

## **MINUTES**

**Meeting of the Board of Trustees  
University of Kentucky  
1:00 P.M.  
March 18, 2003  
18<sup>th</sup> Floor Patterson Office Tower**

### **Minutes**

**FCR 1 Proposed 2003-04 Tuition and Mandatory Registration Fee Schedules (Submitted to Board)**

**FCR 1 Proposed 2003-04 Tuition and Mandatory Registration Fee Schedules (Amended and approved by Board)**

**FCR 2 Room and Board Rates 2003-2004 School Year**

**Financial and Benchmark Charts**

Minutes of the Special Called Meeting of the Board of Trustees of the University of Kentucky, Tuesday, March 18, 2003.

The Board of Trustees of the University of Kentucky met at 1:00 p.m. (Lexington time) on Tuesday, March 18, 2003 in the Board Room on the 18<sup>th</sup> Floor of Patterson Office Tower.

A. Meeting Opened

Mr. Steven Reed, Chairperson, called the meeting to order at 1:12 p.m., and Ms. Elaine Wilson gave the invocation.

B. Oath of Office

Paul Van Booven, General Counsel, administered the Oath of Office to the following new member:

Joseph Matthew Ruschell, elected by the students to fulfill the term of Timmy G. Robinson, Jr., for a term ending June 30, 2003.

C. Roll Call

The following members of the Board of Trustees answered the call of the roll: Mr. Paul W. Chellgren, Dr. Davy Jones, Ms. Pamela R. May, Dr. Robert P. Meriwether, Mr. Billy Joe Miles, Dr. Elissa Plattner, Mr. Steven S. Reed (Chairperson), Mr. Joseph Matthew Ruschell, Mr. C. Frank Shoop, Ms. Marian Moore Sims, Ms. Alice Stevens Sparks, Ms. Myra Leigh Tobin, Ms. JoEtta Y. Wickliffe, Mr. Russ Williams, Ms. Elaine A. Wilson, and Ms. Barbara S. Young. Absent from the meeting were Ms. Marianne Smith Edge, Professor Michael Kennedy, Dr. W. Grady Stumbo, and Mr. Billy B. Wilcoxson. The University administration was represented by President Lee T. Todd, Jr., Provost Michael Nietzel, Acting Senior Vice President Jack C. Blanton, Senior Vice President and Chancellor of the Medical Center James W. Holsinger, Jr., Vice President for Research Wendy Baldwin, and General Counsel Paul C. Van Booven.

Members of the various news media were also in attendance. A quorum being present, the Chairperson declared the meeting officially open for the conduct of business at 1:15 p.m.

D. Consent Agenda

Mr. Reed entertained a motion for approval of the February 25, 2003 Minutes on the consent agenda. Mr. Shoop moved approval of the Minutes.

Ms. Sparks asked that there be a clarification on page 14, paragraph two, of the Minutes. The sentence states "...Ms. Sparks brought all these things to Board members." She said that she never, at any time, brought anything to the Board members.



The report pertains to the committee looking into the review of the Athletic Department. The committee submitted the report to the President, and then the report was revealed to Board members. She asked that the Minutes be clarified unless Ms. May had a different opinion. She said that she did not think that she ever did bring things to the Board.

Ms. May said that she did not have a different opinion. She said that Ms. Sparks certainly went through channels, and it came back to the President who then presented that report to the Board.

Mr. Reed thanked Ms. Sparks for the clarification. He called for a second on the motion. Ms. Sims seconded the motion, and it carried without dissent.

Mr. Reed noted that the meeting was going to be short, and he called on Chairperson Chellgren for the Finance Committee Report.

E. Proposed 2003-04 Tuition and Mandatory Registration Fee Schedules  
(FCR 1)

Mr. Chellgren, Chairperson of the Finance Committee, reported that the Finance Committee met that morning and had a very brief agenda. There were two items, FCR 1 that deals with the tuition and mandatory fee schedule for the forthcoming academic year and FCR 2 that deals with the proposed room and board rates for the forthcoming fiscal year.

Mr. Chellgren said that the recommendations of the administration were spelled out in FCR 1. He noted that the Board is anticipating a comprehensive discussion of these subjects but to initiate the agenda and the discussion, he moved the adoption of FCR 1. Mr. Shoop seconded the motion.

Mr. Reed said that President Todd was going to make an extensive presentation about FCR 1, and he called on him for his presentation.

President Todd said that he wanted to try to give the Board some backdrop for this action item. The Legislature just passed the budget last Monday. There have been some people working quite diligently to try to pull all this together because the University must send letters out to freshman for their awards by April 1, and the Admissions Office needs the data. That is one of the reasons that this special called Board meeting is being held at this time. He said that he regretted that the students were not on campus, but he was very thankful that Mr. Ruschell was willing to cancel his airplane ticket to Florida and not go on Spring Break. The Board owes Mr. Ruschell a debt of gratitude for staying in Lexington. He said that Mr. Ruschell had talked to a lot of students and would have a discussion later.

President Todd reported that there were some good things that came out of the legislative session. The University received the full \$120 million bonding for "Bucks for Brains," and this is the third round for this program. This will help the University

significantly, and it is greatly appreciated. The University also received some authority from the legislature to build a \$46 million dormitory. This will provide approximately 500 beds for the students. In addition, the University received some bonding authority for a lease/purchase agreement for an apartment complex on Virginia Avenue. This bonding authority will help the University with its housing issue.

President Todd reported that there was about \$18-\$19 million put back in the budget after the legislature did the cuts. The University received \$3.7 million of that money. He said that it was a tough session, and the administration spent a lot of time in Frankfort.

President Todd said that he wanted to let the Board know that the University has been in its current financial position for some time. He asked the Board to set their minds back to September 2001 timeframe when the Board discussed tuition, and the administration asked the Board to pass a 5.5% increase in tuition for that period. The administration said that it wanted to go ahead and pass a 5.5% tuition increase for the next period so that parents and students could start planning. He said that the earth has shifted somewhat financially since that point in time. The University's original appropriation in 2001-2002 was \$313.6 million. Governor Patton had vowed to try to keep from cutting higher education, but he ended up with a \$6 million cut that the University had to deal with on a non-recurring basis because it came at a point in time where the administration had to find the money to pay that off. That also lowered the University's base and became a recurring \$6 million decrease.

President Todd explained that the administration then revised its budget to \$307.6 and that is what the University started with the next year. Though it has not received a lot of visibility, the legislature also cut \$8.6 million this year. He said the University has already paid salaries for about two-thirds of this year. . He said that he would show later in his presentation where they are going to have to figure out where that money is going to come from in the budget. He pointed out that this cut also lowered the base. When the University goes into 2003-2004, it starts with \$299 million. Of the \$19M the legislature added back to the higher education budget, the University got \$3.7. Therefore, the University's operating base now has been revised to \$302 million.

President Todd said that the administration had heard a general comment that higher education was cut 2.6%. The Council on Postsecondary Education (CPE) has been applying benchmark funding for some time, and UK is deemed to be closer to its benchmarks than some of the other institutions around the state. Instead of getting a 2.6% cut, the University got cut 2.89%. The benchmark formula costs the University about another \$1 million above the 2.6% cut which made the cut \$8.6 million. Since the University is deemed to be close to its benchmarks, it did not get the across the board percentage increase in when the \$18M was added back to the budget. It received less than that. Therefore, the University got hit going down and going up. He reported that the University is \$11 million down from where it was two years ago.

President Todd showed the cumulative effect of what has happened to the University's budget. He referred back to when he came into office and said that nobody said it was going to be easy. He talked about the \$8.6 million cut for 2002-2003 and noted that \$3.7 million was added back in the 2003-2004 budget. He said that there has been a cumulative loss of \$31.5 million at the University since he took office. The University has absorbed a lot of that by using what fund balances they could find, by changing the overhead structure, and by putting in several things that they talked about last year. He pointed out that not only has the University lost this money, but, in addition to that, the administration has had to find recurring dollars to try to reduce the health costs for the employees. The University increased its coverage for the family plan from 32% to 54%. The team that does the budgeting at the University and the faculty and staff have done a wonderful job of dealing with the situation that the University has faced.

President Todd then reviewed a slide that shows the actions that the administration has taken in order to comply with the \$8.6 million that has to be recovered from this year. The University froze hiring approximately three weeks ago. There have been quite a few faculty and staff openings, and by keeping those positions open, the University can recover some of that money. Job reclassifications are being restricted which means salary increases for people internally that are moving from one job to the other are restricted. Out-of-state travel has been restricted. Equipment purchases and personal services contracts have been reduced. Energy conservation is also being monitored. The efforts are under way in order to try to find a way to absorb that \$8.6 million.

President Todd reviewed the funding requirements for 2003-2004. He said that basically the \$4.9 million that was lost in the cut process has to be replaced. He explained that being down \$8.6 million and up \$3.7 million means that the University is net down \$4.9 million. He said that it is crucial that there be a 3% salary and benefits increase for faculty and staff. He reminded the Board of the 3% one-time payment to faculty and staff last year. The faculty and staff had faith in the administration that it was being done because of tight financial times for the University. That one-time payment did not go into the faculty and staff base salaries, and it did not go into their retirement plan.

President Todd reported that the University lost, relative to its benchmarks, two percentage points in faculty salaries. The faculty salaries now are \$10,000 below the median for the benchmarks, and the University is \$1,500 below the last benchmark that it was compared to. Faculty salaries are an area of deep concern for the administration, and it feels that it has to go with a 3% increase this year. That increase is in the budget.

President Todd said that the institution and the employees have done a super job of keeping the health fee increase down below 10%, and that has been a lot from the Medical Center side and a lot from the people being more educated with the health literacy program. He said he did not feel that they could give the employees a raise and then take it away with health insurance. He explained that \$3.8 million is needed to

assure the faculty and staff that their health care will not go up. There may be some changes in co-pays, but as far as their monthly expenditures, that amount is necessary.

He said that there are fixed costs such as utilities, operating costs and just general inflationary costs for \$2 million.

He reported that the need-based scholarships are something new that has been added. There is \$1 million that Linda George, Director of Student Financial Aid, can use to help with need-based situations so the students who will feel the impact of the tuition increase can be given some financial support that will come to them prior to them having to take on any additional debts. This is an effort to try to keep these students from feeling the brunt of the increase.

President Todd said that the administration's goal is to get the operating money that is needed to run the institution. It is not to tell the people in the lower income bracket that they cannot come to the institution. This million dollars is a new pool of money, and it will be turned into UK one-year grants. He reiterated that this new scholarship money is another reason that the administration must move quickly with this decision so the materials can be prepared and letters can go out to students by April 1<sup>st</sup>.

President Todd reported that the University provides a lot of scholarships. He said that it is not as many as he thinks they need to be giving, but he is working on that. He mentioned several tuition-based scholarships (Singletary Scholarships, Merit Scholarships, Governor Scholars, and Governor School for the Arts), and pointed out that when tuition is raised, it costs the University money for all of those scholarships. When you total that, \$3.6 million is required to supplement those scholarships. He said that the University's need for right now is \$24.3 million. This is the need that the University has to make up. He said that the following slides would show where that money is going to come from. With the tuition increase that is proposed, the University will get back \$14.5 million. This will bring the need down to \$9.8 million.

President Todd said that the Provost model savings, as the University goes to the one-university concept, should net about \$2 million out of that effort. That will get the need down to \$7.8 million. A reorganization of the Medical Center Chancellor's Office and Medical Center is in progress.

He said that they are going to continue to push overhead cost recovery, going back to those units who can find other ways to pay for their expenses to get them out of the general fund as much as they possibly can. He noted that they have done quite a bit of this already, but they think they can do more. They anticipate an approximate \$1.8 savings in that effort. That still leaves \$6 million that will have to come from program reductions from both the academic and non-academic side. Provost Nietzel is working with the Deans and giving them some targets to cut. This will not be across the board. It will have to be targeted in ways to find that money. It is important to know that even though a tuition increase is proposed, it is not without pain. Program cuts is an area that the administration would prefer not to have any reductions, but that is the only way they

can see that they can do it in order to keep the tuition increase to the point where they are presently proposed.

President Todd said that he wanted to try to put the Board back in time to September 2001 when the University thought it could get by with a 5.5% increase. He said he would explain where the administration was mentally at that time versus where they are now. He said that they felt the University's funding needs were \$15.2 million back in September 2001. They thought the University was going to get \$4.7 million from benchmark funding from the legislature; however, that did not materialize. At that time, the administration had planned a 5.5% increase in tuition, and they were going to go after another million dollars of overhead recovery. They had not planned to do the Provost model savings for another year, and they were still going to reduce programs by \$4 million to make up the \$15.2 million needed. This would be for salary increases and other increases shown on the previous slides. He noted that there was a \$9.1 million difference between the two slides. The proposed actions are actually bigger than that because the University did not get the \$4.7 million that they had been counting on. The proposed tuition increase is \$9 million more than expected. They are reducing the overhead another \$800,000. He said that the savings from the Provost model has now been added in, and he had hoped to use that savings for other purposes, not for this balancing act but that is what the administration has to do. They have increased the program reductions to make up for this \$9 million. When they thought they could get by with a 5.5% tuition increase, it was because the administration thought they had more money coming to the University. They did not expect some of the cuts that were coming down.

President Todd then reviewed the proposed annual tuition and fees schedule. The undergraduate resident students' tuition would increase about \$260 per semester. The fees increases are \$64.00 per year. He noted that the LCC rate of increase is less because they are further away from their benchmarks than any other institution in the state. When benchmark funds were applied, they were cut less. When the \$19 million came in the pool, they were given back more; therefore, the administration has been able to keep their tuition increase to a smaller number.

President Todd displayed a slide showing the total tuition fees, the amount of the increase on an annual basis, and the percent of the increase. Again, he pointed out that the percent of increase on the LCC side is only 9.26%. He explained that they tried to go for the same dollar amount on the non-residents. A few years ago, the out-of-state tuition was increased 9% two years in a row, and it cost the University some enrollment and some dollars. Last year as well as this year, a decision was made to go with the same dollar amount with the out-of-state students as the in-state students; therefore, the percentage does not look as high. There is still a significant difference in the out-of-state tuition and the in-state tuition.

President Todd said that a lot of parents would look at the per semester increase in total tuition and fees. The amount of increase is up by about \$300 per semester. He said he was just focusing on the undergraduate tuition because that is the bulk of the issue.

He then reviewed a mandatory fee slide, showing the breakdown of the fees. He reported that some of the fees had not been changed for many years, noting the Student Health Fee has not been changed for eight years while the health costs has gone up significantly. The Athletic Fee was approved in the early 1990's to allow students to get discounted tickets to athletic events. The Student Government and Student Senate last year passed on raising the Student Government fee by \$6.50 and the Student Activities fee for things such as better concerts by \$4.00. The Student Center fee had not been raised in 20 years. He reiterated that the Student Senate voted on these fees. In International Affairs, there is a \$4.00 fee that the students voted on to encourage international student travel and international programs for study abroad. There is a student affairs fee of \$17.50 that will add several things such as counseling, support of students with disabilities and support for some positions. He said the Student Affairs Committee report would go into details on those things. The total fee increase is \$64.00 which is an increase of 12.9%.

President Todd presented a slide showing the University's benchmarks undergraduate resident tuition and fees. He said that this data was captured for 2002-2003, and the University of Kentucky was fourteenth among its benchmarks. With the proposed increase, providing all the others stay fixed, the University would go up about three slots. He said that they had already seen that Arizona fees are going up 39%, and others are going up substantially as well. In the state, other universities are going up 10-15%. He said that, in his opinion, everybody is going to move on the benchmark chart. This is not a localized Kentucky problem.

President Todd then looked at the eight-year history of what the University has tried to do to maintain an affordable entry point for its students from a financial point of view. There has been a total increase of 53% in the amount of \$1,381.00 and that puts UK, probably, 14<sup>th</sup> or 15<sup>th</sup> on the list. He said that he thought the administration has been very good stewards of people's money in the state for higher education.

The administration has always been concerned about per capita income because Kentucky is a poor state. The only reason that he would say that Kentucky is a poor state is because it has not had as much higher education as it needs. As far as the reason for its current predicament, the state does not have the revenues that it needs because it does not have a diverse economy, and that needs to be changed. The University's tuition as a percent of the per capita income for the State of Kentucky which puts the University about in the middle of the chart compared to its benchmarks. This will probably change some as other states shift around. He said, in his opinion, UK still maintains a very affordable institution. He stated that if you look at the students who come to the University, it is very likely that the per capita income for their parents is higher than \$25,000, but we do not make that argument. The University is right in the middle of the pack of their benchmarks on the per capita income calculation.

President Todd reviewed the 2003-2004 benchmark projections for this year. He said that Arizona, UCLA, Iowa, Minnesota, and Wisconsin are going up 15% or more.

Then you have others that are going up between 10% and 14%. He said he did not think that anybody really wants to raise tuition, but sometimes you have to raise it. Several benchmarks are going above what the University of Kentucky is proposing.

President Todd entertained questions on the undergraduate tuition before calling on Provost Nietzel to talk about the professional schools.

Ms. May asked, "What percentage of student tuition is actually paid for by the moneys that we get from the state?"

President Todd said that was a very good question, and the answer was used a lot when testifying before all the committees in Frankfort during the Legislative Session. He explained that when an in-state student comes to the University as an undergraduate and pays their full tuition check that only covers 37% of the University's costs of educating them. The other 63% has to come from the state money. Given that the University is taking in more students now, it is like a double whammy. The University is getting cut. The base is going down, and the student head count is going up. A lot of people think that the University of Kentucky is a state-supported institution, and when people write that tuition check that the University makes money. When the underlying budget is cut, the University loses money in volume. On tuition for out-of-state students, the University probably does make some money.

President Todd called on Provost Nietzel to talk about the professional schools.

Provost Nietzel said he would give the Board some context about the recommendations for increasing tuition in the professional programs by 25%. That proposal includes both residents and non-residents, except in one specific category which is non-residents in law where for competitive purposes, the administration is proposing a 10% increase in non-resident tuition. The overall context for this increase is that the five professional programs are all recognized nationally in one way or the other for outstanding achievements.

Three factors are impacting the professional programs. These programs have had the same reductions to their operating budgets that the rest of the University has had with respect to recurring cuts, and that is included in the figures that President Todd showed at the beginning.

Second, each of these programs has faced considerable pressure for enrollment increases at a time when budget reductions are being accomplished by freezing positions or reducing positions. In some of these areas such as Pharmacy, the personnel needs for pharmacists are profound in the state as well as nationally. The University is not only addressing a preference by students to come to its professional programs, in some cases it is addressing a real social need for those programs to respond to as well.

The third factor is that relative to the benchmarks, the University's tuition for its professional programs has been losing ground over the past four years at a rate that is just

not sustainable for the University to provide the kind of education in these programs that students deserve and that the Commonwealth needs. In each of these cases, there have been extensive discussions with the Deans about these proposals, and the deans support them. He said he could tell the Board of some of the specific priorities that the deans will address this increased revenue toward. The proposal is for 40% of the increase for the professional programs to remain with those programs. The 15% increase for each of the professional programs will stay in the University's revenue. That 10% between 15% and 25%, 40% of the total increase, will be used for specific projects and priorities unique to the five professional schools.

Provost Nietzel began the presentation with the College of Law. In terms of the University's benchmarks, UK's current tuition in Law is 12<sup>th</sup> out of 15 schools. The median tuition for resident law is \$10,370. He said that he mentioned that because in each case when you factor in a 25% increase and if you make an assumption, which he thought none of them would regard as a reasonable one, but for purposes of this exercise, let's assume that no other university increased their tuition for Law students one cent, UK's tuition would still not reach the median of these benchmarks with the 25% increase. He said that this chart shows what the University's increase in dollars has been for tuition for Law students over the past four years. The 1999-2003 interval gives us the time period where students currently at UK would have been enrolled for all of these professional programs. This is a figure that he wants to emphasize for each of the professional programs. Four years ago, Law's tuition, relative to the average for law schools, was 85% of the average. In other words, if UK had been at 100%, it would have been charging the median. The University of Kentucky is 15% below the median. For the current year, 2002-2003, that percentage has dropped to 68%. The University has lost essentially a 17% gap relative to peer law schools in the tuition that has been charged to those students.

Ms. Sims asked if all of those schools were top-tier law schools.

Provost Nietzel said that these are all excellent law schools. The University of Kentucky is now regarded as one of the top fifty Law schools and his guess is that all of the others are included in the top fifty as well.

Ms. Sims said, "My point was that we are getting a whole lot of bang for our bucks being in the top-tier law school and being at the bottom of the tuition rank."

Provost Nietzel replied, "yes" and said that he could have an illustration of that kind of claim for each one of these professional programs. For example, in Dentistry, UK is in the top 20 in terms of NIH research funding.

Provost Nietzel then reviewed the benchmark dentistry resident annual tuition and fees slide. He reported that dentistry's tuition is 8 out of 9 in the benchmarks at \$10,079. The median is \$13,171. Again, increase it by 25% and assuming other benchmark institutions do not raise their tuition, UK will still be below the median. He noted that in 1999, dentistry was at 89% of the median. This year, Dentistry has slipped to 76%. He



said that you see the erosion of tuition support for the kinds of faculty and student support and student services that are needed in good professional programs.

Provost Nietzel reviewed benchmark medicine resident slides. In Medicine's case, UK is 8th out of 12 benchmarks. The median tuition for resident tuition is \$13,171. He pointed out that UK had next to the smallest increase in tuition across these four years. Again, that produces the pattern that the Board is now becoming familiar with which is that Medicine was at 94% of benchmark tuition four years ago, and it is now at 66%. That is a remarkable drop.

Ms. May said that she realized that Provost Nietzel is talking about in-state tuition but asked, "What percentage of our professional school students are from out-of-state?"

Provost Nietzel reported that the percentage of professional school students from out-of-state varies a great deal. He said that he thought the high would be Law which is at 22%. The low is probably Medicine which is under 10%. Dentistry would probably be pretty similar to Medicine. Pharmacy would be between 10% and 20%. He said that he did not know on the MBA, and he would have to check it. He said he would think that it is in the teens. He then continued with Medicine and pointed out that there is about a 30% drop in the relative purchase power of the tuition across these four years.

Provost Nietzel reviewed a slide titled Benchmark Grad. Resident Annual Tuition and Fees, 2002-03. He said that this slide is not a profession program, but these are the graduate tuition rates. It will mimic what the President has said about undergraduate resident rates. The University of Kentucky is 14<sup>th</sup> out of the benchmarks. The average tuition for graduate students is \$5,580. Once again, a 15% increase, which is all we are doing for the graduate students, will not get the University close to that median and again shows the 15<sup>th</sup> lowest increase in tuition and fees across this period of time. Graduate tuition was at 81% of the mean, and it has fallen to 78%. This chart helps illustrate the schools with whom UK competes have really accelerated tuition increases these past few years.

Provost Nietzel then reviewed the MBA program. UK is 17<sup>th</sup> out of 20 of the benchmarks in terms of current tuition. This one is a remarkable difference. The median tuition is \$11,593. This slide also shows that UK's increase across the past four years has been the 16<sup>th</sup> lowest, and as a share of median tuition four years ago, UK's MBA was at 54% of what its benchmarks were charging. This year UK is now at 40% of the present tuition in the MBA programs.

Provost Nietzel said that Pharmacy is the last program. UK is 10<sup>th</sup> out of 13 in terms of the resident tuition. The average tuition for Pharmacy among benchmark institutions is \$8,200. UK Pharmacy has had the next to the smallest increase with respect to tuition across the past four years. Four years ago UK was at 91% of the median tuition, and this year UK is at 76%, a 15% loss in comparison to the tuition of what competitor pharmacy schools are charging. Nonetheless, Pharmacy has worked

hard to maintain a premier rating as a College of Pharmacy at the University of Kentucky.

President Todd noted that one thing they did do is increase the MBA tuition by 15% last year when they were going up only 5.5% for the rest of the University. It was an effort to return some money back to the College of B&E because of the demand they had. It did not affect applications, and yet, you can still see how far UK is behind even with that 15% increase. He said that he recently asked someone how the University got so far behind in the professional schools, and it appears that the administration has been treating the professional schools just like they have been treating the normal undergraduate tuition increases. He said that the administration has not been differentiating among our programs either what the market is or what the requirements are. When you look at some of the professional fields' requirements that they have for technology and the requirements they have for the level of training they have to have, he has no problem at all with having differential tuitions for the professional programs to try to make UK even more competitive.

President Todd said that concluded the presentation on tuition and that he would be glad to answer any questions or take on addition comments at this point.

Mr. Reed thanked President Todd and said that he would like to call on Ms. Sims, Chairperson of the Student Affairs Committee, to make a report before acting on FCR 1. He said that the Student Affairs Committee met in large measure to discuss the impact of the fee increases on the students.

#### F. Student Affairs Committee Report

Ms. Sims, Chairperson of the Student Affairs Committee, reported that the Student Affairs Committee met. Those in attendance were Elissa Plattner, Russ Williams, Elaine Wilson, Barbara Young, the addition of Davy Jones, and a welcomed and helpful addition was Joe Ruschell, the new student trustee representative. She said that the Committee was very serious about the way they went about their job as custodians of the concerns of students. Tuition and fees are of grave interest to students as they come to UK. It is a burden for families and a burden for the students. When a person gets an education, it is the one thing that assures that person of an enhancement of quality of life that really cannot be gotten anyplace else. It is a beautiful thing that happens on campus as students come and leave. They are educated on a shoestring, according to UK's budgets when they are compared to other benchmark schools. The students are educated dutifully, and they take great leadership positions all over the world. She said she was really anxious that everybody knows, especially the student population, that the tuition increases and the fee increases have been studied carefully and labored over and worried about and prayed over so that nothing looks cavalier here. The Committee is very serious about the University's approach to these increases for students. She said the University was really blessed, in her opinion, in the advent of Joe Ruschell. She reported that Mr. Ruschell called her while she was in New Orleans to tell her that he wanted to meet with her as soon as she returned to Lexington. He has had lots of

meetings with many different student groups, even before he was chosen by the student body to take the position. He has met with many students. He has talked with the president of the student body, and he came very well prepared to the Committee meeting. She said the Committee was very impressed with Mr. Ruschell and that Mr. Ruschell had some things that he needed to say to the Board.

Mr. Ruschell said that he would like to make a motion to amend FCR 1 in the student fee category. The mandatory fee increase as President Todd showed on the slides is \$64. He said that he would like to see that fee reduced to \$50, a reduction of \$14 overall. The breakdown would come from four fees. The original proposed Student Government increase is \$6.50. He said he would like to amend it so that it would be reduced to \$2.00 (\$1.00 a semester). For the Student Activities Board, the original proposed increase is \$4.00. He would like to amend that to \$2.00 (\$1.00 a semester). The International Affairs fee increase (a new fee) is set at \$4.00. He would like to see that fee eliminated to zero dollars and not go into effect next year. The Student Services fee, which is a new fee as well, was originally proposed at \$17.50. He said he would like to see that reduced by \$3.50 to \$14.00.

Mr. Ruschell said that when he was fortunate enough to be asked to serve in the student trustee position last week by the students, the first thing he thought was that the Board really needs to find every way to cut every dollar that they can for the students next year, if the students are indeed going to face a tuition increase. He said that he had spent the past three days looking at the fee increases and trying to figure out how to get the most benefit out of the minimal cost for the students the next year and where to cut the proposed increase. He reported that he was at the September meeting when the Student Center approved the increase, but since that time, a lot of things have changed, particularly with the tuition increase proposed at this meeting. He said that he felt that it is vitally important to reduce the proposal to \$50.00. He said that he had spoken with Mary Katherine Thompson, the student body president, and as many student leaders that he could contact by phone over the weekend, and everyone agreed that they needed to do everything they could in the fee category to reduce the proposal to \$50.00 and reduce the burden on students, even if it is just \$14.00. This may not seem like a lot, but to the students on campus who are working for \$5.00 - \$6.00 an hour to help pay for their education, this is a significant impact. He feels that this is an important amendment.

Mr. Reed asked for a second to Mr. Ruschell's motion, and Mr. Williams seconded the motion.

Mr. Reed asked for questions or discussion. On behalf of the Board, Mr. Reed thanked Mr. Ruschell for meeting with the students in the quick fashion that he did and for being very thorough. Mr. Reed said that he attended much of the Student Affairs Committee meeting, and he was very impressed with Mr. Ruschell's presentation. He said that he was impressed with the thorough nature of Mr. Ruschell's presentation and quite impressed with how thoughtful his presentation was and his insight on behalf of the students. Mr. Reed said that he also appreciated Mr. Ruschell's sensitivity that he

displayed for the students and any increase that they would have even down to a single dollar. He said that he appreciated and respected that.

Mr. Shoop said that he would like to make one more comment before the Board votes on FCR 1. He thanked President Todd for the adjustments, the sacrifices, and the long hours he spent working on the tuition issue and getting the increase down to where the University would only have to increase the tuition \$260. He said that President Todd has made some big adjustments in the management at the University. He said that the Board is aware of that.

Ms. Sims said that the faculty and staff have made adjustments and sacrifices as well.

Mr. Miles said that the economy is terrible. Worldwide, we are really going in the wrong direction if we are going to be what we need to be. He said that the University is turning down a lot of students in the graduate program. He said that he had communication prior to the meeting with an outstanding student who had received a rejection letter. The graduate program needs to increase the graduate students rather than turning the students down. These students could be the economic drivers for the state of Kentucky. While this looks like big increases, we have to do it if we are going to play in this world economy. He said that he regrets that there are so many good students in Kentucky that the University is not educating, and these students could make a difference. He said that Pharmacy is really the best example. When you look at the average income a pharmacist makes, the demand for pharmacists, and where we are, it is really a disgrace. He said he did not think that the University needed to apologize. In his opinion, the University needs to do more.

Dr. Jones said that he concurred with Mr. Reed's statement about the student trustee's presentation at the Student Affairs Committee meeting. In his opinion, Mr. Ruschell made the students look very good with the excellent presentation and how well prepared he was. He said that he also appreciated Ms. Sims comments on the sacrifices that the faculty and staff have made, too. He called attention to the salary and benefits category on page 5 of the handout. The big one in the funding requirements is salary and benefits at \$9.0 million. He said that he had received some e-mails asking about that, and perhaps President Todd or Dr. Nietzel could tell the Board how a faculty salary adjustment like this relates to benefiting the students and the students' education.

President Todd said that the quality of the student's education is going to depend on the quality of the people that touch the student, be they counselors on the staff, be they staff members who serve in so many different capacities or be it that professor who stands in front of them and educates them. In his opinion, the University has done a great job with many respects to "Bucks for Brains" that has allowed the administration to bring talent to campus and to retain talent on the campus. He said they kind of made a promise to those people that when you came here, Kentucky is on the move. We are going to treat you right. We are going to keep you here. We are going to move education forward. This is part of that commitment that we have to keep. The thing that helps the students

the most is that we can retain lead scholars in front of them and the best staff members. In addition to that, it will help us not have to cut classes and not have to reduce some of the offerings that we have. He asked Provost Nietzel if he had some statistics to add to that.

Provost Nietzel said that he would add one thing to supplement what President Todd had said. Going through a year like the past one where the faculty did not have a recurring salary increase puts the institution in quite a bit of vulnerability for faculty being taken away from it. When other universities come after your faculty, they come after your best faculty, the very ones that President Todd is talking about. He said that he asked the deans last week to give him and Chancellor Holsinger a list of faculty where they had had to deal with an attempt to lure them away by another University. From January 2002 through March 2003, there were 67 faculty members (over 5% of the teaching faculty) that the University had to make competing offers because they had received an increase, and in some cases huge increases, with respect to salary offers. Some of them we could keep, and some of them we lost. There are still some that we do not know the outcome. When you have a year that you do not have a salary increase, you begin to see that phenomenon. In two years, the impact of our faculty being susceptible to those kinds of rates would be profound on the quality of instruction and research at the University, and that immediately translates into what students receive as far as an education.

Mr. Reed said he would sum it up by saying that when you look at the list of schools that the University is being compared to, you see many great schools. If you go back to the very important chart that reflects per capita income, Kentucky is at the bottom. As President Todd and Mr. Miles pointed out, if the University of Kentucky is ever going to move from that bottom, it is going to be through education and through the University of Kentucky. He said that he hoped that anyone listening, particularly the public and the legislators, would surely understand the needs of the state to drive this economy upward and through this university in doing so. He said he also would hope that the public and the legislature would understand that we aspire for greatness, but we cannot get there through tuition increases. If this is something of a temporary nature that lets us move on and not lose any additional momentum in our drive, he would hope that the public and the legislature would take note of what we aspire, marginally as dictated to us by them, which we respect. This is a very painful thing today. It is not because of what may come of it because this is something that we have to do, but he hopes nonetheless that people understand that this is not the long-term answer.

Mr. Reed said that he also wanted to compliment the President on the provision for need-based scholarships. For a land-grant institution, we are beloved by the state from Paducah to Pikeville, the rich and poor and from all walks of life. It is imperative that this great university always be available for anyone who wants to attend and who has worked hard to be eligible to attend this school. He said that he commended the President for being creative and sensitive to those who otherwise may not be able to afford to come to the University because of this increase.

Mr. Ruschell said that he would like to add something more on the student perspective on the overall tuition increase. He said that the students understand the hard times that are upon our Commonwealth, and they understand that it brings hard times to the University in terms of funding. The students' concern is that brings equally, if not greater, hard times upon the student population upon which this University strives and upon which the future of the State depends. A 15% increase to the student body is a significant increase and will have significant impact on the families of the students and the students themselves who pay their tuition. He said he wanted to be completely clear on the fact that students are going to struggle with this increase, and they are going to have a hard time with this increase. Obviously, the student body is taking up \$14.5 million of this burden that the University is faced with. He emphasized that this is really going to be a struggle, and he hopes that the students are able to come through it. He said he was sure that they will, but it is going to be tough. It is going to be tough for all the families that send their students to UK.

Ms. May said that she knows the University has an incredible program to raise money for this organization, people that have done an outstanding job. Following up on what Mr. Ruschell has said, and she agreed with Mr. Miles, she did not think that this is going to be the only year that we are sitting here looking at hard economic times. She thinks that it is ahead of us. She asked if there is a way that the Office of Development can look more towards scholarships because Joe is right that there are kids who cannot come to the University. She suggested that scholarships be targeted a little bit more in the development program.

President Todd said that one of the things that happened when "Bucks for Brains" was passed is that a lot of the University's donors and a lot of the development effort went after the research component because people could double their money. The administration stepped up the first semester and made a commitment to funding Governor's Scholars and Governor's School for the Arts scholarships, and some of those kids are need based. Those are the ones who are selected throughout the counties. They put some money up to get that program initiated, and they are working like the devil right now to raise more money to cover that debt.

Ms. Sims asked, "What's that cost?"

President Todd said that they thought it was going to cost about \$500,000 the first year, and it ended up costing about \$700,000 because the students came in at higher grades than they thought they would and more of them got full scholarships. He pointed out that it goes up. It doubles the second year, triples the third year, and quadruples the fourth year. He, therefore, is talking about trying to find over \$2 million for it. He said that he and Patsy just did a tour of six cities in Florida, and undergraduate scholarships came up all the time. That is a good point, and he thinks they will have more to say about that because he is looking at all the angles that he can do to push it. He said they are going to have to come up with some matching programs because that is what turned people on to the "Bucks for Brains" program because if you want to name a scholarship for your father, mother, brother or sister, it costs a certain amount of money. They say

\$60,000 to endow that, but now if we can find a match program, it only costs \$30,000. He said he thought that increasing scholarships was a very good point, and the Board may hear more about that in the future.

President Todd said he would comment, too, on something that Ms. May and Mr. Miles said about the situation that the State finds itself in. When CPE took the charge from House Bill 1 and tried to put some numbers behind it, they said we want to educate 80,000 more Kentuckians by the year 2020. The problem is that the funding was not there behind it. The University is losing money on volume now. If the students do not pay their full cost, the University and the State appropriations have to pick up that other part, and until that rectifies itself, House Bill 1 has an opening in it where we are pushing people toward higher and higher enrollments, but the state is not financing that effort. That is something that is going to have to be addressed sooner or later from a revenue perspective for the State.

Ms. Sims said, "So, we can't grow our professional programs really to accept more students unless we have more money to let them grow."

President Todd said if you ask an undergraduate program to grow their head count, then you are just asking to lose more money right now. In business, you call that losing by volume. You are not going to make your profit by selling more when you are losing on each item. What it causes is for the University to have larger class sizes and the things that we do not want to have. He said that he takes a lot of pride in some of the statistics now compared to the benchmarks. UK's class sizes are very reasonable, and that could slip some with this type of situation. It is challenging. The things put before the Board today will allow the University to keep the momentum. Everybody has got some skin in the game. The students have some skin in it, the faculty has some skin in it, the staff has some skin in it, and you as a Board has some skin in it. We are trying to move this entire state forward and trying to do it in higher education. That is the only way that per capita income is ever going to change. That is what we have got to do.

Mr. Reed asked Secretary Russ Williams if he would restate the motion by the Mr. Ruschell for clarification.

Mr. Williams stated that the motion on the floor by Joe Ruschell and seconded by him is to amend the mandatory fees to \$50 by reducing the following fees: the Student Government fee by \$4.50, the Student Activities Board fee by \$2.00, the International Affairs fee by \$4.00 and the Student Affairs Services fee by \$3.50 for a total of \$14.00 from the \$64 that is proposed.

Mr. Ruschell said that Mr. Williams' clarification was correct. The numbers for the FCR 1 would be as follows:

Dentistry students from \$316.50 to \$309.50  
Medicine Students from \$311.00 to \$304.00  
All other students from \$279.25 to \$272.25

The per credit hour would decrease from \$14.15 to \$14.00.

Mr. Reed said that there was a motion and a second to the motion by Mr. Williams to amend FCR 1. He called for a vote, and the motion carried without dissent. Mr. Reed said that they would now go back to Mr. Chellgren's motion for approval of FCR 1.

Mr. Chellgren said that he and the Finance Committee recommended the approval of FCR 1, and it has been duly amended by Board actions. He moved approval of FCR 1 as amended. Mr. Shoop seconded the motion, and it carried. Mr. Ruschell voted nay. (See FCR 1 at the end of the Minutes.)

G. Room and Board Rates 2003-2004 School Year (FCR 2)

Mr. Chellgren reported that the Finance Committee also discussed FCR 2 which is to set the room and board rates for the forthcoming academic year 2003-04. There was quite a thorough discussion in the Finance Committee, and the majority of the Board was at the Finance Committee. The Committee went over the various dining card programs, the various types of resident halls and the various charges for those resident halls. This dollar increase is blended, but on average, it is approximately a 5% increase. Philosophically, the University runs its resident halls and the chart rates, the fees on an all-inclusive, self-supporting basis and consequently, given even a modest rate of inflation and increases in things like energy costs and food costs, repair and maintenance, and capital expenditure replacement costs, some modest dollar increase and annual rates is to be expected. This is approximately a 5% increase, and the details are spelled out in FCR 2. He said that the Finance Committee reviewed FCR 2 and recommends this to the Board. He, therefore, moved the adoption of FCR 2. Ms. Sims seconded the motion, and it carried without dissent. (See FCR 2 at the end of the Minutes.)

H. Meeting Adjourned

With no further business to come before the Board, Mr. Reed adjourned the meeting at 2:12 p.m.

Respectfully submitted,

Russ Williams  
Secretary, Board of Trustees

(FCR 1 and 2 and the charts that follow are official parts of the Minutes of the meeting.)



# FCR 1

Office of the President  
March 18, 2003

Members, Board of Trustees:

## PROPOSED 2003-04 TUITION AND MANDATORY REGISTRATION FEE SCHEDULES

Recommendation: that the Board of Trustees adopt the following tuition and mandatory registration fee schedules for 2003-2004.

### 2003-2004 TUITION SCHEDULE (Effective Fall 2003)

	Semester Full-Time Fee <sup>1</sup>		Part-Time, Four-Week & Eight-Week Interessions Per Credit Hour Fee <sup>2</sup>	
	<u>2002-2003</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2003-2004</u>
	Undergraduate			
Resident	\$ 1,740	\$ 2,001	\$145	\$167
Non-Resident	5,016	5,341	418	446
Lexington Community College				
Resident	876	948	73	79
Non-Resident	2,904	3,485	242	291
Graduate				
Resident	1,926	2,215	214	247
Non-Resident	5,535	5,885	615	654
MBA				
Resident	2,079	2,599	231	289
Non-Resident	5,697	7,121	633	792
Law				
Resident	3,290	4,113	329	412
Non-Resident	8,040	8,863	804	887
Pharm.D.				
Resident	2,857	3,572	239	298
Non-Resident	8,074	10,093	673	842
Medicine <sup>3</sup>				
Resident	10,882	13,604	-	-
Non-Resident	25,596	31,996	-	-

Dentistry <sup>3</sup>				
Resident	9,516	11,896	-	-
Non-Resident	22,810	28,512	-	-
Professional Doctoral				
Resident	2,655	3,054	295	340
Non-Resident	7,659	8,409	851	935

NOTES:

- 1 For tuition purposes, 12 credit hours or its equivalent, constitute a full load for undergraduate and pharmacy students, nine hours for graduate and professional doctoral students, and ten hours for law students.
- 2 For tuition purposes, part-time students, as well as four-week and eight-week intersession students, will be charged on a per credit hour basis.
- 3 Annual tuition. A half-time tuition rate of \$6,802 for resident students and \$15,998 for non-residents is established for those medical students who have been approved by the College of Medicine Student Progress and Promotion Committee to take a reduced curriculum load. A half-time tuition rate of \$5,948 for resident students and \$14,256 for non-resident students is established for those dental students who have been approved by the Dean of the College of Dentistry to take a reduced curriculum load.

## 2003-04 MANDATORY REGISTRATION FEE SCHEDULE

	<u>Semester Full-Time Fee<sup>1</sup></u>	<u>Part-Time, Four-Week &amp; Eight-Week Intersession Fee Per Credit Hour</u>
Dentistry Students <sup>2</sup>	\$316.50	
Medicine Students <sup>3</sup>	311.00	
All Other Students	279.25	\$14.15

NOTES:

- 1 For fee purposes, 12 credit hours, or its equivalent, constitute a full load for undergraduate students, nine hours for graduate students, and ten hours for law students.
- 2 Student Health coverage is provided year-round, allocating the additional cost over two semesters.
- 3 Student Health coverage is provided for the full academic year, allocating the additional cost over two semesters.

Background: In May 2001 the Council on Postsecondary Education approved tuition setting guidelines to be used by the respective Boards of Trustees and Boards of Regents in setting tuition rates for 2002-04. In September 2001 the University of Kentucky Board of Trustees adopted a tuition schedule, including a 5.5 percent increase for undergraduate, resident students for 2003-04. The



# FCR 1

Office of the President  
March 18, 2003

Members, Board of Trustees:

## PROPOSED 2003-04 TUITION AND MANDATORY REGISTRATION FEE SCHEDULES

Recommendation: that the Board of Trustees adopt the following tuition and mandatory registration fee schedules for 2003-2004.

### 2003-2004 TUITION SCHEDULE (Effective Fall 2003)

	Semester Full-Time Fee <sup>1</sup>		Part-Time, Four-Week & Eight-Week Interessions Per Credit Hour Fee <sup>2</sup>	
	<u>2002-2003</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2003-2004</u>
Undergraduate				
Resident	\$ 1,740	\$ 2,001	\$145	\$167
Non-Resident	5,016	5,341	418	446
Lexington Community College				
Resident	876	948	73	79
Non-Resident	2,904	3,485	242	291
Graduate				
Resident	1,926	2,215	214	247
Non-Resident	5,535	5,885	615	654
MBA				
Resident	2,079	2,599	231	289
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Medicine <sup>3</sup>				
Resident	10,882	13,604	-	-
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Dentistry <sup>3</sup>				
Resident	9,516	11,896	-	-
Non-Resident	22,810	28,512	-	-
Professional Doctoral				
Resident	2,655	3,054	295	340
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NOTES:

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- 3 Annual tuition. A half-time tuition rate of \$6,802 for resident students and \$15,998 for non-residents is established for those medical students who have been approved by the College of Medicine Student Progress and Promotion Committee to take a reduced curriculum load. A half-time tuition rate of \$5,948 for resident students and \$14,256 for non-resident students is established for those dental students who have been approved by the Dean of the College of Dentistry to take a reduced curriculum load.

## 2003-04 MANDATORY REGISTRATION FEE SCHEDULE

	<u>Semester Full-Time Fee<sup>1</sup></u>	<u>Part-Time, Four-Week &amp; Eight-Week Intersession Fee Per Credit Hour</u>
Dentistry Students <sup>2</sup>	\$309.50	
Medicine Students <sup>3</sup>	304.00	
All Other Students	272.25	\$14.00

NOTES:

- 1 For fee purposes, 12 credit hours, or its equivalent, constitute a full load for undergraduate students, nine hours for graduate students, and ten hours for law students.
- 2 Student Health coverage is provided year-round, allocating the additional cost over two semesters.
- 3 Student Health coverage is provided for the full academic year, allocating the additional cost over two semesters.

Background: In May 2001 the Council on Postsecondary Education approved tuition setting guidelines to be used by the respective Boards of Trustees and Boards of Regents in setting tuition rates for 2002-04. In September 2001 the University of Kentucky Board of Trustees adopted a tuition schedule, including a 5.5 percent increase for undergraduate, resident students for 2003-04. The

reduction of the University of Kentucky state appropriation by the 2003 General Assembly necessitates an increase in the 2003-04 tuition rates. The proposed tuition rates are in compliance with the Council's guidelines.

Changes in the Mandatory Registration Fee Schedule include a \$3.25 increase for the Student Government Association, a \$2.00 increase in the Student Activities fee, an \$8.00 increase for the Student Center, an \$8.00 increase in the Student Health fee, a new \$2.00 fee for International Affairs, and a new \$8.75 fee for Student Affairs.

The mandatory fees are charged to all students enrolled on the Lexington Campus, in the Medical Center, and at Lexington Community College in accordance with their status as full-time or part-time students. Students taking all of their courses in off-campus locations outside of Fayette and its contiguous counties may have these fees waived. However, if a student who is eligible for this waiver wants to participate in activities supported by these fees, the student must pay the total mandatory fee.

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Action taken:  Approved    Disapproved    Other As amended by the Board of Trustees

# FCR 2

Office of the President  
March 18, 2003

Members, Board of Trustees:

## ROOM AND BOARD RATES 2003-2004 SCHOOL YEAR

Recommendation: that the room and board rates for University Housing and Dining Services be adjusted as follows to become effective the Fall semester 2003.

<u>Charges for Residence Halls</u>	<u>Present Rate 2002-2003</u>	<u>Proposed Rate 2003-2004</u>	<u>Dollar Increase</u>
Residence Halls-Housing & Dining (1) Greg Page Apts., SAE House	\$ 4,050	\$ 4,285	\$ 235
– Housing Only	\$ 2,745	\$ 2,883	\$ 138
University Commons			
- Housing Only 4 Bedroom	\$ 3,758	\$ 4,005	\$ 247
- Housing Only 2 Bedroom	\$ ---	\$ 5,265	\$ --
Additional Housing Fee (2) Jewell Hall, Blanding I, Kirwan II	\$ 108	\$ 115	\$ 7
Per-Diem Housing Rate (3)	\$ 10	\$ 12	\$ 2

<u>Notes</u>	<u>02-03</u>	<u>03-04</u>	<u>Increase</u>
1) Housing Fee	\$ 2,652	\$ 2,785	\$ 133
Dining Card	\$ 1,398	\$ 1,500	\$ 102

- 2) Jewell Hall & Blanding I will remain open during all stated academic recesses of the University between August 23, 2003 and May 8, 2004 to accommodate students participating in the International Program, as well as students who require housing during recesses. Kirwan II will be operated as a “Wellness Hall,” with special equipment, programming and instruction.
- 3) The housing rate is for both semesters of the academic year. This per-diem rate is established for occupancy of halls that are not normally open during stated academic recesses (Thanksgiving, Christmas and Spring Break) of the University. Students must secure special permission to remain in housing during these periods.

I. Undergraduate Housing

A. Residence Halls

	Present Rate <u>02-03</u>	Proposed Rate <u>03-04</u>	<u>Increase</u>
Residence Halls-Per Academic Year	\$ 2,652	\$ 2,785	\$ 133

B. Greg Page Undergraduate and SAE House

	Present Rate <u>02-03</u>	Proposed Rate <u>03-04</u>	<u>Increase</u>
Housing Only per Academic Year	\$ 2,745	\$ 2,883	\$ 138

C. University Commons Undergraduate

	Present Rate <u>02-03</u>	Proposed Rate <u>03-04</u>	<u>Increase</u>
Housing Only (4 Bdr) per Academic Year	\$ 3,758	\$ 4,005	\$ 247
Housing Only (2 Bdr) per Academic Year	\$ ---	\$ 5,265	\$ ---

II. Apartment Housing (Rates to be effective July 1, 2003)

A. Greg Page Stadium View Family Apartments (Monthly Rates)

<u>Apartment Type</u>	Present Rate <u>02-03</u>	Proposed Rate <u>03-04</u>	<u>Increase</u>
Two Bedroom	\$ 635	\$ 665	\$ 30

B. Cooperstown (Monthly Rates – Non-Air Conditioned)

<u>Apartment Type</u>	Present Rate <u>02-03</u>	Proposed Rate <u>03-04</u>	<u>Increase</u>
Efficiency	\$ 381	\$ 400	\$ 19
One Bedroom	\$ 478	\$ 500	\$ 22



C. Cooperstown – Shawneetown (Monthly Rates – Air Conditioned)

<u>Apartment Type</u>	<u>Present Rate 02-03</u>	<u>Proposed Rate 03-04</u>	<u>Increase</u>
Efficiency	\$ 403	\$ 424	\$ 21
One Bedroom	\$ 500	\$ 525	\$ 25
Two Bedroom	\$ 545	\$ 570	\$ 25

D. Commonwealth Village (Monthly Rates)

<u>Apartment Type</u>	<u>Present Rate 02-03</u>	<u>Proposed Rate 03-04</u>	<u>Increase</u>
Efficiency	\$ 403	\$ 424	\$ 21
One Bedroom	\$ 500	\$ 525	\$ 25

E. Linden Walk/Rose Lane (Monthly rates)

<u>Apartment Type</u>	<u>Present Rate 02-03</u>	<u>Proposed Rate 03-04</u>	<u>Increase</u>
Efficiency	\$ 403	\$ 424	\$ 21

F. German House (Monthly rates)

<u>Apartment Type</u>	<u>Present Rate 02-03</u>	<u>Proposed Rate 03-04</u>	<u>Increase</u>
One Bedroom	\$ 440	\$ 460	\$ 20

III. Summer School Housing (Rates to be effective Summer 2004)

	Present Rate <u>02-03</u>	Proposed Rate <u>03-04</u>	<u>Increase</u>
<u>8-Week Session</u>			
Single Occupancy	\$ 880	\$ 925	\$ 45
Double Occupancy	\$ 712	\$ 748	\$ 36
<u>4-Week Session</u>			
Single Occupancy	\$ 440	\$ 462	\$ 22
Double Occupancy	\$ 354	\$ 372	\$ 18
<u>6-Week Session</u>			
Single Occupancy	\$ 660	\$ 693	\$ 33
Double Occupancy	\$ 534	\$ 560	\$ 26

IV. Daily Conference & Guest Rates (Rates to be effective Summer 2004)

	Present Rate <u>02-03</u>	Proposed Rate <u>03-04</u>	<u>Increase</u>
<u>Daily Rate</u>			
Single Room	\$ 37	\$ 37	\$ 0
Double Room	\$ 22	\$ 22	\$ 0
Pre-College Age with Linen	\$ 16	\$ 16	\$ 0
Pre-College Age without Linen	\$ 12	\$ 12	\$ 0

Background: The increases in housing rates are necessary to cover increased wage and operating expenses projected in the 2003-2004 school year.

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Action Taken:    Approved    Disapproved    Other \_\_\_\_\_

# University of Kentucky

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Board of Trustees  
March 2003

# UK State Appropriations

FY	2001 02	2002 03	2003 04
Original	313.6	307.6	299.0
Adjust	6.0	8.6	3.7
Revised	307.6	299.0	302.7

in millions

# Total State Appropriation Cuts

FY:	2001 02	2002 03	2003 04	Total
	6.0	6.0	6.0	
		8.6	8.6	
			3.7	
<b>Total</b>	<b>6.0</b>	<b>14.6</b>	<b>10.9</b>	<b>31.5</b>

in millions

# Actions to meet FY02 03 budget cuts

- Position freeze
- Restrict job reclassifications
- Restrict out of state travel
- Restrict equipment purchases
- Reduction in personal service contracts
- Energy conservation

# Funding Requirements FY 2003 04

Replace state reduction	4.9
Salary and benefits	9.0
Health insurance	3.8
Fixed costs/utilities	2.0
Need based scholarships	1.0
Scholarships	3.6
<b>TOTAL</b>	<b>24.3</b>

in millions

## Sources of Funds FY2003 04

Total needs	24.3
Tuition increase	14.5
<hr/>	
SUBTOTAL	9.8
Provost model savings	2.0
<hr/>	
SUBTOTAL	7.8
Overhead cost recovery	1.8
<hr/>	
<b>PROGRAM REDUCTIONS</b>	<b>6.0</b>
<hr/>	

in millions



Context for  
2003-04  
tuition increase



Funding needs	15.2	24.3	9.1
<b>SOURCES</b>	<b>PLAN</b>	<b>REVISED</b>	<b>DIF</b>
Benchmark funding	4.7		4.7
Tuition	5.5	14.5	9.0
Overhead cost recovery	1.0	1.8	0.8
Provost model savings		2.0	2.0
Program reductions	4.0	6.0	2.0
<b>TOTAL</b>	<b>15.2</b>	<b>24.3</b>	<b>9.1</b>

in millions

**Annual Tuition and  
Annual Fees:**

		Full-Time Tuition		Full-Time Fees	
		2002-03	2003-04	2002-03	2003-04
Undergraduate	Resident	<b>\$3,480.00</b>	<b>\$4,002.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
	Non-Resident	<b>\$10,032.00</b>	<b>\$10,682.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
Lexington C. C.	Resident	<b>\$1,752.00</b>	<b>\$1,896.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
	Non-Resident	<b>\$5,808.00</b>	<b>\$6,970.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
Graduate	Resident	<b>\$3,852.00</b>	<b>\$4,430.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
	Non-Resident	<b>\$11,070.00</b>	<b>\$11,770.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
MBA	Resident	<b>\$4,158.00</b>	<b>\$5,198.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
	Non Resident	<b>\$11,394.00</b>	<b>\$14,242.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
Law	Resident	<b>\$6,580.00</b>	<b>\$8,225.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
	Non Resident	<b>\$16,080.00</b>	<b>\$17,725.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
Pharm. D.	Resident	<b>\$5,714.00</b>	<b>\$7,143.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
	Non Resident	<b>\$16,148.00</b>	<b>\$20,185.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
Medicine	Resident	<b>\$10,882.00</b>	<b>\$13,603.00</b>	<b>\$553.00</b>	<b>\$622.00</b>
	Non Resident	<b>\$25,596.00</b>	<b>\$31,995.00</b>	<b>\$553.00</b>	<b>\$622.00</b>
Dentistry	Resident	<b>\$9,516.00</b>	<b>\$11,895.00</b>	<b>\$563.00</b>	<b>\$633.00</b>
	Non Resident	<b>\$22,810.00</b>	<b>\$28,512.00</b>	<b>\$563.00</b>	<b>\$633.00</b>
Prof. Doctoral	Resident	<b>\$5,310.00</b>	<b>\$6,107.00</b>	<b>\$494.50</b>	<b>\$558.50</b>
	Non Resident	<b>\$15,318.00</b>	<b>\$16,818.00</b>	<b>\$494.50</b>	<b>\$558.50</b>

**Combined Annual  
Tuition and Fees:**

		Total Tuition and Fees	Total Tuition and Fees	Amount Increase	Tot Percent Increase
		2002-03	2003-04	2003-04	2003-04
Undergraduate	Resident	<b>\$3,974.50</b>	<b>\$4,560.50</b>	<b>\$586.00</b>	<b>14.74%</b>
	Non-Resident	<b>\$10,526.50</b>	<b>\$11,240.50</b>	<b>\$714.00</b>	<b>6.78%</b>
Lexington C. C.	Resident	<b>\$2,246.50</b>	<b>\$2,454.50</b>	<b>\$208.00</b>	<b>9.26%</b>
	Non-Resident	<b>\$6,302.50</b>	<b>\$7,528.50</b>	<b>\$1,226.00</b>	<b>19.45%</b>
Graduate	Resident	<b>\$4,346.50</b>	<b>\$4,988.50</b>	<b>\$642.00</b>	<b>14.77%</b>
	Non-Resident	<b>\$11,564.50</b>	<b>\$12,328.50</b>	<b>\$764.00</b>	<b>6.61%</b>
MBA	Resident	<b>\$4,652.50</b>	<b>\$5,756.50</b>	<b>\$1,104.00</b>	<b>23.73%</b>
	Non Resident	<b>\$11,888.50</b>	<b>\$14,800.50</b>	<b>\$2,912.00</b>	<b>24.49%</b>
Law	Resident	<b>\$7,074.50</b>	<b>\$8,783.50</b>	<b>\$1,709.00</b>	<b>24.16%</b>
	Non Resident	<b>\$16,574.50</b>	<b>\$18,283.50</b>	<b>\$1,709.00</b>	<b>10.31%</b>
Pharm. D.	Resident	<b>\$6,208.50</b>	<b>\$7,701.50</b>	<b>\$1,493.00</b>	<b>24.05%</b>
	Non Resident	<b>\$16,642.50</b>	<b>\$20,743.50</b>	<b>\$4,101.00</b>	<b>24.64%</b>
Medicine	Resident	<b>\$11,435.00</b>	<b>\$14,225.00</b>	<b>\$2,790.00</b>	<b>24.40%</b>
	Non Resident	<b>\$26,149.00</b>	<b>\$32,617.00</b>	<b>\$6,468.00</b>	<b>24.74%</b>
Dentistry	Resident	<b>\$10,079.00</b>	<b>\$12,528.00</b>	<b>\$2,449.00</b>	<b>24.30%</b>
	Non Resident	<b>\$23,373.00</b>	<b>\$29,145.00</b>	<b>\$5,772.00</b>	<b>24.70%</b>
Prof. Doctoral	Resident	<b>\$5,804.50</b>	<b>\$6,665.50</b>	<b>\$861.00</b>	<b>14.83%</b>
	Non Resident	<b>\$15,812.50</b>	<b>\$17,376.50</b>	<b>\$1,564.00</b>	<b>9.89%</b>

Per Semester Total Tuition and Fees		Per Semester Total Tuition and Fees 2003-04	Amount Increase 2003-04
Undergraduate	Resident	<b>\$2,280.25</b>	<b>\$293.00</b>
	Non-Resident	<b>\$5,620.25</b>	<b>\$357.00</b>
Lexington C. C.	Resident	<b>\$1,227.25</b>	<b>\$104.00</b>
	Non-Resident	<b>\$3,764.25</b>	<b>\$613.00</b>
Graduate	Resident	<b>\$2,494.25</b>	<b>\$321.00</b>
	Non-Resident	<b>\$6,164.25</b>	<b>\$382.00</b>
MBA	Resident	<b>\$2,878.25</b>	<b>\$552.00</b>
	Non Resident	<b>\$7,400.25</b>	<b>\$1,456.00</b>
Law	Resident	<b>\$4,392.25</b>	<b>\$855.00</b>
	Non Resident	<b>\$9,142.25</b>	<b>\$855.00</b>
Pharm. D.	Resident	<b>\$3,851.25</b>	<b>\$747.00</b>
	Non Resident	<b>\$10,372.25</b>	<b>\$2,051.00</b>
Prof. Doctoral	Resident	<b>\$3,333.25</b>	<b>\$431.00</b>
	Non Resident	<b>\$8,688.25</b>	<b>\$782.00</b>

# Mandatory Fees

Mandatory Fees	Current	Proposed	Dollar Incr.	% Increase
Athletic	\$24.50	\$24.50	\$0.00	0.00%
Student Gov.	\$8.50	\$15.00	\$6.50	76.47%
WRFL	\$5.00	\$5.00	\$0.00	0.00%
Student Activities	\$13.00	\$17.00	\$4.00	30.77%
Student Center	\$44.00	\$60.00	\$16.00	36.36%
Technology Fee	\$128.00	\$128.00	\$0.00	0.00%
Seaton Center	\$100.00	\$100.00	\$0.00	0.00%
International Aff.	\$0.00	\$4.00	\$4.00	100.00%
Student Affairs	\$0.00	\$17.50	\$17.50	100.00%
Subtotal	\$323.00	\$371.00	\$48.00	9.70%
Student Health Fee	\$171.50	\$187.50	\$16.00	9.33%
<b>Total Mandatory Fees</b>	<b>\$494.50</b>	<b>\$558.50</b>	<b>\$64.00</b>	<b>12.90%</b>
Health Fee Medical Students	\$230.00	\$251.00	\$21.00	9.33%
Health Fee Dentistry Students	\$240.00	\$262.00	\$22.00	9.33%
Total Mandatory Fees - Med Students	\$553.00	\$622.00	\$69.00	12.47%
Total Mandatory Fees - Dent. Students	\$563.00	\$633.00	\$70.00	12.43%

# UK Benchmarks

## 2002 03 Undergraduate Resident Tuition and Fees

Rank	Institution Name	Tuition	Fees	Total
1	Pennsylvania State University-main campus	8,008	374	8,382
2	University of Michigan-Ann Arbor	7,298	187	7,485
3	University of Illinois at Urbana-Champaign	5,302	1,402	6,704
4	University of Minnesota-Twin Cities	5,420	860	6,280
5	Ohio State University-main campus	5,304	387	5,691
6	University of Maryland-College Park	4,572	1,098	5,670
7	Purdue University-main campus	5,228	352	5,580
8	University of Virginia-main campus	3,321	1,459	4,780
9	Texas A & M University	2,640	2,108	4,748
10	University of Washington-Seattle Campus	4,167	469	4,636
11	University of Wisconsin-Madison	3,854	569	4,423
12	University of California-Los Angeles	0	4,225	4,225
13	University of Iowa	3,692	499	4,191
14	University of Kentucky	3,480	495	3,975
15	The University of Texas at Austin	2,640	1,310	3,950
16	University of North Carolina at Chapel Hill	2,814	1,042	3,856
17	North Carolina State University at Raleigh	2,814	1,013	3,827
18	University of Georgia	2,790	826	3,616
19	University of Arizona	0	2,593	2,593
20	University of Florida	1,754	827	2,581

Note: UK 2003-04 proposed total tuition and fees : \$4,561

Source: Integrated Postsecondary Education Data System

# UK Benchmark Comparison

Undergraduate resident tuition and fees, eight year history

INSTITUTION NAME	FY95-96	FY02-03	Cumulative Increase	% Increase
<b>Penn State University</b>	<b>5,258</b>	<b>8,382</b>	<b>3,124</b>	<b>59%</b>
<b>Texas A&amp;M</b>	<b>1,988</b>	<b>4,748</b>	<b>2,760</b>	<b>139%</b>
<b>Univ of Illinois - Urbana-Champaign</b>	<b>3,958</b>	<b>6,704</b>	<b>2,746</b>	<b>69%</b>
<b>Purdue University</b>	<b>3,056</b>	<b>5,580</b>	<b>2,524</b>	<b>83%</b>
<b>University of Minnesota - Twin Cities</b>	<b>3,857</b>	<b>6,280</b>	<b>2,423</b>	<b>63%</b>
<b>Ohio State University</b>	<b>3,273</b>	<b>5,691</b>	<b>2,418</b>	<b>74%</b>
<b>Univ of North Carolina - Chapel Hill</b>	<b>1,640</b>	<b>3,856</b>	<b>2,216</b>	<b>135%</b>
<b>North Carolina State University</b>	<b>1,732</b>	<b>3,827</b>	<b>2,095</b>	<b>121%</b>
<b>University of Maryland - College Park</b>	<b>3,794</b>	<b>5,670</b>	<b>1,876</b>	<b>49%</b>
<b>University of Texas - Austin</b>	<b>2,208</b>	<b>3,950</b>	<b>1,742</b>	<b>79%</b>
<b>University of Michigan - Ann Arbor</b>	<b>5,842</b>	<b>7,485</b>	<b>1,643</b>	<b>28%</b>
<b>University of Iowa</b>	<b>2,558</b>	<b>4,191</b>	<b>1,633</b>	<b>64%</b>
<b>University of Washington</b>	<b>3,019</b>	<b>4,636</b>	<b>1,617</b>	<b>54%</b>
<b>University of Wisconsin - Madison</b>	<b>2,881</b>	<b>4,423</b>	<b>1,542</b>	<b>54%</b>
<b>University of Kentucky</b>	<b>2,594</b>	<b>3,975</b>	<b>1,381</b>	<b>53%</b>
<b>University of Georgia</b>	<b>2,542</b>	<b>3,616</b>	<b>1,074</b>	<b>42%</b>
<b>University of Florida</b>	<b>1,705</b>	<b>2,581</b>	<b>876</b>	<b>51%</b>
<b>University of Arizona</b>	<b>1,884</b>	<b>2,593</b>	<b>709</b>	<b>38%</b>
<b>UCLA</b>	<b>3,893</b>	<b>4,225</b>	<b>332</b>	<b>9%</b>
<b>University of Virginia</b>	<b>4,618</b>	<b>4,780</b>	<b>162</b>	<b>4%</b>

Source: IPEDS Institutional Characteristics Report

# UK Benchmarks

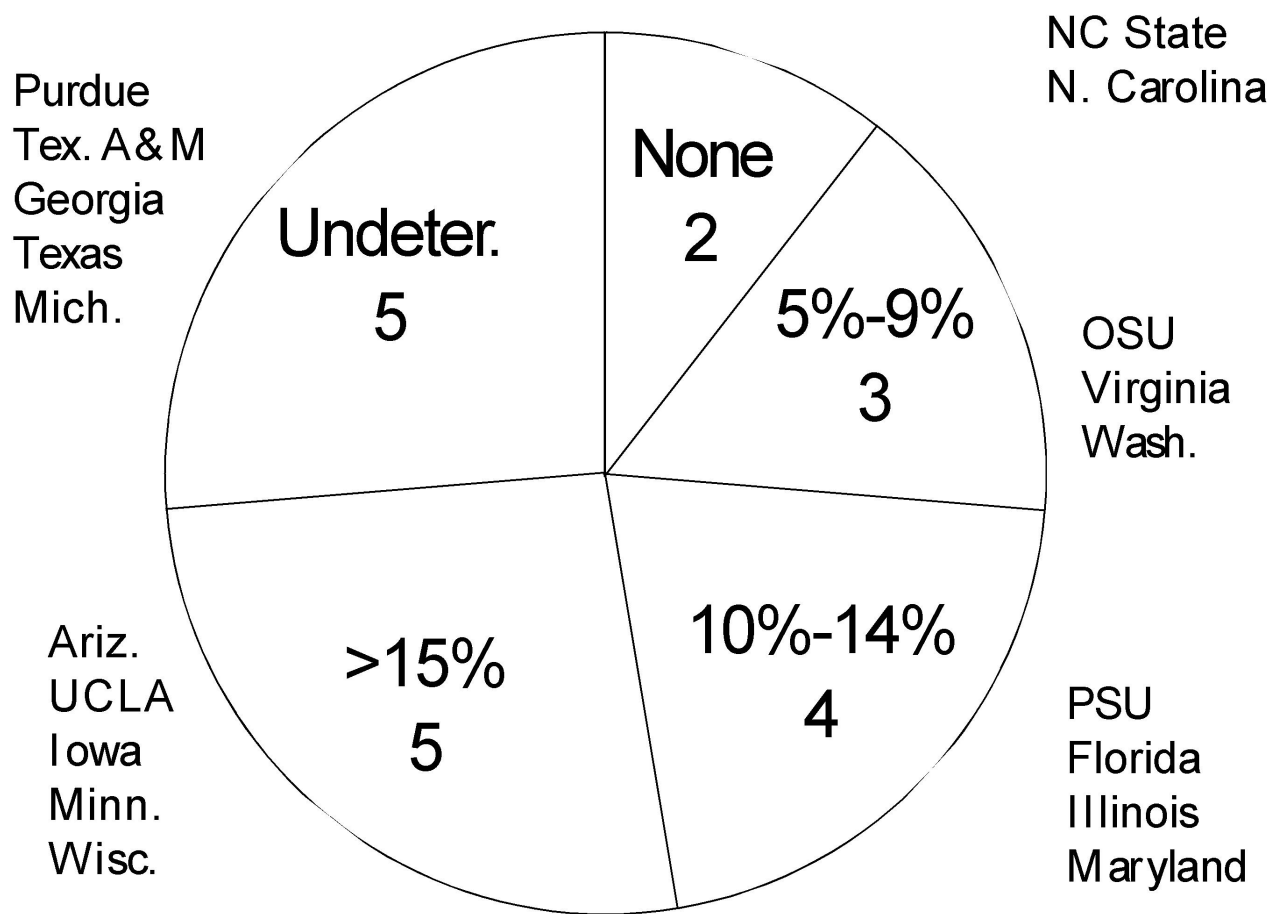
## Tuition and fees as a percent of Per Capita Income

INSTITUTION NAME	2001 Per Capita Income	2002-03 Tuition & Fees	Percent
<b>Penn State University</b>	<b>30,617</b>	<b>8,382</b>	<b>27%</b>
<b>University of Michigan - Ann Arbor</b>	<b>29,538</b>	<b>7,485</b>	<b>25%</b>
<b>University of Illinois - Urbana-Champaign</b>	<b>32,755</b>	<b>6,704</b>	<b>20%</b>
<b>Purdue University</b>	<b>27,532</b>	<b>5,580</b>	<b>20%</b>
<b>Ohio State University</b>	<b>28,619</b>	<b>5,691</b>	<b>20%</b>
<b>University of Minnesota - Twin Cities</b>	<b>32,791</b>	<b>6,280</b>	<b>19%</b>
<b>Texas A&amp;M</b>	<b>28,486</b>	<b>4,748</b>	<b>17%</b>
<b>University of Maryland - College Park</b>	<b>34,950</b>	<b>5,670</b>	<b>16%</b>
<b>University of Kentucky</b>	<b>25,057</b>	<b>3,975</b>	<b>16%</b>
<b>University of Iowa</b>	<b>27,283</b>	<b>4,191</b>	<b>15%</b>
<b>University of Wisconsin - Madison</b>	<b>28,911</b>	<b>4,423</b>	<b>15%</b>
<b>University of Virginia</b>	<b>32,295</b>	<b>4,780</b>	<b>15%</b>
<b>University of Washington</b>	<b>31,582</b>	<b>4,636</b>	<b>15%</b>
<b>University of North Carolina - Chapel Hill</b>	<b>27,418</b>	<b>3,856</b>	<b>14%</b>
<b>North Carolina State University</b>	<b>27,418</b>	<b>3,827</b>	<b>14%</b>
<b>University of Texas - Austin</b>	<b>28,486</b>	<b>3,950</b>	<b>14%</b>
<b>UCLA</b>	<b>32,678</b>	<b>4,225</b>	<b>13%</b>
<b>University of Georgia</b>	<b>28,438</b>	<b>3,616</b>	<b>13%</b>
<b>University of Arizona</b>	<b>25,479</b>	<b>2,593</b>	<b>10%</b>
<b>University of Florida</b>	<b>28,493</b>	<b>2,581</b>	<b>9%</b>

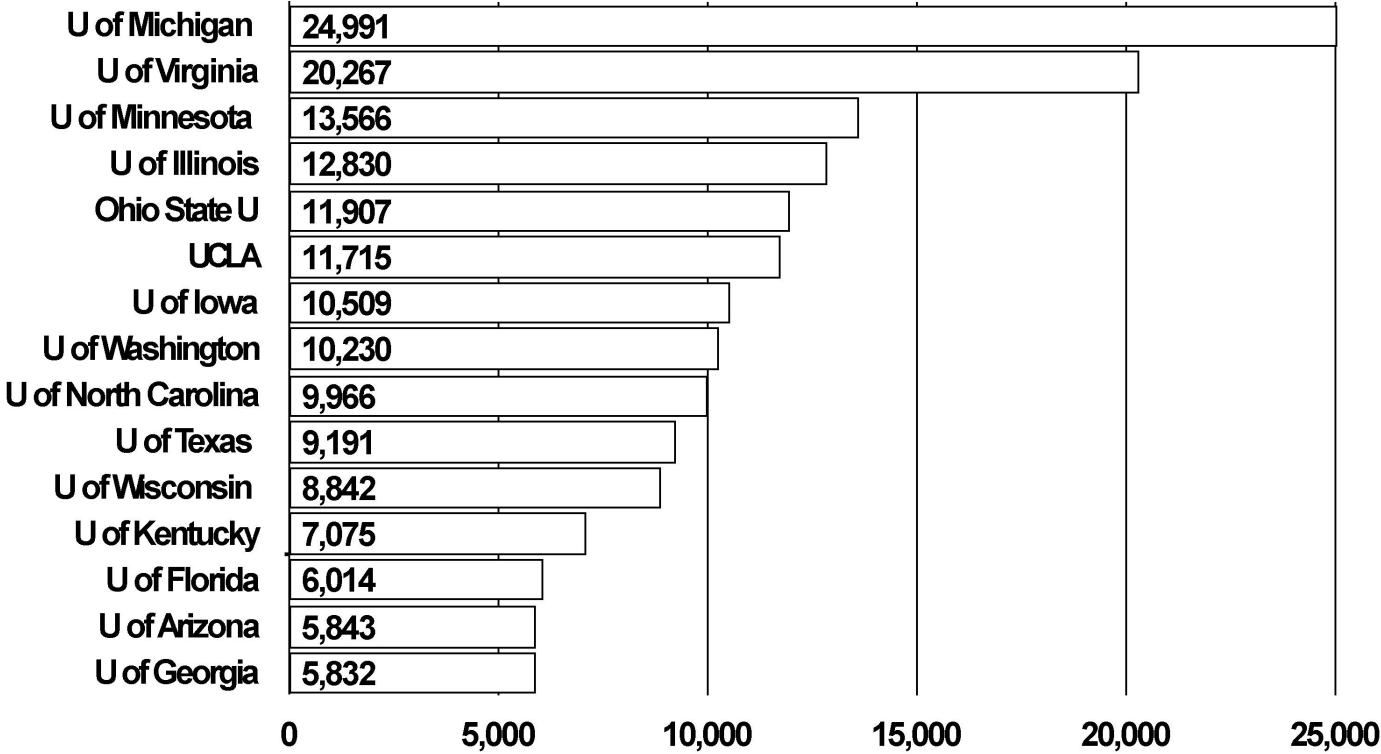
Source: Bureau of Econ Analysis, Annual State Personal Income; IPEDS



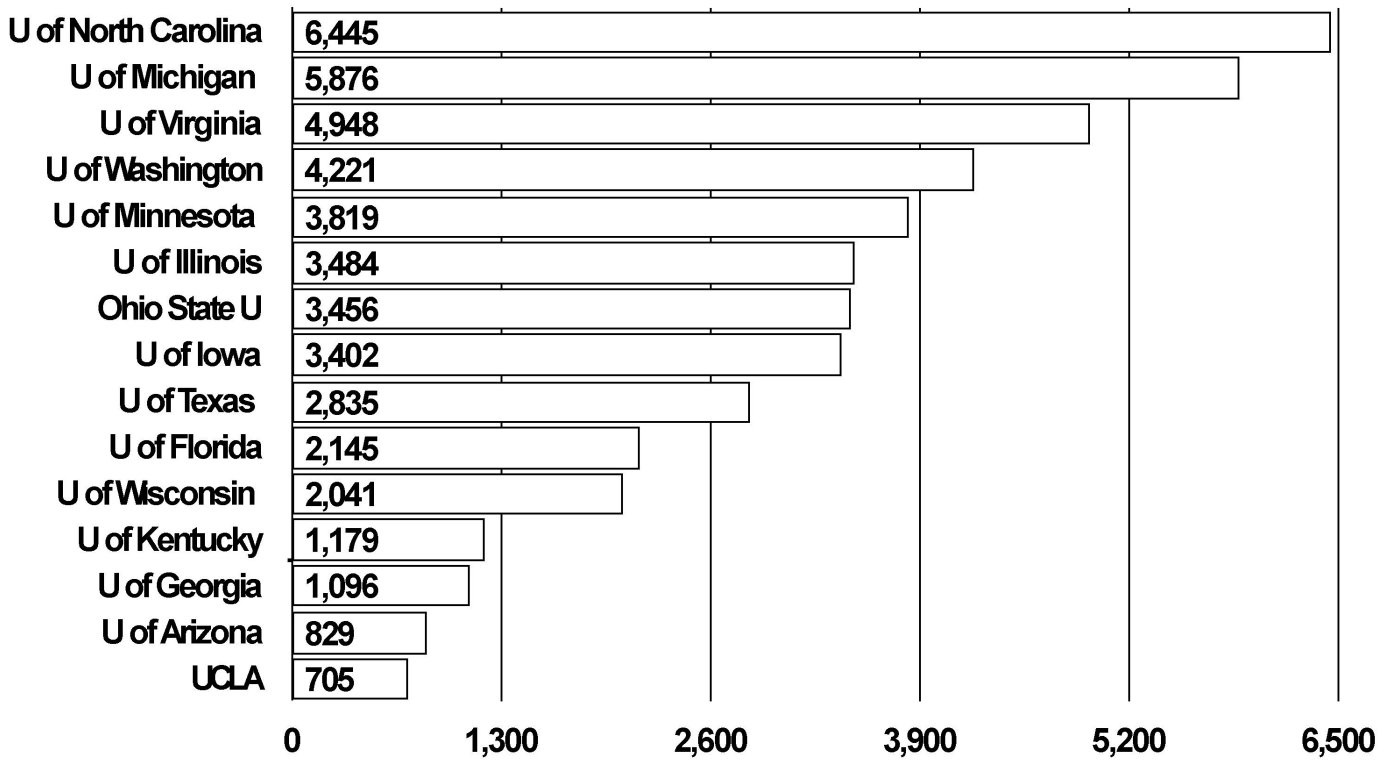
## 2003-04 Benchmark Projections



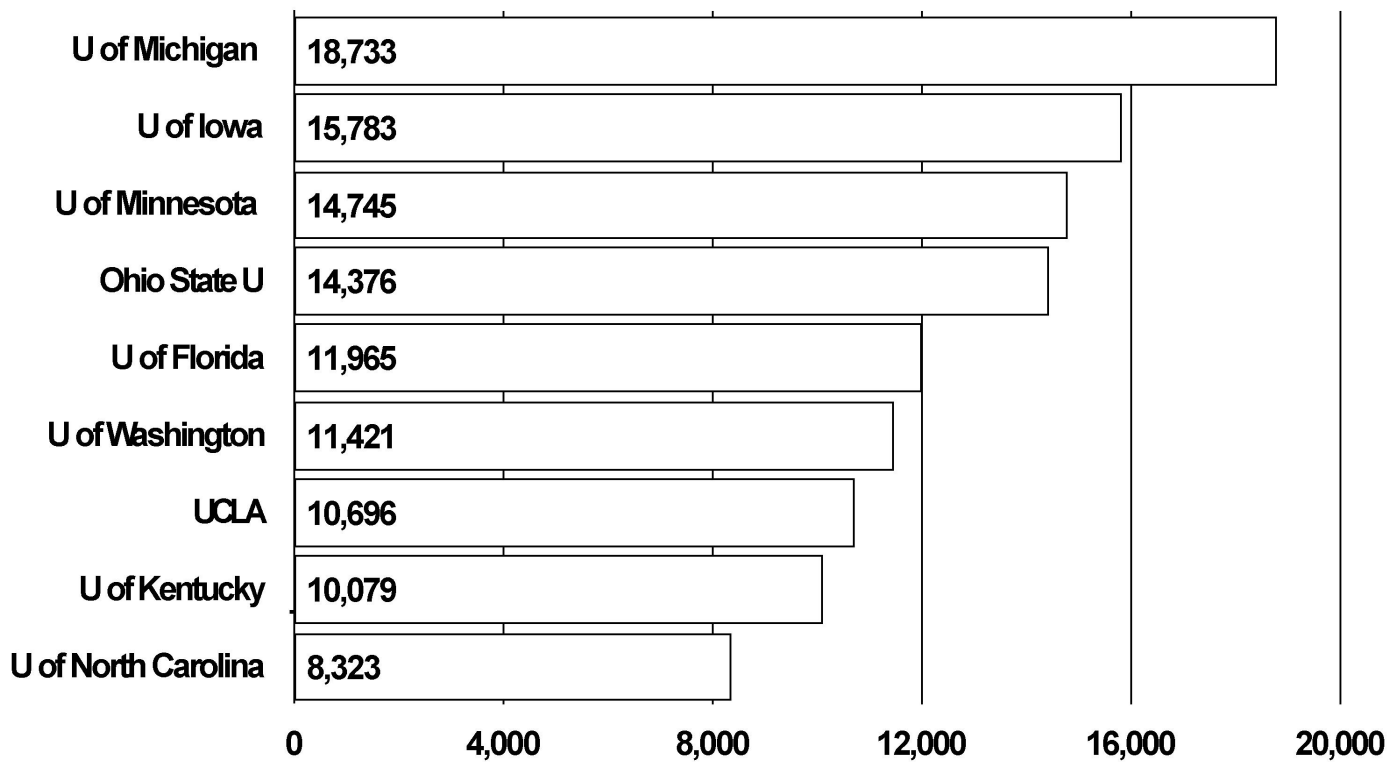
Benchmark Law Resident Annual Tuition and Fees,  
2002 03



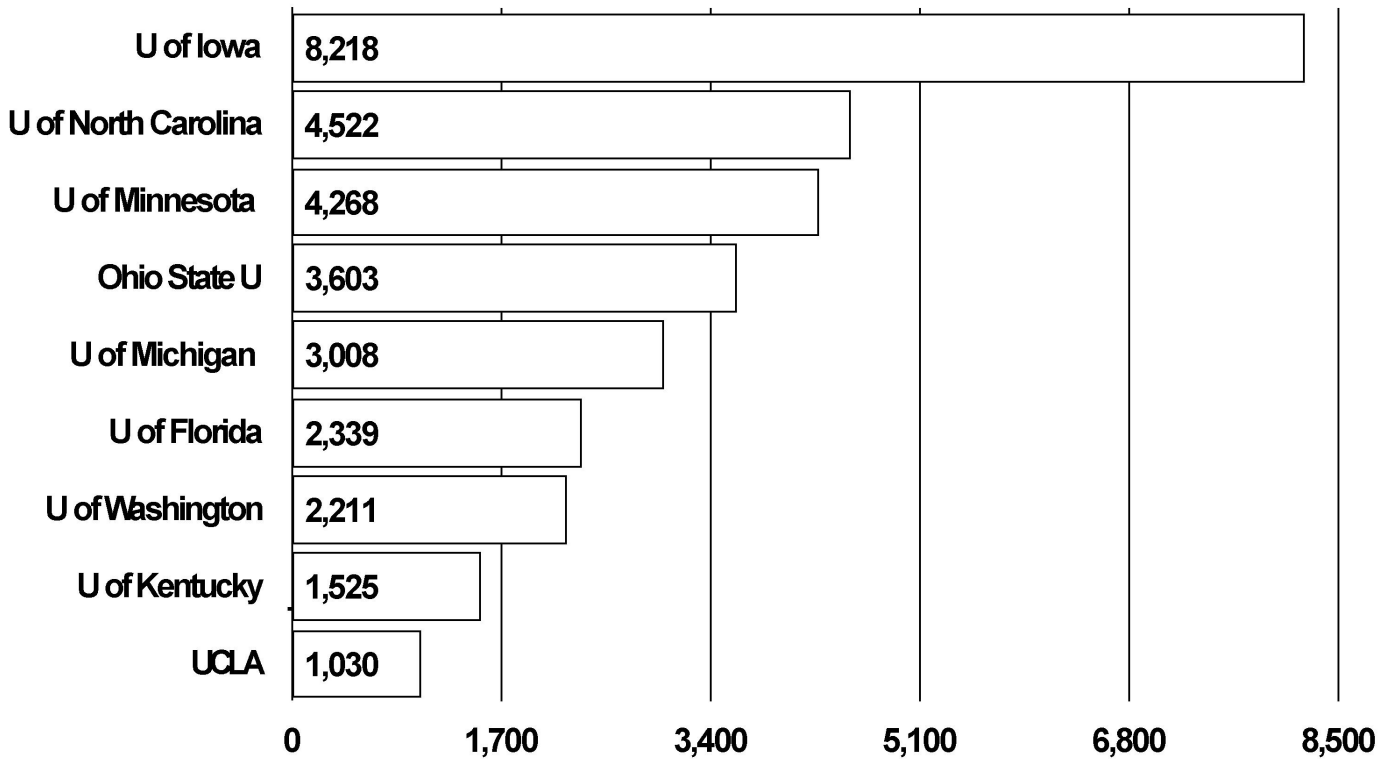
Benchmark Law Resident Dollar Amount Change in  
Annual Tuition and Fees,  
1999 00 through 2002 03



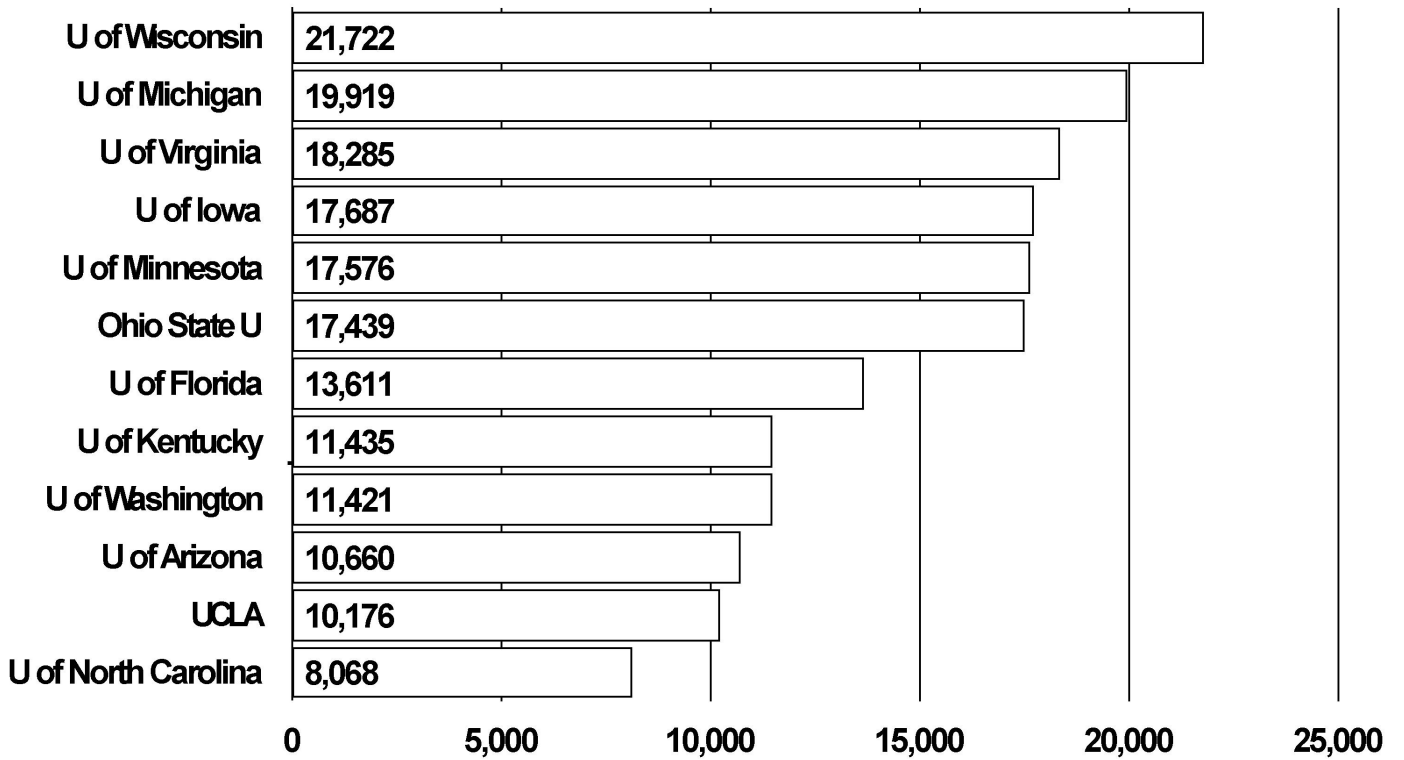
## Benchmark Dentistry Resident Annual Tuition and Fees, 2002 03



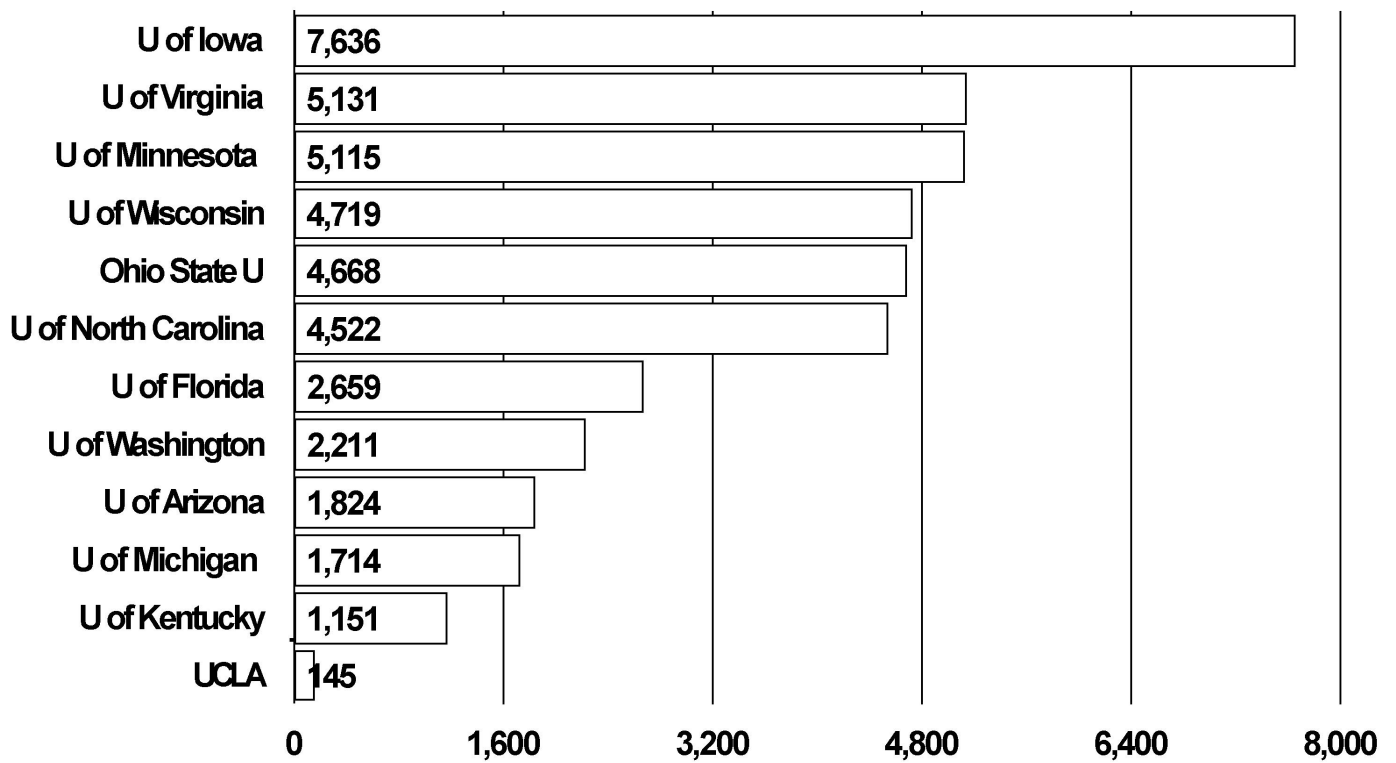
Benchmark Dentistry Resident Dollar Amount Change in  
Annual Tuition and Fees,  
1999 00 through 2002 03



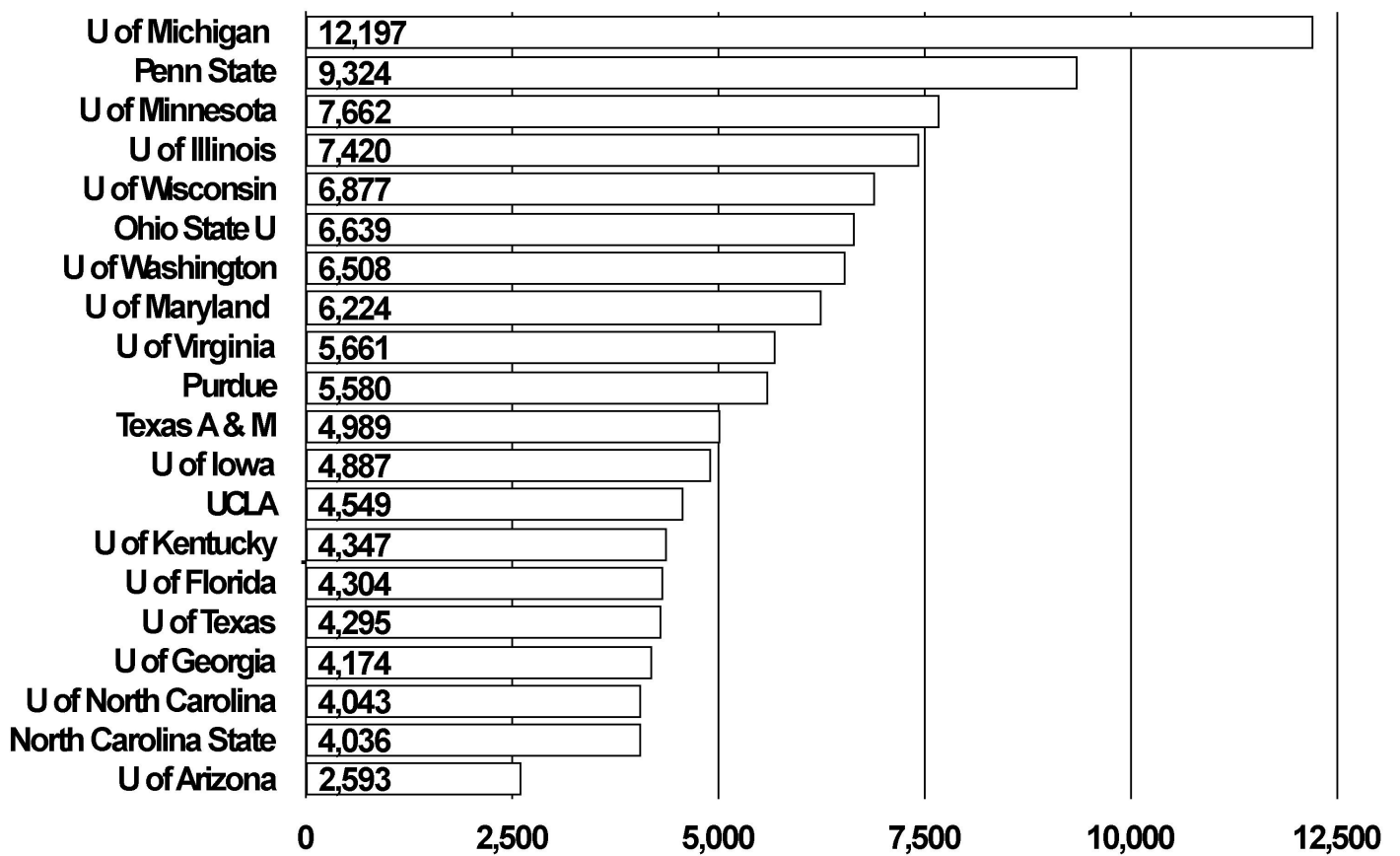
Benchmark Medicine Resident Annual Tuition and Fees,  
2002 03



Benchmark Medicine Resident Dollar Amount Change in  
Annual Tuition and Fees,  
1999 00 through 2002 03

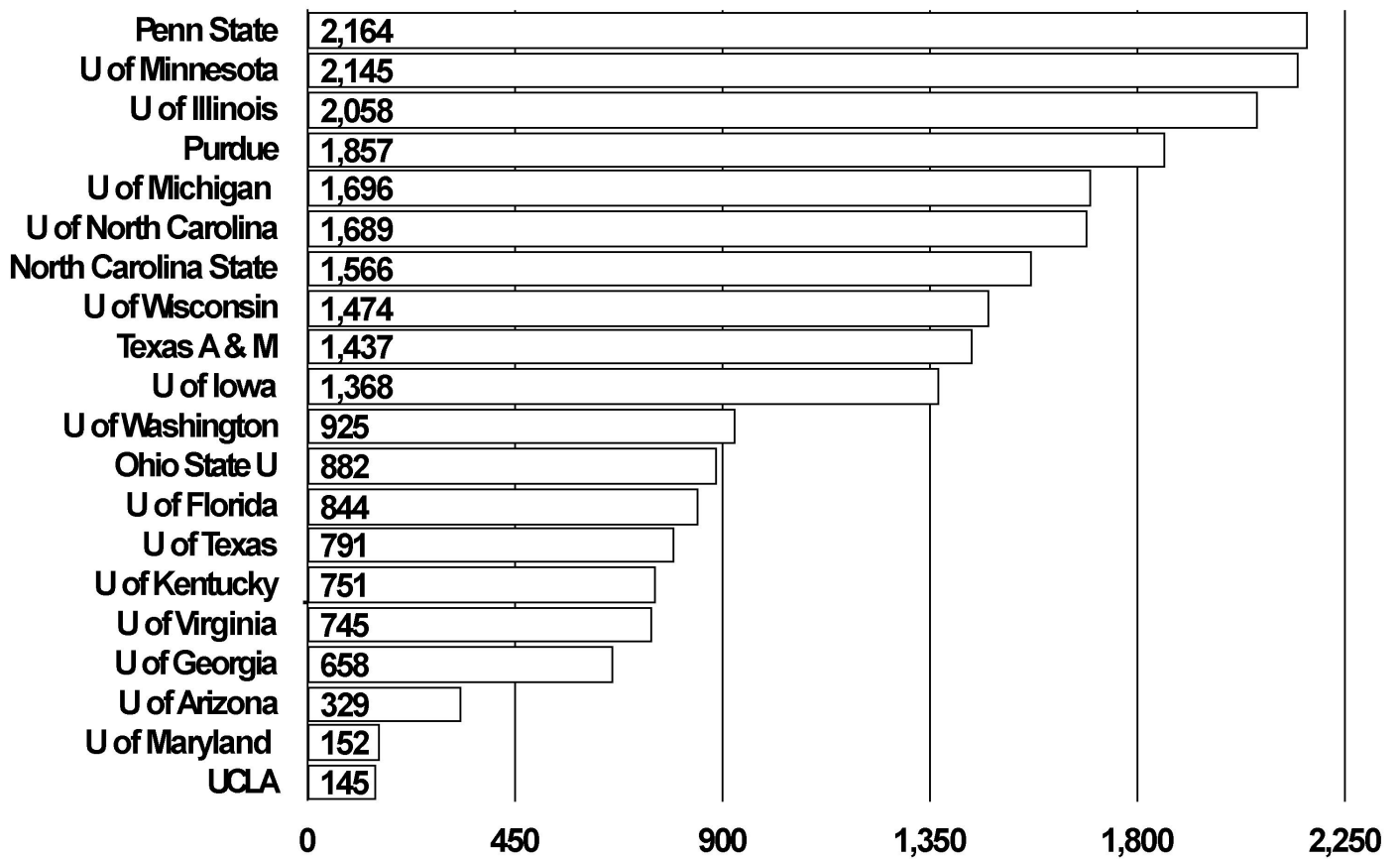


## Benchmark Grad. Resident Annual Tuition and Fees, 2002 03

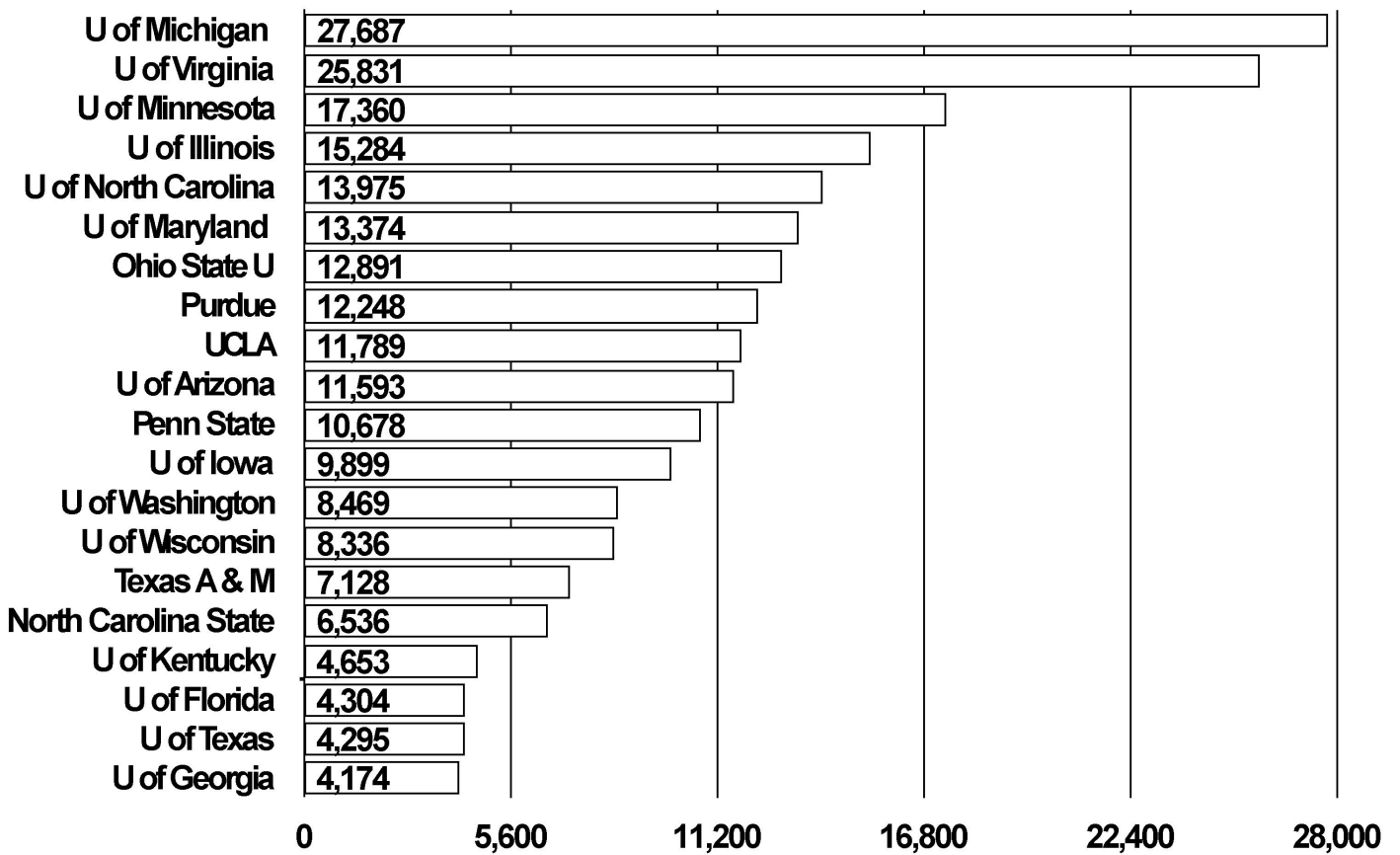




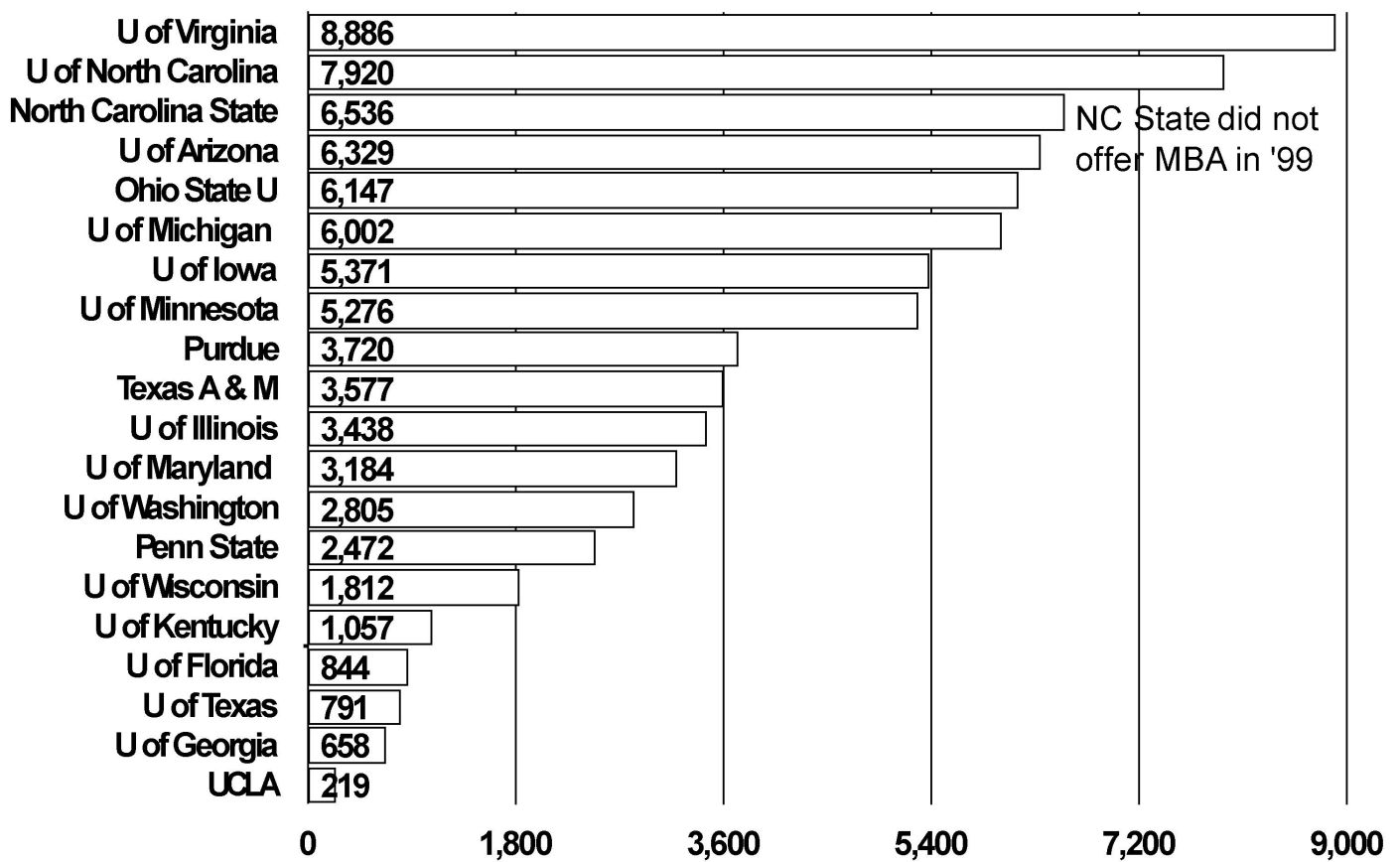
**Benchmark Grad. Resident Dollar Amount Change in  
Annual Tuition and Fees,  
1999 00 through 2002 03**



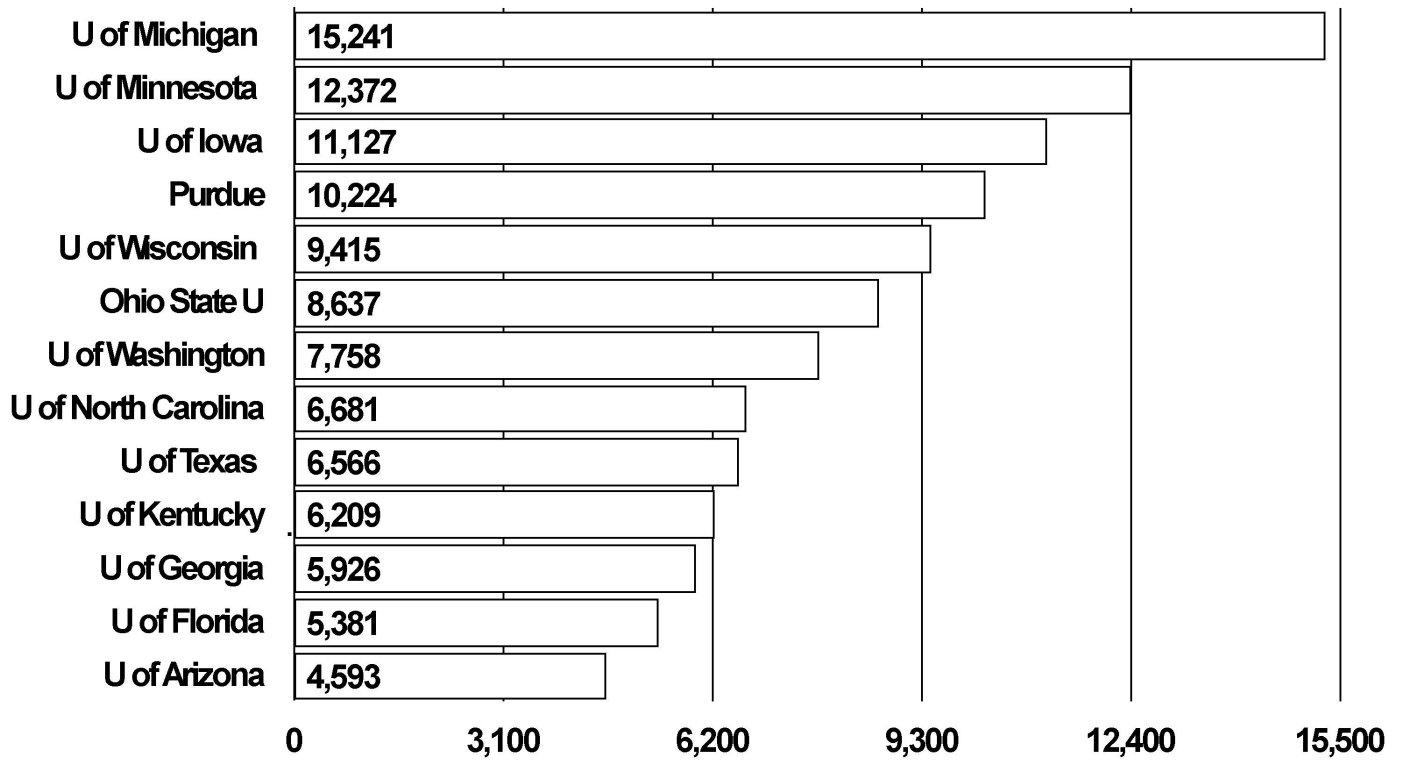
## Benchmark MBA Resident Annual Tuition and Fees, 2002 03



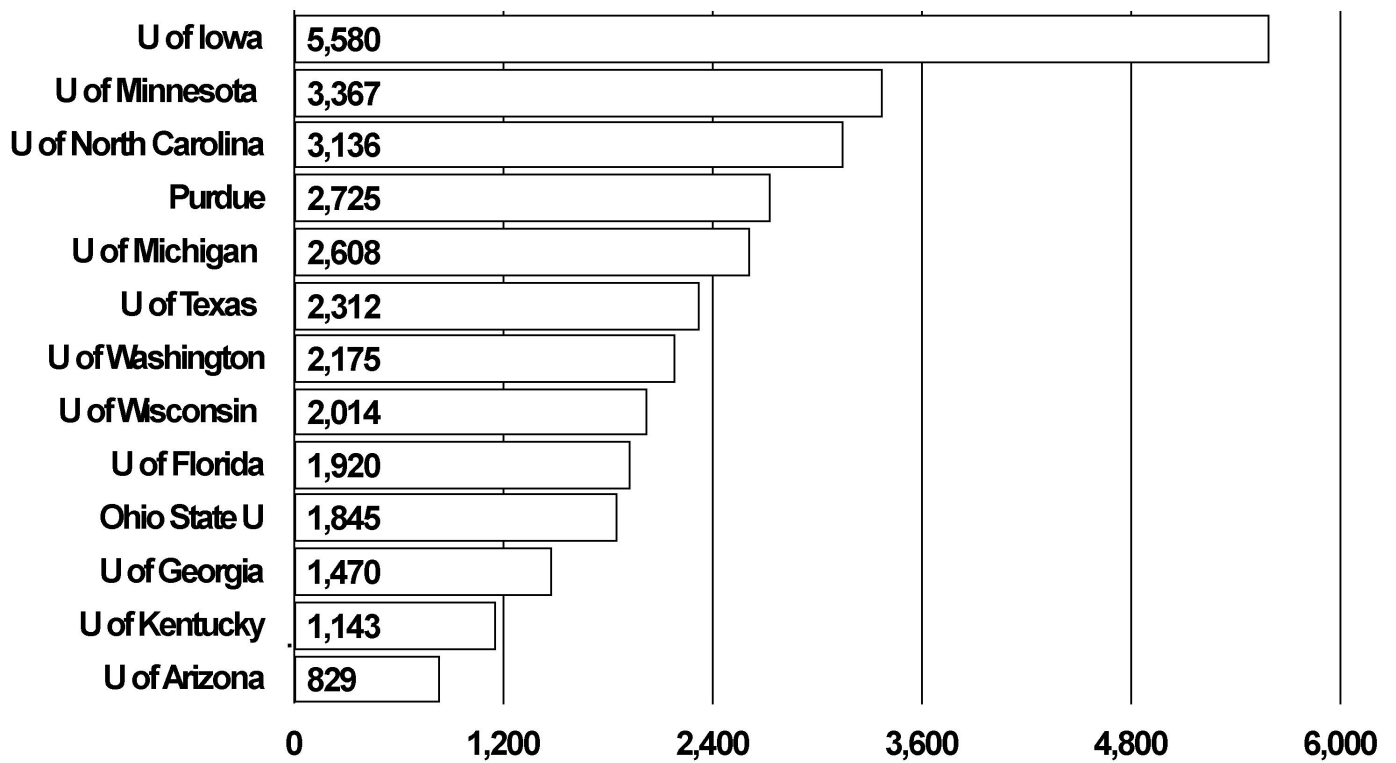
## Benchmark MBA Resident Dollar Amount Change in Annual Tuition and Fees, 1999 00 through 2002 03



## Benchmark Pharmacy Resident Annual Tuition and Fees, 2002 03



Benchmark Pharmacy Resident Dollar Amount Change in  
Annual Tuition and Fees,  
1999 00 through 2002 03



# University of Kentucky

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March 2003