

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Bob S. DiPaola, Provost, Co-Executive Vice President for Health Affairs

Eric N. Monday, Executive Vice President for Finance and Administration,
Co-Executive Vice President for Health Affairs

Ilhem Messaoudi, Acting Vice President for Research

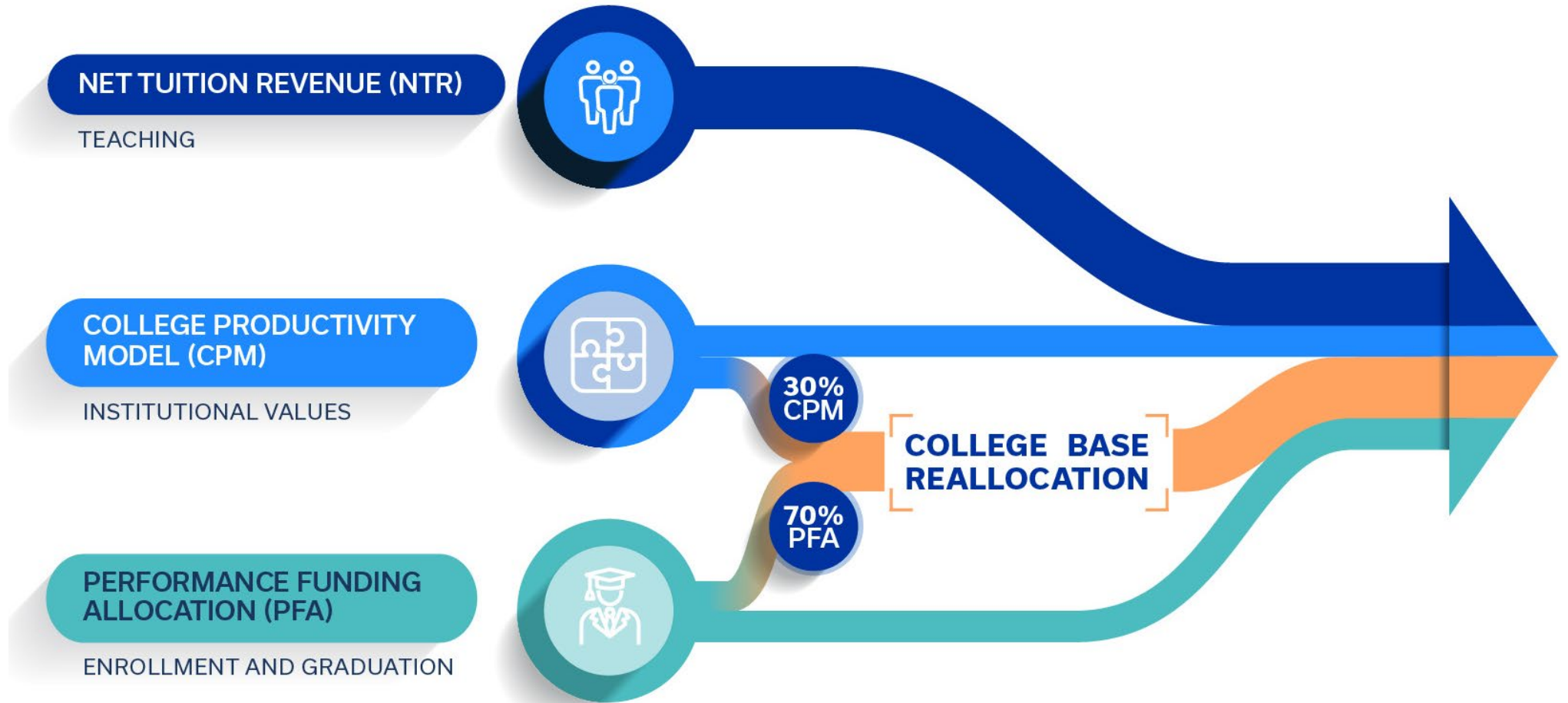


**LEVERAGING
RESOURCES TO
ADVANCE KENTUCKY**

Leveraging Dollars to Advance Kentucky

- Strategic plan pillars
- How we advance Kentucky
 - Create a state that is healthier, wealthier and wiser by building a more skilled workforce.
 - Grow enrollment, increase graduation and retention rates.
 - Eliminate preparation gaps, particularly for first-generation students who comprise more than 25% of our undergraduate population (and more than 75% of whom are Kentuckians, based on preliminary fall 2024 data).
 - Conduct research that addresses the state's biggest challenges.
- Budget principles
 - Student access and affordability
 - Competitive pay for faculty and staff
 - Strategically plan to prevent across-the-board cuts and maintain and enhance academic quality
 - Building a community of belonging

Fueling Our Success: Financial Allocation Models



LEVERAGING RESOURCES TO ADVANCE KENTUCKY

Fueling Our Success: College Financial Allocation Models Actual Distributions

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25*	Grand Total
NTR	\$12.2	\$24.0	\$11.8	\$4.6	\$4.2	\$56.8
CPM		\$3.0	\$4.5	\$6.0	\$7.5	\$21.0
PFA			\$3.0	\$3.0	\$3.0	\$9.0
College Reallocation (CPM 30% / PFA 70%)			\$7.5	\$9.0	\$10.5	\$27.0
Total	\$12.2	\$27.0	\$26.8	\$22.6	\$25.2	\$113.8

IN MILLIONS

*As of September 2024

Fueling Our Success: Financial Allocation Models Overview

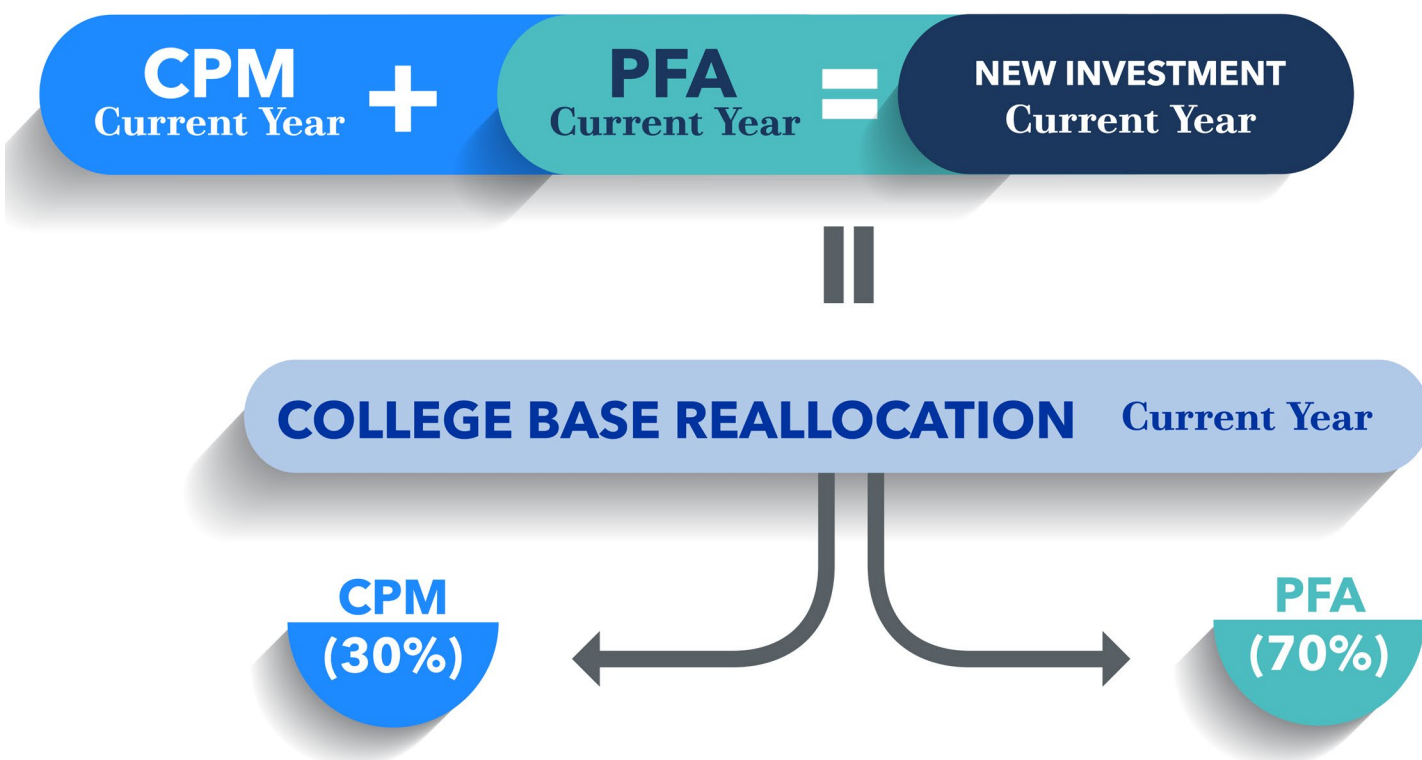
- **Net Tuition Revenue (NTR):** Incentivize enrollment growth by sharing increase in net tuition revenue.
- **College Productivity Model (CPM):** Incentivize institutional values; Colleges awarded funds if performance is above the mean for metrics:
 - Degrees awarded per faculty
 - Percent of research/external compensation
 - Percent of attempted student credit hours taught by tenured and/or full-time faculty
 - Percent of diverse tenured and/or diverse full-time faculty
 - Work Life survey results

As previously scheduled and announced, CPM is being reviewed during FY 2024-25. We anticipate modifications to the funding model, which may be implemented during this fiscal year.

- **Performance Funding Allocation (PFA):** Incentivize enrolling and graduating more students and in-person instruction; Colleges awarded funds based on proportionate share of:
 - Degree production
 - Enrollment of new students
 - Increase percent of courses with traditional modality

Balancing New Investment With College Base Reallocation

- Leverages additional incentive funding derived from college base budgets then reallocated based on performance in the CPM and PFA models.



- Colleges invest percentage of base budget designed to match centrally funded new money investments
 - FY 2021-22: 2.16%
 - FY 2022-23: 2.44%
 - FY 2023-24: 2.71%
- Split of reallocation weighted 30% CPM and 70% PFA

Incentive Funds for Colleges — NTR

Net Tuition Revenue (NTR)

College NTR Share = (Gross Tuition Revenue Less Centrally Funded Scholarships) Times Share Percentage

- Increase in NTR transferred to colleges the following year
- Provides support mechanism for colleges that are experiencing enrollment growth
- Provides the university a share of revenue growth to support salaries and academic infrastructure
- Amount shared dependent on tuition revenue increase

Academic Year	NTR Model Share Categories			
	Special – 60%	Online – 60%	Graduate – 45%*	Undergraduate – 45%*
Summer Fall Spring	Net tuition from students in approved international programs and designated as Project Graduate	Net tuition from students enrolled in a fully online degree or certificate program (undergraduate and graduate students)	Net tuition from graduate students	Net tuition from undergraduate students

* Graduate and undergraduate share categories will increase to 50% for distributions in FY 2025-26

Incentive Funds for Colleges — CPM

College Productivity Model (CPM)

College Productivity Model – Seven Performance Metrics

- Provide meaningful incentives to improve the success of our students, the productivity of our research and the impact of our service
- Recognize the unique characteristics of individual colleges by measuring and rewarding individual college improvement over time
- Fixed amount allocated

As previously scheduled and announced, CPM is being reviewed during FY 2024-25. We anticipate modifications to the funding model, which may be implemented during this fiscal year.

CPM Metrics scored based on both overall standing and year-over-year improvement	
1	Degrees per faculty
2	External research funding
3	Credit hours taught by tenured faculty
4	Credit hours taught by full-time faculty
5	Diversity among tenured faculty
6	Diversity among full-time faculty
7	UK Work Life Survey (three categories)

Incentive Funds for Colleges — PFA

Performance Funding Allocation Model (PFA)

Performance Funding Allocation Model – Five Performance Metrics

- Aligns resource allocations with state performance funding model
- Incentivize several priorities including new enrollments, degrees and in-person instruction
- Fixed amount allocated

As of July 1, 2024, the weight for underrepresented minorities has been removed.

PFA Metrics scored based on both overall standing and improvement

1	Three-year rolling average of degrees, weighted for degree level, STEM+H and first-generation
2	Improvement in three-year rolling average of degrees
3	Three-year rolling average of new students, weighted for degree level, STEM+H and first-generation
4	Improvement in three-year rolling average of new students
5	In-person course modality compared to university average

Aligning Metrics and Priorities

Financial Allocation Model Metrics	Net Tuition Revenue	College Productivity Model	Performance Funding Allocation
Net Tuition Revenue/Student Credit Hours* (100% of NTR): Weighted: Online Programs, Int'l Partnerships and Project Graduate	●		
Research/External Compensation (25% of CPM**)		●	
Attempted Student Credit Hours Taught by Tenured & Full-time Faculty (15%/5% of CPM)		●	
Diversity of Tenured & Full-time Faculty (20%/10% of CPM**)		●	
Work Life Survey Results (5% of CPM**)		●	
Degrees* (20% of CPM**/47.5% of PFA): Weighted: STEM+H, First-Generation Degrees + Grad and Professional Degrees		●	●
New Students (47.5% of PFA): Weighted: STEM+H, First-Generation Students + Grad and Professional Students			●
Traditional Instruction Modality (5% of PFA)			●

As of July 1, 2024, the weight for underrepresented minorities has been removed.

New Program

- Transdisciplinary | Colleges of Pharmacy and Arts and Sciences
- Bachelor of Science in Pharmaceutical Sciences | College of Pharmacy
 - Pharmaceutical sciences are grounded in the application of the basic sciences (chemistry, biology, physiology) to the discovery of:
 - New drugs
 - Development of novel drug delivery products
 - Commercialization of medicinals
 - Will prepare students:
 - to engage in the research, application, production and/or commercialization of new pharmacological therapeutics.
 - for employment in the pharmaceutical/clinical research industry, graduate school or advanced training in a health profession.

New Bachelor of Arts/Bachelor of Sciences in Criminal Justice*

- **Partnership** between Colleges of Social Work and Arts & Sciences
- Program would provide a **transdisciplinary** understanding of the criminal justice system
- **High market demand** for Criminal Justice-trained workforce in advocacy, probation and parole, prosecution and enforcement, correctional facilities and court systems
- UK currently has more than 400 criminology minors
- **FAM impact:** projected positive revenue to college within first several years
 - More than 100 New Undergraduate students enrolled in Criminal Justice in Fall 2024

	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Enrollment	38	109	209	299	355
Projected Degrees Conferred				27	53

UK RESEARCH: ITS BREADTH, IMPACT AND HOW WE FUND IT

How Do You Measure Research Productivity?

The outputs of knowledge creation are as varied as the disciplines.

DISSEMINATION

- Publications (articles, books, reviews)
- Performances, exhibitions
- Conference presentations
- Curriculum development

INNOVATION

- Grants, contracts and cooperative agreements
- Patents, licenses and startups
- Devices, materials and processes

APPLICATION

- Clinical trials
- Medical procedures
- Behavioral interventions
- Agricultural extension
- Industry innovations

All have societal benefit.

How Does Research at the University of Kentucky Impact the Commonwealth?



Economic impact

\$504 million of R&D in FY23 generated **\$925 million** in economic activity across Kentucky and supported **4,903 jobs**. UK research creates new industries and keeps Kentucky's economy competitive.



Workforce training

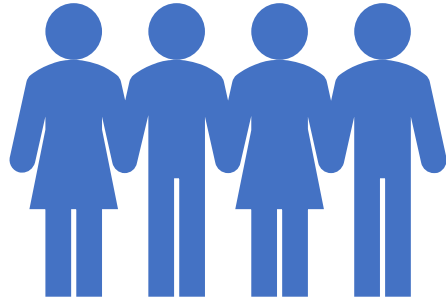
UK trains the **next generation of thinkers** in all disciplines by preparing them for the jobs of the future through foundational skills, learning how to ask and answer questions.



Statewide impact

UK translates research to **all 120 Kentucky counties** through Cooperative Extension. UK HealthCare's statewide network of hospitals and clinics brings evidence-based, advanced care to all Kentuckians.

How Does Research at the University of Kentucky Impact the Commonwealth?



Societal benefit

UK's research advances a **healthier, wealthier and wiser Kentucky.**

It solves problems, creates new opportunities, supports economic competitiveness, enhances safety and security, brings new knowledge and helps us understand the world around us.



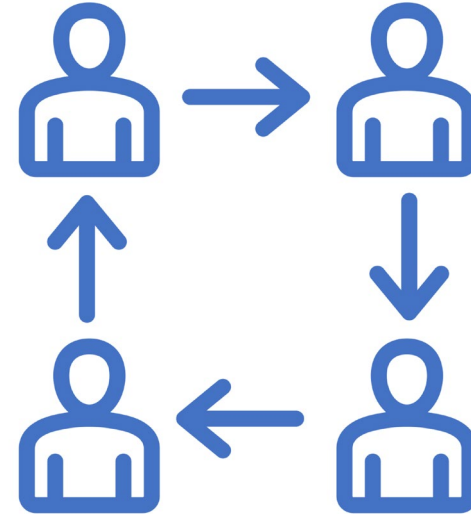
Reputation

UK is an **R1 (research intensive) university**, and its research is nationally recognized.

Why Does the Breadth of UK Research Matter?



1 of 8 institutions in the country with the full complement of liberal arts, engineering, professional, agricultural and medical colleges on one contiguous campus.



Why does that broad scope matter?

Research has the most impact when people with a variety of backgrounds, perspectives and expertise can easily work together to ask questions, seek answers, find solutions and create new knowledge.

We empower researchers to tackle challenges across disciplines in new and innovative ways.

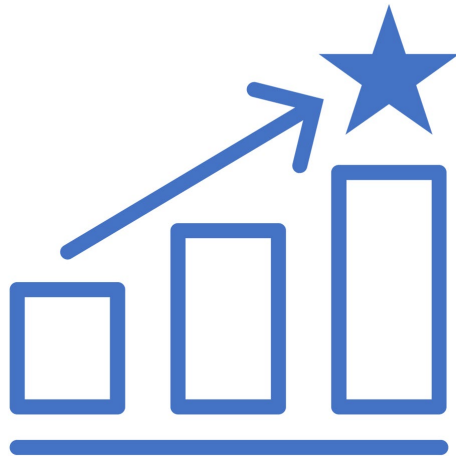


Drug Discovery in KY Coal Mines

- In 2012, Jon Thorson (pharmacy) partnered with Jim Hower (CAER) to look for new organisms that could be useful to make drugs in the remains of a coal fire that's burned for more than a decade in Kentucky.
- In 2018 the research team from UK, Rice University and the University of Oklahoma published that they made new versions of the antibiotic daptomycin using an enzyme from a soil bacterium found in the coal fire smoke vents.
- Today, the UK Center for Pharmaceutical Research and Innovation's Natural Products Library contains thousands of compounds. The center has provided computational screening, synthesis and translational expertise for more than 90 research projects, across 25 departments, supported by more than \$73 million in grants and contracts.



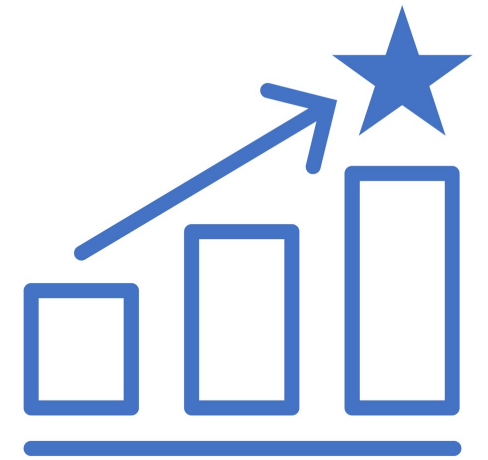
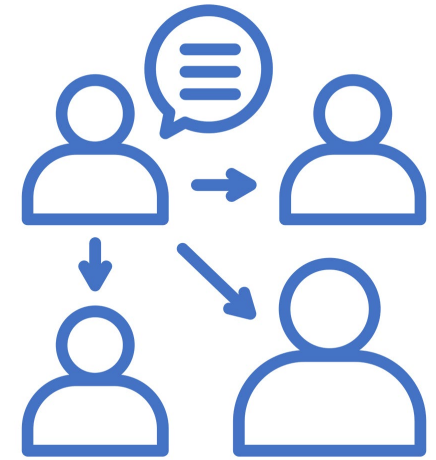
How is Research Funded?



- Sponsored: government (federal and state agencies)
 - Often PI-initiated research
- Contracts with industry or government agency
 - Device or intervention or therapeutic testing
- Philanthropy
 - Gifts
 - Foundations
- University resources: time/space
- Some funding streams have Facilities and Administrative (F&A) rate; some do not.
 - An F&A rate is a federally approved percentage applied to sponsored projects to recover overhead costs.
 - Those without F&A are subsidized by the University.

How Do We Provide Incentives for Research?

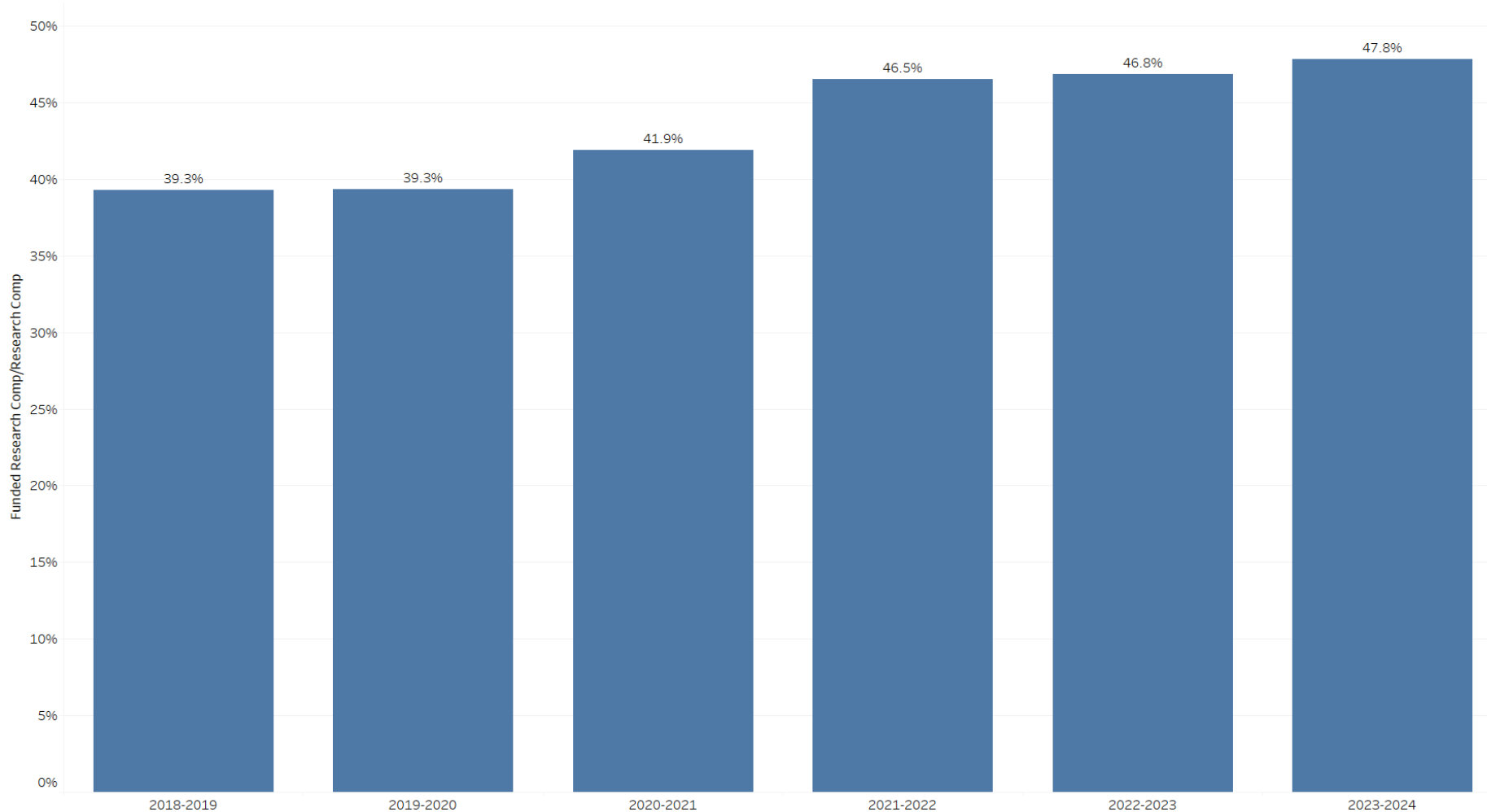
- The College Productivity Model Metric 2 has been incentivizing funded research since 2020-21 and we have seen progress.
- Continue incentivizing funded research while acknowledging different expectations based on the various disciplines and recognize the opportunity areas for improvement.



External Research Comp / Research Comp

(Full Time Faculty, No VA Positions, Does Not Include Administrators; Includes only 1%+ DOE research;
Research Comp is % DOE research X Total Compensation)

Academic Year

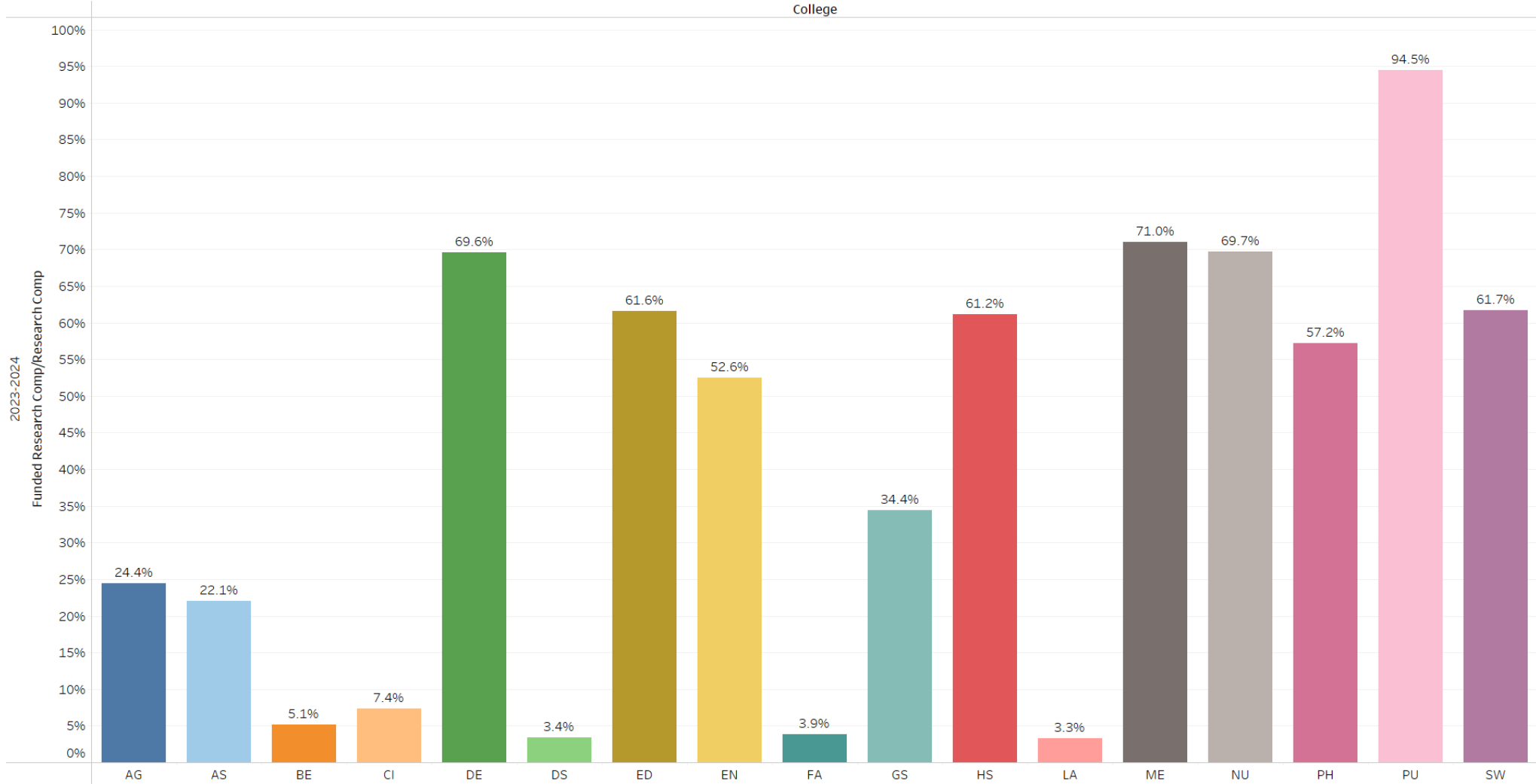


	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Funded Research Comp	\$47.5M	\$50.6M	\$52.7M	\$60.3M	\$62.3M	\$64.6M
Research Comp	\$120.9M	\$128.7M	\$125.7M	\$129.7M	\$133.0M	\$135.2M
Funded Research Comp / Research Comp	39.3%	39.3%	41.9%	46.5%	46.8%	47.8%

External Research Comp / Research Comp

(Full Time Faculty, No VA Positions, Does Not Include Administrators; Includes only 1%+ DOE research;
Research Comp is % DOE research X Total Compensation)

College

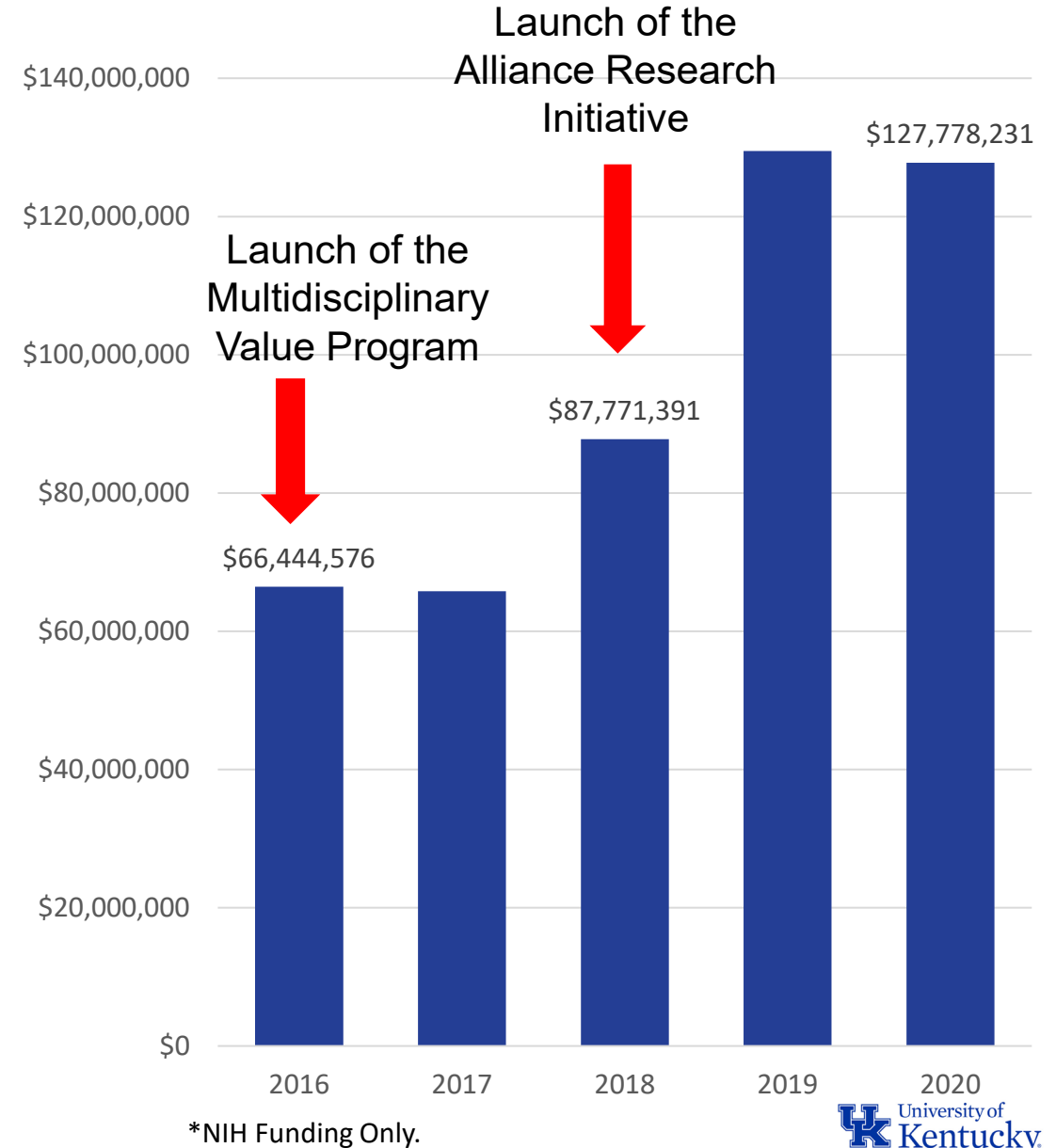


Legend	
AG	Agriculture, Food and Environment
AS	Arts and Sciences
BE	Business and Economics
CI	Communication and Information
DE	Dentistry
DS	Design
ED	Education
EN	Engineering
FA	Fine Arts
GS	Graduate School
HS	Health Sciences
LA	Law
ME	Medicine
NU	Nursing
PH	Pharmacy
PU	Public Health
SW	Social Work

	AG	AS	BE	CI	DE	DS	ED	EN	FA	GS	HS	LA	ME	NU	PH	PU	SW
Funded Research Comp	\$3.3M	\$4.8M	\$0.5M	\$0.2M	\$1.1M	\$0.0M	\$2.6M	\$5.4M	\$0.1M	\$0.3M	\$2.0M	\$0.0M	\$33.7M	\$1.7M	\$2.5M	\$5.6M	\$0.7M
Research Comp	\$13.3M	\$21.8M	\$9.8M	\$3.4M	\$1.5M	\$1.0M	\$4.2M	\$10.4M	\$2.8M	\$0.9M	\$3.3M	\$1.4M	\$47.5M	\$2.5M	\$4.3M	\$6.0M	\$1.1M
Funded Research Comp / Research Comp	24.4%	22.1%	5.1%	7.4%	69.6%	3.4%	61.6%	52.6%	3.9%	34.4%	61.2%	3.3%	71.0%	69.7%	57.2%	94.5%	61.7%

Quantitative and Qualitative Studies of Team Science

- Multidisciplinary Value Program (Launched in 2016, 8 teams with strict 3M criteria) and 4 VIP teams.
 - Stroke – use of magnesium and verapamil
 - Impact of e-cigarette use in asthma
 - Pediatric injury and recovery
 - ACL surgery and treatment
 - Platelet use in septic patients
 - Colon cancer
 - ALS
 - Opiate Use
 - Tobacco and Pregnancy
 - Diabetes
 - Precision Medicine
 - Hearing loss – Pediatrics
- Alliance Research Initiative (launched in 2018, 17 current teams)
 - Example: Axolotl Basic Science and Neurosurgery Team



QUESTIONS

