

UNIVERSITY OF KENTUCKY

Board of Trustees

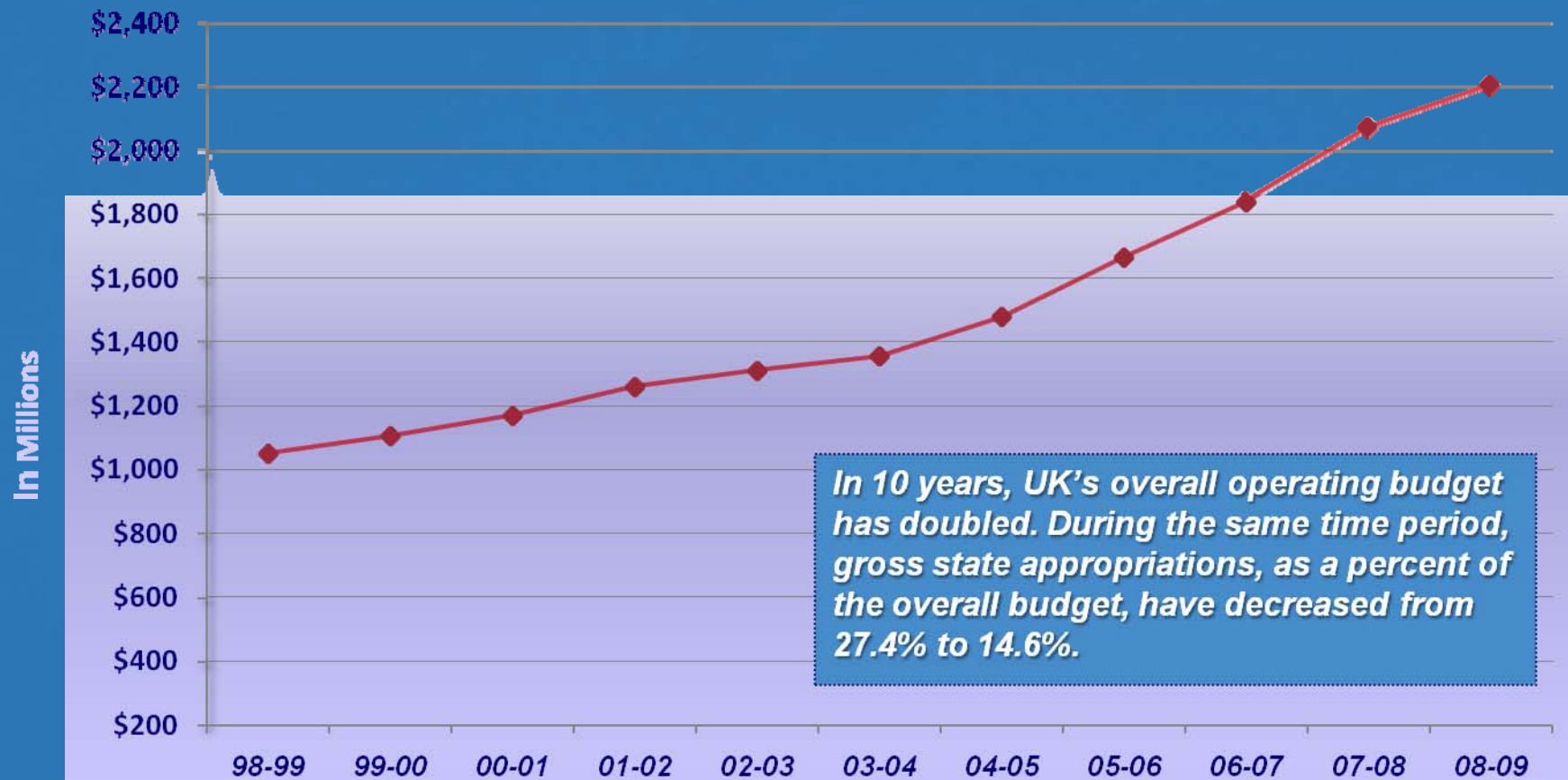
June 17, 2008

Summary

2008-09 Operating
and Capital Budget

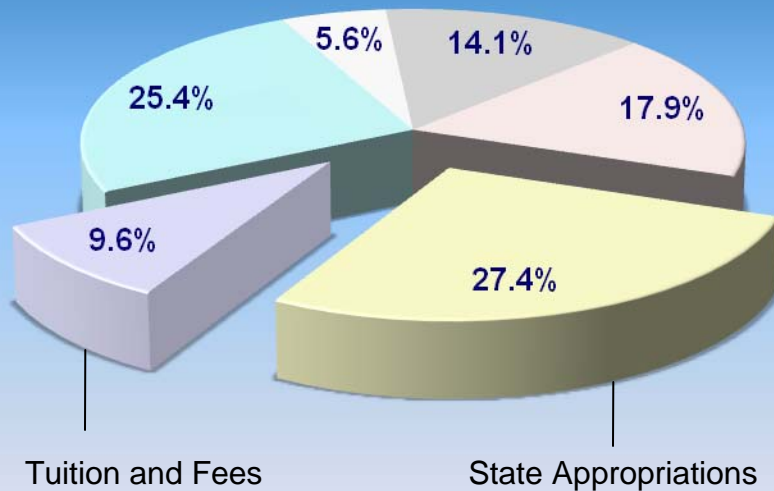
UK's Original Operating Budget

1998-99 through 2008-09

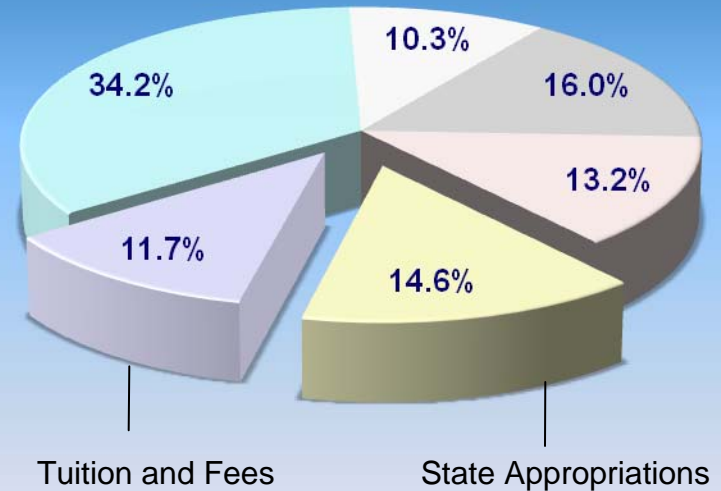


Original Budget

1998-99: \$1.1 Billion



2008-09: \$2.2 Billion



State Appropriations

Tuition and Fees

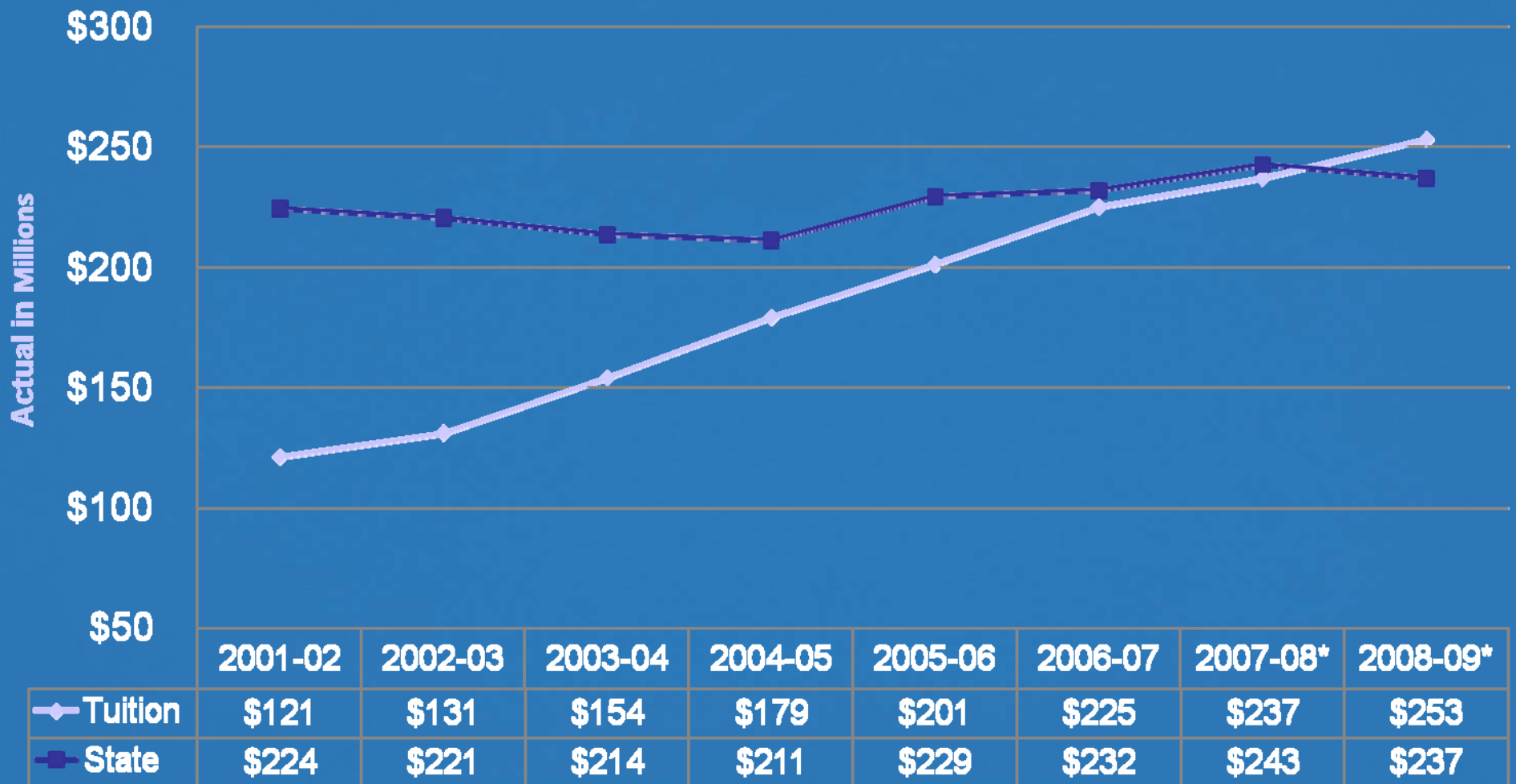
UK HealthCare

Gifts, Grants, & Contracts

Affiliated Corporations

Other

Tuition and Fee Revenue vs. Net State Appropriations



Note: State appropriations are net of debt service and mandated programs.

*Projected

Undesignated General Funds for Educational and General Activities - Recurring

| | |
|----------------------------------|----------------------|
| State Appropriations - Operating | \$316,853,500 |
| Tuition | 225,075,800 |
| Other (e.g., investment income) | 26,605,300 |
| Total | \$568,534,600 |

Designated Funds - Recurring

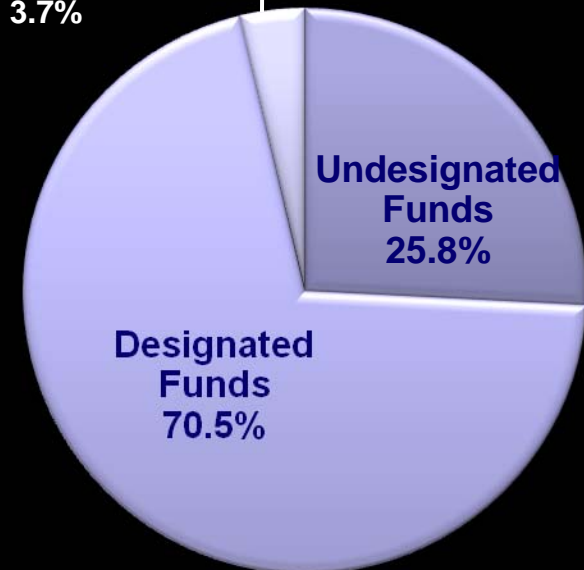
| | |
|---|------------------------|
| UK HealthCare | \$764,659,100 |
| UK Research Foundation | 268,174,900 |
| Gifts, Grants, and Contracts | 227,842,800 |
| Athletics | 65,496,300 |
| Fees (e.g., noncredit, mandatory, housing, dining, course, program) | 32,681,500 |
| Federal and County Appropriations | 31,824,000 |
| Other Affiliated Corporations | 19,862,600 |
| State Appropriations - Debt Service | 4,649,100 |
| Other (e.g., sales and services, restricted endowment earnings) | 139,974,200 |
| Total | \$1,555,164,500 |

Fund Balance - Nonrecurring \$81,155,400

Grand Total \$2,204,854,500

2008-09 Operating Budget

Fund Balance
Nonrecurring
3.7%



Priorities

- ➔ **Absorb Recurring Cut with Recurring Funds**
- ➔ **Minimize Tuition Increase**
- ➔ **Protect Scholarships**
- ➔ **Minimize Reduction in Workforce**
- ➔ **Cover Health Care Premium Increase**
- ➔ **Preserve Staff Enhancements**

Changes in Recurring Funding Sources Undesignated General Funds, 2007-08 to 2008-09

| Funding Sources | | |
|---------------------------------|----------------|----------------------|
| State Appropriations (6% Cut) | | (\$19,817,500) |
| State Appropriated Earmarks: | | |
| Robinson Scholars Programs | \$1,000,000 | |
| Joint Engineering Program | 250,000 | |
| Mining Engineering Scholarships | 100,000 | |
| Oenology & Viticulture Program | <u>250,000</u> | 1,600,000 |
| Tuition Revenue | | 7,946,400 |
| Other Net Revenues | | <u>1,092,900</u> |
| Total | | (\$9,178,200) |

Changes in Recurring Funding Needs Undesignated General Funds, 2007-08 to 2008-09

| Funding Needs | | |
|-----------------------------|-------|---------------------|
| Personnel | | \$ 3,592,800 |
| Utilities | | 2,310,100 |
| Student Financial Aid | | 1,400,000 |
| Dedicated Tuition Revenue | | 1,352,700 |
| State Appropriated Earmarks | | 1,600,000 |
| Operating Expenses | | <u>758,900</u> |
| | Total | \$11,014,500 |

Budget Summary

Undesignated General Funds, 2007-08 to 2008-09

| | |
|--|-----------------------|
| Total Sources | (\$9,178,200) |
| Total Needs | <u>11,014,500</u> |
| Funding Gap | <u>(\$20,192,700)</u> |
| Response: | |
| Budget Reduction Allocated to Colleges and Units - Recurring | \$14,000,000 |
| Reallocation from Central Sources - Recurring | 4,315,200 |
| Fund Balances - Nonrecurring | <u>1,877,500</u> |
| | <u>\$20,192,700</u> |

2008-09 Strategic Investments

Provost's \$3.5 million pool

Strengthening student success

Serving the Commonwealth

Leveraging synergies across
academic disciplines

Budget Reduction Impact Undesignated General Funds (As of June 10, 2008)

- Elimination of 188 positions supported with undesignated General Funds:
 - 71 vacant faculty lines
 - 117 staff positions (102 vacant)
- 32 additional positions no longer supported with General Funds:
 - 1 faculty line
 - 31 staff positions
- \$3.7 million reduction in operating expense budgets

2008-09 Capital Budget Highlights

- **Construct Biological Pharmaceutical Complex**

Legislative Authorization: \$132.8 million

UK Board of Trustees Approved Scope: \$132.8 million

- **Construct Patient Care Facility**

Legislative Authorization: \$700 million

UK Board of Trustees Approved Scope: \$450 million

- **Expand and Upgrade Livestock Disease Diagnostic Center**

Legislative Authorization: \$28.5 million

UK Board of Trustees Approved Scope: \$8.5 million

In Conclusion

The budget before you is far from perfect. There is pain here that no one seeks and no one deserves. In it lies the sacrifice of our students, who will pay more tuition. In it too lies the sacrifice of our faculty and staff, who will not see their pay increase.

We do a disservice to those sacrifices if we abandon our aspirations or put them on hold until circumstances change.

Every budget represents a choice. We can choose to go forward or we can choose to retreat. Today we choose to go forward.

-- Lee T. Todd, Jr., President