

Message from President Capilouto about Tuition

May 8, 2012

The Board of Trustees this afternoon approved tuition rate increases for the 2012-2013 academic year of six percent. That approval is the first formal step in the Board's consideration of a university budget for 2012-2013 at its June meeting. But more importantly, it will enable us to move forward in taking a longer term view of how to best align the university's budget with our goals and aspirations.

Deans and unit heads throughout the institution are planning for a two-year budget cycle. That is a different way for our institution to budget. But in this climate there is an imperative to imagine different ways to conduct our crucial endeavors.

Between reductions in general fund dollars from the state and increased fixed costs for items such as utilities and scholarships, we have a nearly \$45 million shortfall to address before we even put pen to paper on a budget for the university. And, yet, we cannot let those obstacles stop our progress or change our principles:

- Affordability for students
- Competitive salaries for faculty and staff
- Revitalization of our campus core facilities
- Operational efficiency
- Generating new revenue through entrepreneurial efforts

So, while tuition is increasing by six percent in 2012-2013, we are planning for only a three percent increase the following year as we build our budget for the next two years. Moreover, while we cannot increase compensation this year, our aim is to create a five percent merit performance pool in 2013-2014. We are also planning over the next two years to set aside more than \$15 million that would enable us to service \$200 million in debt payments on construction that could accelerate the revitalization of our campus core.

These principles will guide everything that we do. Today, I realize the obstacles in the way of aspirations seemingly loom large. But we have overcome more before, often with less. Our history as an institution tells us so. Such history, as one scholar remarked, "aids us ... in diminishing the stranglehold of the present, compelling us to imagine beyond its bounds, to take the long view."

We must again imagine beyond the stranglehold of the present. We must -- and I know we will -- remain firmly fixed on the Kentucky Promise that has guided UK for nearly 150 years.

Thank you.