

**General Faculty**
**Meeting Specifics**

Purpose	Frequency	Executive Sponsor
Informational	Special Called: Budget Update	Dean DiPaola
Date	Time	Location
Wednesday, May 20, 2020	12:00-1:00 p.m.	Zoom

**Faculty Council**

<input checked="" type="checkbox"/> Chair: Hatcher, April	<input checked="" type="checkbox"/> Vice Chair: Ballard, Hubert
<input checked="" type="checkbox"/> Spear, Brett	<input checked="" type="checkbox"/> Gabriel, Gaby E.
<input checked="" type="checkbox"/> Whiteheart, Sidney	<input checked="" type="checkbox"/> Hays, Lon R.
<input checked="" type="checkbox"/> Jessica McFarlin	<input checked="" type="checkbox"/> Stevens, Julia C.
<input checked="" type="checkbox"/> Deep, Kristy S.	<input checked="" type="checkbox"/> Blonder, Lee X.
<input checked="" type="checkbox"/> Fragneto, Regina	<input checked="" type="checkbox"/> Mellon, Isabel

**Agenda Topics Covered**

Topic	Agenda Item	Presenter/Facilitator
1	University of Kentucky COVID-19 Budget Update	Dean DiPaola

**Notes**

Topic	Discussion
1. COVID-19 University of Kentucky Budget Update	<ul style="list-style-type: none"> <li>• Dean DiPaola thanked the College of Medicine Faculty and Faculty Council for playing an active role in the development of the budget reduction plans.</li> <li>• Dean DiPaola expressed that the intention behind all decisions made were with the faculty, staff, and students in mind. The decisions were also made with the intention to preserve the mission of the College of Medicine for advanced health care, discoveries that improve health and well-being, and educating our future researchers, instructors, and physicians.</li> <li>• The College of Medicine faculty know from prior discussions that the growth in research, clinical care, and education has occurred with a steep trajectory. In the past few years, there has been a doubling of research activity and grant funding, the creation of multiple new campuses, and an increase of graduate and undergraduate education. Because of this, in the current situation in relation to budgetary issues, we confront COVID-19 as a very strong College of Medicine.</li> <li>• The College of Medicine values a transdisciplinary, collaborative approach to our work to bring people together at the point where we deal with the problem, or the new challenge, or opportunity early in the process.</li> <li>• Dean DiPaola addressed the most recent College of Medicine budget updates amid the COVID-19 pandemic and reiterated the principles outlined by President Capilouto that are guiding the College of Medicine through each phase of decision making:               <ol style="list-style-type: none"> <li>1) We will preserve the missions we have held for more than 150 years and now 60 years with the College of Medicine: education, research, service and health care;</li> <li>2) We will ensure the health, safety, and well-being of our campus community;</li> <li>3) We will continue to focus on a return to safe and normal operations as soon as possible;</li> <li>4) We will position UK to thrive when we emerge from this crisis; and</li> </ol> </li> </ul>

- 5) We will communicate with the campus clearly and transparently.
- Dean DiPaola fully supports the guiding principles outlined by President Capilouto, and we have developed additional principles specific to the College of Medicine to guide our decisions. These principles include:
    - 1) Comprehensive Budget Planning: There is a strong interdependency with UK HealthCare (e.g., funding to College of Medicine for clinical physician workforce for hospital services, pharmacy, etc.). All decisions must be made considering all financial pressures (general funds, clinical/UK HealthCare, enrichment, endowment, education, and research).;
    - 2) Workforce: Bringing the College of Medicine together in an all-inclusive way does not happen without our workforce, our faculty, staff, and students. It is very important to note that in this current plan, there are no reductions in force for any positions;
    - 3) Vertical Approach: A vertical approach allows us to reduce and restructure in key areas where we could reduce with the least damage or with an opportunity to restructure key areas for the future. A vertical approach can strengthen an organization rather than weaken an organization. The two areas we need to pay attention to are research and education. In regards to research, we have a responsibility to sustain research for the College of Medicine and University as a research-intensive university (maintaining College of Medicine research activity to continue to drive University research funding-currently more than half of all funding). In regards to education, we have a responsibility to our new regional campuses and overall educational growth with UK and statewide impact; and
    - 4) Strategy to Thrive in Fiscal Year 2021-2022: We paid attention to make sure there are enough strategic funds so we can come out ahead on the other end, and we have plans built in to continue to support our research and education programs to grow again. We have had the Dialogue with the Dean to stay in communication through COVID-19. Early on, we communicated about getting more grants written, and we have been informed that this round of grant submission is projected to be one of the largest ever.
  - In terms of the budget, a few weeks ago Dean DiPaola met with Provost Blackwell and Eric Monday, the Executive Vice President for Finance and Administration, to discuss the budget implications as a result of the COVID-19 pandemic and to outline our draft plans. Both the Provost and Dr. Monday have been incredibly helpful to the college as we have worked through our plans. The information they provided to achieve a balanced budget will set us up for success. There were a number of principles that were discussed that helped frame the whole process in an important way. The plan was developed with input and help from faculty and leaders.
  - As a reminder, there is a continuation of a hiring pause. Within the College of Medicine, we have developed a plan to request an exception. If there is a need for an exception related to non-clinical faculty, please contact Alyssa Huddleston, Assistant Dean for Administration, or your department administrator.
  - There will be a reduction in the University's retirement contributions to individual employees from 10 percent to five percent for one year. We received several questions and comments regarding this step and the decision to cut the retirement contribution for one year was not made lightly. This is an institutional-wide decision impacting all regular employees, not just the College of Medicine. This also addresses the need to reduce the University's greatest budget expense in terms of personnel costs, without an across-the-board salary reduction. Our leadership balanced this need with the knowledge that many employees are in

sometimes difficult financial situations due to the economy and COVID-19, and according to the Chief Benefits Officer, Richard Amos, there are regulations we have to follow with our retirement plan and that changes to the terms of the plan must be made throughout the entire plan. The percentage of the employer contribution cannot be made elective for individuals in the plan and is determined by the employer. While some employees may be able to absorb easily a reduction in pay, University leadership also recognizes that many employees would not. Temporarily reducing the retirement contribution allows the University to reduce a significant expense without impacting take-home pay of employees. The plan is that this 10 percent retirement contribution will be restored in the following fiscal year. The college will still need to make tough decisions to address its budget reduction.

- There will be no merit increases July 1 for the coming year. The College of Medicine is responsible for reducing our general fund by about 10 percent, and we need to reduce by an additional \$6 million from the Dean's Academic Enrichment Fund, secondary to decreased clinical volume and therefore decreased practice dollars.
- That equates to about a \$6 million impact to the general fund in addition to the \$6 million to the Dean's Academic Enrichment Fund. This \$12 million is really funding toward our academic support to our basic science and clinical departments. As a reminder, you have heard from UK HealthCare presentations about a decrease in hospital and ambulatory budgets as well.
- Approved recommendations include:
  - 1) Dean's Office/Administration: Total cut: \$952,914 – This cut is a result of a reduction of multiple funds related to programmatic budgets, delays in hiring, facilities, and travel.
  - 2) Office of Medical Education: Total cut: \$995,950 – This cut is a result of a restructuring and decrease of FTE for physician associate deans and reduced expenses as a result of associate dean restructure and delayed recruitment for staff. Multiple areas related to programmatic budgets, travel, and delays in hiring were also reduced.
  - 3) Markey Cancer Center: Total cut: \$3 million in operational support – The reduction in general funds here comes from reduced operation dollars which will be covered by other funds from the Markey Cancer Center, but our support of direct research funding will continue, which is still approximately \$3.6 million per year. Given the reduced academic enrichment dollars, there will be funding for the academic productivity bonus to clinical departments for fiscal years 2020 and 2021 (approximately \$4.5 million). Direct research support will continue.
  - 4) Wethington Awards: The College of Medicine distributes the Wethington Awards in a different fashion than most colleges across campuses. Wethington Awards are not technically considered to be part of a base salary, but we are conscious of how important they are to our faculty. Full Wethington Awards will be distributed this fiscal year. There will be a reduction next year to approximately 40 percent, which saves us about \$2.5 million for fiscal year 2021.
  - 5) Clinical Science Program had a reduction of \$600,000. There is activity going on, but due to COVID-19, there will be less activity this year.
  - 6) Center for Health Sciences Research had a reduction of about \$500,000.
  - 7) Area Health Education Center (AHEC) had less activity needs over recent years given changes in student placement and the expansion of our regional campuses. Our strategy is much different than when the center was established. Although we will have less funds available this year for AHEC, given the cuts described, we will still

provide funding to continue the services for both the College of Medicine and the other health profession colleges at UK to allow the centers to maintain necessary activity. Dr. Charles Griffith, Vice Dean for Education, will be working with center leadership to modernize the structure to better reflect the need of the college and University. There is a plan to evaluate again in fiscal year 2022.

- 8) Center for Excellence in Rural Health: The College of Medicine has been covering a shortfall in that center of about \$1.1 million, above what is distributed from the state. We plan to continue the mandated funding requirement, as well as additional funding to ease the transition as we restructure for fiscal year 2021. There are a number of other areas where there have been smaller amounts of funding, such as some shifts in the hiring of postdocs to be covered by endowments and reduced lab staff.
- Overall, this totals to a budget reduction of the general fund and the Dean’s Academic Enrichment Fund of \$12 million. The budget reductions are through the next fiscal year.
  - As in our Rules of the Faculty, the College of Medicine is committed to a culture of character and shared community.
  - To summarize our UK College of Medicine Plan to Recover and Thrive:
    - 1) Although we used \$2 million of strategic funds to enable the Wethington Awards this year, we have plans on building team-like approaches through our Alliance Initiative. We are still planning to launch the Alliance Initiative. We are still planning to support many of the new educational programs we have started so we can grow, and we now have more opportunities by going online. We are launching a committee that will look at department budgets on the academic end, the STAR compensation plan, and Wethington Awards going forward. The team will include faculty at-large and you will hear more on this soon. We are also looking for a way to reward education, instruction, and service, and we will talk more about that over the next few weeks.
    - 2) In terms of workforce, all decisions prioritize you as our most valuable resource to bring forward our missions. Budgets for key research recruitment have been maintained to support regrowth in fiscal year 2022, even if many are delayed.
    - 3) We did adhere to a vertical approach; there were key areas and leadership that helped cover the budget reduction. Programmatic areas were reduced versus an overall cut across our strengths.
    - 4) Educational Impact and Campus Sustainability: We have paid a lot of attention to the new campuses. We are responsible to those campuses and they have been amazing in how they have grown.
    - 5) Strategy to Thrive in 2021-2022: There are some strategic funds for transdisciplinary initiatives, and we will talk about that more going forward. We hope to also utilize Philanthropy a bit more; we have a number of efforts going on thanks to the strong team led by John Perry and his office.
  - We will maintain a calm, compassionate, and common sense approach to recovery, and as quoted by President Capilouto, “These challenges are as daunting as our institution has faced in several decades.” But, we will get through this together.
  - If you have any questions related to any of this material, please submit those to Lauren Greathouse or via the Qualtrics link.
  - There will be a Dialogue with the Dean on Friday, May 22, to review this information in a briefer version for staff and faculty unable to attend today.