

Legislative Update

March 26, 2012

Dear colleagues and students,

The state Senate late Thursday afternoon adopted its version of the two-year budget for the Commonwealth.

In terms of the impact on UK and all of higher education, the budgets adopted by both the House and the Senate are very similar:

- \$175 million in authorization to move forward with our ambitious plans to construct new residence halls throughout the campus;
- Reduction to our operating budget of 6.4 percent for the coming year – or nearly \$20 million – starting July 1; and
- No authorization to borrow \$200 million and repay with revenues we generate for new construction, focused on our campus core.

The Senate budget also stripped out a \$25 million pool of funds, to be shared by the state's universities, for maintenance and repair of infrastructure.

Because there are differences in the House and Senate versions on issues affecting other programs and services apart from postsecondary education, starting this morning a conference committee – composed of key House and Senate members – will likely be formed to reconcile the differences in the two budgets and craft a compromise that both chambers can support. It is hoped that a final budget will be crafted over the next several days.

The conference committee process provides still further opportunities for us to continue to press our case with policy-makers about the importance of operating dollars and authorization to spend money we generate on critical infrastructure projects that will enhance the living and learning environment of our campus. We are there every day making that case.

Of course, we understand the still fragile economic recovery that is impacting our Commonwealth and nation. But we also strongly believe that reductions in spending should be balanced with strategic investments in our future and allowing us the ability to move forward with capital projects we can finance on our own.

Nothing is more critical to that future, in my judgment, than this university – an institution educating Kentucky's brightest students and undertaking research and service that can transform our state and world.

I will keep you updated as this process continues to unfold over the next several days. Thanks, as always, for your support and commitment to UK.

Eli Capilouto
President