

Important Message about Budget Reductions

June 5, 2012

Dear Colleagues,

This week, we began implementing some of the tough decisions necessary in this challenging budget environment while minimizing the impact on our most important priorities as a university: teaching students and providing direct patient care.

As part of UK's budget for 2012-2013, we're providing 90 days of notice to those employees who are part of a reduction in workforce in various areas across the campus. I am urging deans, unit heads and managers who are administering this process to treat those impacted with dignity and compassion during a very difficult time for everyone involved and for our institution. Efforts also are underway to exercise options available to maximize access to benefits on behalf of those impacted.

These reductions in our workforce are in the wake of a \$20 million reduction in state support for the 2012-2013 year and another \$24 million in additional increases in fixed costs for items such as utilities, student financial aid, benefits and limited strategic investments.

In response, and in consultation with our Board of Trustees, we've sought to minimize the impact on teaching and those involved with direct patient care by directing deeper cuts for this year toward administrative units of 5.0 percent compared to 3.3 percent for academic and teaching units.

It is a painful exercise to implement significant reductions in our workforce. Our colleagues losing their jobs are both new employees and senior professionals and their contributions to the university have been valued.

But there simply is no way to patch over the holes in our budget with temporary measures or one-time sources of funds any longer.

We've dealt with \$50 million in recurring reductions from the state since 2007. We also now face flat or declining federal support for research, low yields from short-term investment income, and continued increases in basic operating costs. We are no different in that regard from businesses and local and state governments across the country that have faced even deeper cuts over a more prolonged period of time.

Please know that we will work to keep you informed at each step of this process as we move forward in the midst of challenging times with a shared sense of commitment to a more promising future. Thank you for your hard work as we seek that future.

Eli Capilouto
President