

“With little material reward or outside recognition, the faculty of this institution has weathered tight budgets and significant enrollment increases with a remarkable record of continued quality instruction and documented student satisfaction. The 2005-06 budget offers hope and promise for a new day and brighter future for this University and the Commonwealth.

This coming year’s budget is built upon the tripod of investment, planning, and modernization. With additional financial resources, the University can more fully invest in its people and its teaching research, and outreach programs; with enhanced funding, the University can plan in a meaningful way for distant, lofty goals; with needed resources, the University can truly modernize its infrastructure and bring it into the twenty-first century. We faculty look to the governor, the state legislature, and the Council of Postsecondary Education to further this formula for sustained growth and long-term social and economic development in the years to come. A flagship university and its dedicated employees deserve nothing less.”

**Ernie Yanarella - Chair, University Senate Council**

“Despite remarkable barriers, the University of Kentucky has made remarkable strides in the quality and quantity of students who choose to further their education here. Staff recognize the challenges faced by the University and appreciate efforts to keep commitments in post-retirement benefits in an environment of soaring health care costs. To continue moving forward means attracting and retaining the high caliber staff who help our institution operate and grow as an educational leader for the Commonwealth and the nation..”

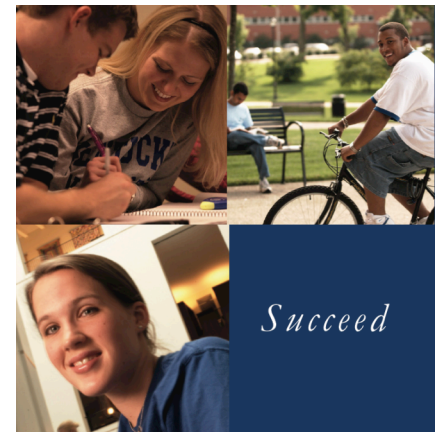
**David Ellis - Chair, Staff Senate**

“This budget clearly demonstrates this University's priorities - our students, faculty, and staff. I am particularly pleased to see that over two-thirds of the money generated by the tuition increase will go toward scholarships. We must continue to attract and retain the kind of people who will make our classrooms and services Top 20 caliber.”

**Rachel Watts - Student Member, Board of Trustees**

Influential  
 RECOGNITION  
 COMPETITIVE  
 OUTREACH  
 20 BEST  
 EXCELLENCE  
 EFFECTIVE EQUITY  
 SERVICE  
 DISCOVERY  
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 Influential  
 SCHOLARSHIP  
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 EFFECTIVE EQUITY  
 DISCOVERY  
 COMPETITIVE  
 Kentuckians  
 PROGRESS

# Operating & Capital Budget 2005-2006



RECOGNITION  
Influential  
COMPETITIVE

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COMPETITIVE  
OUTREACH  
LEARNING  
KNOWLEDGE  
EFFECTIVE  
SERVICE  
DISCOVERY  
EXTENSION  
COMPETITIVE  
LAND GRANT  
ELEVATE  
SERVICE  
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DISCOVERY  
COMPETITIVE  
Kentuckians  
PROGRESS

## *Accomplishments Since 2000*

- Enrollment has increased by 2,698 students (11.3 percent)
- First-year student class increased by 872 students (30 percent)
- Governor's Scholars and Governor's School for the Arts students have more than tripled to 303 students
- Six-year graduation rate increased by over four percentage points to 59.6 percent, the highest of all public universities in Kentucky
- Total number of degrees awarded annually increased by 369 to 5,247 (7.6 percent)
- UK researchers brought in a record \$238.3 million of outside funding for grants and contracts, an increase of 37 percent
- Market value of endowments increased to \$532.4 million



# 2005-2006 Budget Investments

## In Our Faculty and Staff:

- Fund a four percent merit salary increase pool
- Cover most of the increase in health insurance costs

## In Our Students:

- Provide more scholarships
- Fund program improvements

## In Our Infrastructure:

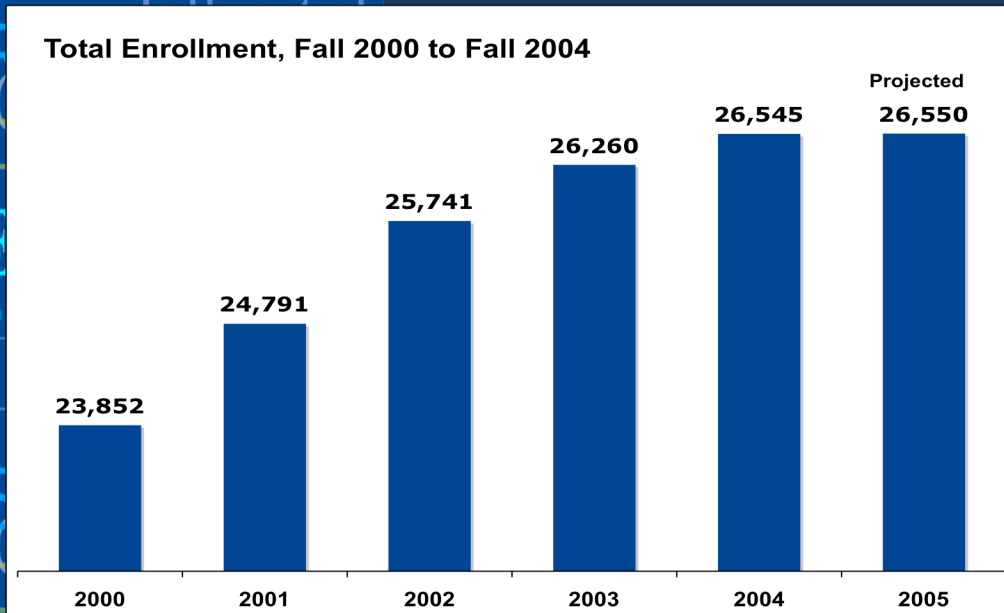
- Fund implementation of administrative computing system (IRIS)

RECOGNITION  
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DISCOVERY  
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SCHOLARSHIP  
Influential

Challenge



EXTENSION  
COMPETITIVE  
LAND GRANT  
ELEVATE  
SERVICE  
OUTREACH  
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Kentuckians  
PROGRESS



## *Expanding Student Enrollment*

Since 2000, UK has increased enrollment:

- from 70 Kentucky counties
- from 19 of the Council on Postsecondary Education's 29 "underserved" counties
- from 32 of Kentucky's 55 Appalachian counties
- among Pell Grant eligible students

UK is the only Kentucky university where Kentuckians' share of the undergraduate population has remained steady since 1998 (84.3 percent)



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# Improving Student Quality

## First-Year Students, Fall 2000 to Fall 2004

Year	Students	Governors Scholars and Governors School for the Arts	Valedictorians	Entering with AP Credit
2004	3,961	303	157	944
2003	3,688	318	145	857
2002	3,718	272	148	728
2001	3,037	125	125	577
2000	2,928	98	86	502

COMPETITIVE  
OUTREACH  
LEARNING

KNOWLEDGE

EFFECTIVE EQUITY  
SERVICE

DISCOVERY

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EFFECTIVE EQUITY

DISCOVERY

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**Change in Retention Rates, 2000 to 2004  
Kentucky Public Institutions**

	2000	2004
<b>University of Kentucky</b>	<b>88.0%</b>	<b>87.6%</b>
University of Louisville	78.7%	81.3%
Murray State University	77.7%	77.8%
Western Kentucky University	76.8%	75.1%
Eastern Kentucky University	72.9%	73.7%
Morehead State University	71.1%	71.9%
Kentucky State University	69.8%	68.0%
Northern Kentucky University	68.2%	67.3%
KCTCS	54.9%	56.5%
<b>Total Postsecondary System</b>	<b>69.1%</b>	<b>69.1%</b>

*Increasing  
Student  
Success*

**Change in Graduation Rates, 2000 to 2004  
Kentucky Public Institutions**

	2000	2004
<b>University of Kentucky</b>	<b>55.3%</b>	<b>59.6%</b>
Murray State University	46.3%	57.3%
Western Kentucky University	41.5%	44.5%
Northern Kentucky University	35.4%	39.5%
Morehead State University	38.6%	37.9%
Eastern Kentucky University	30.0%	33.8%
University of Louisville	30.8%	33.3%
Kentucky State University	31.2%	29.5%
<b>Total University System</b>	<b>39.8%</b>	<b>44.3%</b>

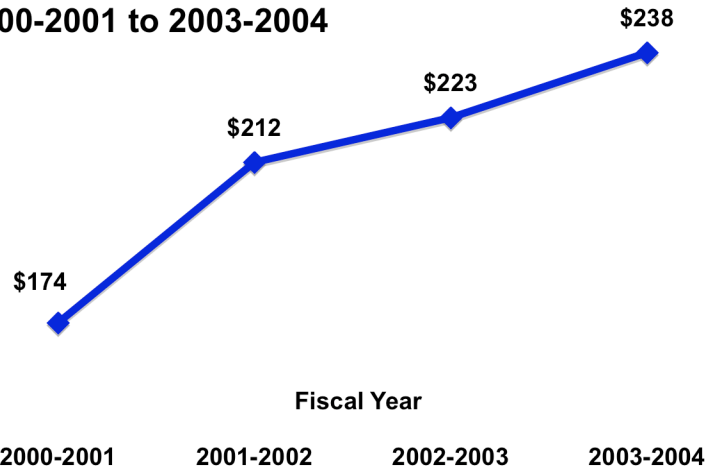
*Challenge*



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DISCOVERY  
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**External Grants and Contracts  
(in millions)**

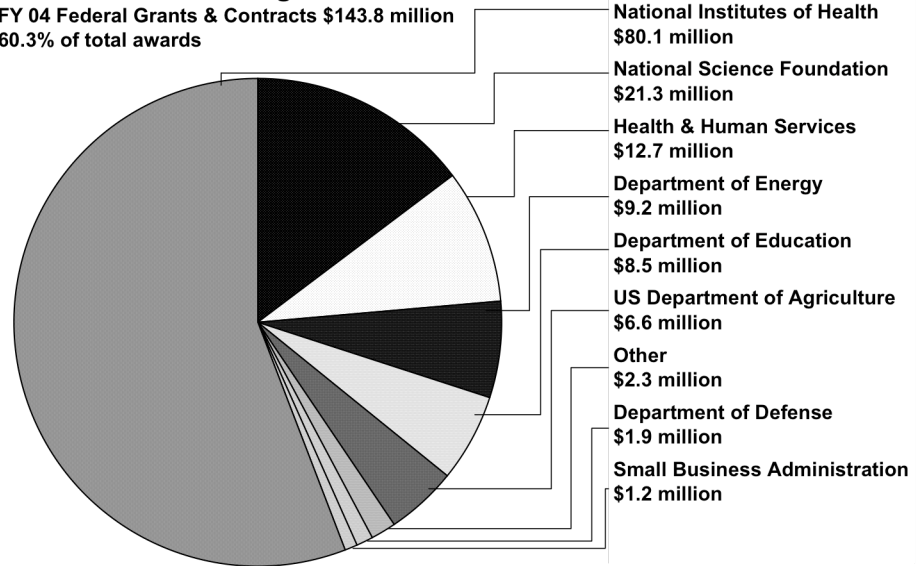
2000-2001 to 2003-2004



# Strengthening Research

**UNIVERSITY OF KENTUCKY  
2004 Federal Funding**

FY 04 Federal Grants & Contracts \$143.8 million  
60.3% of total awards



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- Since 2000, UK has increased the number of Endowed Chairs and Professorships from 193 to 296, an increase of 53.4 percent

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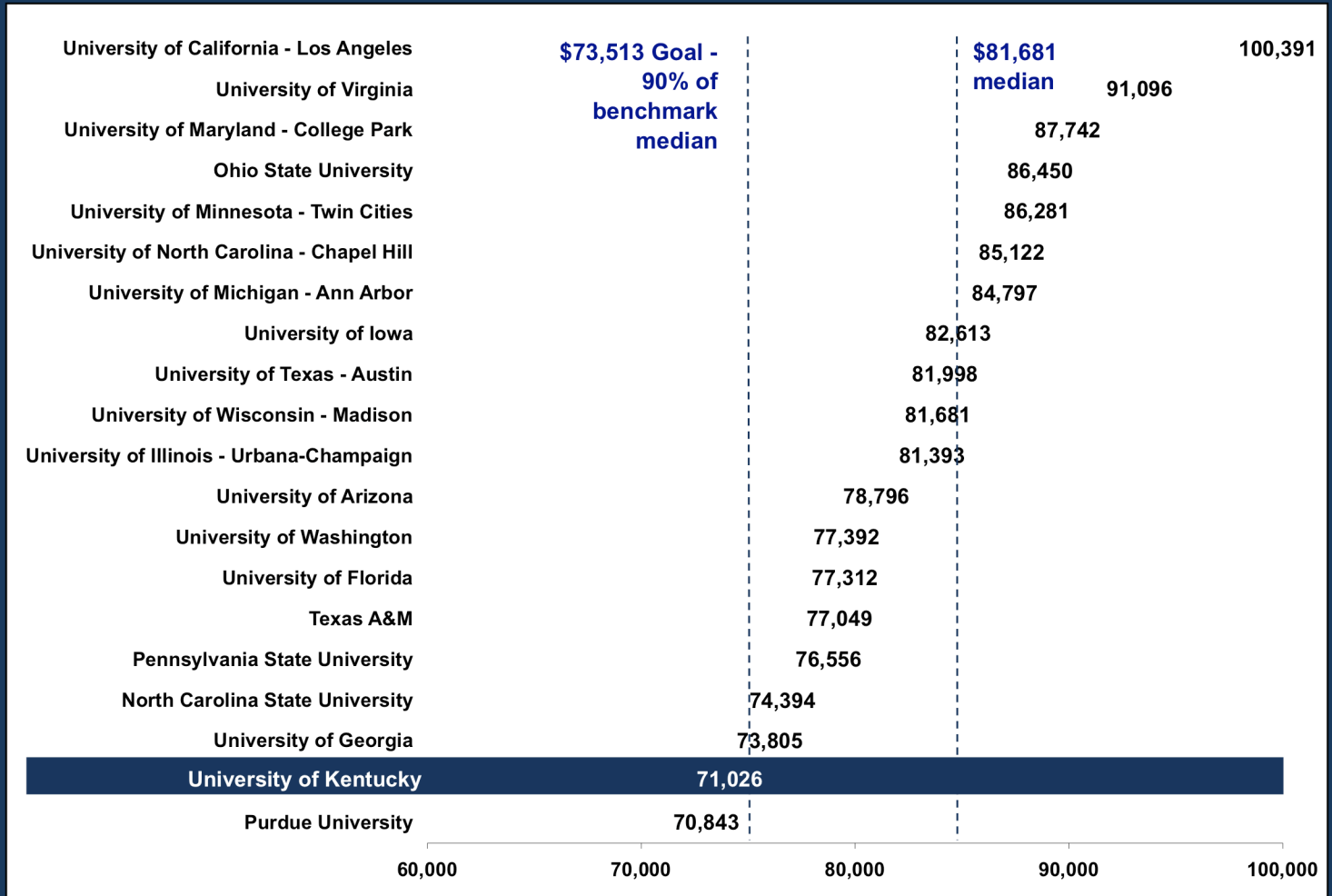
Dream



COMPETITIVE  
OUTREACH  
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Kentuckians  
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# Greatest Challenge

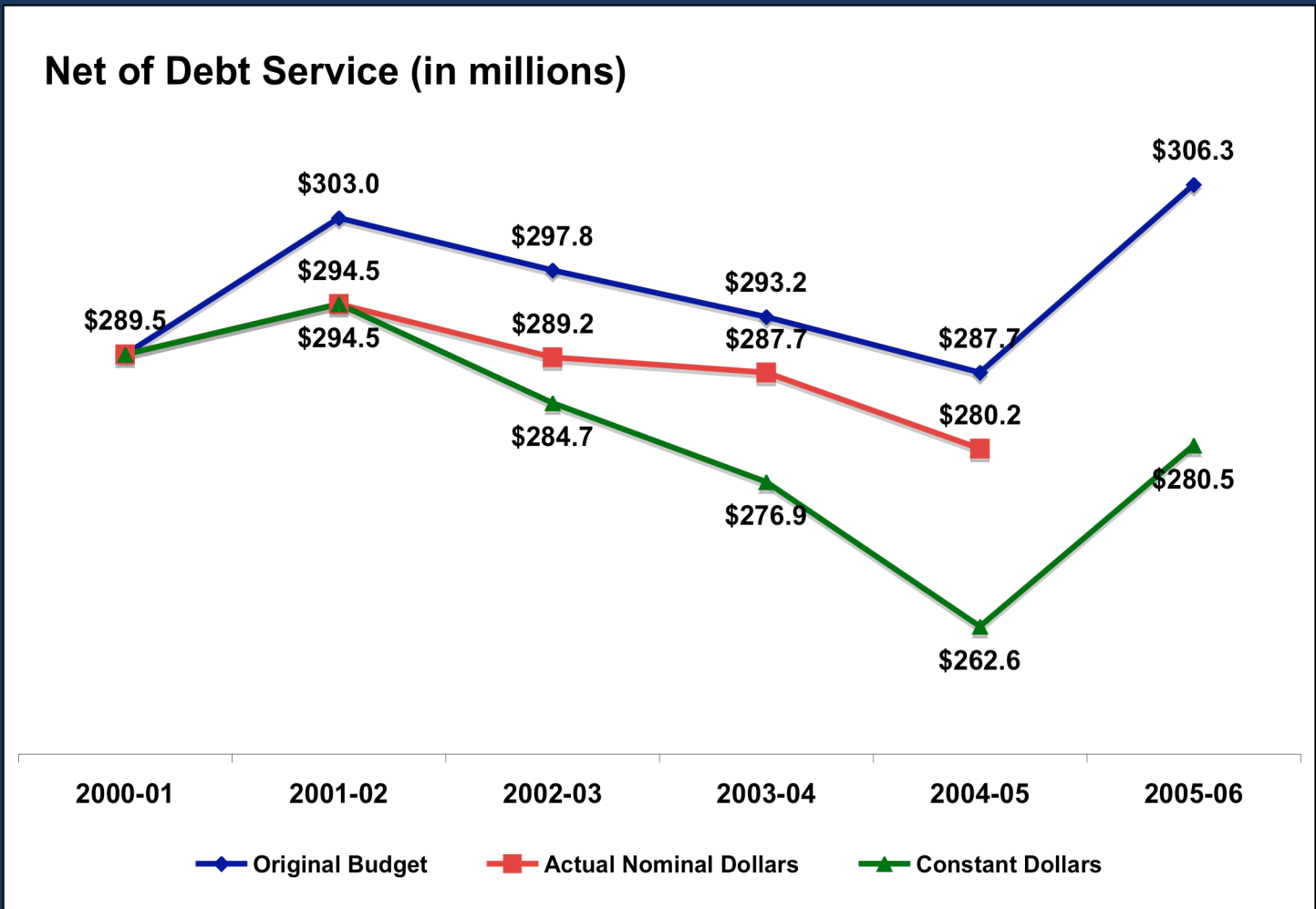
## Average Faculty Salary (All-Ranks), 2004-2005



Source: Office of Institutional Research, Planning, & Effectiveness

# State Appropriations

Net of Debt Service (in millions)



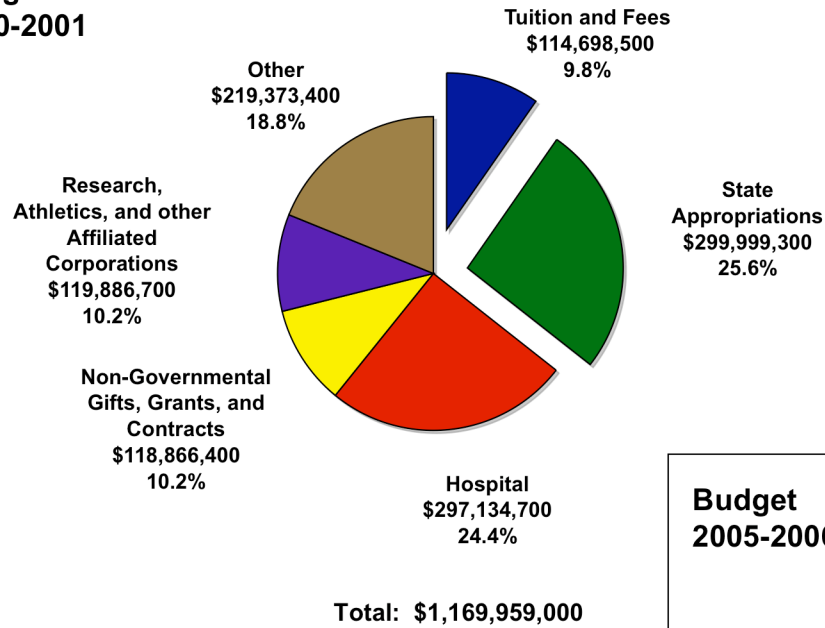
Source: US Bureau of Labor Statistics - CPI-U

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 SCHOOL LEADERS  
 Challenge  
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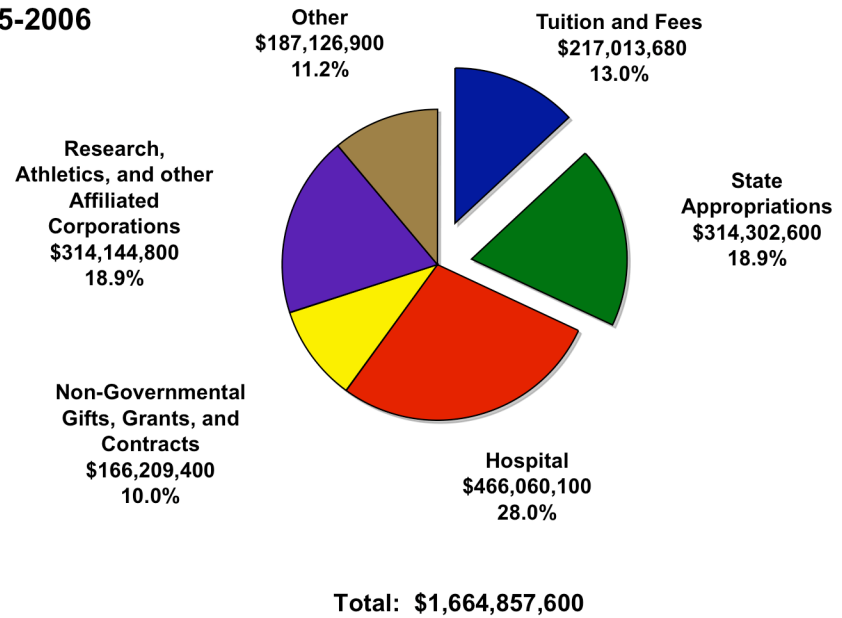
Influential

### Budget 2000-2001



## UK's Changing Budget

### Budget 2005-2006



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### Undesignated General Funds for Educational and General Activities

State Appropriation	\$314,302,600
Tuition	169,817,800
Other	45,419,900
<b>Total</b>	<b>\$529,540,300</b>

### Designated General Funds

University Hospital	\$466,060,100
Research, Athletics, and Other Affiliated Corporations	314,144,800
Non-Governmental Gifts, Grants, and Contracts	166,209,400
Fees	47,196,000
Other	141,707,000
<b>Total</b>	<b>\$1,135,317,300</b>

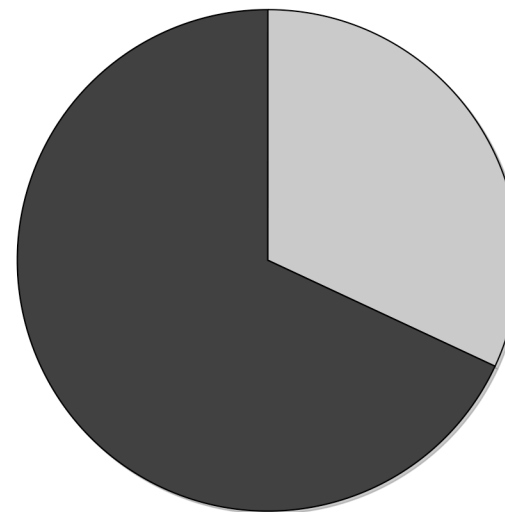
**TOTAL** **\$1,664,857,600**

# UK's 2005-2006 Budget



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**Designated  
Funds**  
\$1,135,317,300  
68.2%

**Undesignated  
Funds**  
\$529,540,300  
31.8%

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# 2005-2006 Budget Highlights

## Undesignated General Funds for Educational and General Activities

### FUNDING SOURCES

Additional State Appropriation		\$ 13,248,100
Earmarked State Appropriations:		
County Extension Agents	1,000,000	
Kentucky Health Care Infrastructure	175,000	
Collaborative Center for Literacy Development/Reading Recovery	600,000	
Teacher Training Program		
West Liberty Regional Technology Center	750,000	
Maintenance and Operations and Utilities	2,887,900	5,412,900
Tuition Revenue		15,794,000
Other net income from investments		3,833,000
		<u>\$ 38,288,000</u>

### FUNDING NEEDS

Salaries (four percent salary increase pool and additional funds for retention and equity)	\$ 15,007,200
Benefits (including health insurance)	2,489,500
Scholarships	11,604,100
Dedicated Tuition Differential	1,334,000
Earmarked State Appropriations	5,412,900
Program Improvements, including the Integrated Resource Information System (IRIS)	3,603,400
Academic and Public Safety Improvements	1,760,800
	<u>\$ 41,211,900</u>

### INTERNAL REALLOCATION / RESERVES

\$ 2,923,900



## 2005-2006 Budget Highlights, cont.

### Capital Projects:

- Biological Pharmaceutical Complex - Phase I
- University Hospital Patient Care Facility - Phase I
- Livestock Disease Diagnostic Center - Phase I
- Student Health Facility

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SCHOLARSHIP

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# Challenges

- Top 20 Mandate
- Recruiting and Retaining Faculty
- Enrollment
- Affordability / Tuition Rates
- 2006-08 Budget Cycle
  - Operating Budget
  - Capital Projects
- Post-Retirement Benefits

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DIRECT

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COMPETITIVE  
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“The General Assembly has mandated that UK become a Top 20 public research university by 2020. Over the next 15 years, we will continue to build the kind of university our youngest Kentuckians deserve. Together we will dream. We will challenge. We will succeed.”

*- Lee T. Todd, Jr.*

