

Important update on state budget

April 14, 2016

Dear UK Community,

A conference committee, comprised of leadership in the Kentucky House and Senate, reached the outlines of an agreement early this morning for a two-year state budget.

The budget must still be approved on the final day of the legislative session (April 15, 2016) and then forwarded to the Governor for his consideration. However, here is what we know about the proposed budget compromise, the product of weeks of negotiation by legislators:

- It includes a 4.5 percent reduction in our appropriation (\$12.6 million) for 2016-2017; funding levels remain flat during the second year of the biennium.
- In 2017-18, five percent of our appropriation will be determined by a performance-based funding formula that will be developed over the next year in consultation with Kentucky's public universities. That allocation will increase to 15 percent and 25 percent during the next biennium (2018-2020).
- UK received authorization for two agency bond-funded capital projects (bonds to be issued by the University) and all requested cash-funded capital projects (to be financed with private support or one-time university funds). These authorizations will allow the University to continue addressing capital needs at UK HealthCare, which is experiencing record patient demand, as well as other facility needs on our campus.

I am very appreciative of Governor Bevin's willingness to restore a portion (2.5 percent) of his mid-year reduction (originally 4.5 percent) to our current state appropriation.

This budget compromise is the result of the tireless efforts of policymakers, in both branches and legislative chambers, who continue to wrestle with significant fiscal and policy challenges confronting Kentucky.

Once a two-year state budget is final, we will accelerate our ongoing efforts to draft UK's capital and operating budget for the coming year.

As always, we will move forward in consultation with campus and with a deep focus on priorities outlined in our strategic plan. We will continue to keep you informed throughout this process.

Sincerely,

Eli Capilouto
President