

Update on State Budget and Its Impact

March 11, 2014

Dear Colleagues and Students,

This week, we expect the Kentucky House of Representatives to adopt their version of the state's budget for the next two years. All indications are that it will largely mirror the Governor's proposed budget from January: a 2.5 percent — or \$7.1 million — reduction in state appropriations for the University of Kentucky for the coming academic year and a flat appropriation for the following year. This proposed reduction would leave our state appropriation more than \$57 million below where it was in 2008 — a significant impact on the work we do and our efforts to keep tuition affordable and accessible to more Kentuckians.

At the same time, the House budget — like the Governor's proposal — is expected to authorize UK to proceed with \$355 million in construction — all funded by the university — for an expanded and renovated Student Center, continued fit-up of Chandler Hospital, and a new parking garage. In addition, the state would fund \$80 million for a renovated College of Law and the start of a new research building, which we would match, in part, with private fund-raising efforts. There also is expected to be about \$33 million for another round of the Bucks for Brains program.

As I mentioned when I wrote to you in January, it is a budget that, as proposed, contains both significant challenges and some tantalizing opportunities.

It is also true that some significant steps remain in this process. Once the House passes its version of the budget, it will go to the Senate for its consideration. There will be inevitable differences among the legislative houses, which likely will be resolved in a conference committee toward the end of the session.

We continue to be in Frankfort every day, making our case as forcefully and strongly as possible that investment in the University of Kentucky is critical to our Commonwealth's future.

We've done our part. We've found ways to operate more efficiently, while maintaining — and in many ways enhancing — our commitment to education, research, health care and service. We're asking the state — and we will continue to ask our policymakers — to renew their covenant with UK and Kentucky's families through additional investment in the future.

I will continue to update you throughout this process. In the meantime, I remain heartened and deeply gratified by your commitment to UK and the state that we serve so well.

Eli Capilouto
President