Report of the Interim President

The first three weeks

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I. Activities and actions during the first three weeks

II. Introduction of new Deans
   A. School of Dentistry
   B. Kent School of Social Work

III. Update on Budget Preparation
UPDATE ON BUDGET PREPARATION
OVERVIEW

I. Background
   – Historic environment

II. Background
   – Current environment

III. Three phase approach

IV. Quick wins & 2017 projections

V. The 2017-18 budget

VI. The future

VII. Benefits to the UofL community
Background

Previously only modest risk in higher education budgeting

- Steady and secure State funding
- Rising tuition & fees
- Growth in research resources
- Little competition for niche resources
- Slow change
Background

Current environment characterized by risk and uncertainty

- Decline in state funding now totals 32% cumulatively in KY
- Future state funding is to be determined by evolving performance based models
- Increasing tuition is a last resort since financial strain is a major impediment to student graduation
Background

• Research resources are highly competitive and increasingly scarce

• Budgeting process is now more complex and requires real-time analysis and adjustment

• Online opportunities and challenges must be considered

• There is intense national competition for faculty, students and staff
THREE PHASE APPROACH

I. CURRENT ACADEMIC YEAR

II. 2017-18 ACADEMIC YEAR

III. FOUNDATION FOR FUTURE DECISION MAKING
Year End 2016-17 Projections

- Immediate expense reductions
- Active management of operations, AR and AP
- Freeze on expenditures
- A positive year-end variance to budget is projected
2016-17 Budget

• Tuition flat compared to current academic year

• ULF income is adjusted for foundation sustainability

• Budget is based on current-year actual revenue and expenditures as opposed to budgeted amounts
2017-18 Budget

• Further draw-down of ULF and/or UofL reserves is not possible

• To balance the 2017-18 budget we must eliminate $48M in expense – just over 4% of the total UofL budget
How will this be achieved?

- Expenses will remain flat compared to current year actuals
- A strict hiring frost will allow no more than 25% replacement hires to accommodate strategic intent
- Salaries will remain flat
- Renovation/deferred maintenance will be on hold
- Administrative/expense reductions will be enhanced
TOP IDEAS
From the Dean’s/VP’s Retreat

- New course offerings
- Summer courses
- Evening classes
- 82% full time faculty
- 10 month salary strategy
- Online course development
- Industry partnerships
- Hybrid classes

- Focused development
- Owning our own housing
- Incentive comp plans for clinical faculty
- Hospital management gains
- Fee for service tuition model
- Increase in masters programs/grad students
- Improved 4 year graduation rates
- Completion degree
The Future: Revenue Opportunities

- Hospital operations/management
- Development
- Enrollment growth
- Student retention
- Industry/academic partnerships
- On-line education programs
- City/state/federal grant opportunities
Benefits to the UofL community

• Flat tuition
• No need for large-scale RIF’s
• No need for programmatic closure
• Ability to re-establish reserves at UofL and at the ULF so as to be positioned for strategic investment and financial strength
• Ability for faculty/leadership to engage now in long term budget planning initiatives
• Community trust/transparency
THANKS FOR YOUR SUPPORT AND ADVOCACY OF THE UNIVERSITY

QUESTIONS?
THANK YOU
FOR MORE INFORMATION

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