

TO: Faculty, Staff and Administrators

FROM: Kirk Schulz, President  
Ruth Dyer, Provost and Senior Vice President  
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DATE: August 17, 2009

K-State's FY 2010 General Use Budget, consisting primarily of State General Fund (SGF) appropriations and tuition, will be \$325 million. Our FY 2010 State General Fund (SGF) appropriation has been reduced by \$21.7 million (about 12%) from the beginning FY 2009 level. In addition to these unprecedented cuts, K-State had to identify about \$6 million to fund increased costs for items such as utilities, employee fringe benefits, faculty promotions and the minimum wage increase. Primarily because of your extraordinary cooperation and work, K-State has a plan for FY 2010 that allows us to meet our base needs.

Though we enter the 2009-2010 academic year prepared to teach students, perform important research and fulfill our core service and outreach mission, our budget cutting efforts are not complete. For a number of reasons, we need to identify \$15 million in savings that can be used to address critical needs over the next two years. First, our current base operating budget is not sustainable—we need to replace \$8.5 million in temporary resources (non-recurring federal stimulus funds and targeted fund balances) that are being used to pay for base operations. Primarily because of the uncertain economy, we cannot depend on increased State appropriations or additional tuition collections to replace these temporary funds. Second, we need about \$5 million to strategically restore resources that have been cut from core campus units that are operating in a non-sustainable fashion - for example, some of the approximately 200 unfunded vacant positions must be filled. Last, we need about \$1.5 million in central resources for contingent needs such as additional budget cuts or enrollment loss.

Thus, collectively, we need to determine how to identify \$15 million in permanent savings. The entire university must be involved and work together in this process. We already have groups in place to facilitate this process, and we want to ensure there are opportunities for all to share ideas. We believe the various groups described in the University Handbook, such as the DCOPs, CCOPs, ADCOPs, FSCOUP, GACOP and the Faculty Senate should work closely with college and department leaders to formulate and forward ideas. In addition, the Classified Senate and Student Governing Association should formulate and forward ideas. We encourage all campus constituents—faculty, staff and students—to participate and communicate. We ask that all ideas consider both cost savings and benefits in the context of K-State's mission. Our goal is for ideas to be sent to the Budget Office (<http://www.k-state.edu/budget>) by October 15. We will continue to post documents and related information about the budget and this process on the Office of the Budget website.

We have developed the following suggested time line and general process to accomplish this task.

<b>DATE</b>	<b>TASK</b>	<b>RESPONSIBLE PERSON(S)</b>
August/September 2009	<ul style="list-style-type: none"> <li>• Share Draft Budget Reduction Principles/Criteria with deans at Deans Retreat and engage deans in revising criteria and identifying budget reduction strategies</li> <li>• Share Draft Principles/Criteria with and engage DCOPs, CCOPs, ADCOPs, GACOP, FSCOUP, and other groups in revising criteria, and formulating and revising ideas for budget reduction strategies</li> <li>• Use Budget Office electronic suggestion box to gather ideas from constituents</li> </ul>	President's Cabinet
October 15, 2009	<ul style="list-style-type: none"> <li>• All campus groups and individuals submit final ideas to Budget Office</li> </ul>	Deans, DCOPs, CCOPs, FSCOUP, ADCOPs, GACOP, others
Mid October 2009	<ul style="list-style-type: none"> <li>• Begin financial analysis of suggested strategies</li> </ul>	President's Cabinet, Budget Director, Planning and Analysis Staff
Mid December 2009	<ul style="list-style-type: none"> <li>• Complete financial analysis in consideration of the state budget and in preparation for presentation to the campus</li> </ul>	President's Cabinet
Mid January 2010	<ul style="list-style-type: none"> <li>• Share plan and associated budget savings with campus groups</li> </ul>	President's Cabinet
February 2010	<ul style="list-style-type: none"> <li>• Finalize plans for budget reduction and share externally</li> </ul>	President's Cabinet

We also provide the following suggested principles, strategies, considerations and other information to help start and guide our discussions.

### **SUGGESTED BUDGET REDUCTION PRINCIPLES**

- K-State should shape its future proactively, to the extent we are able and within the constraints that apply, rather than be reactive to events.
- Reductions will be mission driven, with emphasis on maintaining the quality of the student learning experience at both the undergraduate and graduate levels as the highest priority.

- Externally funded research should continue to be a high priority.
- Plans should recognize the commitment to teaching, research and extension education, all of which are important components of the mission of a land grant university.
- As we have always done before and to minimize the effects on the University's mission, every effort should be made to maximize resources through inter-departmental collaboration and cooperation and administrative streamlining.
- Kansas State University is dedicated to upholding commitments to its faculty, unclassified professionals, and classified staff, mindful of their important contributions and inherent value to the institution and its mission.
- Plans should protect or enhance non-General Fund sources (e.g., tuition, grants and contracts, private funds, etc.). These plans, however, should not include anticipated increases in revenue to be generated by new charges for services that would be levied against other university programs/departments.
- Plans should emphasize our commitment to direct services, activities and programs that will retain students and help them graduate. Our central focus of being a student centered university requires us to make sure we are taking direct care of our students – especially those who are most vulnerable in these uncertain times.

#### **SELECTED BUDGET REDUCTION QUESTIONS AND CONSIDERATIONS**

- Is a particular budget reduction strategy a reasonable change?
- Does it serve the interests of K-State as a student-centered university?
- Is it cost effective?
- Are there ways to do things more efficiently and effectively with the same amount of money? What changes should we consider that can increase effectiveness and productivity, even if they may not result in much or any savings?
- Are there pedagogical changes that might provide both a richer educational experience and reduce costs?
- Institutional priorities as well as cost savings should be considered for any possible program closures.
- Department and college priorities should guide decisions about potential reductions.

We look forward to engaging with you in this very important process and receiving your suggestions and ideas. K-State has a long history and reputation of being a proactive university. This tradition, spirit of cooperation and positive approach will serve us well as we work together on identifying strategies to ensure K-State continues to achieve its land-grant mission.