

2012-2013 Budget Focuses on Students, Future

June 19, 2012

Dear Colleagues and Students,

The University of Kentucky's Board of Trustees voted 17-2 today to approve a \$2.6 billion budget for the fiscal year, starting July 1. The budget plan adopted constitutes a commitment to move ahead, protecting our priorities of teaching and direct patient care in a responsible, forward-looking way even as the economic challenges we confront continue to loom large.

In essence, we have honored the goals and principles set forth by the Board and our campus more than eight months ago after extensive dialogue and meetings about our future. The priorities then and now are: enhance undergraduate education and revitalize our campus core by renovating and building the facilities where students live and learn and our faculty and staff teach and discover.

The decisions we are making have, understandably, attracted a great deal of attention and fostered concern. But, more than anything else, the central challenge this budget grapples with is how does this institution, even more than it is already, become a student-centered, student-first university? How do we take a responsible approach to undertaking a necessary rebalancing of our institution — protecting core priorities of teaching and patient care, while at the same time making investments in our students and people in a way that will allow us to advance in the future.

That question and those challenges are central to who we are today. That question and those challenges will define whether we are successful for the future.

Nothing is more important. Ultimately, as a university, it's at the heart of the Promise that led to our founding nearly 150 years ago.

Over the next two years, undergirded by the foundation being laid now, we will:

Invest in our students by increasing quality, access and affordability: We will educate more students by increasing our enrollment. We will invest \$10.3 million more in the coming year to maintain our current commitments and invest more in scholarships and financial aid to students. And we plan to hold tuition increases to 3 percent in 2013-2014 — a commitment to affordability that virtually no one else is willing to make in higher education.

Invest in our people, who educate and support our students: We've grown our full-time instructional faculty ranks by more than 9 percent between 2008 and 2011, so we are appropriately sized with exceptional teachers and researchers to successfully educate more students. Now, we've got to ensure that they — and our staff — are paid competitively. We'll create a merit raise pool of 5 percent in 2013-2014. We've been losing ground in faculty pay for too long relative to our benchmarks. Students come to our university, expecting to interact and develop relationships with world-class faculty. We have to ensure that continues.

Invest in the places where students live and learn and where faculty and staff teach and discover: We have the oldest facilities in the state with classrooms averaging nearly 50 years in age. Our building needs are well over \$1 billion, according to an independent study. That's why we are

creating a \$15 million pool of funds to support the mortgage payments, if you will, on revitalizing our campus core, constructing classrooms, research space and athletics facilities that will maximize the potential of our students and our people.

There are those who agree with the goals articulated in this budget, but urge us to hold back on investments so that the level of painful cuts can be reduced.

I deeply respect those colleagues. But I must also disagree. In a world where the only constant seems to be change, we can't wait for the economy to get better to make investments in our future. In this new normal, which increasingly is not so new, we can't wait for state support to increase or federal contracts to return to historically high levels.

We can't wait because it will not happen soon and there is no guarantee it will happen at all. As we all know, we are facing some \$20 million in state cuts this year, while costs are increasing by some \$23 million. That means we've experienced cumulative recurring cuts of more than \$50 million since 2007.

We can't let others dictate our progress or lack of it. We have to control our own destiny. And we can only do that tomorrow by intentionally and strategically investing today.

Students and families have choices. And they will go where there is the highest quality education possible at the most affordable prices, where they find the facilities and people who will help them reach their potential.

This budget plan represents a pragmatic and measured approach to forging a path toward a brighter future, one that protects priorities and honors the Kentucky Promise that forged our creation in the first place.

The values of the Kentucky Promise, struck as a covenant nearly 150 years ago, were that we would educate our state's sons and daughters, preparing them for lives of leadership, meaning and purpose. And it was a promise that we would serve, helping find and create solutions and discoveries that would transform communities and our state.

That promise is as relevant today as it was 150 years ago, a time even darker and more challenging than anything we face today. Honoring that promise for the future means responsibly and intentionally investing in our students and their success now.

We cannot – and we should not – wait.

Thank you for your continued work during challenging times to honor the Kentucky Promise for this generation of students and families and the next that is to come.

For more information on the budget, please visit
www.uky.edu/President/BOT_Budget_Presentation_2012-06-19.pdf.

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