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June 15, 2012

David Hardesty  
546 Burroughs Street  
Morgantown, WV 26505

Dear Dr. Hardesty:

I am enclosing my self-evaluation of the first year of service I have provided to the University of Kentucky. It is organized in accord with the categories of performance approved by the UK Board of Trustees.

It was uncomfortable for me to use the personal pronoun "I" in this evaluation as any and all accomplishments are the result of a dedicated group of faculty, administrators, staff and Board who share a commitment to the "Kentucky Promise" that we will be a shining beacon of excellence that guides the Commonwealth to greater heights. I also must recognize the enduring contribution of those who served before me in creating this remarkable place.

I welcome constructive feedback so that I may better serve our students, faculty, staff and fellow Kentuckians. Thank you for your willingness to assist our University in this evaluation.

Sincerely,

  
Eli Capilouto  
President

## I. STRATEGY AND PRIORITIES

On October 18, 2011, I said in my Investiture remarks:

*“UK is a promise -- a covenant that Kentuckians have made with each other to build a shining beacon of excellence that will light our path forward and illuminate our efforts and progress.*

*UK is a promise we have made to each other that says that young Kentuckians from all walks of life, backgrounds and experiences are welcome here ... and that they leave as our best and brightest because we foster their potential and brilliance.*

*But what does this promise mean today? And -- looking to the future -- how do we honor that promise in times like these?*

*With a fierce sense of urgency we begin to think anew and rebuild this campus so we can overcome that which confronts us.*

*Why?*

*Because an independent study of the academic core of our campus recommended that we tear down 12 buildings and undertake major renovations of 29 buildings.*

*Because the vast majority of our space is not accessible to people with disabilities - more so than any university in this state.*

*Because in the core of our campus the average age of buildings is nearly 50 years and they are deteriorating at rates that require daily patching when the long-term cost of rebuilding is wiser.*

*And because only 10 percent of students who live in our residence halls live in modern housing ...*

*We will ask the state for help and support, support they have long sought to give as partners in the promise of UK. But we also must find new approaches to earn our way ... through greater and more intentional philanthropy ... through innovative partnerships that leverage our resources ... through smart growth of our student body ... and through internationalization of our campus and different modes of learning.*

*There is no easy time. **There is only our time.** And this is the University of Kentucky's time -- because we must honor our promise. “*

### Key Priorities

At the conclusion of the October 1-2, 2011 "Continuing our Ascent" retreat, the Board of Trustees approved two priorities that were to be my focus in "transformation" of the University. These were:

1. Enhance and expand undergraduate educational experience in terms of student quality, academic programming, and opportunities for more Kentuckians and students from other states and backgrounds to learn and grow at the University.
2. Renew and rebuild the core of the nearly 150-year-old campus.

These priorities were developed in a structured and comprehensive process that I designed in which key constituents were engaged to identify the reality the University of Kentucky faces, build a shared understanding of this reality and allow for input regarding the priorities. Major components of this process included:

1. **Listening Campaign:** In June, before my official start date of July 1, and continuing through my first 90 days as President, I commenced an aggressive campaign of listening and learning conversations that included individual and group meetings with key constituents including faculty, students, administrators, staff, elected officials, University Trustees, alumni, journalists, and civic and business leaders. I commenced a series of visits to all 18 colleges and major administrative units that continued throughout the fall. These conversations were held locally, as well across the state and nation. The result was conversation with several hundred of our key stake-holders, helping me learn the rhythm of our University, its points of pride and determination as well as the challenges we face as a community of scholars, support staff, and students. These conversations have continued with faculty and staff groups, individual meetings with faculty and staff senate leaders, as well as a broad spectrum of elected officials and community leaders both locally and across the state. Additionally, I hold regular meetings with the leadership of the Staff and University Senates, and the Student Government Association. I have worked to cultivate and maintain communications with the Governor, leaders of the General Assembly and Mayor of Lexington.
2. **University Review Committee:** On July I charged a university committee to:

"Assess the University of Kentucky's status according to the various metrics of the Top 20 Business Plan, the 2009-14 Strategic Plan, and other resources. This effort will take stock of where we are in order to set priorities for our institution as we build upon the remarkable accomplishments of the last several years."

The committee as part of their review assessed our University's strengths, challenges, areas of distinctiveness, benchmark institutions, research expenditures, preparedness of undergraduates, undergraduate retention rates, six-year graduation rates, facilities, and faculty compensation. The Committee's work provided invaluable input to me and served as a centerpiece of the Board's October 2011 Retreat.

3. **Assessment of Status of Facilities:** In concert with key members of the executive team, I undertook a review of previous facility studies. Tours of facilities were conducted for trustees, members of the Council of Postsecondary Education (CPE) and members of the General Assembly.
4. **Review of Previous Strategic Plans:** I engaged in a thorough review of the Top 20 Business Plan, the 2009-14 Strategic Plan, as well as previous capital and master plans. The University Review Committee, members of the executive team and members of the Board of Trustees also undertook independent reviews of previous plans.

Under my leadership, the following actions have been taken to meet the University's two priorities:

1. **Undergraduate Education Improvements:** Undergraduate scholarships were increased by \$2M. Additional recruiters were added. I, as President, took an active role in recruiting through attendance at in- and out-of-state recruitment events, hosting individual luncheons and personal contacts. For example, I have made over 50 calls to the top academic talent we are recruiting for our Fall 2012 class. I also have directed that a workgroup analyze our scholarship approach to ensure we are fully leveraging our resources to attract the strongest class possible. And my recent trip to China was focused, in part, on facilitating the recruitment of international students from the best high schools abroad. The entering freshman class is expected to rise to 4,500 from 4,329 in Fall 2011. The number of Singletary Scholars is expected to increase from 33 to 50. Honors enrollment is to increase from 251 to 300 students.
2. **Residence Hall Renewal:** An RFP was issued to engage a private developer to undertake a rapid overhaul of student housing. At its February 21, 2012 meeting the Board of Trustees approve the first phase (i.e., construction of 601 beds at approximately \$25.8 Million) of a residential hall renewal. Over the next 5 – 7 years a total of 9,000 residence hall beds will be constructed. The Wall Street Journal labeled this as a "game changer" in higher education. This bold initiative will allow the University to overcome a severe shortage of modern beds (i.e., only about 10% of current 6,000 beds are modern), enhance recruitment and improve retention. Extensive lobbying efforts were undertaken by the

president and key members of the governmental and financial affairs team to successfully gain legislative approval.

3. Academic Space Renewal: Presentations were made to the Governor and other legislative leaders of the General Assembly outlining the need for capital improvements. Bonding authority for \$200M of capital improvements was included in the Governor's proposed budget. This was not included in the final legislation. Nonetheless, in expectations of future approval FY 2012 and 2013 budgets were developed to include debt service expenditures to support \$200M of capital expenditures. In addition to this funding source, I have devoted much time to growing philanthropic revenue as a source for capital improvements. (See Section 3 on Fund Raising.)

#### Other Priorities:

In addition to the two key priorities, the Board of Trustees at their October retreat and I, through further deliberation and analysis, identified additional areas worthy of strategic assessment. I have appointed committees/work groups and charged individuals to address the following additional areas:

1. Faculty Review, Rewards and Retention (R3)
2. Research Strategy
3. Organizational Structure
4. Commercialization and Economic Development
5. Diversity
6. System of Financial Accountability
7. Debt Capacity
8. Facilities Transformation/Capital Improvements

These assessments have involved hundreds of constituents who have offered rich ideas and suggestions for evolving the University's organization and for accelerating the advancement of UK overall. Reports and recommendations from these activities are being delivered in June 2012 and will be thoroughly reviewed by myself and further discussed with key constituents.

## **II. LEADERSHIP**

Several principles undergird the leadership I have worked to provide.

Listen, Learn and Dialogue - In Section I. ("Strategy and Priorities"), Section IV. ("Relationships with Constituencies"), and Section VI. ("Fund Raising"), the efforts I have undertaken to gain substantial knowledge of our University, its mission, accomplishments, strengths, challenges and opportunities are described. I personally gather and assess information. Contact, accessibility and being in touch with the many people who look to the University for service is

a priority. This year, I have employed a variety of means to transmit information: one-on-one conversations, small and large group meetings, email, video, social media, TV and radio, printed press and newsletters.

Even a year into this work, I am constantly struck by the importance a personal contact with the President has on our alumni and friends as they consider their financial support; our prospective students as they consider making UK their home and our current students as they seek to make this home better; and our public officials as they seek ways to help us even as they balance the multiple pressures upon them. In addition to my regular contact with the formal representative bodies of the faculty and staff (the senates), I have been particularly energized and inspired by my informal discussions with small collections of our faculty and staff as they display the simple desire to do their jobs well and see their University strengthened. And I have been consistently touched in my discussions with students for their dedication to place and their enthusiasm for their individual and our collective horizons.

I have engaged these broad numbers of constituents in building a “learning organization” as I have great trust in their insights, ideas and recommendations. It is my hope that this dialogue, and additional actions, further empowers individuals and groups throughout the organization and among those who support us. I desire to develop “pride in ownership” in the bold actions we must take to continue our ascent. I also work to show appreciation to those who are working on behalf of our University through personal calls, hand-written notes and individual visits. I believe communicating our vision, strategies, and accomplishments are essential to our progress.

Transparency – I have worked to share data and information on current situation, organizational structure, financial data and decisions so that constituents are informed, understand how we work collectively to achieve our goals and prepared to offer sound recommendations.

Action – After extensive assessment, communication and identification of priorities, I have moved to take action to advance the “Kentucky Promise”. These are best manifest in the following:

- Undergraduate Education Improvements (See Section I.)
- Facility Renewal - Residence hall and academic space (See Section I.)
- Organizational Alignment (See Section III.)
- Financial Management and Budgeting (See Section V.)

### **III. ORGANIZATION AND TEAM**

A review of the current executive-level organization was performed to identify opportunities to realign the organizational structure at the University to better

enable us to achieve our institutional vision and goals. This review was delivered in June 2011. Based on preliminary findings, initial actions regarding organizational structure have been taken:

- Commercialization and Economic Development - The position of Vice President of Commercialization and Economic Development has been dissolved. Functions are being realigned in ways to leverage existing talent and resources.
- Research - The Vice President for Research now reports directly to the President as this position represents a core function of the University.
- Institutional Research, Planning and Effectiveness – The Vice President for Institutional Research, Planning and Effectiveness now reports directly to the Provost as this office holds responsibility for academic assessments and accreditation that can be best overseen the Provost as the University's chief academic officer.
- Institutional Diversity – The Vice President for Institutional Diversity now reports directly to the President because this is a high priority that crosses every aspect of the University.
- Provost Office – Upon my arrival in July 2011, this office had 30 direct reports. I concluded that the organization of the Provost's office needed redesign to ensure a sharper focus on critical mission-related initiatives and activities especially at the college level. Currently, the interim Provost is undertaking actions to streamline and simplify the office.
- Executive Leadership – A "President's Council" has been formed to strengthen communication among senior staff and across administrative units. This Council, with 16 senior-level members including the Interim Provost, meets once per month.
- Athletic Oversight - I worked with the Board of Trustees to establish a new oversight mechanism to oversee UK Athletics. A review committee was appointed before my arrival and completed its work in Fall 2011 with my input.

During the past year the positions of Executive Vice President for Financial Affairs, Provost and General Counsel have been vacated. The search for the Executive Vice president is underway. The other searches will begin soon and have been filled with interim appointments.

The best way to emphasize the importance of our institution being a "learning organization" is to embody that behavior from the senior level. I will continue to look for ways to further strengthen our organization throughout my tenure.

#### IV. RELATIONSHIP WITH CONSTITUENCIES

I placed a high priority on engaging the University's many constituencies and committed hundreds of hours to that goal. Before I officially started my term these engagements included dozens of media interviews, alumni events, civic club and legislative meetings, and community receptions. I also attended the Lexington Chamber Leadership Visit to Greenville, SC that gave me an opportunity to interact with over a hundred community leaders.

I have continued to dedicate much time to know the many people who have defined for me Kentucky's "soul" that as a newcomer give me inspiration, insight and guidance in my efforts to lead our University. Since my July 1 start date I have participated in nearly 500 activities and events traveling to several Kentucky counties and 7 states to listen and share plans, goals and dreams. A summary of these activities and events follows:

##### Media

64 scheduled interviews and press conferences

- National Media - Wall Street Journal, New York Times, Chronicle of Higher Education, Inside Higher Ed, Associated Press and USA Today
- State/Local Media - Herald Leader, Courier Journal, Park City Daily News, WKYT, WUKY, WBKO, Business First, Business Lexington, KY Kernel, UK at the Half, Owensboro Messenger, Paducah Sun, Kentucky Forward, WHAS, One to One (KET), Coach Cal Radio Show, State Journal, WKU Public Radio, Ryan Alessi (CN2), WRFL and WTVQ; Shadowed by Herald Leader (Linda Blackford) for three days - "Day in the Life" feature.

##### Elected Officials

- Local Officials:  
Met with Mayor Jim Gray of Lexington and Mayor Greg Fischer of Louisville prior to taking office. Meetings and other communications continue.

Met 9 of the 15 Lexington-Fayette Urban County Council members during the Commerce Lexington trip to Greenville, South Carolina.

Hosted 6 Urban County Council members on campus.



- General Assembly:

Met with over 70 of the 138 members of the legislature in the first two months on the job.

Traveled to the Southern Legislative Conference summer meeting to meet with dozens of Kentucky legislators.

Hosted 14 legislators on campus to personally view UK's facilities.

During the legislative session I met with all members of House and Senate leadership, Senate and House Appropriations & Revenue Committee chairs, Senate and House Education Committee chairs, members of the Fayette delegation, and many members of both A&R committees

Testified to the House Postsecondary Subcommittee of A&R about UK's needs and the impact of the state budget cuts to students, faculty and staff of the University.

Hosted 29 legislators as personal guests at basketball games.

- Federal Delegation:

Traveled two times to Washington, D.C. to meet with all members of the Kentucky congressional delegation.

Hosted five members of the Congressional delegation on campus, most for numerous times.

## Alumni

- Alumni/Alumni Club Activity:

Visited dozens of local alumni and alumni club events both in and out of state (e.g., Louisville, Lexington, Northern Kentucky/Greater Cincinnati, Paducah, Bowling Green, Pikeville, Birmingham, Atlanta, New York, New Orleans, Naples, Ft. Lauderdale, Orlando and Nashville)

- National Alumni Association:

Spoke to the National Board, hosted a lunch for the National Board and met regularly with National Alumni President.

Conducted Alumni Focus Groups in Louisville, Lexington, Somerset, Owensboro, Northern Kentucky

- University of Kentucky Advocacy Network:  
Hosted UKAN fall luncheon on campus
- Major Alumni Events including Wildcat Plaza Dedication, Alumni Club/Scholarship Awards dinners, Golden Wildcat Dinner and several Homecoming/Alumni weekend events

### Community/Neighborhoods

- 162 community events/meetings including visits or events in Ashland, Somerset, Owensboro, Louisville, Lexington, Murray, Paducah, Pikeville, Bowling Green, Henderson, Hopkinsville, Hazard, Prestonsburg and Georgetown
- Enrollment Management/Recruitment events in Bowling Green, Atlanta, Louisville and Nashville and numerous events in Lexington (e.g., Kentucky Collegians, Class of Kentucky, Merit Weekend and Governor's School for the Arts/Governor's Scholars)
- Civic Clubs, Community Forums and Chambers of Commerce meetings/events/presentations in Lexington, Louisville, Bowling Green, Frankfort and Scott County and Kentucky Chamber of Commerce
- Direct communication with neighborhood representatives from those around the university and met with 3<sup>rd</sup> District Councilperson Diane Lawless

### Higher education leaders

- University Presidents, Council on Postsecondary Education and former Governor Paul Patton (meetings were on campus or result of visits to their communities)

### Campus events (nearly 175)

- Major events: KWeek, State of the University, 2011 Health Colleges Cultural Competence Conference, University Investiture, Marksbury Building Groundbreaking, Houseboat to Energy Efficient Residences (HBEER) Project, Sanders-Brown grant, Honors and Awards Banquet, December and Spring Commencements, Roselle Hall, National Championship and Founder's Day.
- Small Group Meetings

10 small group faculty meetings before taking office

Meet monthly with small groups of faculty and staff

Several meetings with Senate Council, University Senate and Staff Senate

- Large Group Meetings

Met with thousands of UK faculty, staff, and students through campus meet/greets.

Student Government Forum with Dr. Robert Mock and Dean Victor Hazard

- Campus Conversations

Three-hour meetings with all academic and professional colleges by the end of October 2011

Meetings with campus units including Counseling Center, Military Affairs, International Affairs, The Study, Gaines Center and Student Affairs

### Speeches

More than 210 speeches, welcome remarks, and major addresses across UK, Lexington, Kentucky, US and China. Examples include State of the University, Governor's Conference on Postsecondary Trusteeship, Urban League of Lexington Dinner, University Investiture Ceremony, UKAN Luncheon, Kentucky Collegians, Commerce Lexington Good Morning Breakfast, Introduction to Public Health, Higher Education Review Subcommittee of House A&R, Council on Postsecondary Education, Winter and Spring Commencement Ceremonies, the University Senate and China (Shanghai and Jilin Universities).

### **Social Media**

- Twitter (@UKYPres) including over 350 tweets, several reply messages and direct messages to 3,054 followers
- Facebook ([www.facebook.com/UKELiCapilouto](http://www.facebook.com/UKELiCapilouto)) 1,083 Facebook fans
- Blog/Email/Video communications including 44 Blog posts, 34 campus-wide e-mail messages and 16 Video messages

## **V. FINANCIAL MANAGEMENT**

Careful stewardship of the University of Kentucky's resources has been of highest priority this year. I have set in motion improvements in financial planning and management systems, sought innovative financial solutions, and proposed a budget in alignment with the key priorities identified by the Board of Trustees.

The University faces the reality of the “New Normal” with flat or declining traditional revenue sources (i.e., state and federal) and investment returns at a time when access and affordability concerns limit potential replacement funds from tuition and fees. On top of this, our University faces stiff competition for students and research funding and over \$1 billion in deferred maintenance and capital costs. (An independent study of academic space recommended that 12 buildings be demolished and significant renovations undertaken for 29 buildings. The vast majority of our space is inaccessible to those with disabilities – more so than any university in the state. Only 10 percent of our students who live in residence halls live in modern housing. Thousands of applications requesting modern housing are declined.)

These realities require new solutions. I have begun addressing our priorities with the following actions:

1. Public-private partnership – The Board of Trustees approved Phase 1 of a collaborative effort with Education Realty Trust to revitalize our campus. We have begun Phase I of what should be a \$500 million public-private initiative to build 9,000 new beds to revitalize our campus. The Board will consider Phase II at September meeting. These residences will enhance our academic mission by providing space for innovative living-learning experiences and a strong community of scholars and students. Our data indicate that those who live on campus have retention rates 20 percentage points higher than those who do not.
2. Comprehensive review of our financial and budgeting processes and administrative structure – A broad-based university committee on Financial Systems Accountability has been established to develop a new financial model framework. As envisioned, this new model will be designed to strengthen revenue generation and cost management incentives, thereby improving productivity, enhancing stewardship and enabling strategic initiatives. This budget model must also facilitate higher-level customer service with enhanced administrative support for the academic mission.
3. Longer-term planning - The proposed Operating and Capital Budget for FY 2012-13 and a planning budget for FY 2013-14 was developed with the following guiding principles:
  - Affordability for students and their families
  - Competitive salaries and benefits for faculty and staff
  - Revitalization and renewal of facilities to allow growth
  - Efficient operations to save costs
  - Entrepreneurship to generate new sources of revenue
  - Flexibility and longer-term planning with biennial budget

- Minimize impact on academic core
- Support excellence and improvement

Adopting a new and enduring financial system accountability requires a methodical effort across several fiscal years. Until that time, the two-year budget planning allows time for rebalancing budgets that have heretofore been centralized and adjusted on an annual basis only at the margins. This approach has not adequately addressed growth, workload or productivity. To carry out the first year of this two-year budget, the Board approved a six percent tuition increase. For planning purposes, a tuition increase of three percent is assumed for next fiscal year. Administrative and support units across campus will manage a 5.0 percent reallocation effective July 1, 2012 and have been asked to prepare and plan for an additional 6.4 percent reallocation for FY 2013-14. Academic units will implement and plan for reallocations of 3.3 percent and 4.2 percent, respectively, over the next two fiscal years. The prosed reallocation will coincide with strategic investments that enhance essential priorities and critical university functions. These budgets will:

- Increase the investment in institutional scholarships and aid to help ensure affordability and access to high-quality degree;
- Establish an five percent merit pool in the second year to reward our faculty and staff; and
- Invest \$15 million in a capital pool to demonstrate our ability to self-finance needed capital improvements.

## **VI. FUND RAISING**

I recognize the essentiality of committing time and energy to fundraising. Working closely with the Office of Development, strategies have been undertaken to enhance our philanthropic potential. I engaged in an extensive schedule of events designed for me to personally meet the University's principal and high-end donors and prospects. The goal is to assist in building a continuum of relationships to ensure a robust future for the University through donor partnerships. A synopsis of my schedule consisted of the following development contacts:

- **Individual Meetings with Principal Gift Prospects:** I have worked to develop relationships with major donors and prospects on a personal level. This includes lunches and dinners at Maxwell Place and travels to meet individuals in their homes or places of work. I have initiated tribute dinners to recognize leading donors who have championed transformative giving to the University.

- **Cultivation and Recognition Events for High-End Donors:** Over the past twelve months, I have hosted more than 25 strategic events with alumni, friends, corporate and foundation donors and prospects in Kentucky and in other states including Florida, Georgia, Louisiana and New York. For example, in February, I hosted a luncheon on campus to recognize donors who have given cumulatively over \$110 million to the University. I personally had the privilege of hosting donor functions for all eight recognition levels of the Fellows Society, and participated in more than 20 major functions for donors related to athletics, Colleges and UK HealthCare events. In sum, I have met with approximately 1,200 of the University's leading donors. Additionally, I have been involved with strategic conversations with the following foundations, both on and off campus: Carnegie, Hearst, Hewlett, Lumina and McGraw-Hill, as well as Gheens and James Graham Brown Foundations in Kentucky. Some were a first-time contact for the University.

As the Board retreat identified renewal of facilities as a key priority, I have been active in developing strategies for capital projects where there is potential for private philanthropy. These include redesign and expansion of existing buildings as well as new construction. One such project is the Gatton College. I have worked with campus leadership, College administrators, the Gatton advisory board, alumni and key donors for a building redesign and expansion that will create an iconic facility for the twenty-first century. This project is being evaluated in concert with several other potential campus projects to determine philanthropic potential. I have worked to construct a similar path for the revitalization of the University's College of Law building.

## **VII. FUTURE CONSIDERATION**

I have focused during the past year on my individual learning, learning with and from others and sharing knowledge so that our University can collectively embrace a shared vision and set of goals to guide our future. In *Section 1 Strategies and Priorities*, I reported the priorities being addressed and listed "other priorities" for which workgroups, committees and individuals are considering and developing reports. Reviews of this work begun along with consultations with relevant constituent groups. Those reviews, and feedback from this evaluation will serve as basis for short and long-term goal setting and planning.