

The Governor's proposed budget: the first step in a long process
January 21, 2014

Dear colleagues and students,

Last night I attended Governor Beshear's speech outlining his proposed budget for the Commonwealth for the next two years.

The proposal -- the first step in a long process -- contains both substantive challenges for us and potentially transformative opportunities. Throughout this process we will make the case for investing in our people and our facilities as the surest path to progress for our University and our Commonwealth.

As the Governor outlined to the legislature, he is proposing a cut of 2.5 percent in our General Fund appropriation for 2014-2015. Our budget, under the proposal, would be flat in 2015-2016.

Other agencies in state government would receive far larger reductions of five percent. Additional resources are being proposed for only a few areas, most significantly P-12 education, Medicaid expenses, and to honor pension obligations the state has made.

At the same time, as part of his capital budget, the Governor is proposing state investment in our proposal to expand and renovate the law school; funding our proposal for what we hope will be a new research building; and a new round of the Bucks for Brains program to support research at UK. The total state capital commitment is \$113 million. In addition to state support, we have committed to raising \$30 million in private donations toward the Law School renovation and expansion.

Moreover, the Governor has asked the legislature to authorize UK to spend some \$385 million of resources we generate ourselves -- no general fund taxpayer dollars would be used. Our self-generated funds would go toward a renovated and expanded Student Center; the fit-out of additional floors for the new Chandler Hospital tower and associated healthcare renovations; and a new parking garage.

These projects, if approved by the General Assembly, would enable us to continue the revitalization of our campus in ways that promise incredible transformation for our teaching, research, service, and health care missions.

And, yet, there is no way to sugarcoat it. On top of \$50 million in recurring cuts since 2008, additional reductions in our general fund budget of approximately \$7.1 million -- the budget we use to pay the bulk of salaries for teaching and staff -- would make our work more difficult. If enacted, it will force us to make difficult decisions regarding tuition increases and further cost-cutting measures on top of what we already have been forced to do in recent years.

Although we deeply appreciate the Governor's resolve once again to spare higher education from the deepest reductions, we intend to aggressively but respectfully ask the legislature to re-invest in our work for Kentucky.

Tonight's budget proposal is the first step in a long budget process. The legislature has between now and April 15 to modify and adopt the state's two-year budget.

We will be there every day, making our case.

As the Governor recently said in his State of the Commonwealth address, we must “create a seamless, cradle-to-career education system that is better preparing our students for this complex world.”

Further reductions today would challenge our ability to achieve that goal tomorrow -- a point we will vigorously make in Frankfort hallways and throughout our state in the coming days, weeks and months.

I will keep you updated throughout this process.

Even with the mix of news -- some exciting, some potentially disappointing -- I remain deeply optimistic about our future.

This is a special place and we are making investments that will enrich the experience our students have and laying a foundation for future growth through the research, service, and health care we provide.

Thank you for what you do to make all of that possible.

Eli Capilouto
President