

Our Budget and How We Plan for the Future

February 4, 2014

Colleagues and Students,

The two-year budget for the state recently proposed by the Governor underscored two important and sometimes difficult to reconcile facts:

- The Commonwealth of Kentucky remains a critical partner in helping fund our missions of education, research, health care and service. It reflects the state's investment in us and in its future.
- But, increasingly, that partnership -- while indispensable -- is not enough to meet the state's goals for us and our ambitions. We have to find more ways to control and fund our future.

For example, the proposed budget would allow UK to proceed with more than \$465 million in campus construction, funded by a combination of state dollars and philanthropy, patient revenues, internal resources, and other revenue we generate ourselves. It would include classrooms, research, and health care facilities along with student space so critical to our success.

And, yet, the budget proposes another 2.5 percent operating cut -- \$7.1 million on top of \$50 million in reductions since 2008. If enacted, our funding from the state would be about \$277 million annually -- the lowest level of funding since FY1999-2000. Those dollars -- along with tuition from students and families -- are how we fund salaries, teaching and much of the programming that supports students and service efforts across Kentucky, such as Extension.

What do those facts mean for us today? Two things:

First, the legislative process is a long one. The governor's proposed budget is an important step, but the first one in a long process. Between now and April 15, two houses of the legislature will consider the budget and make changes. We will be there every day to make our case that investment UK is vital to Kentucky's future.

Second, we have to remain focused on how UK charts its course for the future. Right now, hundreds of faculty, staff and students are working on the development of a new six-year strategic plan and the implementation of a new university financial model. The strategic plan -- "see tomorrow. The University of Kentucky Strategic Plan" - will outline what we want to accomplish for the Commonwealth over the next six years:

- What goals do we have for students at all levels -- undergraduates, graduate and doctoral students?
- What are our research, health care and service missions in the 21st century? What new frontiers or disciplines, working in collaboration with one another, allow us to address the fundamental issues and problems that confront our state?

- And how do we create a work environment and infrastructure that enable that work to occur and thrive?

At the same time, a new financial model will examine how we can fund our work and our aspirations. Right now, most decisions about university funding and resources are made centrally. And the flow of those dollars is not transparent enough.

The new financial model's goal is to make our budget process clearer and more collaborative. The idea is that aligning resources with where they are actually generated will create more ownership, partnership and creativity. And, potentially, more resources are generated to do that work as we unleash the creativity of faculty and staff.

We continue to have great promise. UK's advances in discovery, our commitment to service and health care, and the role we play in educating our state's most gifted students are inextricably tied to the future of our Commonwealth.

But we also have no choice. Our partners at the state will continue to play an undeniably important role. Yet, we must take on a greater responsibility in guiding and funding our future.

We must determine what path we take. To that end, we will be communicating with you continually about these important processes and asking for your involvement and feedback. Thanks for what you are doing to make the promise of our university real for those we educate and serve.

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If you are a supervisor, please communicate this information to all of your staff, especially those without computer access.