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Office of the President
October 27, 2009

Members, Board of Trustees:

2009-10 BUDGET REVISIONS

Recommendation: that the Board of Trustees authorize and approve the following revisions to the 2009-10 budget. The budget revisions outlined below will decrease the University of Kentucky's total budget by \$6,501,100 – from \$2,439,690,900 to \$2,433,189,800.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
A. <u>GENERAL FUND</u>			
1. Income Estimates			
State Appropriations Operating	\$319,934,100	\$289,454,600	\$(30,479,500)
Departmental Sales and Services	20,377,800	20,220,900	(156,900)
Transfers			
Other	8,462,300	9,099,200	636,900
Fund Balances – University	95,664,700	95,880,300	<u>215,600</u>
			\$(29,783,900)
2. Expenditures			
Finance and Administration			
Auxiliary Services Operations	\$ 1,148,200	\$ 1,018,200	\$(130,000)
Provost			
College of Communications and Information Studies			
Department of Communication	2,074,500	2,052,500	(22,000)
Partnership Institute for Math and Science Reform	1,530,100	1,527,100	(3,000)
Student Financial Aid			
CORE Scholarships	51,093,700	30,026,900	(21,066,800)
Undergraduate Education			
Humanities Program	215,200	213,300	(1,900)
Research			
Interdisciplinary Human Development Institute	906,100	1,758,600	852,500
University Wide			
General Operating and Capital Projects	105,148,800	95,736,100	<u>(9,412,700)</u>
			\$(29,783,900)

3. Comments – During its 2008 session, the Kentucky General Assembly approved state appropriations, net of debt service, of \$319.9 million to the University of Kentucky for FY 2009-10 (House Bill 406). This original appropriation included a one percent increase from FY 2008-09. In response to continuing budget shortfalls, Governor Steve Beshear issued Budget Reduction Order 10-01 in September 2009 reducing the state appropriations to each public university and the Kentucky Community and Technical College System by three percent. The recurring reduction in state appropriations for the University of Kentucky is therefore \$9,412,700. This anticipated reduction will be offset by the funded reserve included in the original FY 2009-10 budget approved by the Board of Trustees in June 2009.

The Governor's Reduction Order also includes a non-recurring reduction in state appropriations to Kentucky's public colleges and universities of \$70 million in FY 2009-10. The University's share of that reduction is \$21,066,800. These funds are being supplanted with State Fiscal Stabilization Funds which are part of the Federal Stimulus Funding provided to the state of Kentucky through the American Recovery and Reinvestment Act of 2009.

Departmental sales and services revenue is expected to be \$156,900 less than originally budgeted due to an overestimation of revenues for the following programs: Facilities Management - \$130,000; the Partnership Institute for Mathematics and Science Reform - \$3,000; the Department of Communication's Debate Program - \$22,000; and the Humanities Program - \$1,900.

Budgeted transfers and fund balances from contract residuals in the Interdisciplinary Human Development Institute will increase by \$852,500 for the development of new research projects and programs.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
B. <u>RESTRICTED FUND</u>			
1. Income Estimates			
Endowment and Investment			
Income	\$24,563,600	\$24,567,700	\$4,100
Federal Governmental Appropriations			
Agricultural Experiment			
Station	5,777,200	6,083,500	306,300
Agricultural Cooperative			
Extension Service	10,742,200	11,303,100	560,900
Gifts, Grants, and Contracts			
Grants and Contracts – Federal	14,530,800	35,597,600	21,066,800
Operating and Capital Gifts	83,220,300	83,255,400	35,100
Transfers			
Other	4,852,400	4,859,000	<u>6,600</u>
			<u>\$21,979,800</u>
2. Expenditures			
Provost			
Agricultural Experiment			
Station			
Director	\$633,100	\$889,000	\$255,900
Associate Director	343,200	422,800	79,600
Veterinary Science	8,626,800	8,597,600	(29,200)
Agricultural Cooperative			
Extension Service			
Director	938,100	1,415,800	477,700
Entomology	172,800	219,000	46,200
Family and Consumer			
Sciences	1,828,500	1,865,500	37,000
College of Pharmacy			
Administration	465,700	468,100	2,400
Pharmacy Practice and			
Science	1,139,500	1,146,100	6,600
Chief Academic Officer			
Office of the Provost	915,300	932,100	16,800
Student Financial Aid			
CORE Scholarships	0	21,066,800	21,066,800
Other Student Aid	19,453,300	19,473,300	<u>20,000</u>
			<u>\$21,979,800</u>
3. <u>Comments</u> – The federal government has appropriated additional funds for various programs in the Agricultural Experiment Station and the Agricultural Cooperative			

Extension Service. These funds were carried forward from the federal fiscal year ended September 30, 2009 to be used in the federal fiscal year ending September 30, 2010. Federal grants will increase by \$21,066,800 from the replacement of state appropriations with federal funds from the American Recovery and Reinvestment Act (ARRA) of 2009 (see section A3). In compliance with ARRA guidelines, these funds will be used to support existing scholarships and fellowships. In addition, \$35,100 of additional gifts are expected to support student financial aid, travel, and various program expenses.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
C. <u>AUXILIARY FUND</u>			
1. Income Estimates			
Departmental Sales and Services	\$56,852,500	\$58,155,500	<u>\$1,303,000</u>
			<u>\$1,303,000</u>
2. Expenditures			
Finance and Administration			
Facilities Management			
Auxiliary Services Operations	\$43,100	\$118,100	\$75,000
Housing Operations	20,485,900	21,685,900	1,200,000
Provost			
College of Medicine			
Neurology	0	28,000	<u>28,000</u>
			<u>\$1,303,000</u>

3. Comments – Departmental Sales and Services are expected to increase \$1,303,000 primarily due to \$1,200,000 of additional rental income from the housing operations. The Cooperstown Apartments were expected to be demolished in Fall 2009. These plans have been delayed and the apartments have been rented, resulting in additional rental income. In addition, an increase of \$75,000 in rebates is anticipated.

Action taken: Approved Disapproved Other _____