

November 4, 2022

Mr. Chairman and members of the Board of Trustees,

As I reflect with you on the past year in the life of our university — Kentucky's university — my mind's eye keeps returning to stories and images that I have discussed with you in recent months.

I see extension officers and agents taking to horseback to provide supplies throughout the hard-hit counties of Eastern Kentucky in the aftermath of almost indescribable floods. Only horse hoofs and human hearts could reach what four wheels and modern engines could not. But they weren't just carrying with them support and supplies; they carried with them a legacy, too.

A century before, the forebears of the modern extension service rode horseback through the same hardscrabble mountains to provide food to Eastern Kentuckians. Grocery stores were not yet common. Through grainy archival images, you can see that, even then, we were there, providing what was needed in the most urgent of circumstances.

They are two examples, separated by time, not isolated or unique; rather they represent an enduring and unbreakable line that extends throughout our history and that inextricably binds us to the state whose name we bear and whose future we promote and protect.

It has been my honor and privilege now, for more than 11 years, to serve this university as its president. But over the last three years — through as much change and challenge as perhaps any in our recent history — I have become more convinced than ever before that our focus, the burning question we seek to answer each day, must be: how do we advance this state?

How do we ensure, working with partners and pushing toward progress, that we create a Kentucky that is healthier, wealthier and wiser tomorrow than it is today?

Of course, as always, the answer lies in our people and their promise. Our history is one of remarkable people, whose reach and resolve extend the boundaries of what is possible because of their desire to serve this state. Our history is steeped in a collective commitment that enlarges our capacity and expands what is achievable.

I call it the "Power of We."

This self-evaluation, framed around the pillars of a strategic plan that we made together, and one that is focused on advancing our state, speaks to the work of hundreds of people you know — and thousands more that we do not — who labor on behalf of this community in service to this Commonwealth.

This self-evaluation, a snapshot of a moment in time in the life of a place, is their story — of the legacy they carry and the responsibility they hold on behalf of this university. I am honored to be the person who gets to share some of their stories — these markers of our progress — from this past year.

I am privileged to be our voice.

Putting Students First

As we shake off, we hope, the cobwebs of a pandemic that dominated so much of the past three years, we are again on a trajectory of growth in enrollment.

- A record first-year class of 6,120 students joined our campus this fall, according to preliminary numbers, pushing our overall enrollment to a historic high of nearly 33,000 students — up nearly 5% over the previous year. We are growing, not for the sake of counting numbers or climbing rankings, but for the purpose of adding to the skilled workforce Kentucky needs to compete and thrive in the 21st century.
- Underscoring that point, even as we have grown, we have continued to increase the success rate of our students. UK's six-year graduation rate is now at nearly 69% — a record — and more than 10 percentage points higher than it was a decade ago. Four-year and five-year graduation rates also are at record levels. In fact, the four-year graduation rate — 55% — is 23 percentage points higher than it was in 2010.

In 2020, less than 18% of public institutions in the country that primarily grant bachelor's degrees or higher had six-year graduation rates of 70% or more. We are on the threshold of joining those ranks, and we are doing so without getting smaller, more elite or more exclusive.

In fact, we are educating more Kentuckians and more students with economic need than ever before in our history. They are no less deserving. They are no less capable. They simply need the door of opportunity to open.

That is our course because that is the path Kentucky needs us to forge.

- We also are a more diverse and inclusive community than ever before — another priority that reflects what Kentucky needs. Overall, preliminary enrollment for underrepresented minority students (URM — the state's term for students of color) is up 7% from the previous year, and students of color now represent more than 16% of our student body. First-year preliminary URM numbers are up nearly 24% over the previous year and represent 18% of our freshman class this fall.
- And we have continued to open wider the doors of access, affordability and possibility to students with the most economic need. In fact, almost 25% of UK's first-year class are first-generation students.
- The budget you approved in June contained increases in tuition and mandatory fees of 2% — meaning that the average increase in those numbers over the last four years will

be 1.6% — far below the rate of inflation and several percentage points below average annual increases a decade ago. It is another example of how we put our students first.

- Access and opportunity are further fueled by the fact that, over the last decade, we have nearly tripled financial aid that students don't have to repay to \$160 million this year.
- In fact, last year, 25% of Kentucky undergraduate students with the lowest levels of household income paid no tuition and mandatory fees.
- As an important symbol of the priority we place on academic achievement, UK Athletics reported this past spring that for 20 straight semesters, our student-athletes, collectively, have maintained at least a 3.0 GPA. Further underscoring that commitment to success, UK Athletics finished ninth in the most recent Director's Cup standings — our highest finish ever in a ranking that examines overall excellence. The standings reflect outstanding achievement by individuals and teams throughout the department with multiple national championships this past year.
- In sum, the most important number, the number of degrees conferred by the university, reached nearly 7,600 in 2021-2022 — an increase of more than 1,700 per year over the last 10 years and the first time UK has surpassed 7,500 degrees granted.

To be sure, COVID-19 accelerated many trends that already were informing our approach to support for students and their success. The seriousness of concerns related to mental health and well-being that students report to us continues to increase.

We have continued to take steps to provide a sense of holistic and strong support for students.

- Students who have questions or concerns — about anything at all — can now call a helpline to reach a caring representative from our Office for Student Success who will then connect students to the appropriate resources or services. And we have added a virtual counseling tool, free of charge, for students to access.
- We also have instituted a new triage system, TRACS, or Triage, Referral, Assistance and Crisis Support, that serves as a physical and virtual one-stop shop for students to receive direct clinical support for a range of mental health needs, basic needs and crisis.
- New directors for our LGBTQ* Resources Center and Veterans Resource Center have joined our community, adding additional leadership and support for what are often underserved populations on university campuses.
- And, most recently, we unveiled a first-of-its-kind initiative in the country — UK Invests — that is the next step in our thoughtful, comprehensive approach to student wellness and preparation for lives of meaning and purpose. By next fall, as just one component of an initiative already receiving national attention, all 33,000 UK students will have access to a low-risk investment account. Over time, using private philanthropy of some \$1 million in this next year, we will in part match investments that students make in these accounts to help incentivize healthy behaviors. The initiative has begun with nearly 600 student-athletes, who are receiving recently allowable academic achievement awards, starting this fall of up to nearly \$6,000 annually.

Taking Care of Our People

Whether rebuilding our research farm in Princeton or fortifying health clinics in Appalachia in response to 100-year storms and floods, the ethos of care extends through all that we do at the University of Kentucky.

- UK's Albert B. Chandler Hospital at UK HealthCare was recognized as the state's top hospital by U.S. News & World Report for the seventh consecutive year.
- Additionally, the UK Markey Cancer Center moved up to No. 33 nationally in the same rankings for cancer care, a significant marker as we prepare to pursue comprehensive status from the National Cancer Institute.
- We also have solidified a partnership with an outstanding regional health system — King's Daughters Medical Center in Ashland — that is strengthening the network of care we provide to those who need it most in our state.
- The first graduates of our medical campus in Bowling Green celebrated their graduation, and the first cohort of students at our campus in Northern Kentucky will graduate this spring. These regional sites — along with a physician education program in Morehead — are enabling us to educate more primary care physicians who will return to communities throughout our state to provide essential health services. They will be the providers of healing and hope that Kentucky so crucially needs.
- We are continuing work on our new Health Education Building and an outpatient facility for our Markey Cancer Center. These will dramatically increase the state's health care workforce and provide more clinical services for those facing the scourge of cancer.
- In terms of our people, a \$5.6 billion budget for this fiscal year contained the ninth pay increase for UK employees in the last 10 years, and we continue to advance the minimum hourly rate beyond the \$15 per hour rate established as our goal in 2021.
- UK is investing more than \$17 million in pay increases this year — double the average of the last 10 years — a commitment to taking care of our people.
- We are holding down health care costs and creating expanded benefits as well as providing additional increased stipends for graduate students to be matched by colleges.
- And, over the next three years, UK is likely to invest \$1 billion in its infrastructure. The UK campus — from classrooms to research spaces, from health care facilities to athletics venues — has been transformed and more strategically positioned to expand its missions of education, research, service and care.
- Such efforts are being recognized, as Forbes cited UK as a Best Employer in Kentucky for women, diversity and new graduates. Forbes also recognized UK as a Best-in-State Employer. We were, once again, also cited by ModernThink in 2022 as a "Great College to Work For."

Inspiring Ingenuity

Ingenuity and the commitment to discovery also are firmly embedded in our values. That is who we are as a community of scholars.

But it is also what our state needs to confront seemingly intractable issues. Our research ranges from opioid deaths and cancer to energy independence and how to build a more just and equitable society.

- For the second year in a row, UK earned more than \$400 million in grants and contracts: \$452.9 million in fiscal year (FY) 2022, signifying a vibrant and deep research enterprise that is focused on our state and its needs.
- More than 90 invention disclosures were submitted, along with 143 patent applications and 32 new patents issued. There were also four new startups affiliated with UK in FY 2022.
- Our Sanders-Brown Center on Aging received a grant of more than \$20.5 million from the National Institute on Aging to continue its groundbreaking efforts in dementia and Alzheimer's research. In fact, UK began the first clinical trial in the world for a newly discovered form of dementia.
- New centers were created in areas of study as diverse as cannabis, the environment and aortic disease.
- Researchers in our College of Engineering created a medical antiviral face mask that works to deactivate the COVID virus.
- In 2022, UK held its first UNITE (UNited In True Racial Equity) Research Showcase that featured scholarly work and research in racial equity.
- The Refocus research team — a cohort of Black women researchers at UK — is using a \$3.2-million grant in one of the nation's first studies on nonmedical prescription opioid use among Black Americans. The funding, from the National Institute on Drug Abuse, will help fill a dire need for data on this underserved group.
- UK was recognized as an Apple Distinguished School — a recognition that underscores both our commitment to partnership and to using cutting-edge technology to support students and the work of our campus.
- Our faculty and students made history with a successful space capsule experiment that included three firsts: the first time a university-built entry capsule successfully transited a planetary atmosphere, the first time a university team flew a hypersonic vehicle and the first time a 3D-printed heat shield flew on an entry mission.
- And through a \$14-million grant from the National Science Foundation, a team of experts from our College of Engineering and our College of Arts and Sciences are building EduceLab — a collaborative facility that will focus on developing innovative artificial intelligence solutions for the unique challenges presented by cultural heritage objects.

Ensuring Greater Trust, Transparency and Accountability

As Kentucky's university, we have a particularly powerful responsibility to be a place of trust and openness.

- One of the country's leading credit rating agencies — Standard & Poor's (S&P) — announced an upgrade of UK's bond rating outlook: AA+ on general receipt bonds, up from AA. Other ratings within our bond portfolio were upgraded as well. It's the second such upgrade of our credit rating since 2015 — remarkable in a time when many universities have struggled to maintain stable financial outlooks.
- Community members from across our campus are working together on the institution's reaffirmation of its accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). The institution recently submitted its Compliance Certification Report — one more step in accreditation. It is an important process as it compels us to examine deeply and diligently how we honor our mission as an institution that exists to advance Kentucky.
- Over the last year, we have continued efforts to reach out more intentionally and transparently with elected leaders among our faculty, staff and students.
- Beyond those conversations, I also met regularly with the elected heads of the Faculty Senate Council, Staff Senate and Student Government Association as well as with small groups from each of those constituencies monthly.
- Further, members of my cabinet who have responsibility for each of those areas meet regularly with both those elected leaders and their representative bodies.
- I remain committed to providing regular updates to the campus on both complex issues and areas of progress.
- As part of our effort to more thoroughly document how and what we communicate, we unveiled a new website this fall that documents, in detailed fashion, our required disclosures to campus around issues as broad as campus safety and voter registration.

Bringing Together Many People, One Community

We have, as referenced earlier in this letter to you, never been more diverse and inclusive in our student body. That is the result of years of thoughtful, intentional and strategic efforts to build, strengthen and expand new relationships with communities throughout our state, this region and the world.

At the same time when there is so much more work to be done, our efforts around diversity, equity and inclusion continue with more than a dozen projects across our campus, involving hundreds of committed staff, faculty and students, seeking to create a more welcoming place of belonging at UK and among those we serve.

- For the sixth consecutive year, INSIGHT Into Diversity magazine, the oldest and largest diversity-focused publication in higher education, recognized the University of Kentucky as a Higher Education Excellence in Diversity (HEED) Award recipient. The HEED Award recognizes colleges and universities that demonstrate an outstanding commitment to diversity and inclusion.
- UK also has received INSIGHT Into Diversity magazine's highest honor, Diversity Champion — and for the first time ever, UK is recognized among the top 20 of more than 5,000 submissions.
- UK researchers designed the Neighborhood Healers Project to help Black Lexingtonians access mental health services by creating a system of first responders within the Black community who are trained to recognize the signs of mental illness and connect people to necessary resources.
- UK Professor of English and Kentucky's Poet Laureate Crystal Wilkinson won the highly acclaimed Image Award from the National Association for the Advancement of Colored People.
- The College of Social Work launched an online doctoral program in 2020 — the first of its kind in the state — and its first cohort graduated in 2022. A total of 20 of the program's 72 graduates are Black women.
- Retaining diverse faculty is an important goal throughout campus. During the last tenure and promotion cycle, four Black women reached full professorship.
- UK's very first Supplier Diversity Manager, Marilyn Clark, earned the Impact of the Year Award by the TriState Minority Supplier Development Council, and UK earned INSIGHT into Diversity's Jesse L. Moore 2022 Supplier Diversity Award for the first time.
- We welcomed an inaugural cohort for UK's Construction Diversity Accelerator Program, designed to help minority-owned, women-owned and other underrepresented construction-related businesses gain access to the tools, resources and opportunities they need to be competitive in the construction industry.
- UK also tied for the highest score in the state for its diversity report, which documents key efforts in this space, from the Council on Postsecondary Education.
- And the university provided permanent funding for the Commonwealth Institute of Black Studies, which hosted a symposium on the history of race and sports and initiated a digital access project to make local records of formerly enslaved people accessible.

This snapshot of progress and promise, achievement and accolades, tells only part of our story.

So many people across our campus are doing work and leading efforts that change lives and transform communities that time and space do not allow me to document here.

It also is true that so many of our people conduct their labors in relative anonymity, away from spotlights and acclaim, seeking only to pursue discovery for wherever it may lead, to pursue answers and healing that provide hope to countless others and in service to the education of students who we are preparing to lead lives of meaning and purpose.

There is still so much more to do.

Too many of our people confront challenges to their sense of belonging, which compromises their ability to succeed with us.

And still too many students — even with the nationally heralded efforts we have initiated — struggle with unmet financial need that serves as a barrier to success.

We have made tremendous progress in reducing gaps in achievement that exist in spheres of race or ethnicity and particularly for students who come to us as the first in their families to attend college.

But our goal is to be the country's leader in addressing the issues that are so prevalent for first-generation students, informed by data that tells us when we eliminate gaps here, we do so across the spectrum of identities and backgrounds.

Our state needs us to do more as well.

Too many Kentuckians die from opioid misuse or cancer. Far too many Kentuckians are afflicted with heart disease or diabetes. So many Kentuckians go without care because they lack access to providers. And, even as Kentucky is successfully garnering billions of dollars in economic investment, too many jobs go unfilled in our state because the skilled workforce is not there to fill them.

But in all these areas— with purpose and planning, compassion and commitment — we are finding answers and fostering progress.

An enduring and unbreakable thread of commitment to advancing Kentucky connects our efforts, from food providers on horseback more than a century ago to today's pioneers who work in partnership with their communities to find answers to the most insoluble challenges.

It is the same line and legacy that connects us and pushes us forward still.

That line and legacy was there in 1949 when Lyman T. Johnson broke through the color barrier and integrated our community.

It was there, too, when less than 20 years later, four young Black UK students integrated SEC football.

It was there when our leaders, with the help of the state, insisted on creating a hospital and medical center when others said it was folly.

It connected some 20 researchers across nine colleges to secure a nearly \$90-million grant to reduce opioid deaths across the Commonwealth.

It was there when the leader of a fledgling music program said UK could send opera singers to Carnegie Hall and to stages around the world.

It connects a deep and long stable of writers who have made Kentucky a rich repository for literature that exposes frailties and failings and inspires so many of us to want to do more.

It was there when the head of our cancer center boldly proclaimed that it is possible to cut cancer rates by half in our state.

And it is there still, as we embrace the challenge to enroll and educate more students, from all walks of life, who will be prepared to lead a Commonwealth and a world that needs their optimism and idealism, their talent and their tenacity, their willingness to build bridges of understanding rather than sow seeds of division and discord.

Our history — imperfect people committed to creating a more perfect world — informs us today. It guides us still. Our people's stories — our stories, which I am proud to tell — give us confidence in all that is wildly possible at the University of Kentucky.

Thank you for all you do, as stewards of this remarkable place, to support our efforts and to make progress possible for our university and the Commonwealth we are committed to advance.

Eli Capilouto
President