

Legislative Update: State Senate's Proposed Budget and Where We Are in the Process
March 24, 2014

Dear Colleagues and Students,

Monday evening, the Kentucky Senate passed their version of a two-year state budget. There are significant differences with the budget proposed by the Governor and the state House. Most important, the Senate's budget proposes to restore the 2.5 percent cut in the state appropriation to UK – a reduction of \$7.1 million proposed in earlier versions of the budget. Moreover, the Senate's budget removes nearly all proposed building projects across the state because of concerns about increasing debt.

What does that mean at this stage in the process?

First, we deeply appreciate the Senate's move to restore our operating funds. Those recurring dollars represent our highest priority. They are part of our nearly \$284 million annual appropriation from the state that we use to fund much of our teaching and learning enterprise. These dollars are absolutely critical to student success at all levels. It's how we try to fund and increase salaries that keep us competitive in recruiting and retaining the faculty and staff who support our vital work together.

Second, over the next several days the House and Senate will work to reconcile their budget differences. We will, as part of that process, continue to make the case both for those vital state appropriations, but also for the construction projects that will allow us to continue our campus revitalization efforts, particularly those initiatives we propose to fund ourselves – a new Student Center, the continued fit-out of the Chandler Hospital and a parking garage. Such projects do not, in our judgment, add to state debt levels since we take on the total responsibility for paying for these initiatives using resources we generate internally or through philanthropy.

As I indicated to you a few months ago, this journey to a state budget has many steps. We are nearing an end, but there are still important issues to be resolved and we will continue to be there every day making the case for the vital work you do on behalf of our students and the Commonwealth we serve so well.

Thank you,

Eli Capilouto
President