

Addressing Questions on Budget and Our Future

June 13, 2012

Colleagues,

I appreciate everyone's patience in the midst of a very anxious time for our University community. As we have been discussing since January, a combination of forces has left us with a very difficult set of choices as we absorb shortfalls across many revenue sources even as we aim to make progress as a University in a way that serves our students, our patients, and the Commonwealth of Kentucky.

Since I became President nearly one year ago, I have put a premium on transparency and candor. In that spirit, I apologize for any confusion created by how we have recently been communicating the changes taking place on our campus. In particular, we have not done a good enough job clarifying how the reductions for FY 2012-13 and FY 2013-14 will affect those who instruct our students.

The cornerstone of our plan has been to cut more deeply at the administrative level than in academic areas to mitigate the impact on teaching. To that end, no full-time faculty are impacted in the proposed budget for FY 2012-2013 that our Board of Trustees will consider June 19.

However, we should have been clearer about the timing of decisions. We are taking a two-year approach to our budgeting in an effort to plan for FY 2013-14, given that many of our revenue sources – particularly state appropriations – will not recover quickly. We therefore asked deans and unit heads across the campus to work with their chairs, faculty, and staff employees to prepare for an additional reallocation and to have their plans finalized by January 2013. Many are taking contingency actions that could impact some full-time lecturers.

Under the University's administrative regulations, any full-time lecturer who has served for one year continuously must receive a year's notice if their contract is not going to be renewed.

Due to the level of reductions we are facing, some deans have provided one year's notice to full-time lecturers. As this process continues, we anticipate that several lecturers who received letters as part of this contingency planning will soon receive follow-up letters informing them that we will be able to renew their contracts for 2013-2014. After those notifications are sent, fewer than 10 of our current lecturers will go into Fall 2012 without contracts for 2013-14. None of these affected lecturers are responsible for core courses.

It is prudent to consider every possible outcome, given the still uncertain economic climate with which we are grappling and our responsibilities to the citizens of the Commonwealth.

I also want to clarify an additional matter related to scholarships. For Fiscal Year 2013-14, the University will spend approximately \$9.2 million more on scholarships and financial aid. More than half of that increase is to allow scholarships already awarded to our students to keep pace with the planned three percent tuition increase for Fall 2013. The balance is aimed at further strengthening our student recruitment efforts. It has been suggested that we not increase scholarships as a mechanism for coping with our budget challenges. That would require us to 1) contact students already receiving awards and inform them that budget circumstances prevent us from maintaining

our commitment to them; and/or 2) back away from our aggressive strategy to put even better students in our classrooms. I am unwilling to do either.

In putting together a \$2.6 billion budget for each of the next two fiscal years, numbers and proposals for how to deal with reductions and reallocations are fluid. We will continue to do our very best to keep the campus and broader public informed. Part of transparency and candor is a willingness to admit when we make mistakes.

For more information about the reductions and their impact, please visit http://www.uky.edu/President/6-13-12_RIF_QA_final.pdf.

The bottom line is we cannot afford to wait for a better time to make tough choices. When I became President, I organized a committee of faculty and staff to review the current status of our work across the variety of our missions. That committee conducted an extensive review of our strengths and challenges and provided to me and the campus community a set of recommendations for progress, which you can find here: http://www.uky.edu/President/review_report.pdf. Their report is clear: We have much to be proud of, but there is much work to do. The time is now.

Thanks for your understanding and patience as we work together in difficult times to honor the Kentucky Promise that forged our founding nearly 150 years ago.

Sincerely,

Eli Capilouto
President