,000.
- The university implemented a new budget model, which contains approximately \$9.4 million of funding increases for academic areas throughout the institution.
- The University Libraries system budget is being increased by about \$600,000 to help offset increases in reference material subscription and library operating costs.
- The budget includes funding for opening and operating a new residence hall on Belknap Campus, including a Cultural Center that will provide space for consolidating offices for a variety of student-focused support programs, including the Office of Diversity Education and Inclusive Excellence, Women's Center, Muhammad Ali Institute for Peace and Social Justice, LGBT Center, etc.).

Strategies 2 and 3 focus institutional effort on creating a distinctive student experience that highlights the importance of being and doing as much as knowing as key to learning. To achieve this strategy, the university has strategically invested in the following items:

- Under new Provost Lori Gonzalez, UofL will launch a Center for Engaged Learning this fall that will include the offices of Undergraduate Research and Experiential Learning, and the Career Center. The effort will grow student success by combining classroom learning into real-world experience, teaching students how to make an impact on society once they leave the university. Joining multiple services under one umbrella, this center will be particularly helpful for underrepresented minority and underestimated students, who often need additional support in transitioning from college to career. The budget includes funding to support the Center.
- UofL is equipping 120 classrooms with the latest technology at a cost of more than \$1.9 million, including \$875,000 in FY 2022.
- In addition, the university continues to develop and fund the Center for Digital Transformation, which will provide additional training and certifications that will set our students apart upon graduation. Through the Center, UofL students have access to the Adobe Creative Cloud, LinkedIn Learning, and for-credit micro-certifications and badges in a variety of technical areas, providing a leg up on their competition after graduation.
- The Center for Engaged Learning also will provide formal undergraduate research programming, involving our students in meaningful projects with top research faculty that will prepare them for careers or for further research opportunities in or outside higher education.

A Great Place to Work

Goal: The University of Louisville is a great place to WORK because it is a workplace dedicated to personal growth and professional development. We accomplish this by fostering a culture where faculty, staff and administration live our institutional values.

Strategy 1: Become an employer of choice that intentionally attracts and retains the most talented, diverse faculty and staff through meaningful and structured commitment to employee success.

Strategy 2: Inspire a culture of care, trust, accountability, equity and transparency by embedding the Cardinal Principles in the fabric of the university.

Strategy 3: Provide all faculty and staff fair and equitable compensation, recognizing that our employees are critical to attaining institutional success.

We know that outstanding faculty and staff contribute significantly to the success of our students and our community. **Strategy 1** focuses on finding and attracting outstanding faculty and staff and providing the tools to help them progress professionally, perform at the highest level and achieve work-life balance. To do this, the university has:

Budget Overview

FY 2022 Operating Budget

-
- Established the Employee Success Center, which focuses specifically on programming and professional development opportunities for staff and faculty. More than \$315,000 has been directed to the Employee Success Center's Cardinal Leadership Institute, which grooms current employees for leadership positions.
 - Invested \$250,000 in a dual career program, with an emphasis on minority faculty recruitment.
 - Allocated up to \$5.1 million of general funds for a compensation improvement program.
 - Fully restored the employee retirement contributions to their pre-COVID levels.
 - Stabilized the employee cost for health insurance by not increasing the employee premium (funding all increases from institutional funds)

Together, we can do great things. The Cardinal Principles set the standard for how the university will establish a sense of community that will enable our individuals to shine and our community to grow into an even stronger Cardinal Family. The budget reflects **Strategy 2**, embedding the Cardinal Principles, by:

- Allocating an additional \$200,000 to the Early Learning Center, a childcare and development program primarily for children of university employees.
- Providing for a Campus Climate Survey to help determine and address employee concerns and needs.
- Through the Employee Success Center, annual awards for faculty and staff who exemplify the principles and publicly recognizing their accomplishments to inspire pride among the community.

While the university has invested heavily in our employees' professional development and climate, **Strategy 3** emphasizes the need to provide fair compensation, as well as necessary administrative processes and good customer service, to our faculty and staff. The budget addresses this strategy by:

- Allocating about \$400,000 toward completing a compensation study to ensure that our faculty and staff receive fair and equitable compensation. Total cost of the project is \$850,000 which will be spread across fiscal years 2021, 2022, and 2023.
- Annualizing the university's investment to \$5 million for implementation of the Workday human capital management system, an on-demand, enterprise-level, cloud-based software that will provide enhanced services and exceptional customer experiences to our applicants, faculty, staff, and students. Workday will streamline numerous administrative processes to improve workflows, reduce redundancies and improve the ways in which UofL utilizes data. The standardized auditable business process workflows will increase transparency and accountability.

A Great Place in which to Invest

Goal: The University of Louisville is a great place in which to INVEST because of its demonstrated and potential impact on individual and community health and the economic, social and cultural health and well-being of Louisville, the commonwealth and beyond. We accomplish this through innovative teaching, research, scholarship and creative activity, principled leadership, responsible stewardship and engaged partnerships.

Strategy 1: Increase productivity and innovation in research, scholarship and creative activities addressing the Grand Challenges to bolster our prominence among Carnegie-classified Research 1 universities.

Strategy 2: Improve the ease and impact of partnering with the university by building and stewarding mutually beneficial relationships that support student success, faculty productivity and staff development.

Strategy 3: Create social, cultural and learning opportunities that bring people to campus or bring the campus to people through virtual and external partnerships that improve quality of life by leveraging faculty, staff and student expertise and talent.

Of course, UofL could not exist without the significant relationships and partnerships it has developed and will continue to grow. Those partnerships and the research they support benefit our community and beyond. **Strategy 1** focuses on increasing and enhancing research and activities that address the Grand Challenges, or areas in which UofL has the unique ability to make immediate and dramatic impact. The budget supports this effort in several ways:

- UofL recently selected and is now beginning implementation of a new Electronic Research Administration (ERA) system called Cayuse. Researchers currently spend more than 44 percent of their research time on administrative tasks, which will be streamlined by this program. The system comes with a suite of tools that will allow researchers to more easily find and secure funding, complete required approvals, manage awards and more. The university also has secured an institutional license for another tool, called Open Researcher and Contributor ID (ORCID), which will allow researchers to more easily track and manage their publications and other research and scholarship outputs.
- The Executive Vice President for Research and Innovation will provide more than \$1 million for staffing at the Regional Biocontainment Laboratory, one of only 12 such NIH-funded facilities in the nation, which is currently developing vaccines and therapies for preventing and treating COVID-19. Many of these vaccines and therapies are in the clinic or clinical trials.
- In addition, EVPRI has hired a director for research development, who will work with faculty to improve their grant writing and help UofL with securing large federal awards.

Strategy 2 emphasizes the need to build partnerships for the benefit of our students, faculty and staff and the community.

- The Office of Research and Innovation has partnered with the Louisville Healthcare CEO Council, appointing an associate vice president for research development and partnerships to build stronger ties between the university and local healthcare organizations.
- Research and Innovation also has created a position, director of industry partnerships, and hired a local community leader to develop and steward those partnerships.
- The university is rebuilding its web presence through a three-year project that will improve productivity, accountability and ease of use among faculty, staff, and students, and provide easier access and navigation to the community.

Despite the COVID pandemic, which limited the university's ability and efforts to bring people to campus, the university made strides in reaching out to the community, as proposed in **Strategy 3**. That includes:

- Expansion of the Center for Digital Transformation has enabled the University to provide community-focused classes on topics vital to Louisville's future. These classes, many of which are free of charge, range from cybersecurity to Google Analytics.
- The university, in partnership with a national branding agency, is defining its brand position and will launch in early 2022 a new multi-million dollar brand campaign that will enhance awareness of the university's distinctive offerings, improve institutional reputation locally and in key markets, and consolidate a fractured brand into a single, focused brand identity.

Budget Goals

The need for a solid financial foundation—including a sufficient number of days of cash on hand—was never more evident than during FY 2021. The university withstood the test imposed by the pandemic because it had the financial resources—the direct result of three years of deliberate improvement—to avoid making reactionary decisions that imperiled the long-term stability of the institution. The importance of maintaining a strong financial position is evident in the budget goals for FY 2022. These goals include:

1. Develop and deploy a structurally balanced operating budget based on carefully considered revenue and expense projections;
2. Address financial uncertainty by outlining a mitigation strategy should one be needed;
3. Connect the budget to the university’s strategic plan; and
4. Establish a budget framework that helps the university achieve improved credit ratings and meets all financial and operational standards of our accrediting bodies.

Budget Priorities

There are four budget priorities for FY 2022 and the top one is people, specifically our students and employees. The university is not simply a collection of individuals. It is a community that supports one another. That is evidenced in the first Cardinal Principle as a “community of care” and is manifest throughout the FY 2022 budget in ways that directly benefit employees and students. A list of all four budget priorities, along with a few examples of items included in the budget, follows (and noted in more detail in the “Connection to the Strategic Plan” section).

- 1. Invest in people.**
 - Includes funding for a 2 percent compensation increase;
 - Funds the Employee Success Center;
 - Establishes and funds a dual career program;
 - Funds a faculty and staff compensation study; and
 - Maintains 100 percent tuition remission for employees and dependents;
- 2. Improve the academic experience and student success**
 - Invests almost \$10 million in academic units, including additional support for Libraries; and
 - Opens and funds the operation of a new residence hall;

3. Keep college affordable

- Allocates at least \$16 million in financial support to students from federal relief dollars;
- No increase in housing rates;
- No increase in meal plan rates;
- No increase in student parking rates for the second consecutive year; and
- No mandatory student fee increases.

4. Improve the efficiency of operations and delivery of support services

- Annualizes funding for a new Enterprise Resource Planning system;
- Funds a new grants management system; and
- Allocates funding for HVAC replacements.

Assessment of Financial Risks and Mitigation Plans

Although a diminished concern relative to one year ago, enrollment remains the top financial risk. The University is coming off its best enrollment year ever and is working hard to maintain and, where possible, grow enrollment, but concerns still exist. Declining enrollment in the upcoming academic year could negatively impact tuition revenues as well as housing, dining, and parking revenues. The university is engaged in proactively addressing these concerns. The Office of Enrollment Management, for example, is working collaboratively with every dean to interact with students who have not registered for the upcoming semester, and the university continues to establish connections with local corporations to promote UofL for both their employees and dependents.

A reoccurrence or variant of the coronavirus is another risk. In addition to potential enrollment and auxiliary financial impacts, athletics could be affected.

The FY 2022 budget takes the following approaches to mitigate financial risks:

- Links a portion of the compensation increase to enrollment stability;
- Ties one-time revenues to one-time expenses to avoid long-term expense commitments that lack recurring funding streams;
- Active and significant monitoring activities that constantly evaluates key performance indicators including liquidity, enrollment, tuition billings, collections and receivables. This allows the university to identify adverse trends and take actions before they manifest into problems; and
- A built-in mechanism, via the tuition allocation model, to reset unit expense budgets should tuition revenues fall short of expectations.

GENERAL FUND BUDGET

The FY 2022 General Fund budget is balanced: available resources equal expenses. To arrive at that point, the FY 2021 budget imbalance, as shown in Table 2, had to be addressed first. The imbalance was the result of several changes, many tied to the pandemic, which negatively impacted the FY 2021 general fund budget. The largest fiscal impact was repricing the university’s online tuition structure, which saved students \$8.4 million but also meant a similar loss of tuition revenue to the university. Decreases in investment income and increases in financial aid, utility, and health insurance costs were also contributing factors to the FY 2021 imbalance.

To resolve the starting imbalance in the FY 2022 budget, new revenue growth was applied toward the imbalance first. That is evident by general fund revenues increasing by 4.1 percent in FY 2022 compared with FY 2021, while expenses only increase by 0.3 percent. Table 2 displays the progression of FY 2021 to the proposed FY 2022 general fund budget, and highlights of the changes are identified on the next page.

Table 2: General Fund Budget: Progression from FY 2021 Adopted to FY 2022 Proposed

	FY 2021	Changes in FY 2022 Sources and Uses			FY 2022
	Adopted Budget	Sources (to fund enhancements / investments)	Uses for Enhancements / Investments	All Other Changes	Proposed Budget
Revenues					
Tuition and Fees	325,927,672	13,591,848		5,400 A	339,524,920
State Funds	127,056,800	3,072,500		- B	130,129,300
Transfers to General Fund	23,967,589	5,000,000		1,811,613 C	30,779,202
Auxiliaries	13,132,518			487,790	13,620,308
Clinical (including Hospital)	9,308,327			(8,175,230) D	1,133,097
Cares/Federal Relief Funds	-	6,000,000			6,000,000
Sponsored Agreements	-			-	-
Pass Through Financial Aid	-			-	-
Other Revenue	14,206,997			(324,917)	13,882,080
Total Fiscal Year Revenues	513,599,903	27,664,348		(6,195,344)	535,068,907
Funds Received in Prior Periods	3,000,000	3,250,000		331,945	3,581,945
Total Funding Available	516,599,903	30,914,348		(5,863,399)	538,650,852
Expenditures					
Salary	256,583,186		5,100,000	2,678,373 E	264,361,559
Fringe Benefits	75,708,778		1,550,000	1,560,179 F	78,818,957
Operating	88,933,726	(10,600,000)	14,800,000	(9,863,643) G	83,270,083
Scholarships	65,771,365			488,907 H	66,260,272
Capital Assets plus Debt Service	26,700,413			(2,652,284) I	24,048,129
Transfers to General Fund	-			-	-
Utilities	23,164,110			(1,272,258) J	21,891,852
Total Expenses	536,861,578	(10,600,000)	21,450,000	(9,060,726)	538,650,852
Budget Surplus/(Deficit)	(20,261,675)	41,514,348	(21,450,000)	3,197,327	(0)
Retirement Plan reductions	7,175,000				-
Unit Contingency Application	13,086,675				-
Ending Position	-				-

Highlights from Table 2 for FY 2022 include:

- A. Tuition and fee revenues increase by \$13.6 million due to improving enrollment, increases in the number of non-resident students, and a tuition rate increase. (See page 15 for more details.)
- B. State appropriations increase by \$3.1 million primarily due to the allocation of performance funding dollars. (See page 19 for more details.)
- C. Includes \$5 million in ULH mission support revenue as well as additional Facilities and Administrative recovery funds.
- D. Clinical revenues recognized in the general fund decrease primarily due to shifting \$7.5 million in hospital rent revenue to the non-general fund. (See page 46 for more details.)
- E. Salary expense increase largely a result of a planned compensation improvement program. (See page 26 for more details.)
- F. Fringe benefit increase is primarily due to an increase in health insurance premiums; the university is funding both the employer and employee share of the increase. (See page 26 for more details.)
- G. Operating expense change is multi-faceted.
 - \$10.8 million reallocation from budgeted contingency accounts to help pay for the salary increase, health insurance premium increase, and other costs;
 - \$14.9 million increase to fund various expenses that include, for example, the full annualized funding for the new Enterprise Resource Planning (ERP) system;
 - \$9.7 million decrease primarily tied to lower expenses connected to the shift of hospital rent (see "D" above).
- H. Increase in institutional financial aid. (See page 28 for more details.)
- I. Capital asset expenses decrease by \$2.7 million primarily due to refinancing existing debt on the Student Recreation Center and the ACC production studio for Athletics. (See page 29 for more details.)
- J. Utility expense decrease based on lower-than-anticipated FY 2021 expenses. (See page 29 for more details.)

Revenues

General fund revenues are unrestricted dollars used to primarily support the day-to-day operations of the university. The three largest sources of general funds are: tuition and fees, state appropriations, and auxiliaries. Transfers into the general fund are another significant revenue source and includes overhead recovery dollars tied to sponsored research and funding for affiliated entity debt service.

Growth in tuition revenues, state appropriations, and administrative overhead recovery contribute to an overall \$22.7 million increase in general fund revenues in FY 2022. One-time federal relief funding also contributes to the increase.

Tuition and Fees

In FY 2022, tuition and fee revenues are projected to increase by \$13.6 million, or 4.2%, from the FY 2021 budget. The combination of better-than-expected undergraduate and graduate enrollment in FY 2021, along with a tuition rate increase, improving average tuition revenue per student, and continued growth in graduate enrollment in FY 2022 contributed to the overall budget improvement. Table 3 shows budgeted tuition and fee revenue by degree type. Table 4 presents the proposed tuition rates for AY 2021-2022 by degree type. Table 5 presents proposed tuition rates for special academic programs.

For reference:

- FY 2021 tuition and fee revenues are projected to exceed budget by about \$8 million which provides a higher starting point for the FY 2022 budget.
- “Fees & Other” revenues decrease by \$1.3 million from FY 2021 due, in large part, to anticipated reductions in international program and continuing education revenues.
- Mandatory student fees total \$201 per semester (for full-time students and pro-rated for part-time students) and are included in the “Fees and Other” category. No changes to mandatory student fee rates in FY 2022.

Table 3: Tuition and Fee Revenues

Category	FY 2021 Budget	FY 2021 Estimate	FY 2022 Budget	\$ Change	% Change
Undergraduate	179,180,290	183,050,000	186,177,861	6,997,571	3.9%
Graduate	51,569,609	58,440,000	56,301,085	4,731,476	9.2%
Professional	66,547,002	66,260,000	69,746,659	3,199,657	4.8%
Fees & Other	28,630,771	24,630,000	27,299,315	(1,331,456)	-4.7%
Total	325,927,672	332,380,000	339,524,920	13,597,248	4.2%

Of the anticipated \$13.6 million increase in tuition and fee revenues, approximately \$5 million is attributable to tuition rate increases. Enrollment growth, increases in the number of full-time students, as well as increases in the number of non-resident students are other factors.

Budgeted tuition revenues for FY 2022 were based on enrollment and credit hour projections submitted by each academic unit and in consultation with the Office of Enrollment Management and the Budget Office.

Undergraduate tuition revenues increase by \$7 million from the FY 2021 budget. Growth in non-resident enrollment and the number of full-time students contribute to modest improvements in average tuition revenue per student. That, in turn, is helping push up undergraduate tuition revenue. A tuition rate increase (see Table 4 for more detail) is also a factor.

Graduate tuition revenue increases by \$4.7 million in FY 2022. The overall market for graduate degrees and certificates has shown significant improvement since the onset of the pandemic. Graduate enrollment in nearly every academic unit has grown. The FY 2022 budget anticipates continued strong demand for graduate programs, particularly for MBA degrees, public health, and nursing.

Professional degree tuition revenue—medicine, dentistry, and law—increases by \$3.2 million. Demand for MD and DMD degree programs remains strong, with the number of applicants exceeding available spots by as much as 9 to 1. Limited tuition rate increases for both programs (see Table 4) also contribute to the revenue improvement. Demand for a law degree is improving, but competition for students is driving up student tuition discounts and limiting enrollment growth.

Table 4: Proposed Tuition Rates by Degree Type

(amounts in dollars)	AY 2021	AY 2022	\$ Change	% Change
	<u>Semester Rates (\$)</u>			
Undergraduate				
Resident	5,983	6,087	104	1.75%
Nonresident	14,156	14,260	104	0.7%
Active Duty Military*	250	250	0	0.0%
Graduate				
Resident	6,630	6,762	132	2.0%
Nonresident	13,687	13,819	132	1.0%
Active Duty Military*	250	250	0	0.0%
Law				
Resident	11,553	11,899	346	3.0%
Nonresident (new students)	14,053	14,474	421	3.0%
Nonresident (3L)	21,258	21,258	0	0.0%
Medicine				
Resident	20,889	21,305	416	2.0%
Nonresident	31,765	32,399	634	2.0%
Dentistry				
Resident	17,766	18,121	355	2.0%
Nonresident	37,064	37,804	740	2.0%

* per credit hour

Table 5: Proposed Tuition Rates for Special Programs

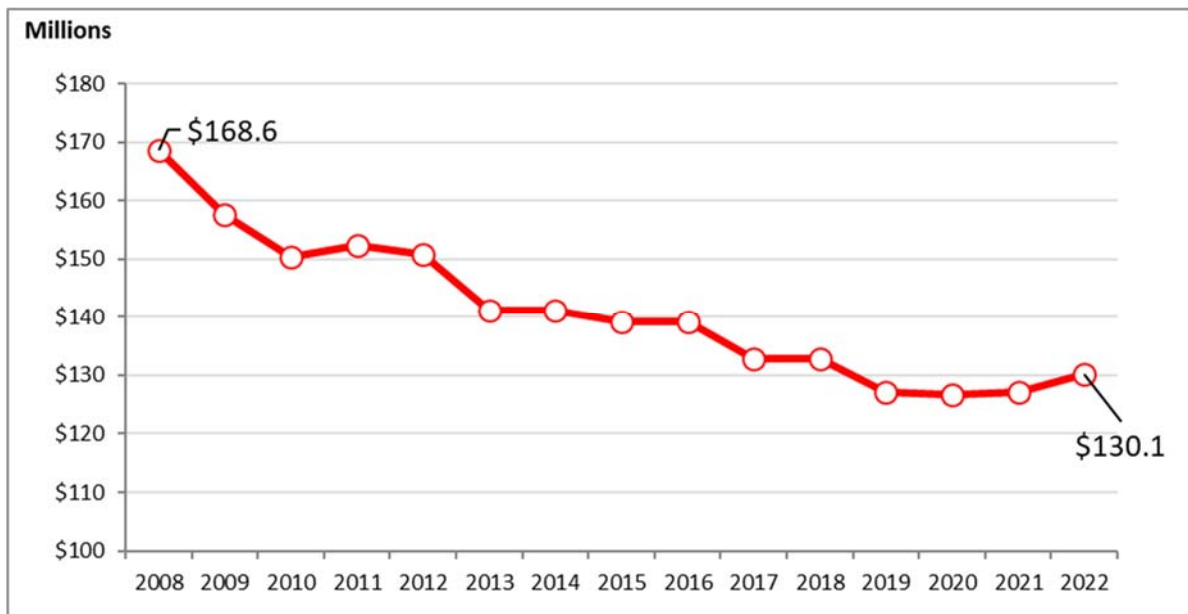
(Amounts in dollars)	AY	AY	Change	
	2021	2022	Amount	Percent
	Semester Rates (\$)			
Urban Planning and Public Administration Programs				
Resident	7,530	7,662	132	1.75%
Nonresident	14,587	14,719	132	0.9%
Advanced Education Preparation Graduate Programs				
Resident	4,972	5,071	99	2.0%
Nonresident	10,265	10,364	99	1.0%
	Credit Hour Rates (\$)			
Doctor of Nursing Practice	1,521	875	-646	-42.5%
Online Education				
Undergraduate	499	508	9	2.0%
RN to Bachelor of Science in Nursing	375	375	0	0.0%
Graduate	737	752	15	2.0%
Graduate – Advanced Educator Preparation	552	564	12	2.0%
Graduate - MS in Health Administration	735	465	-270	-36.7%
Graduate - Urban Planning & Public Administration	905	923	18	2.0%
Franchise Management Certificate	800	800	0	0%
Equine Graduate Certificate	800	800	0	0%
Law, part-time	914	941	27	3.0%
Law, full-time	1,098	1,131	33	3.0%
Active Duty Military*	250	250	0	0%
-Masters of Engineering in Engineering Management	690	690	0	0%
-College of Business Graduate Certificates **	600	600	0	0%
-Franchise Management, Distilled Spirits, Equine, Horse Racing Industry, Managerial Analytics				
	Fixed Price, Multi-Year			
Full-Time MBA	32,000	32,000	0	0%
Professional MBA	32,000	32,000	0	0%
Full-time MBA Cohort	32,000	32,000	0	0%
Global MBA	37,000	37,000	0	0%
Dual MBA	26,600	26,600	0	0%
IMBA Cohort	32,000	32,000	0	0%
Masters of Accountancy	25,000	25,000	0	0%
Masters of Science in Business Analytics	30,000	30,000	0	0%
Ed.D. Practitioner	16,200	16,200	0	0%
M.S. in Human Resources and Organization Development	16,500	16,500	0	0%

* Except for Masters of Engineering in Engineering Management, Business Graduate Certificates and online fixed price programs.

State Appropriations

State appropriations in FY 2022 total \$130,129,300 an increase of 2.4% from FY 2021, but still remain well below historic levels. For the past 15 fiscal years, state appropriations to all public higher education institutions in Kentucky, including UofL, have significantly diminished. Figure 1 shows this trend for UofL from FY 2008 through FY 2022.

Figure 1: State Appropriations to UofL from FY 2008 through FY 2022



Note: Amounts shown do not include appropriations for state funded debt service (which ended in FY 2016) and Quality Charitable Care Trust funding (which ended in FY 2014).

The \$3 million increase in FY 2022 state appropriations is primarily due to the university’s performance in the state funding model. The adopted state budget also included \$100,000 in new funding for support of a rural dental clinic operated by UofL’s School of Dentistry.

A portion of each public university’s state appropriation in Kentucky is based upon a legislatively mandated performance funding model. Funds are allocated based on 11 different metrics. Universities are scored relative to each other and receive a corresponding dollar allocation based upon those results. For the most recent period, UofL performed better than the average on 7 of 11 metrics. As a result, performance funding to UofL will increase by almost \$3 million in FY 2022.

The state performance funding metrics, and an indication of UofL’s performance on each, is provided next.

Performance Metrics

1. Bachelor’s Degree
2. **STEM+H Bachelor’s Degrees**
3. URM Bachelor’s Degrees
4. **Low Income Bachelor’s Degree**
5. **Student Progression @ 30 Hours**
6. Student Progression @ 60 Hours
7. **Student Progression @ 90 Hours**
8. **Earned Credit Hours**

Operational Support Metrics

9. **Instructional Square Feet**
10. Direct Cost of Instruction
11. **FTE Students**

*Green text denotes the seven metrics in which UofL performed better than the sector average

Federal Relief Funding

The FY 2022 budget includes one-time funding from federal coronavirus relief packages made available through CARES Act. Through May 2021, the university has received notice of federal and state awards totaling \$78 million and anticipates spending \$50 million by the end of FY 2021. That will leave an approximate \$28 million balance to be spent in FY 2022. Student grants to be awarded in fall and spring semesters will account for \$16 million of spending. Returning students will receive at least \$400 and, based on financial need, could receive as much as \$1,500. The balance of federal relief funding will be applied to ongoing institutional expenses and revenue losses attributable to the pandemic.

Table 6 presents a summary of the federal and state relief funds that have been awarded to UofL. Although these funds are significant and important, the total value of lost revenues and the imposition of expenses related to the pandemic (e.g., cleaning, technology enhancements, testing, etc.) are expected to exceed \$120 million, including Athletics.

Table 6: Summary of Federal and State Coronavirus Relief Funds

	Award Amounts			Expended thru March 2021	FY 2022 Budget
	Pass-through Student Aid	Institutional	Total		Est. Amount Available in FY 22*
CARES-related Funding					
Higher Education Emergency Relief Funds, Round 1 (HEERF1)	6,239,395	6,239,395	12,478,790	12,389,597	-
Higher Education Emergency Relief Funds, Round 2 (HEERF2)	6,239,395	14,194,890	20,434,285	6,328,588	-
Higher Education Emergency Relief Funds, Round 3 (HEERF3)	18,854,679	18,714,729	37,569,408	-	28,000,000
Coronavirus Relief Fund (CRF) - State Pass-through	-	5,873,000	5,873,000	5,873,000	-
Governor’s Emergency Education Relief Fund - State Pass through	-	1,695,900	1,695,900	1,320,714	-
Total	\$31,333,469	\$46,717,914	\$78,051,383	\$25,911,899	\$28,000,000

* \$16M student aid
& \$12M institutional

Housing

The first new residence hall in more than a decade, which will house about 450 students, is set to open on schedule and within budget in fall 2021 and replaces approximate 50-year-old Threlkheld Hall. Students in the new residence hall will have an opportunity to live in the heart of the Belknap campus with easy access to the Student Activity Center, library, bookstore, and most academic classrooms. A bond was issued last spring to fund the project with the principal and interest payments capitalized and first payment due in FY 2023. The FY 2022 budget reflects approximately \$500,000 in revenue from the new residence hall.

Ground was broken in spring 2021 for a second residence hall adjacent to the first. The second hall is scheduled to open in fall 2022. A bond was issued in spring 2021 for that project and, due, in part, to favorable rates, interest payments will begin in FY 2022 at a cost of approximately \$1 million.

All housing rates remain unchanged in FY 2022. Table 7 shows university operated housing halls and the associated cost by room type. The university also has affiliation agreements and master leases with several other properties, but those housing rates are not set by the university.

Table 7: Proposed Housing Rates

(amounts in dollars)	AY 2021	AY 2022	Change	
			Amount	Percent
Traditional Halls (Miller & Unitas)	<u>Semester Rates</u>			
Double	2,690	2,690	0	0.0%
Triple (Unitas only)	2,035	2,035	0	0.0%
Belknap Residence Hall (New 2021)				
Double	0	3,295	3,295	0.0%
Single	0	4,120	4,120	0.0%
Louisville Hall suites				
Double	2,800	2,800	0	0.0%
Three Bedroom Suite	3,160	3,160	0	0.0%
Two Bedroom Suite	3,265	3,265	0	0.0%
Deluxe Double	3,410	3,410	0	0.0%
Single	3,580	3,580	0	0.0%
Billy Minardi Hall				
2 Bed, 2 Bath	4,315	4,315	0	0.0%
University Tower Apartments (UTA)				
Standard studio, double	2,945	2,945	0	0.0%
Large studio, double	3,100	3,100	0	0.0%
2 Bedroom, double	3,100	3,100	0	0.0%
1 Bedroom, double	3,300	3,300	0	0.0%
2 Bedroom, single	3,565	3,565	0	0.0%
UTA Family Apts and Medical-Dental Apts	<u>Per 4 Month Semester &</u>			
Standard studio	3,240	3,240	0	0.0%
Large studio	3,240	3,240	0	0.0%
1 Bedroom	3,750	3,750	0	0.0%

Source: Office of Housing and Residence Life

Foundation Housing				
(amounts in dollars)	AY	AY	Change	
	2021	2022	Amount	Percent
Community Park	<u>Semester Rates</u>			
Double	3,395	3,395	0	0.0%
Deluxe Double	4,075	4,075	0	0.0%
Deluxe Single	5,370	5,370	0	0.0%
Kurz Hall				
Double	3,395	3,395	0	0.0%
Deluxe Double	4,075	4,075	0	0.0%
Deluxe Single	5,370	5,370	0	0.0%
Single	4,740	4,740	0	0.0%
Bettie Johnson Hall				
4 Bed, 2 Bath	3,720	3,720	0	0.0%
2 Bed, 1 Bath	3,825	3,825	0	0.0%
2 Bed, 2 Bath	4,185	4,185	0	0.0%
3 Bed, 2 Bath	4,030	4,030	0	0.0%
1 Bed, 1 Bath	4,790	4,790	0	0.0%
Deluxe 1 Bed, 1 Bath	5,535	5,535	0	0.0%

Source: Office of Housing and Residence Life

Expenditures

The FY 2022 general fund expense budget totals \$538.6 million, a slight \$1.8 million increase from FY 2021. Successful efforts to monitor and control operating costs, particularly in the post-pandemic environment, are coupled with reductions in anticipated utility costs to constrain growth in the general fund expense budget. Also, \$7.5 million in revenues and expenses associated with hospital rent were moved from the general fund to the non-general fund portion of the budget.

Even with limited total expense growth, the university is making financial commitments to several important areas. Table 8 shows the notable general fund expense changes in the FY 2022 budget.

Table 8: Notable FY 2022 General Fund Expense Increases

Expense Item	Amount
Academic unit allocations	9,400,000
Compensation increase program	5,100,000
Enterprise Resource Planning (ERP) system (to annualize)	2,500,000
Office of Advancement bridge funding	1,500,000
Health insurance cost increase	1,500,000
Total	\$20,000,000

Funding for the compensation, health insurance, and ERP system will come from each unit's general fund contingency. More details about the contingency program are found on page 27.

Notable General Fund Expense Changes

To help fulfill the top budget priority of investing in people, the FY 2022 budget includes \$5.1 million for a compensation improvement program and funds 100 percent of the health insurance premium increase—including the employee’s share—at an approximate cost of \$1 million. Non-general funds will have similar cost increases for both of these areas.

The FY 2022 budget also continues the new enrollment allocation model that was implemented in FY 2021. Academic unit expense budgets are now tied to enrollment and credit hours instructed. This establishes a clear link between student retention (a key component of the university’s mission and the state performance funding model) and the allocation of financial resources. The success of the model is evident by the \$9.4 million growth in academic unit general fund expense budgets—it’s a direct result of increased graduate enrollment and, for certain schools such as nursing and public health, an increase in undergraduate credit hours instructed.

An additional \$2.5 million (for a total of \$5 million) is budgeted to fully fund the annual cost for implementation of a new Enterprise Resource Planning software platform for the university’s human resources and payroll operations. The existing platform is outdated and has a limited lifespan before software support ends. The university’s commitment to this new platform began in mid-year FY 2021.

The Office of Advancement is the fundraising arm of the university. Historically it has been funded primarily by the University of Louisville Foundation along with university general funds. In reviewing its budget, the Foundation Board determined that total administrative expenses charged to the endowment could not exceed 1 percent. Of that amount, 70 percent is allocated to the Office of Advancement. To stay within this one percent limit, financial support to the Office of Advancement will decrease by \$1.5 million in FY 2022. To ensure financial continuity, the FY 2022 budget includes a similar increase in one-time university support to the Office of Advancement. Over the next year, the university will explore options for permanently replacing this funding.

Salaries and Wages

Salary and wage expenses for FY 2022 increase from \$256.6 million to \$264.3 million, or 3 percent, exclusive of the proposed compensation improvement program since eligibility and other guidelines of the increase are pending. Increases in faculty and professional staff expense budgets account for nearly all of the \$7.7 million increase, with academic units directly attributable for \$5.3 million of that amount.

Table 9: General Fund Salary and Wage Budgets

Position Type	FY 2021 Budget	FY 2022 Budget	\$ Change	% Change
Faculty	121,158,673	125,062,015	3,903,343	3.2%
Professional staff	61,286,804	64,371,952	3,085,148	5.0%
Classified staff	43,500,715	44,504,066	1,003,351	2.3%
Administrators	10,592,677	10,186,287	(406,390)	-3.8%
Students	17,845,630	18,010,938	165,308	0.9%
Temporary	1,583,583	1,891,267	307,684	19.4%
All other	615,105	335,035	(280,070)	-45.5%
Total	256,583,186	264,361,559	7,778,373	3.0%

The budget for the proposed compensation improvement program is contained within each unit's Contingency program.

Fringe benefits

University-funded fringe benefits include health insurance, retirement, disability, life, accidental death, and tuition remission. The university also incurs expenses for workers' compensation and unemployment insurance.

For FY 2022, the general fund fringe benefit expense budget totals \$78.8 million, which is a 5.3 percent increase from FY 2021. Rising health insurance premiums, coupled with the university paying the employee share of the premium increase for the second consecutive year, accounts for three-fifths of the overall increase. The university is self-insured for health insurance. The FY 2022 budget also reflects the reset of the employer-funded retirement contributions to their pre-pandemic levels: base contribution rate of 7.5 percent of an eligible employee's salary/wage plus 2.5 percent match for a similar employee contribution.

Contingency

Beginning with the FY 2020 budget, the university required every academic and support unit to reserve a portion of its annual general fund expense budget. The purpose of this contingency account was to carve out a reserve that could be used to offset an unanticipated revenue shock, expense increase, or to meet a strategic priority of the unit/university during the course of the fiscal year. In FY 2020, the contingency minimum was 1 percent of each unit’s general fund expense budget. For FY 2021, the floor was raised to 5 percent due to heightened financial uncertainty caused by the pandemic. An improved financial outlook for FY 2022 allows the minimum contingency to drop to 3 percent. Table 10 shows the budgeted contingency amounts for FY 2021 and FY 2022 which, in some cases, exceeded the minimum set aside amounts.

Table 10: Academic and Support Unit General Fund Contingency Budgets

VP Name	FY 2021	FY 2022		
	Budget	Initial	Insurance Increase	As Budgeted
Advancement	39,795	23,401	(2,784)	20,617
Audit Services	72,925	58,481	(4,428)	54,053
College of Arts & Sciences	2,767,791	2,880,328	(117,537)	2,762,791
College of Business	1,234,715	1,238,037	(30,081)	1,207,956
College of Education	1,002,532	531,737	(44,392)	487,345
Community Engagement	40,728	19,128	(2,098)	17,030
Graduate School	65,554	55,790	(4,452)	51,338
Human Resources	105,163	64,448	(1,176)	63,272
Kent School	346,119	348,642	(19,150)	329,492
Law School	471,611	291,628	(18,037)	273,591
Libraries	768,610	514,558	(23,041)	491,517
Music School	384,863	195,487	(15,796)	179,691
Office of EVPRI	461,561	267,163	(24,731)	242,432
Office of Health Affairs	620,268	214,385	0	214,385
Office of the CFO	216,667	202,228	(15,179)	187,049
Office of the COO	1,693,676	1,321,571	(149,745)	1,171,826
Office of the President	395,690	383,832	(24,950)	358,882
Office of the Provost	1,980,389	1,814,701	(60,853)	1,753,848
School of Dentistry	1,323,296	692,953	(51,796)	641,157
School of Medicine	1,829,159	1,171,076	(60,453)	1,110,623
School of Nursing	980,534	191,908	(14,804)	177,104
School of Public Health	207,411	850,199	(10,207)	839,992
Speed School	1,204,660	726,475	(53,897)	672,578
Student Affairs	753,765	464,356	(22,043)	442,313
Total	\$18,967,482	\$14,522,512	(\$771,630)	\$13,750,882
Contingency Minimum	\$17,516,469	\$10,624,521		
Contingency Surplus	\$1,451,013	\$3,897,991		

These dollars are partitioned in each unit’s operating budget and must remain uncommitted until approved by the CFO for use.

To enable the university to accomplish several of its budget priorities, every unit’s 3 percent contingency will be applied to its share of the compensation, health insurance, and ERP system cost increases (see “Notable Expenses” section for additional detail). The mechanics of reallocating each unit’s 3 percent contingency to fund specific expenses within the unit’s budget will be finalized in the first quarter of FY 2022.

Institutional Financial Aid/Scholarships

Tuition discounting, which is another name for institutional scholarships or financial aid, increases from \$65.8 million in FY 2021 to \$66.3 million in FY 2022, which is slightly less than 1 percent. These amounts reflect institutional financial aid support to students and are funded from the university’s unrestricted, or general fund, budget.

The university also distributes restricted student financial aid through its non-general fund. This includes pass-through aid from Pell and Kentucky Educational Excellence Scholarship (KEES) programs as well as awards made to students through university gifts and endowments and Athletics. Table 11 presents a summary of all financial aid—general and non-general fund—expected to be awarded to students in FY 2022. Total aid increases by \$22.4 million largely due to \$16 million in one-time federal relief dollars.

Table 11: Financial Aid Expense Budget by General and Non-general Funding Sources

Funding Source	FY 2021 Budget	FY 2022 Budget	\$ Change	% Change
General Funds	65,771,365	66,260,272	488,907	0.7%
Research Foundation	45,425,605	65,593,273	20,167,668	44.4%
Athletics	15,070,302	15,889,072	818,770	5.4%
Gifts and Endowments	8,092,279	8,219,340	127,061	1.6%
Internally Designated	611,800	1,446,800	835,000	136.5%
Total	\$134,971,351	\$157,408,757	\$22,437,406	16.6%

Operating and Utilities

For FY 2022, operating and utility expenses in the general fund budget decrease by \$6.4 million from FY 2021. Ongoing energy savings efforts such as adjusting temperatures at night and weekends contribute to a \$1.3 million year-over-year decrease in utility expense expectations. In addition, \$7.5 million in expenses (and revenues) associated with hospital rent were moved from the general fund to the non-general fund to more properly recognize this activity within the budget.

Capital Assets and Debt service

The FY 2022 budget includes expenses for central debt service, capital leases, and capital purchases of less than \$1 million. (Capital purchases greater than \$1 million must be approved by the state legislature if not included in the university’s 6-year capital plan.) Table 12 lists each outstanding bond issue along with its general purpose, debt service amount (principal and interest), and final maturity date. Capital leases and other capital expenses are also summarized.

Table 12: Summary of FY 2022 Capital Asset Expenses and Debt Service Amounts: General Fund

Bond Issue	Summary of Bond Uses	FY22 Budget	Maturity
2010 - Series B	Energy conservation projects	2,351,810	2028
2011 - Series A	Student Rec Center	662,756	2032
2012 - Series A	HSC parking garage, Shumaker Building, natatorium	1,714,500	2023
2016 - Series A	Primarily Student Activity Center renovations	1,236,119	2036
2016 - Series B	Center for Predictive Medicine, various Athletics	2,810,425	2028
2016 - Series C	Dental School renovation, parking, Ctr for Translational Res.	6,285,000	2029
2016 - Series D	Football stadium expansion - Tax Exempt	2,108,050	2036
2016 - Series E	Football stadium expansion - Taxable	1,184,550	2037
2016 - Series F	Football stadium - Metro bonds	3,060,750	2024
2020 - Series A	New Residence Hall #1	see note	2050
2021 - Series B	New Residence Hall #2	1,033,270	2051
Subtotal: debt service		\$ 22,447,230	
less 2021 Series B (funded from prior year cash)		\$ 21,413,960	
Subtotal: capital leases		2,634,169	
Total debt service, capital leases (General Fund)		24,048,129	

Note: Principal and interest for 2020 - Series A was capitalized; payments will not begin until FY 2023.

Prior Year Funds

Revenues received in previous fiscal years for which a corresponding expense was not incurred are recognized as “Prior Year Funds” in the FY 2022 budget if an expense is anticipated. Revenues can only be counted once, which is why these funds are separately identified in the budget. All expenses associated with Prior Year Funds are one-time in nature, corresponding to the one-time nature of the funds. Requests to budget Prior Year Funds are carefully examined, and their use is monitored on a regular basis throughout the fiscal year.

The FY 2022 general fund expense budget includes \$3.25 million in Prior Year Funds. These dollars will be used to fund one-time expenses including, for example, \$1.5 million in bridge funding to the Office of Advancement.

Non-general funds include \$22.4 million in Prior Year Funds. Table 13 shows, by activity, how those dollars are expected to be deployed in FY 2022. Most expenses represent improvements to physical plant (e.g., lab, classroom, or office renovations). In many cases, units spend years accumulating dollars to complete these projects. These are one-time expenses. Prior Year Funds will also be used for faculty start-up packages (which can frequently cost \$100,000 or more per faculty member), spending residual grant dollars, and funding, for example, the debt service on the second residence hall.

Table 13: Use of Prior Year Funds (Non-general Funds)

Activity	FY 2022
Grant-related	(3,603,332)
Plant funds	(6,681,011)
Clinical/Hospital	(3,970,356)
Faculty Start-up	(1,735,154)
Gain-share	(1,503,521)
Special Purpose	(4,948,027)
Total	(\$22,441,401)

SUPPLEMENTAL INFORMATION: GENERAL FUND EXPENDITURES BY UNIT

The following tables summarize each academic and support unit's general fund expenditures. Actual expenses for FY 2019 and FY 2020 are presented first, followed by each unit's expense budget for FY 2021 and FY 2022. Two elements affect every unit's budget and a third relates just to academic units.

1. Health insurance premiums increase in FY 2022 by 3.1 percent from FY 2021. This will have a corresponding impact on year-over-year budget comparisons. The increase includes funding to cover what would have been an employee premium increase.
2. Every unit was required to budget a minimum 3 percent contingency. The 3 percent contingency will be reallocated within each unit to fund unit expenses such as the compensation supplement, the increase in the employer-funded portion of health insurance, and the Enterprise Resource Planning (ERP) platform upgrade. In the following unit tables contingency dollars earmarked for these purposes are labeled, "University designated".

Health insurance premium increases were already reallocated from each unit's contingency account to the unit's fringe benefit budget. Table 10 itemizes each unit's contingency for FY 2022 and displays the original contingency requirement, the amount of contingency reallocated to fund the health insurance premium increase, and the amount of contingency remaining in the FY 2022 budget.

Some units elected to budget more than the required 3 percent minimum contingency and this is labeled, "Unit designated" in the following tables.

3. General fund expense budgets for academic units are based upon three components:
 - a. share of tuition revenues generated by the unit;
 - b. unrestricted university support; and
 - c. revenues generated from fees and other activities specific to the unit.

The university implemented an enrollment revenue allocation model in the FY 2021 budget. It functions as a mechanism to encourage and reward academic units for increasing enrollment and/or generating incrementally new tuition revenues. Academic units utilized the same allocation model to build their FY 2022 general fund budgets.

General Fund Expenditures by Unit

FY 2022 Operating Budget

Tuition revenues are allocated to each academic unit based upon the number of undergraduate credit hours instructed and a portion of their graduate and professional tuition revenues. Academic units also retain 100 percent of fees and other general fund revenues they generate. In the following sections, year-over-year changes to each of those three revenue streams are highlighted for every academic unit. The sum of those amounts equals the change in an academic unit's FY 2022 general fund expense budget.

Advancement

Table 14: Advancement General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	696,198	748,626	756,096	746,842	(9,254)	-1.2%
Fringe benefits	161,133	177,401	215,394	243,826	28,432	13.2%
Financial aid	-	-	-	-	-	
Operating	34,000	-	-	-	-	
Contingency	-	21,075	39,795	20,617	(19,178)	-48.2%
<i>University designated</i>			36,362	20,323		
<i>Unit designated</i>			3,433	294		
Total Expenses	891,330	947,102	1,011,285	1,011,285	-	0.0%

Notable general fund budget changes:

- Although the general fund budget for Advancement remains unchanged in FY 2022, the university will increase funding in the office’s non-general fund budget by about \$1.5 million to offset a decrease in support from the University Foundation. (See page 25 for more details.).

Athletics

Table 15: Athletics General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-
Financial aid	50,700	46,040	50,700	50,700	-	0.0%
Operating	2,092,852	1,712,819	2,092,819	1,931,360	(161,459)	-7.7%
Contingency	-	-	-	-	-	-
<i>University designated</i>						
<i>Unit designated</i>						
Total Expenses	2,143,552	1,758,859	2,143,519	1,982,060	(161,459)	-7.5%

Notable general fund budget changes:

- Funding is used to support gender equity, retention, and cheerleader scholarships.
- Reduction is removal of a short-term university funding support agreement that is now complete.

Audit Services

Table 16: Audit Services General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	1,015,872	2,251,094	1,258,547	1,258,547	-	0.0%
Fringe benefits	274,397	616,217	353,578	387,354	33,776	9.6%
Financial aid	-	-	-	-	-	-
Operating	79,658	421,056	127,018	127,018	-	0.0%
Contingency	-	-	72,925	54,053	(18,872)	-25.9%
<i>University designated</i>			66,633	38,893		
<i>Unit designated</i>			6,292	15,160		
Total Expenses	1,369,928	3,288,367	1,812,068	1,826,972	14,904	0.8%

Notable general fund budget changes:

- Increase in fringe benefits due to changes in full-time staffing and number of staff eligible for retirement benefits.

College of Arts and Sciences

Table 17: College of Arts and Sciences General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	45,472,237	45,751,463	45,710,616	45,078,784	(631,832)	-1.4%
Fringe benefits	12,660,328	12,452,272	13,455,125	13,559,085	103,960	0.8%
Financial aid	1,068,089	1,060,354	990,776	861,599	(129,177)	-13.0%
Operating	6,939,869	4,262,835	4,249,516	3,284,030	(965,486)	-22.7%
Contingency	-	-	2,767,791	2,762,791	(5,000)	-0.2%
<i>University designated</i>			<i>2,201,838</i>	<i>1,444,821</i>		
<i>Unit designated</i>			<i>565,953</i>	<i>1,317,970</i>		
Total Expenses	66,140,524	63,526,924	67,173,824	65,546,289	(1,627,535)	-2.4%

The College of Arts and Sciences’ general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$2.6 million
- General university support: +\$1.0 million
- Self-generated revenues: +\$0.0 million

Notable general fund budget changes:

- The college’s general fund expense budget decreases by \$1.6 million relative to FY 2021. The primary driver is an anticipated \$2.6 million decrease in allocated tuition revenue due to a multi-year trend of declining undergraduate credit hours instructed by the college. To partially offset that decrease in allocated resources, the FY 2022 budget includes a one-time \$900,000 increase in the college’s budget subsidy. An additional \$100,000 in university support is primarily associated with funding for faculty promotions.
- The college also expects to more fully utilize available gift and endowment funds as well as access a portion of available one-time savings to fund one-time expenses in FY 2022 (these are non-general fund budget activities and are not shown in the table above)
- When considering both general and non-general fund budgets, the College of Arts and Sciences FY 2022 is relatively flat compared with FY 2021.
- University and college leadership have initiated discussions to develop a mutually beneficial long-term financial stabilization plan for the college.

College of Business

Table 18: College of Business General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	15,141,118	15,527,602	18,301,838	20,838,025	2,536,187	13.9%
Fringe benefits	3,480,174	3,381,769	4,069,745	4,632,638	562,893	13.8%
Financial aid	401,231	454,981	512,000	1,170,151	658,151	128.5%
Operating	2,906,485	3,092,801	4,443,168	3,853,473	(589,695)	-13.3%
Contingency	-	-	1,234,715	1,207,956	(26,759)	-2.2%
<i>University designated</i>			1,128,184	788,595		
<i>Unit designated</i>			106,531	419,361		
Total Expenses	21,929,008	22,457,152	28,561,466	31,702,243	3,140,777	11.0%

The college’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: +\$3.6 million
- General university support: +\$0.0 million
- Self-generated revenues: - \$0.5 million

Notable general fund budget changes:

- Salary and fringe benefit increases due to hiring additional faculty and staff associated with enrollment growth in their MBA and MSBA graduate programs. The college is also investing in advising, public relations, and development programs by hiring new staff. College anticipates new revenue to offset the expense increases.
- Scholarship expense increases correspond to anticipated enrollment growth in the graduate programs.
- Unit is holding additional funds in contingency to ensure fall enrollment aligns with budget.

College of Education and Human Development

Table 19: College of Education and Human Development General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	14,170,782	13,955,333	14,324,281	14,855,584	531,303	3.7%
Fringe benefits	4,046,706	3,965,571	4,343,889	4,631,055	287,166	6.6%
Financial aid	344,841	125,582	-	-	-	
Operating	1,399,788	1,079,550	1,115,384	1,342,659	227,275	20.4%
Contingency	-	-	1,002,532	487,345	(515,187)	-51.4%
<i>University designated</i>			782,267	475,558		
<i>Unit designated</i>			220,265	11,787		
Total Expenses	19,962,117	19,126,036	20,786,086	21,316,643	530,557	2.6%

The college’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$609,000
- General university support: + \$325,000
- Self-generated revenues: - \$403,000

Notable general fund budget changes:

- Salary and fringe benefit increases due to hiring additional faculty in the Educational Leadership, Evaluation and Organizational Development (LEAD), Health & Sport Sciences (HSS), and Counseling and Human Development (ECPY) programs.
- Includes \$200,000 in general university support of the Early Learning Campus to offset losses due to lower enrollment and rising costs of maintaining the program.

Community Engagement

Table 20: Community Engagement General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	537,732	517,706	567,634	566,565	(1,069)	-0.2%
Fringe benefits	161,194	147,977	178,024	180,114	2,090	1.2%
Financial aid	-	-	-	-	-	
Operating	34,665	37,732	28,171	50,848	22,677	80.5%
Contingency	-	-	40,728	17,030	(23,698)	-58.2%
<i>University designated</i>			29,081	16,998		
<i>Unit designated</i>			11,647	32		
Total Expenses	733,590	703,416	814,557	814,557	-	0.0%

Notable general fund budget changes:

- Overall, Community Engagement’s general fund expense budget does not change. The increase in operating expenses is due to shifting funds from contingency since the minimum contingency level was reduced from 5 percent in FY 2021 to 3 percent in FY 2022.

Finance and Administration

Table 21: Finance and Administration General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	2,730,176	3,411,351	3,683,475	3,676,387	(7,088)	-0.2%
Fringe benefits	882,182	1,032,378	1,181,234	1,230,220	48,986	4.1%
Financial aid	-	-	-	-	-	
Operating	307,379	443,233	297,635	213,355	(84,280)	-28.3%
Contingency	-	-	216,667	187,049	(29,618)	-13.7%
<i>University designated</i>			197,973	107,848		
<i>Unit designated</i>			18,694	79,201		
Total Expenses	3,919,737	4,886,962	5,379,011	5,307,011	(72,000)	-1.3%

Notable general fund budget change:

- Slight decrease in the overall expense budget primarily due to a drop in self-generated revenue.

Graduate School

Table 22: Graduate School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	3,263,933	3,395,856	3,540,373	3,579,823	39,450	1.1%
Fringe benefits	610,859	657,366	726,671	740,887	14,216	2.0%
Financial aid	7,006,729	7,004,250	7,736,500	7,737,000	500	0.0%
Operating	189,480	181,617	139,540	113,352	(26,188)	-18.8%
Contingency	-	-	65,554	51,338	(14,216)	-21.7%
<i>University designated</i>			59,898	37,081		
<i>Unit designated</i>			5,656	14,257		
Total Expenses	11,071,001	11,239,089	12,208,638	12,222,400	13,762	0.1%

Notable general fund budget changes:

- In FY 2022, the Graduate School is reported separately from the Office of the Provost. Prior year expense and budget data is provided here for reference, but also shown under the Office of Provost for historic consistency.

Human Resources

Table 23: Human Resources General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	1,345,500	1,900,766	1,811,422	1,897,137	85,715	4.7%
Fringe benefits	383,904	557,035	575,382	589,401	14,019	2.4%
Financial aid	-	-	-	-	-	
Operating	254,101	215,370	186,680	186,680	-	0.0%
Contingency	-	-	105,163	63,272	(41,891)	-39.8%
<i>University designated</i>			96,089	63,272		
<i>Unit designated</i>			9,074	0		
Total Expenses	1,983,505	2,673,171	2,678,647	2,736,490	57,843	2.2%

Notable general fund budget changes:

- Salary and fringe benefit increase primarily represents internal staffing changes.

Kent School of Social Work

Table 24: Kent School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,044,734	5,299,691	5,627,999	6,054,443	426,444	7.6%
Fringe benefits	1,236,831	1,291,707	1,476,306	1,624,533	148,227	10.0%
Financial aid	215,429	206,111	212,000	212,000	-	0.0%
Operating	413,777	477,459	389,486	531,452	141,966	36.4%
Contingency	-	-	346,119	329,492	(16,627)	-4.8%
<i>University designated</i>			<i>301,316</i>	<i>197,303</i>		
<i>Unit designated</i>			<i>44,803</i>	<i>132,189</i>		
Total Expenses	6,910,771	7,274,968	8,051,910	8,751,920	700,010	8.7%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$1.7 million
- General university support: +\$2.2 million
- Self-generated revenues: +\$0.2 million

Notable general fund budget changes:

- Salary and fringe benefit increases are related to the following:
 - Hired new faculty and staff for the new Doctor of Social Work degree.
 - The Dean of Kent School of Social Work changed the compensation structure for Program Directors to 12-month appointments instead of supplemental payments to better represent year-round effort for program management.
- Increase in operating expense budget is tied to increased revenue and will be used for one-time expenses as needed to support the unit’s growth.
- “Tuition revenue allocations” decrease to correct an error in the FY 2021 budget; a corresponding increase is identified as an increase in “General university support”.

Law School

Table 25: Law School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,398,911	5,583,039	5,707,625	5,530,025	(177,600)	-3.1%
Fringe benefits	1,476,907	1,442,372	1,593,271	1,625,644	32,373	2.0%
Financial aid	2,067,779	2,244,661	2,271,400	2,274,400	3,000	0.1%
Operating	1,924,928	1,830,001	1,602,732	1,624,876	22,144	1.4%
Contingency	-	-	471,611	273,591	(198,020)	-42.0%
<i>University designated</i>			<i>430,920</i>	<i>273,591</i>		
<i>Unit designated</i>			<i>40,691</i>	<i>0</i>		
Total Expenses	10,868,525	11,100,073	11,646,639	11,328,536	(318,103)	-2.7%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$395,000
- General university support: + \$100,000
- Self-generated revenues: - \$ 23,000

Notable general fund budget changes:

- Expense budget decreases by \$318,000 primarily due to declining tuition revenue generated by the law school. The school will not fill a vacant position as a result.
- FY 2022 budget includes \$700,000 in university support—which is \$100,000 more than in FY 2021—to partially offset a projected tuition revenue decline.
- The law school plans to more fully utilize available gift and endowment funds in FY 2022 (which are non-general funds) to achieve an overall steady-state operating budget.

Libraries

Table 26: Libraries' General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	4,878,879	4,868,785	5,242,412	5,259,889	17,477	0.3%
Fringe benefits	1,721,195	1,692,530	1,861,914	1,906,724	44,810	2.4%
Financial aid	-	-	-	-	-	
Operating	10,229,965	10,294,709	9,252,767	10,015,794	763,027	8.2%
Contingency	-	-	768,610	491,517	(277,093)	-36.1%
<i>University designated</i>			702,294	450,666		
<i>Unit designated</i>			66,316	40,851		
Total Expenses	16,830,039	16,856,024	17,125,703	17,673,924	548,221	3.2%

Notable general fund budget changes:

- Most of the budget change is attributable to a \$522,000 increase in university support to help pay for rising journal subscription costs and other operational activities within University Libraries which was a priority item in the FY 2022 budget.
- University Libraries include: Archives & Special Collections, Art Library, Ekstrom Library, Kornhauser Health Sciences Library and Music Library.

Office for Health Affairs

Table 27: Office for Health Affairs General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	2,909,273	2,584,829	3,434,773	3,336,434	(98,339)	-2.9%
Fringe benefits	960,885	851,173	971,425	1,094,070	122,645	12.6%
Financial aid	25,638	26,000	69,810	133,544	63,734	91.3%
Operating	8,694,959	8,113,882	7,719,466	466,013	(7,253,453)	-94.0%
Contingency	-	113,789	620,268	214,385	(405,883)	-65.4%
<i>University designated</i>			566,751	163,033		
<i>Unit designated</i>			53,517	51,352		
Total Expenses	12,590,755	11,689,673	12,815,742	5,244,446	(7,571,296)	-59.1%

Notable general fund budget changes:

- Expense budget decreases by \$7.5 million due to a change in where hospital rent and an associated expense transfer are recognized. Instead of the general fund, the financial activity will now be recognized in a non-general fund account to more properly align it with other clinical and hospital revenues.
- These funds originate from University of Louisville Health and will be recognized as non-general funds under the University of Louisville Research Foundation.

Office of EVPRI

Table 28: Office of EVPRI General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,322,678	5,626,612	6,576,333	6,481,165	(95,168)	-1.4%
Fringe benefits	1,681,238	1,668,695	2,007,621	2,030,971	23,350	1.2%
Financial aid	11,357	30,546	40,531	46,488	5,957	14.7%
Operating	3,029,810	3,085,660	2,151,263	2,627,737	476,474	22.1%
Contingency	-	121,000	461,561	242,432	(219,129)	-47.5%
<i>University designated</i>			421,737	242,309		
<i>Unit designated</i>			39,824	123		
Total Expenses	10,045,082	10,532,514	11,237,309	11,428,793	191,484	1.7%

Notable general fund budget changes:

- Salary expense decrease due to transfer of staff to the Office of the COO.
- Operating cost increase reflects transfer of \$522,000 in Facilities and Administrative recovery funds to University Libraries.

Office of the COO

Table 29: Office of the COO General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	29,143,114	16,896,519	24,489,803	24,671,062	181,259	0.7%
Fringe benefits	10,284,105	6,635,465	9,274,524	9,947,686	673,162	7.3%
Financial aid	-	-	-	-	-	
Operating	11,904,020	9,279,112	6,464,112	8,304,313	1,840,201	28.5%
Contingency	-	-	1,693,676	1,171,826	(521,850)	-30.8%
<i>University designated</i>			<i>1,547,545</i>	<i>891,135</i>		
<i>Unit designated</i>			<i>146,131</i>	<i>280,691</i>		
Total Expenses	51,331,239	32,811,095	41,922,115	44,094,887	2,172,772	5.2%

Notable general fund budget changes:

- Salary and fringe benefits increase primarily due to the transfer of four staff members, and the associated budget, from the office of the Office of EVPRI.
- Operating expenses increase primarily due to budgeting parking-related debt service. In prior fiscal years, the Parking Office budgeted and generated a revenue surplus equal to the amount of debt service, but the debt service was paid from a central university account. Beginning in FY 2022, debt service expenses are budgeted and will be paid in Parking where the revenues are generated. (There is a corresponding budget decrease in a Central unit. See page 58.) This represents a shift of expense; it is not a new expense.

Office of the President

Table 30: Office of the President General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	4,266,749	5,476,396	5,990,748	6,217,726	226,978	3.8%
Fringe benefits	1,034,696	1,297,077	1,555,588	1,661,209	105,621	6.8%
Financial aid	66,368	69,405	73,500	73,500	-	0.0%
Operating	2,471,613	1,521,426	1,452,497	1,386,789	(65,708)	-4.5%
Contingency	-	-	395,690	358,882	(36,808)	-9.3%
<i>University designated</i>			361,550	217,562		
<i>Unit designated</i>			34,140	141,320		
Total Expenses	7,839,426	8,364,304	9,468,023	9,698,106	230,083	2.4%

Notable general fund budget changes:

- Salary and fringe benefit budget increases primarily due to a reorganization of communications staff from the Health Science Center to the Office of the President. This represents a shift of budget from one unit to another.

Office of the Provost

Table 31: Office of the Provost General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	20,882,307	29,619,755	28,091,379	24,261,860	(3,829,519)	-13.6%
Fringe benefits	5,869,790	8,387,805	8,360,386	7,768,864	(591,522)	-7.1%
Financial aid	52,834,116	54,625,853	56,414,915	48,607,716	(7,807,199)	-13.8%
Operating	9,705,868	11,533,203	12,159,283	11,457,184	(702,099)	-5.8%
Contingency	-	-	2,045,943	1,753,848	(292,095)	-14.3%
<i>University designated</i>			<i>1,858,917</i>	<i>1,092,084</i>		
<i>Unit designated</i>			<i>187,026</i>	<i>661,764</i>		
Total Expenses	89,292,081	104,166,617	107,071,906	93,849,472	(13,222,434)	-12.3%

Notable general fund budget changes:

- Decrease in the overall budget is primarily due to separately reporting the Graduate School and its \$12.2 million budget. (See “Graduate School” table on page 41.)
- In addition, the International Center will move from the Office of the Provost to Student Affairs in FY 2022 and represents another \$900,000 decrease in the FY 2022 budget relative to FY 2021.

School of Dentistry

Table 32: School of Dentistry General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	15,447,140	15,422,579	16,707,830	17,449,076	741,246	4.4%
Fringe benefits	4,576,769	4,472,934	4,959,161	5,166,535	207,374	4.2%
Financial aid	291,839	276,838	265,371	265,380	9	0.0%
Operating	1,814,293	4,371,884	2,620,955	4,088,707	1,467,752	56.0%
Contingency	-	-	1,323,296	641,157	(682,139)	-51.5%
<i>University designated</i>			973,682	641,157		
<i>Unit designated</i>			349,614	(0)		
Total Expenses	22,130,040	24,544,234	25,876,613	27,610,855	1,734,242	6.7%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$1.8 million
- General university support: + \$0.0 million
- Self-generated revenues: + \$0.0 million

Notable general fund budget changes:

- Salary and wage expense increase primarily due to planned hiring of additional faculty in Comprehensive Dentistry, Rehab & Reconstructive Dentistry, Surgical & Hospital and Academic Support.
- Operating expenses increase, in large part, to fund the purchase of dental-related equipment.

School of Medicine

Table 33: School of Medicine General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	28,771,322	27,786,029	28,466,198	28,291,507	(174,692)	-0.6%
Fringe benefits	7,043,712	6,837,427	7,483,655	7,565,308	81,653	1.1%
Financial aid	704,777	711,693	608,046	1,572,243	964,197	158.6%
Operating	2,189,565	1,901,457	3,273,440	4,817,025	1,543,585	47.2%
Contingency	-	-	1,829,159	1,110,623	(718,536)	-39.3%
<i>University designated</i>			1,562,138	1,018,973		
<i>Unit designated</i>			267,021	91,650		
Total Expenses	38,709,376	37,236,605	41,660,498	43,356,706	1,696,207	4.1%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$1.4 million
- General university support: + \$0.1 million
- Self-generated revenues: + \$0.3 million

Notable general fund budget changes:

- Approximately \$1.5 million increase in general operating expenses is associated with rising costs and includes a shift from unit contingency due to reducing the set aside requirement from 5 percent to 3 percent.

School of Music

Table 34: School of Music General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	4,892,554	5,101,357	5,027,544	4,925,791	(101,753)	-2.0%
Fringe benefits	1,412,542	1,427,098	1,512,133	1,502,423	(9,710)	-0.6%
Financial aid	770,217	738,111	867,009	897,160	30,151	3.5%
Operating	432,593	370,680	305,816	478,875	173,059	56.6%
Contingency	-	-	384,863	179,691	(205,172)	-53.3%
<i>University designated</i>			295,690	179,691		
<i>Unit designated</i>			89,173	(0)		
Total Expenses	7,507,905	7,637,246	8,097,365	7,983,940	(113,425)	-1.4%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$ 65,000
- General university support: + \$ 15,000
- Self-generated revenues: - \$ 63,000

Notable general fund budget changes:

- Salary and wage expenses decrease due to a decision to delay two faculty searches to FY 2023 and apply those dollars to fund one-time operating expenses instead.
- The unit plans to conduct faculty searches in FY 2022 for the two strategic faculty positions that will start in FY 2023.

School of Nursing

Table 35: School of Nursing General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,352,354	5,474,649	4,406,867	5,447,996	1,041,129	23.6%
Fringe benefits	1,460,563	1,335,141	1,155,347	1,488,874	333,527	28.9%
Financial aid	(500)	(800)	-	-	-	
Operating	350,512	295,588	356,464	572,927	216,463	60.7%
Contingency	-	-	980,534	177,104	(803,430)	-81.9%
<i>University designated</i>			302,928	174,668		
<i>Unit designated</i>			677,606	2,436		
Total Expenses	7,162,929	7,104,578	6,899,212	7,686,901	787,689	11.4%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$740,000
- General university support: + \$ 27,000
- Self-generated revenues: + \$ 25,000

Notable general fund budget changes:

- Salary and wage expense increase split between faculty and staff including new hires in education, research, and administrative support.
- The increase in the operating expense is due to the lower minimum contingency requirement in FY22 and shifting budget to operating expenses.

School of Public Health and Information Sciences

Table 36: School of Public Health and Information Sciences General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	2,705,216	3,081,113	3,116,741	3,981,257	864,516	27.7%
Fringe benefits	665,802	759,481	840,669	1,076,555	235,886	28.1%
Financial aid	44,244	15,335	30,249	69,974	39,725	131.3%
Operating	220,087	163,065	189,799	204,713	14,914	7.9%
Contingency	-	-	207,411	839,992	632,581	305.0%
<i>University designated</i>			160,180	142,977		
<i>Unit designated</i>			47,231	697,015		
Total Expenses	3,635,351	4,018,994	4,384,869	6,172,491	1,787,622	40.8%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$1.4 million
- General university support: + \$0.4 million
- Self-generated revenues: - \$0.0 million

Notable general fund budget changes:

- Increase in tuition due to growing market demand for degrees in public health.
- Salary and wage expense increase due, in part, to support enrollment growth and includes:
 - An additional \$400,000 in faculty salaries in Health Promotion and Behavioral Science and Health Management and System Science
 - An additional \$450,000 in staff salaries in Public Health.
- General university support increase of \$400,000 is primarily related to previous commitments made to the school.
- Contingency increase of \$600,000 for FY 22, which is approximately \$700,000 more than the minimum 3 percent required.

Speed School

Table 37: Speed School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	18,940,561	19,569,543	20,191,352	20,610,207	418,855	2.1%
Fringe benefits	4,946,810	4,876,193	5,457,962	5,610,911	152,949	2.8%
Financial aid	313,065	357,514	221,997	226,419	4,422	2.0%
Operating	2,835,928	2,490,760	1,915,638	2,457,197	541,559	28.3%
Contingency	-	-	1,204,660	672,578	(532,082)	-44.2%
<i>University designated</i>			1,051,839	672,578		
<i>Unit designated</i>			152,821	(0)		
Total Expenses	27,036,364	27,294,010	28,991,609	29,577,312	585,703	2.0%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$433,000
- General university support: + \$399,000
- Self-generated revenues: - \$246,000

Notable general fund budget changes:

- Salary and fringe benefit increases due to hiring additional faculty in the Cybersecurity, Robotics and Research programs.
- Operating expense increase primarily reflects a shift from the contingency budget due to a decrease in the minimum contingency level from 5 percent to 3 percent.

Student Affairs

Table 38: Student Affairs General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,525,365	5,686,804	6,591,205	7,306,156	714,951	10.8%
Fringe benefits	1,618,413	1,611,854	1,906,073	2,217,086	311,013	16.3%
Financial aid	916,055	903,885	806,926	910,168	103,242	12.8%
Operating	6,205,866	6,030,111	6,810,083	12,036,695	5,226,612	76.7%
Contingency	-	-	753,765	442,313	(311,452)	-41.3%
<i>University designated</i>			677,514	442,313		
<i>Unit designated</i>			76,251	(0)		
Total Expenses	14,265,700	14,232,654	16,868,052	22,912,418	6,044,366	35.8%

- Housing rates will not increase in FY 2022 (see Table 7)
- Housing accounts for approximately \$8.2 million of the total general fund budget for the Office of Student Affairs.

Notable general fund budget changes:

- Operating expenses increase by \$5.2 million due to:
 - About \$3 million increase due to budgeting debt service in FY 2022. In previous years, the debt service budget was set up as a revenue surplus and the expense was budgeted in a central university department. The debt service is now budgeted with the corresponding revenue.
 - About \$900,000 increase due to reorganization of International Center from the Office of the Provost in FY 2022.
 - About \$600,000 increase due to reorganization of the Student Center Building allocation in FY 2022. In previous years, this was budgeted in a central university department.
 - About \$200,000 increase due to commitment to Title IX.

University-wide (Utilities, Debt Service, Insurances)

Table 39: Debt Service, Utilities, and Other Central Activity General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	487,704	(104,277)	500,468	932,452	431,984	86.3%
Fringe benefits	329,745	677	38,292	128,400	90,108	235.3%
Financial aid	358,037	340,383	-	-	-	
Operating	53,059,967	54,291,661	53,844,790	45,753,344	(8,091,446)	-15.0%
Contingency	-	-	-	-	-	
<i>University designated</i>						
<i>Unit designated</i>						
Total Expenses	54,235,452	54,528,444	54,383,550	46,814,196	(7,569,354)	-13.9%

Notable general fund budget changes:

- Operating expense decrease is associated with relocating \$3.9 million in debt service expense budgets. Prior to FY 2022, debt service for parking, the Student Activity Center, and the Student Rec Center were budgeted centrally, but the revenues used to pay the debt service were recorded in Student Affairs and Parking. This change aligns revenues and expenses within the unit responsible for the debt service payment.
- Refinancing of the Student Rec Center debt lowered debt service payments for one year and accounts for an additional \$1.9 million in lower operating expenses.
- Utility expenses decrease by another \$1.3 million decrease.

NON-GENERAL FUND OVERVIEW

The university’s non-general fund budget represents activities tied to specific purposes such as grants, gifts and endowments, clinical operations, and athletics. They are self-balancing activities in that their expenses are also constrained by external requirements. Revenue and expense plans are developed and budgeted on an account-by-account basis and predicated upon the estimated activity for each account’s funding source and expense requirements.

Most non-general fund revenues flow through the university’s two affiliated corporations: University of Louisville Research Foundation, Inc. (ULRF) and the University of Louisville Athletic Association, Inc. (ULAA). Table 40 presents the non-general fund expense budget, including ULRF and ULAA, along with anticipated gift and endowment expenses, and other internally designated fund activities. For FY 2022, the university’s non-general fund budget totals \$796.6 million, a \$88.2 million increase from FY 2021.

Table 40: Non-general Fund Revenue and Expense Budget for FY 2022

	Research Foundation	Athletics	Gifts and Endowments	Internally Designated	Total Non-general
Revenues					
Tuition and Fees					0
State Funds					0
Transfers to General Fund					0
Auxiliaries					0
Clinical (including Hospital)	341,438,891				341,438,891
CARES / Federal Relief Funds	22,000,000				22,000,000
Sponsored Agreements	151,000,000				151,000,000
Pass Through Financial Aid	46,790,000				46,790,000
Other Revenue	30,129,260	107,700,000	56,376,651	18,726,327	212,932,238
Total Fiscal Year Revenues	591,358,151	107,700,000	56,376,651	18,726,327	774,161,129
Funds Received in Prior Periods	9,817,255			12,624,145	22,441,401
Total Funding Available	601,175,406	107,700,000	56,376,651	31,350,472	796,602,530
Expenditures					
Salary	256,092,408	37,921,932	19,375,125	4,286,161	317,675,626
Fringe Benefits	57,646,573	7,095,355	3,507,077	1,105,887	69,354,892
Operating	199,378,797	37,676,595	25,275,109	16,797,343	279,127,844
Scholarships	65,593,273	15,889,072	8,219,340	1,446,800	91,148,485
Capital Asset plus Debt Service				7,714,281	7,714,281
Transfers to General Fund	22,464,356	8,314,846			30,779,202
Utilities		802,200			802,200
Total Expenditures	601,175,406	107,700,000	56,376,651	31,350,472	796,602,529
Budget Surplus/(Deficit)	0	0	0	0	0

Non-general Fund Revenues

Notable sources of non-general fund revenue increases include:

- \$22 million from federal coronavirus relief funds accounts for a significant portion of the non-general fund budget increase;
- \$20 million increase in expected sponsored research, including Facilities and Administrative overhead recovery;
- \$10 million increase in clinical and hospital revenues due, in large part, to additional ULH mission support; and
- \$2.8 million expected increase in pass-through federal and state student financial aid.

Revenues received in previous fiscal years for which a corresponding expense was not incurred are recognized as “Prior Year Funds” in the FY 2022 budget if an expense is anticipated. Revenues can only be counted once, which is why these funds are separately identified in the budget. All expenses associated with Prior Year Funds are one-time in nature, corresponding to the one-time nature of the funds. Requests to budget Prior Year Funds are carefully examined, and their use is monitored on a regular basis throughout the fiscal year.

The FY 2022 non-general fund expense budget includes \$22.4 million in Prior Year Funds. These dollars will be used to fund one-time expenses including \$1.7 million to fund faculty start-up packages including lab equipment, for example.

Non-general funds include \$22.4 million in Prior Year Funds. Table 41 shows, by activity, how those dollars are expected to be deployed in FY 2022. Most expenses represent improvements to physical plant (e.g., lab, classroom, or office repairs/renovations). In many cases, units accumulate (or save) dollars over a period of years to complete these projects. These are one-time expenses.

Table 41: Use of Prior Year Funds (Non-general Funds)

Activity	FY 2022
Grant-related	(3,603,332)
Plant funds	(6,681,011)
Clinical/Hospital	(3,970,356)
Faculty Start-up	(1,735,154)
Gain-share	(1,503,521)
Special Purpose	(4,948,027)
Total	(\$22,441,401)

Non-general Fund Expenditures

Non-general fund budgets are self-balancing, meaning that expenditures match available resources. Most non-general fund activities including, for example, sponsored research funding are impacted by numerous factors outside of the university’s control. Federal appropriations for research serve to expand or contract the amount of available research funding. Likewise, gift and endowment funds are dependent upon donors, market returns, and the University of Louisville Foundation spend policy decisions. In FY 2022, the University of Louisville Foundation board set a 3 percent spend policy rate. The total amount of endowment spend policy increased by about \$3 million relative to FY 2021 due, in part, to improved market returns but also a decrease in the number of endowments that had constrained spend policies due to being “underwater” (i.e., having a market value below the book value).

Table 42 presents a unit-by-unit detail of FY 2022 budgets by general and non-general fund categories.

Table 42: FY 2022 Operating Expenditure Budget by Unit and Funding Source

	FY 2021	FY 2022 Budget					All Funds
	Budget	General Funds	UL Research Foundation	Athletics	Gifts and Endowments	Internally Designated	
Office of the President	9,468,023	9,698,106	2,265,587		3,646,479	496,728	16,106,900
Intercollegiate Athletics	2,143,519	1,982,060	0	107,700,000	19,851	0	109,701,911
Vice President for Finance	5,379,011	5,307,011	318,348		0	65,000	5,690,359
Human Resources	2,678,647	2,736,490	42,831		0	0	2,779,321
COO/Physical Plant	41,922,115	44,094,887	2,365,733		91,065	5,496,067	52,047,752
Audit Services	1,812,068	1,826,972	25,249		0	0	1,852,221
Office of the Provost	94,863,268	93,849,472	47,009,447		2,295,563	2,706,131	145,860,613
Executive Vice President for Research	11,237,309	11,428,793	4,808,964		1,338,179	625,000	18,200,936
Vice President for Student Affairs	16,868,052	22,912,418	100,873		333,287	3,946,801	27,293,379
Vice President for University Advancement	1,011,285	1,011,285	1,482,812		6,495,424	7,500	8,997,021
Vice President for Community Engagement	814,557	814,557	435,312		13,901	3,100	1,266,870
University Libraries	17,125,703	17,673,924	492,906		1,342,183	868,423	20,377,436
College of Arts & Sciences	67,173,824	65,546,289	907,339		2,675,997	3,226,276	72,355,901
J.B. Speed School of Engineering	28,991,609	29,577,312	3,252,925		4,106,482	1,429,772	38,366,491
College of Business	28,561,466	31,702,243	5,584,711		3,637,279	1,600,905	42,525,138
College of Education and Human Development	20,786,086	21,316,643	613,397		874,054	1,385,335	24,189,429
Kent School of Social Work	8,051,910	8,751,920	1,986,866		241,633	11,089	10,991,508
Brandeis School of Law	11,646,639	11,328,536	2,414,016		855,738	0	14,598,290
School of Music	8,097,365	7,983,940	36,614		964,486	119,503	9,104,543
School of Interdisciplinary and Graduate Studies	12,208,638	12,222,400	32,357		3,486	100,000	12,358,243
Executive Vice President for Health Affairs	12,815,742	5,244,446	71,520,757		223,943	25,240	77,014,386
School of Dentistry	25,876,613	27,610,855	27,017,677		753,353	21,200	55,403,085
School of Medicine	41,660,498	43,356,706	392,761,952		25,363,984	8,948,071	470,430,713
School of Nursing	6,899,212	7,686,901	5,741,236		757,383	152,874	14,338,394
School of Public Health and Information Sciences	4,384,869	6,172,491	7,932,891		342,901	115,457	14,563,739
Debt Service, Utilities, Insurances, etc.	54,383,550	46,814,196	22,024,608	0	0	0	68,838,804
Total Expenditures	536,861,578	538,650,852	601,175,406	107,700,000	56,376,651	31,350,472	1,335,253,382