

Governor's Proposed Budget

Jan. 27, 2016

Dear Campus Community,

Governor Matt Bevin last night presented his proposed budget for the remainder of this fiscal year, ending June 30, and for the next two years. It now goes to the state House and Senate for review.

It was an important step in the process of developing a budget for the Commonwealth and for funding much of the instruction, teaching and service that we do at the University of Kentucky. It is essential that all of us understand the details of the Governor's proposal and the next steps in the process.

I assure you that we will not allow changes in state support to stall the momentum you have created for our students, our patients, and our state. Guided by our Strategic Plan and collective commitment, we will continue to move forward aggressively to achieve our goals: providing the best education for our students, conducting research and care that meets the needs of our state, and extending service that changes lives and transforms communities.

There are two main elements to the proposed budget:

First, the Governor announced plans to implement through an executive order a mid-year reduction in budgets for most areas of state government, including universities. Between now and June 30 of this year, our current state appropriation will be reduced by \$12.6 million (4.5 percent). I have instructed Executive Vice President for Finance and Administration Eric N. Monday and Provost Tim Tracy to begin immediately working with their teams on how to address this reduction. As always, we will proceed thoughtfully and with wide consultation with campus stakeholders to protect our core teaching, research, and service missions.

Second, in the first year of the new two-year budget cycle starting July 1, the Governor's budget proposes a cut of \$25.2 million to our state appropriation. To put into context, this year we were scheduled to receive an appropriation from the state of \$279.6 million. The budget, if enacted for next year, proposes lowering that appropriation to about \$254.4 million - a 9 percent reduction. The following year, 2017-2018, our base will be reduced to \$169.7 million and the remaining one-third (\$84 million of the \$254 million) would be placed in a pool of dollars that would be allocated across universities based on performance. As details of the method of allocation become clearer, we will keep you informed.

Certainly, the magnitude of reductions in the Governor's budget proposal presents significant challenges to our University. We will work through them in consultation with you.

We have essential work to do and a powerful story to tell. In the last five years, we've improved graduation rates and expanded affordable access for Kentucky families to the best education in our state. We're conducting ground-breaking research that directly addresses the challenges we face. We've extended health and wellness care to more patients and people throughout our state than ever before.

We will thoughtfully and respectfully tell our story in the coming months in the General Assembly. We will work in a spirit of cooperation with the Governor and legislators to make clear our needs. But we must acknowledge the fiscal realities of our state. And I applaud the Governor for working to protect other essential services, including social workers and law enforcement officers.

We will not trim our aspirations. But we do have to find more creative ways to power our progress. That will take all of us.

In the coming days, weeks and months, I will be communicating with you often, as there are developments. I pledge to you to be straightforward and transparent as we work together to continue our progress -- ensuring the promise of this place for those we serve.

Thank you.

Eli Capilouto
President
University of Kentucky