

G. Report on Budget

Interim President Wethington stated that he was completely in agreement with Mr. Sturgill's recommendation that a Resolution be adopted for Governor Wallace Wilkinson and the General Assembly. He indicated his pleasure in the Board's action to go on record in support of Governor Wilkinson's and the General Assembly's actions.

He gave a brief review of the proposed biennial budget. He stated that in the University System (all of the University except the Community College System) the proposed budget includes an increase of about \$55 million or a 27% increase over the two-year period. He noted that the proposed budget provides the following:

\$41.1 million for program increases

This amount will be enough to provide for a number of priorities included in the biennial request approved by the Board in the fall -- the statutory and contractual obligations for staff benefits and operating funds for new buildings; 5% salary increase per year for faculty and staff; inflationary increases on operating expenses; and some significant progress in catch up dollars for faculty and staff.

\$7.7 million for new debt service

This amount is for the Civil Engineering Building; Cooling Plant Repairs and Replacement; Chemistry Physics Building Renovation; Life/Safety Projects; Animal Diagnostic Facility; Medical Research Space Expansion; and land acquisition for agricultural research.

Funding for the Kentucky Cancer Registry

The amount next year is \$330,000 and will be reduced to \$190,000 the following year. This funding is to provide a cancer patient data management system to be administered by the University of Kentucky Markey Cancer Center.

\$2.9 million for a Rural Health Care Initiative

This amount gives emphasis to the University of Kentucky in delivering Medical Center and related programs to East Kentucky.

\$620,000 for a groundwater instruction and research program

The amount for this program will be managed by the College of Agriculture.

\$1.9 million for catch-up salary increases for agriculture

This amount is designated for salary catch-up for the county extension agents to help them be competitive with benchmark salaries.

\$548,000 for a Commonwealth Scholars Program

This program is designed to help the University of Kentucky recruit qualified, academically talented high school students in Kentucky.