

A detailed illustration of the University of Kentucky's Old Chapel tower, showing its ornate architecture, including a spire and arched windows, positioned on the left side of the slide.

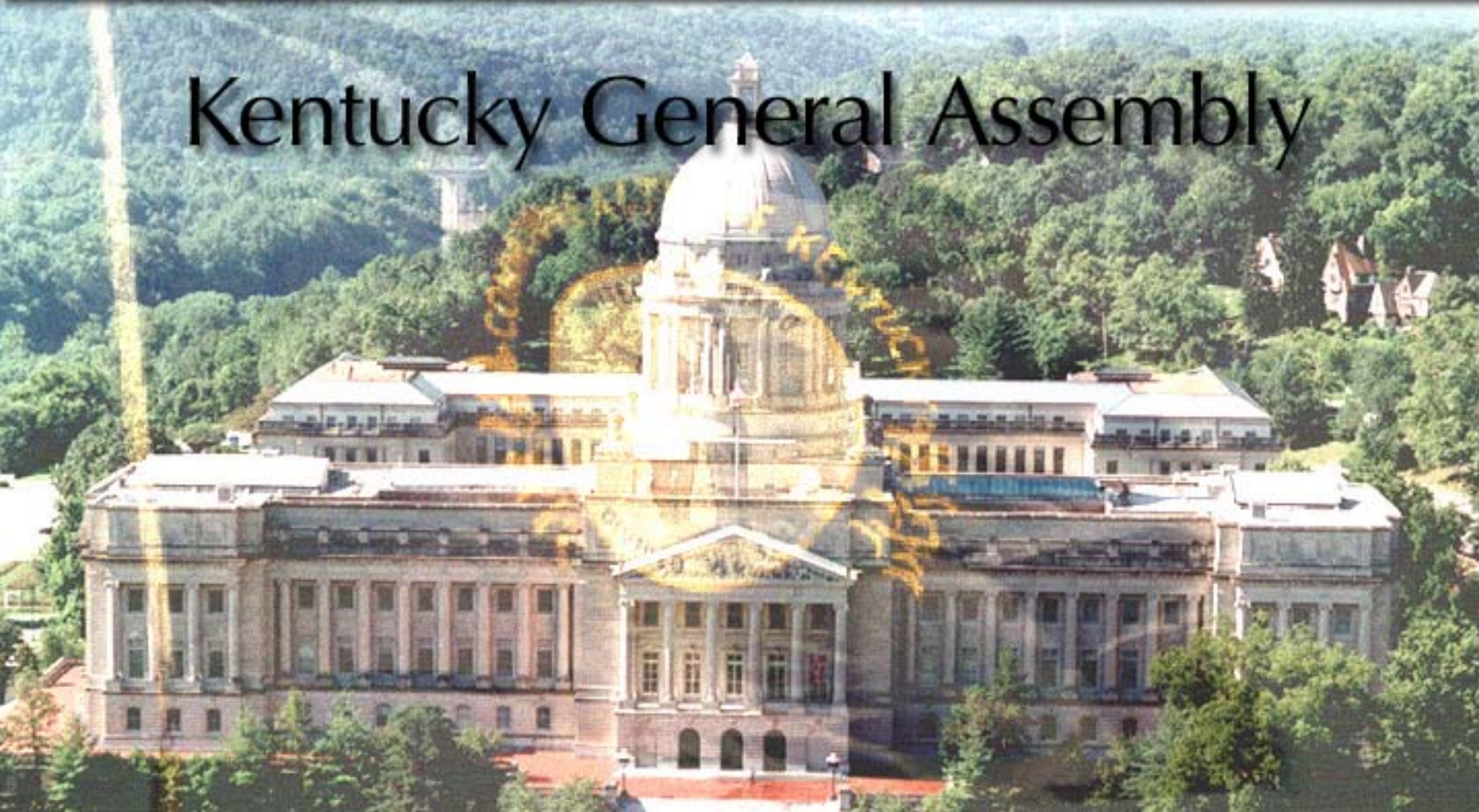
University of Kentucky Annual Operating Budget

Fiscal Year 2002-03

UNIVERSITY OF KENTUCKY



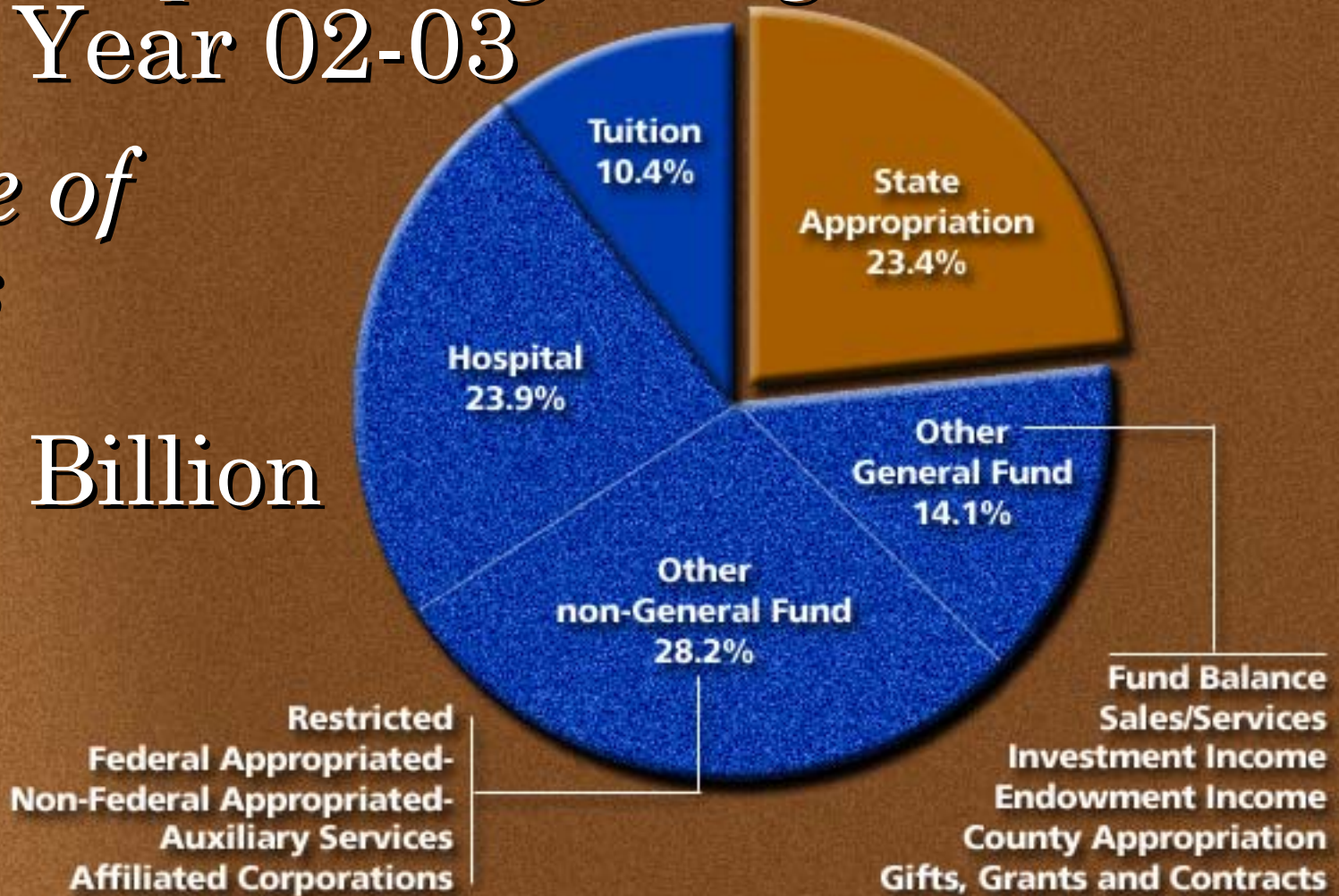
Kentucky General Assembly



University of Kentucky Annual Operating Budget Fiscal Year 02-03

Source of Funds

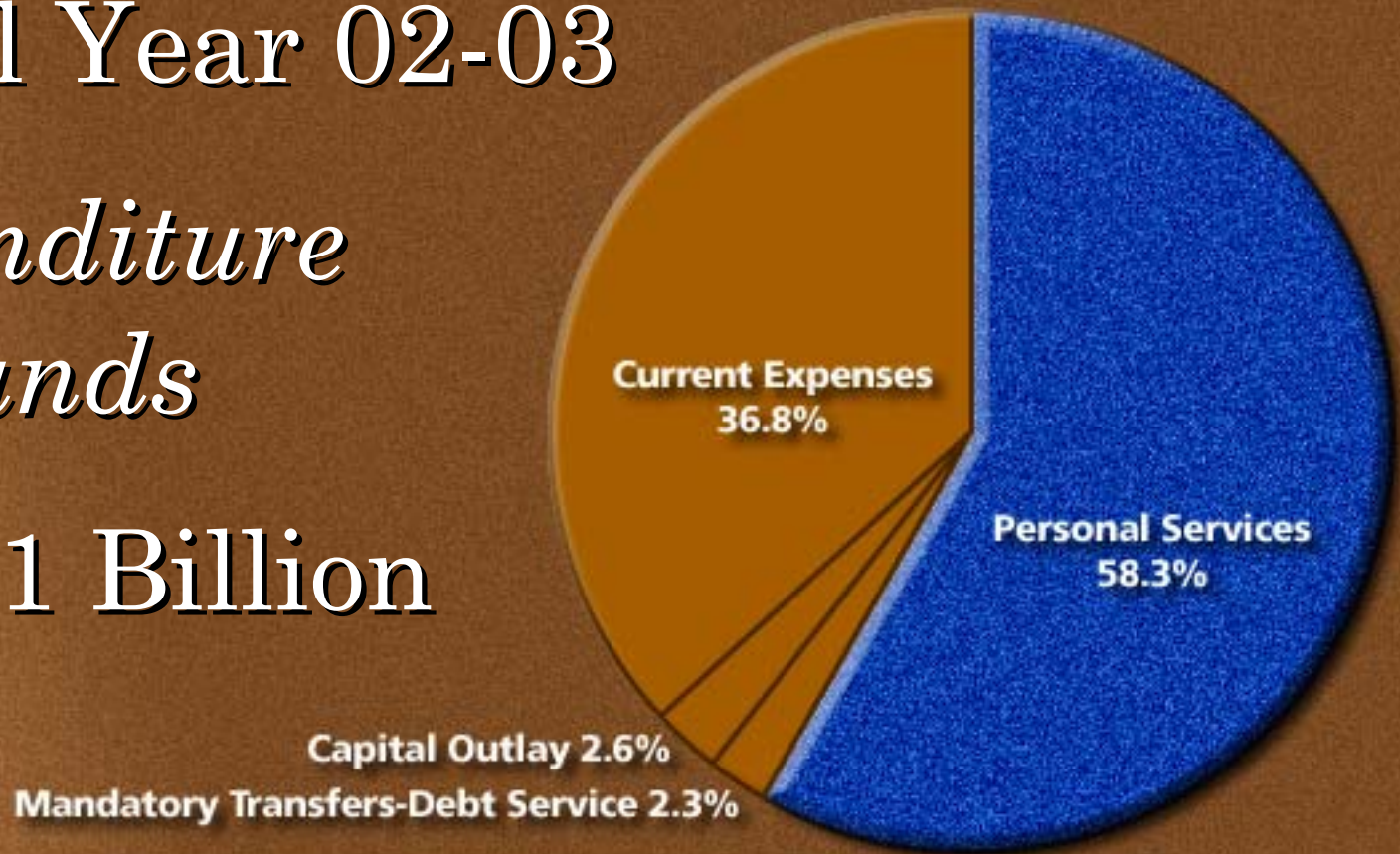
\$1.341 Billion



University of Kentucky Annual Operating Budget Fiscal Year 02-03

Expenditure of Funds

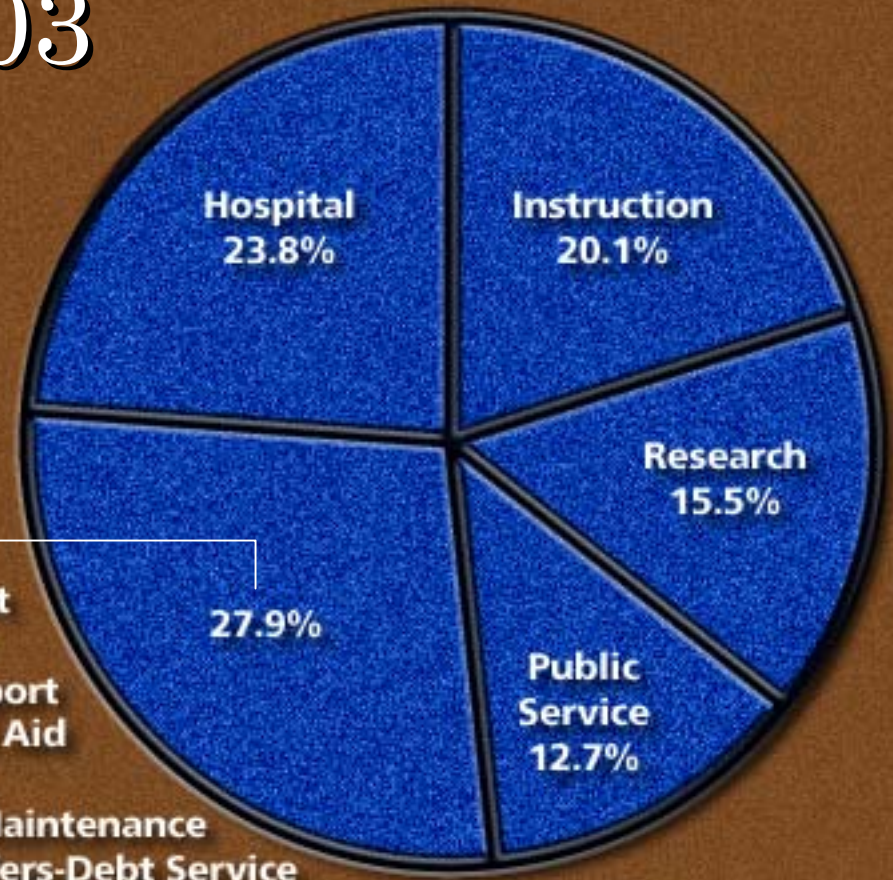
\$1.341 Billion



University of Kentucky Annual Operating Budget Fiscal Year 02-03

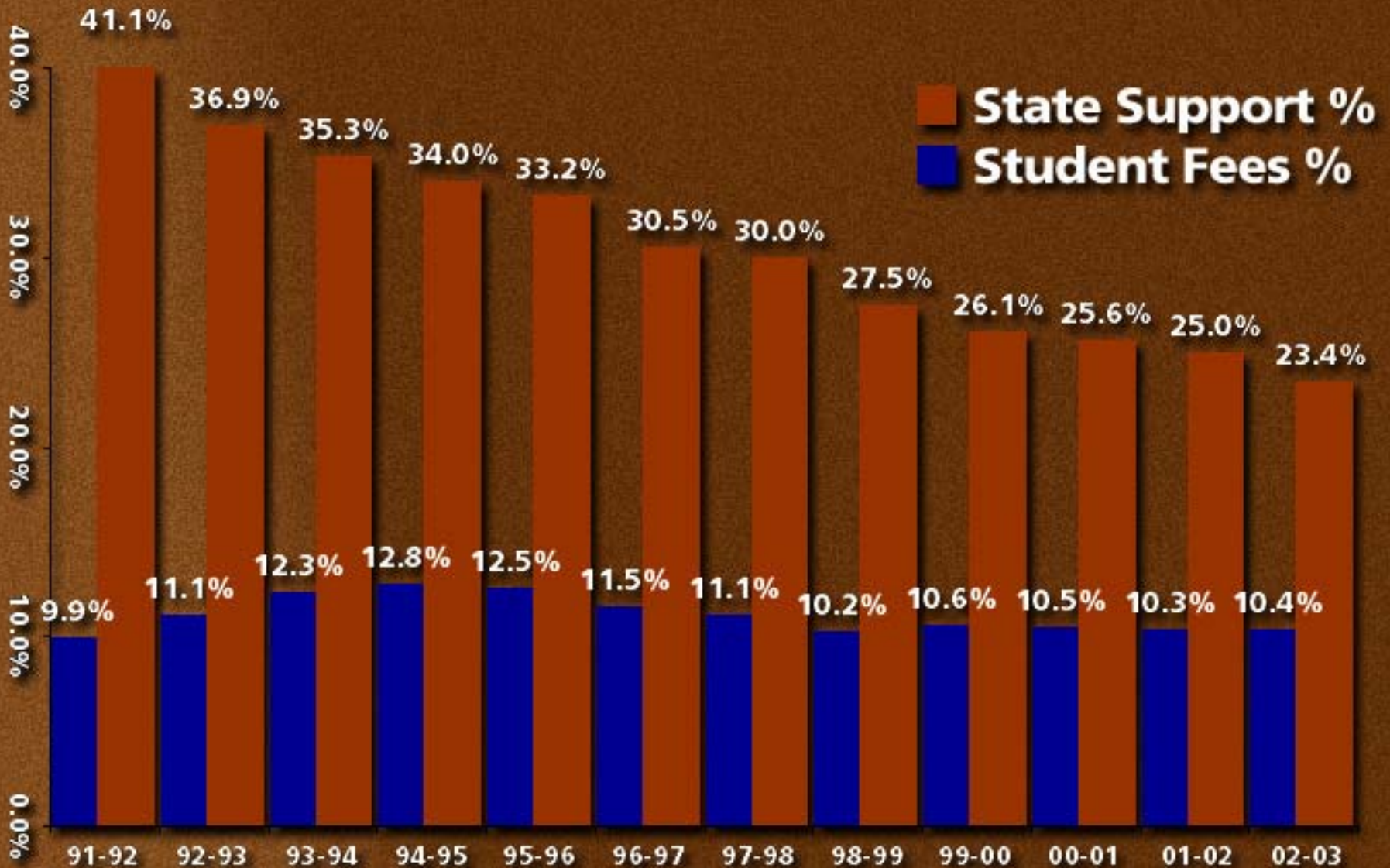
Use of Funds

\$1.341 Billion



- Academic Support
- Student Services
- Institutional Support
- Student Financial Aid
- Auxiliaries
- Operations and Maintenance
- Mandatory Transfers-Debt Service

Share of Budget/State Support





The Environment

- No new funding—
Operating or Capital
- Base Budget
reduction—\$6 Million

Employee Health Plan Issue

*widespread
employee
dissatisfaction
with university
Health Plan*





The Environment

Faculty and Staff Salaries

Major Objectives

1. Find a way to absorb \$6M — without passing reduction to the academic units

Major Objectives

2. Significantly improve Health Plan Benefits to employees
(implement Task Force recommendations where possible)

Major Objectives

3. Give at least a modest salary supplement—

- Based on merit performance, not across the board
- Without forcing departments to provide the funding

Major Objectives



4. Fund program
improvements



A new way to consider
the university budget process



Q: Could we
reinvest the
savings from
administrative
reorganization?



Q: Could we
reinvest the
savings from
administrative
reorganization?


A: Yes, savings totaled \$1.25 million which was reinvested.

Q: Could we develop a sound cost accounting basis for allocating the cost of Central Services* to self-supporting units?


*Purchasing, Accounting, Human Resources, etc.

Q: Could we develop a sound cost accounting basis for allocating the cost of Central Services* to self-supporting units?

A: Yes, made available \$3.1M with this concept.



Q: Could we make more effective use of non-recurring funds available to us?



Q: Could we make more effective use of non-recurring funds available to us?

A: Yes, total non-recurring funds made available: 16.4M

Q: Could we construct a model such that each department would pay
Miscellaneous Fringe Benefits:

- 1) Disability
- 2) Workers Compensation
- 3) Employee Education
- 4) Post Retirement Benefits
- 5) Supplemental Retirement Income
- 6) Wellness
- 7) Unemployment Compensation
- 8) Terminal Vacation
- 9) Terminal Sick Leave

...thereby making these costs chargeable to Federal Contracts and Grants?

Q: Could we construct a model such that each department could pay Miscellaneous Fringe Benefits, thereby making these costs chargeable to Federal Contracts and Grants?

A: Yes, total savings using this process - \$3.9M



Q: Could we adopt a new model for funding departmental operations?



Q: Could we adopt a new model for funding departmental operations?

A: Yes, the model yields \$4.9M

The image features a vertical photograph of a classical building, likely a university structure, on the left side. The building has a prominent tower with a dome and arched windows. The background is a solid, textured brown color.

The Decision: Achieve all four objectives

1. Absorb \$6M without reducing academic budgets
2. Implement Health Plan Task Force recommendations
3. Give 3% salary supplements
4. Fund program improvements



Decision: Objective One

*Find a way to absorb \$6M—
without passing reduction onto academic units*

Used \$6M of recurring pool
to reduce the budget base
therefore protecting
academic budgets



Decision: Objective Two

Significantly improve Health Plan Benefits to employees

- Implemented the Health Plan Task Force recommendations
- No increase for single employee coverage
- Held benefits constant
- Improved family coverage from 32% to 54%
- Cost of \$5M to the General Fund budget, but when extended to self-supporting units the total cost is \$9.7M.



Decision: Objective Three

Give at least a modest salary supplement

- Implemented a 3% salary supplement on a non-recurring basis, and based the award on merit performance for the previous year
- Cost of \$7.6M

Decision: Objective Four

Fund program improvements


	RECURRING	NONRECURR
Provost	\$1,936	\$1,010
Medical Center	708	565
Research	550	-
Administration	367	-
TOTAL FY 02-03	\$3,561	\$1,575

(in thousands)

The image features a vertical architectural illustration of a tower, likely from the University of Kentucky, on the left side. The tower has a dark base with a circular emblem, a white section with a window, and a dark top section with a spire. The background is a solid brown color.

President

- Commission on the Status of Women - \$93,800 from nonrecurring funds to provide for a Director, a clerical position, equipment, operating expenses, and programmatic needs.
- Commission on Diversity - \$85,000 from nonrecurring funds to provide for a Director, a clerical position, equipment, operating expenses, and programmatic initiatives.



President Capital Projects

- Koinonia House Renovation
\$397,000
- Library Science Renovation
to Lucille Little
\$600,000
- Singletary Center electrical project
\$500,000
- Classroom improvements
\$1,000,000
- Misc. Renovations
\$914,500



Medical Center Initiatives focus on the following:

- 1) New programs that respond to state-wide and national health care needs and trends.
 - School of Public Health
 - Doctorate in Nursing Practice

- 2) Programs with planned enrollment increases to respond to state-wide and national workforce shortages:
 - Doctorate in Pharmacy

- 3) Programs which will enhance multidisciplinary research efforts and stronger graduate education:
 - Nutritional Sciences
 - Integrated Biomedical Sciences

New Allocation Dollars from the President

- 1) College of Medicine (Total Recurring \$250,000 and Total Nonrecurring \$200,000)
 - School of Public Health - \$125,000 (Recurring)
 - School of Public Health - \$200,000 (Non-recurring)
 - Integrated Biomedical Science Curric. - \$125,000 (Recurr)
- 2) College of Pharmacy (Total Recurring \$175,000)
 - Tuition Return - \$175,000 (Recurring)
- 3) College of Nursing (Total Recurring \$200,000 and Total Nonrecurring \$50,000)
 - Doctorate in Nursing Practice (\$200,000 Recurring)
- 4) Medical Center Graduate Centers and Institutes (Total Recurring \$83,000)
 - Nutritional Sciences (\$83,000 - Recurring)
- 5) Instructional Technology (\$315,000 – Nonrecurring)

A vertical image of the University of Kentucky tower, showing its ornate architecture and a clock face, positioned on the left side of the slide.

Tentative Special State Allocations pending State Budget Approval

- 1) Breast Cancer Task Force
(\$115,000 – Recurring)
- 2) Morehead/Corbin Residency Prog.
(\$300,000 – Recurr)
- 3) Medical Center Nonrecurring
Support for MC Initiatives




Provost requests were aimed at three priorities:

1. Addressing historic budget problems that had grown in magnitude due to regular cuts into the academic programs;
2. Investing in areas that would advance enrollment growth and student retention gains;
3. Growing our capacity for new research funding and stronger graduate education.

Requests use a funding model that:

- Combined support from the President and from the Provost
- Employed incentive-based formulas aimed at specific, measurable goals

The image features a vertical photograph of a stone tower with a dome, likely a part of the University of Kentucky's architecture, positioned on the left side of the slide. The tower has multiple levels with arched windows and a decorative top section.

1. Addressing historic budget problems that had grown in magnitude due to regular cuts into the academic programs;


- a) Colleges of Agriculture, Architecture, Law: \$187,000
- b) College of Education, Martin School, Institutional Planning and Effectiveness: \$116,500



2. Investing in areas that would advance enrollment growth and student retention gains;


Five faculty lines were added in the two colleges experiencing the largest growth in enrollment and course demands:

- a) Gatton College of Business and Economics - 3 lines (\$260,000)
- b) College of Communications and Information Studies (\$110,000)



3. Growing our capacity for new research funding and stronger graduate education.

1. Operating budgets of the colleges were increased by \$440,000 (\$400 per FTE faculty member) - \$240,000 from the President and \$200,000 from the Provost
 - Approximately half of the allocation was given on a recurring basis; half can be earned through colleges meeting specific, agreed-upon targets for
 - improved retention of first year students
 - increases in sponsored project activity
2. Enhancements of Disability Resource Center, Undergraduate Education (TLC, Honors, Admissions), and Office of Institutional Effectiveness (\$115,000)



New or Expanded Initiatives - Nonrecurring

1. \$400,000 (Provost) in support of college proposals regarding Futures Task Force recommendations
2. \$250,000 (\$200,000 from President and \$50,000 increase from Provost) in support of expanded Lyman T. Johnson graduate fellowship support for minority students
3. \$40,000 (President) in support of Women's Writers' Conference/External Fellowships Director

THANKS!!

Fiscal Affairs

Gene Williams
Karen T. Combs
Roxanne McLetchie
Courtney Higdon
Richard Barbella
Shane Kosky
Kristine Muller
Cynthia Clinton
Fran Dyer
Brenda Rice
Mark Denomme
Penny Cox

Controller/Treasurer

Clay Owen
Marc Mathews
Robert Marshall
Dale Austin

Sr Vice President

Jack Blanton
Kristen Cheser
Judith Marshall



Concluding Remarks



UNIVERSITY OF KENTUCKY



University of Kentucky
Annual Operating Budget

Fiscal Year 2002-03

UNIVERSITY OF KENTUCKY