



October 21, 2021

Mr. Chairman and members of our Board of Trustees,

We all hoped that a second year of our lives — on our campus and in the broader world — would not be dominated by a virus.

But we know now that was not the case as COVID-19 surged and receded, only to surge and, we hope, recede again. Yet, rather than distracting from our mission as Kentucky's university, I would submit that the last two years have only reinforced for ourselves and all those we serve how vital our mission is to Kentucky.

In an important sense, a virus that has now infected hundreds of millions of people and disrupted and decimated so much in its path has clarified and emboldened who we are and what we do.

We were created to advance Kentucky — its education and economy, its health and well-being. We fulfill that promise through education and research, service and healing.

That mission — and those principles of how we answer that calling — have never been so necessary, so fundamentally important to our state and, increasingly, to the country and larger world. At virtually every juncture in the COVID crisis — and at every point where a challenging question emerged — the University of Kentucky has been part of the answer, not simply for our campus, but for the Commonwealth.

It is against that backdrop — a mixture of incredible pride and an understanding that everything accomplished this past year is a nod to the power of “we” — that I offer a self-evaluation for the 2020-21 fiscal year.

The achievements described below speak to progress fostered through partnership and guided by the essence of what an institution, so inextricably linked to a state, can do when a community harnesses its collective capacities for service.

After all, this is who we are. This is what we do. No time in our past has underscored that idea more than this past year. It gives me an incredible sense of optimism for what we can do as we are poised to engage, not in a new normal, but in a new reality in the months and years ahead.

A new reality: keeping our community and Commonwealth safe while honoring our mission

At each step, and every day, our community has planned and prepared for how best to keep ourselves and those around us safe, while also readying our campus for in-person living, learning and work experiences. As part of those efforts, we:

- Required entry testing for all students physically coming to campus to assess the health and safety of our community at the start of the academic year. We also retested populations that exhibited higher incidence levels of the virus.

- Operationalized our playbook for COVID operations designed to ensure the health and safety of our campus and produced a mid-term report that outlined for our campus the key indicators around the progress of our efforts.
- Further developed a comprehensive, data-driven COVID-19 dashboard, in which we share current campus impact for both students and employees, as well as a more thorough look into our vaccination rates by population.
- Consolidated in January all of our vaccination efforts into a makeshift, massive clinic at Kroger Field. The clinic closed in May, after providing some 250,000 shots of healing and hope to our campus and communities throughout the Commonwealth.
- In addition to our campus community, we vaccinated the Fayette County School system while also prioritizing first responders, frontline health care providers, elderly populations and those with underlying health conditions.
- At its height, the clinic — by far the largest in the state — was vaccinating more than 4,000 people a day, quickly, efficiently and effectively. The partnership among UK HealthCare, UK Athletics and our emergency operations team underscored for so many what a place with the size, scale, capacity and commitment like UK could bring to a crisis like COVID-19.
- Returned to in-person commencement ceremonies by modifying capacity at Rupp Arena and expanding the number of ceremonies to ensure health and safety.
- Announced a return to in-person classes and full capacity in residential units. In fall 2021, more than 90% of undergraduate class sections had at least some in-person component to them.
- Created a comprehensive return-to-work process to facilitate the majority of the UK workforce (outside of UK HealthCare) returning to on-campus operations in fall 2021.

Ensuring the success of our students

As we discussed recently during our October retreat, there are several significant economic opportunities that could create a brighter future for Kentucky, if we are in a position with a skilled, educated workforce to seize them. At UK, we have accelerated our efforts to strategically grow our enrollment and to help students succeed. We:

- Reported a record enrollment in fall 2021 of nearly 31,800 students — a reflection of continued growth in retention and graduation rates.
- Demonstrated continued increases in the diversity of the UK campus, with the percentage of underrepresented minorities (URM) reaching 16% of the student body, at a little over 5,000 students, up 6% over the last year alone (URM is the state classification for students of color). Additionally, the preliminary data show an almost 10% increase in the number of graduate and professional students in the UK community, a significant factor in the institution's overall enrollment growth.
- Recorded a first-to-second-year retention rate in the fall 2020 cohort of 86%, according to preliminary figures, which is up more than 4 percentage points compared to the fall 2015 cohort.
- Reached a record six-year graduation rate of 67.8% for the fall 2015 cohort, which is up more than a full percentage point over the previous year's cohort and up more than 4 percentage points, compared to the fall 2010 cohort, according to preliminary figures.

- Recorded a preliminary four-year graduation rate of 53.9% for the fall 2017 cohort, up more than 20 percentage points compared to the fall 2008 cohort.
- Enrolled 6,918 first-generation students this fall, representing nearly 22% of the student body, which is up 1.5% from fall 2020's figure of 6,813.

In its previous strategic plan, UK set goal graduation and retention rates of 70% and 90%, respectively — numbers the institution is rapidly making progress toward reaching. Those numbers would place UK firmly among the top public institutions in the country. Fewer than 100 (92) four-year public universities (out of several hundred) have a six-year graduation rate of 70% or greater.

An ongoing commitment to a more diverse and just campus

As a community, we understand the commitment to a more diverse and just place is not temporary or episodic; it must be sustained and permanent. To that end, we have created an ongoing infrastructure around our diversity, equity and inclusion (DEI) efforts that seeks to support the work of a broad cross-section of community members.

As part of our most notable efforts, we:

- Created a 22-member leadership team with representation from across the campus to help guide our comprehensive efforts with respect to diversity, equity and inclusion.
- Devised new incentives in our budget model to foster an even greater commitment to hiring faculty and staff of color in colleges and units.
- Completed a search for a new vice president for institutional diversity. Dr. Katrice Albert, a nationally recognized national leader in diversity, equity and inclusion efforts, began her work at UK in September 2021.
- Provided a progress report on our comprehensive DEI efforts, which included the hiring of UK's first diversity supply manager, the creation of a fund to place diverse art in large capital construction projects and continued work on a Diversity and Inclusivity Campus Plan.

A budget and operations that take care of our people

Budgets reveal priorities; at UK we strive to fund the values we promote. The institution's budget, adopted in June 2021, reflected that our top priority is, and always must be, our people. To that end, a record \$5.1 billion budget for UK:

- Restored the 10% retirement match for employees that had been delayed by a year because of budget constraints tied to the pandemic.
- Created a 2% merit raise pool for our employees.
- Increased the minimum hourly rate for regular employees at the University of Kentucky from \$12.50 to \$13.75 on July 1 and then to \$15 beginning January 1, 2022.
- Created new paid leave for staff employees to welcome a new child or care for an ill parent.

- Provided a one-time \$1,000 payment to UK employees in recognition of their service and sacrifice during the COVID-19 crisis.
- Extended the deadline to use accrued vacation time set to expire June 30, 2021, until March 31, 2022.

Other operational efforts centered on our people as well. For example, we:

- Began a comprehensive set of trainings for budget and financial officers to ensure greater compliance with policies and procedures, which has been titled FAST, for Finance and Administration Specialized Training.
- Reinforced a commitment to the tenets of shared governance, which has resulted this fall in significantly enhanced and more frequent communication with elected faculty, staff, students and other campus leaders through continued presence at their meetings and bi-weekly meetings with senior administrators.
- Announced the installation of an acting provost, Dr. Robert DiPaola, to provide greater stability in our academic leadership and to foster further outreach and communication with deans, colleges and elected faculty.

Opening the doors of access wider for students

If Kentucky's future is to be one where its people are healthier, wealthier and wiser, then we must open wider the doors of access and possibility to students — students who will lead lives of meaning and purpose and students who will make possible a brighter future for our state. In 2020-2021, we further strengthened commitments to greater affordability and accessibility to the distinctive education that we provide as we:

- Capped tuition and mandatory fees for undergraduate students, regardless of how many classes a student took in person or online — a cost of several million dollars for the institution, but the right thing to do during a time of so much uncertainty.
- Held tuition and mandatory fee increases for the second year in a row to 1% — a historic commitment to holding down costs. In fact, the four-year rate of increase for tuition at UK is now below inflation rates for the same period of time, less than 2%.
- Invested \$148 million in scholarships and financial aid that students do not have to repay, more than double what was invested 10 years ago. In fact, nearly 90% of UK's in-state undergraduates receive scholarships or aid. On average, their out-of-pocket costs for tuition and fees last fall was \$1,759. About half of UK's in-state students graduate without debt and, of those who do, the average debt was less than \$35,000.
- Targeted scholarships and aid to students who need it most, those with unmet financial need. In fall 2020, about 25% of undergraduates from Kentucky came from families where the median income was \$23,346. Those students had no out-of-pocket costs for tuition and fees. They also were provided, through aid, more than \$700 to cover other expenses. In fact, through the UK LEADS program, unmet financial need among UK students declined to a level last experienced four years ago.

Recognition of excellence in all that we do

We do not seek excellence for recognition or rankings. Rather, we seek it because it is how we honor our missions of education, research, service and care for the Commonwealth. And, to be sure, the national recognition — and incredible investment donors have made in our efforts this past year — underscore the commitment we have made to Kentucky:

- For the sixth year in a row, UK HealthCare was named the best hospital system in the state by U.S. News & World Report.
- Markey Cancer Center was named among the top 50 cancer centers in the country for the fifth year in a row.
- Supported by a \$22 million gift by alumnus Dr. Michael Rankin, UK announced plans for a new medical education building to house an expanded College of Medicine and other health professions. UK also began making plans for an expanded Markey Cancer Center to handle expected increases in outpatient care.
- For the fourth consecutive year, UK was recognized as a Great College to Work For. This year, UK was recognized in a record nine categories, earning a place on the honor roll.
- Research expenditures reached another record level, growing to nearly \$470 million annually, a nearly 10% increase over the previous record year with a continued focus on several research priority areas such as cancer, heart disease, energy issues and racial disparities.
- Even in the midst of such change and challenge, UK's Kentucky Can philanthropy campaign continued its remarkable progress. The university's endowment topped \$2 billion for the first time — a milestone that will mean more resources for faculty support, infrastructure and scholarships that will continue to lower costs and debt for students and families.

Shaking the COVID cobwebs

As I report to you in this self-evaluation, you have recently met to endorse a new Strategic Plan. Titled The UK PURPOSE (Plan for Unprecedented Research, Purposeful and Optimal Service and Education), the new Strategic Plan focuses on what we must maintain as our north star:

We were created to advance Kentucky.

In everything we do, in all that we propose and plan, we must remain firmly fixed to this guiding principle.

As of this writing, COVID-19 numbers appear to be receding again, even as we remain vigilant about our efforts to keep our campus healthy and safe. Nearly 90% of our campus has been partially or fully vaccinated. A weekly testing program for those who are not vaccinated remains in place, as do other mitigation strategies such as indoor masking.

Yet, we have not stopped thinking about our future, how we are positioned to lead our state and the work we must do if Kentucky is to thrive in an increasingly complex world.

Often, that world seems painfully and deeply divided — torn, by issues of ideology and a focus on differences rather than common bonds.

As a university, we must — and we shall — seek to understand that differences of perspective and ideology, identity and color, orientation and background, are not reasons for divides. They are ways we can build bridges of understanding.

Our children will enter and compete in this world. As we begin, I hope, to shake off the cobwebs of COVID and prepare for that future, we will seek to renew our commitment to being the light along the path for our people — a light toward healing, a light toward greater understanding and reconciliation, a light toward discovery and opportunity.


As always, we will seek to be a light — not focused on barriers in our path — but, as always, illuminating what is possible.

That is what it means to advance Kentucky. And, in the past year, even in the face of so much continual crisis and challenge, we proved — over and over, time and again — that we would meet the moment.

We would do what was necessary to advance the state we were created to serve.

With a deep sense of humility, I remain deeply gratified and excited by what this remarkable community, filled with remarkable people, can do.

Sincerely,

A handwritten signature in black ink that reads "Eli Capilouto". The signature is written in a cursive style with a large, stylized initial "E".

Eli Capilouto
President