University Leadership Retreat

August 15, 2013
• Review of 2013-2014 budget
• Review of three-year faculty and staff salary plan
• 2014-15 budget development
Guiding Budgetary Principles

• K-State 2025 is road map for how we make financial decisions.

• We must keep in mind overall goal of becoming a Top 50 Public Research University.

• We must continue to look for creative opportunities, as they arise, that fit in with departmental, college and university 2025 plans.
• K-State’s State General Funds allocation was reduced 4 percent (approx. $6.6 million) at conclusion of legislative session.
  – 1.5 percent across the board SGF cut ($2.5 million)
  – Salary reduction cut ($3.9 million)
• Maintained special grants for enhancements to:
  – College of Veterinary Medicine ($5 million)
  – Animal Health Research ($5 million)
  – Engineering Initiative Act ($3.5 million)
  – $1 million planning grant for renovation of Seaton complex as part of larger initiative to expand CAPD
How will we close our budget gap?

- Use funds stemming from enrollment growth.
- Use additional funds generated from tuition rate increases.
- Identify funds through internal reallocation to be allocated to the highest 2025 priority areas.
Tuition and Fees

• **Tuition and Fees Increases**
  – 7 percent increase in tuition and fees for Manhattan, Salina and Olathe
  – 3 percent increase for College of Veterinary Medicine
  – Increase in per credit hour fee in College of Architecture, Planning and Design (to $35 per credit hour), utilized for technology improvements and as part of comprehensive facilities improvement program.
  – New $8 per credit hour fee for College of Arts and Sciences to replace expendable supplies, repair and replace classroom/laboratory equipment, train graduate students, provide undergraduate/graduate research support and enhance undergraduate advising.

• **Other Key Budget Adjustments**
  – Phase out SGF monies to Athletics -$750,000.
  – Reallocate designated funds from the Office of the Provost -$800,000.
  – Work with campus leadership to identify additional $3.1 million through reallocation.
Several other key areas of K-State 2025 identified as priority needs for upcoming academic year:

- **Theme 1** (Research, Scholarly and Creative Activities, and Discovery) — PreAward Services Support ($50,000)
- **Theme 2** (Undergraduate Educational Experience) — Student Success Initiative ($450,000), student recruiting ($100,000)
- **Theme 5** (Faculty and Staff) — Child Development Center support ($200,000)
- **Common Element** — Communications and Marketing support ($100,000)
While there are many other identified 2025 priorities, some areas will not receive needed funds within the next fiscal year:

– Funds needed to ensure substantial progress on graduate student stipends (Theme 3).
– Ability to add substantial numbers of new faculty/staff lines.
– Ability to address many recommendations included in the Human Capital Services Assessment report (Theme 5).
– State-supported substantive renovations to existing academic infrastructure (Theme 6).
• K-State 2025 Theme 5 specifically addresses excellence in faculty and staff, including total compensation competitive with aspirant university and regional employers.
• We made a strategic decision to invest funds in our faculty and staff.
• With this goal in mind, we announced a three-year plan to address faculty and unclassified staff salaries in my June letter to the campus community.
Three-Year Plan

• Faculty Promotions
  • Increased promotion increments to 15 percent of the K-State average annual salaries for faculty members moving from Assistant to Associate Professor and Associate Professor to Professor.
  • Provide promotion enhancements to faculty members promoted in the last five years to bring their promotion raises up to the 15 percent level over a three-year period.
  • Continue to fully fund Professorial Performance Awards available to faculty at the rank of Professor every five years pending successful departmental and college recommendations.
    – Base salary adjustments at 8 percent of average salary of all full-time faculty.
Three-Year Plan

• Reinstituted Faculty Salary Enhancement Award Program and moved enhancement amount from $2,500 to $3,000.
  – Funds can be utilized to address any number of salary issues, including compression, inversion and equity.

• Will make available a 2 percent merit pool for faculty and unclassified staff this year, and 2 percent merit for both for the following two years.
  – Monies available by January 2014 and allocated using the merit process currently in place as laid out in the university handbook.
## Faculty/Staff Salary Plan

<table>
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<tr>
<th>MC, ESARP, Salina and VMC</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
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<tr>
<td>Faculty Promotions</td>
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<td>Faculty Promotion Enhancement (Backfill)</td>
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<tr>
<td>Professorial Performance Awards</td>
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<td>Targeted Faculty Salary Enhancements</td>
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<td># of Awards</td>
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<tr>
<td>Merit Increase Faculty and Staff (2%)</td>
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<td>$6,761,500</td>
<td>$4,673,000</td>
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</tbody>
</table>

### Total Additional Funds for Faculty and Staff

- **FY 2014**: $4,529,000
- **FY 2015**: $9,134,500
- **FY 2016**: $7,177,500

- Faculty % Increase: 3.4%, 3.4%, 3.5%
- Staff % Increase: 2.0%, 2.0%, 2.0%

Proposal funded through combination of tuition rate increase, internal reallocation and enrollment growth revenue.

1 FY 2014 merit increase proposed for mid-year and second half funded in FY 2015.
This plan represents a substantial investment of resources in faculty and staff salaries with NO anticipated additional SGF monies:

- $4.5 million in FY 2014
- $9.1 million in FY 2015
- $7.2 million in FY 2016

These adjustments represent a continued investment:

- 2.5 percent (FY 12)
- 1 percent (FY 13)
- 2 percent (FY 14) (FY 15) (FY 16)
Building the 2014-15 Budget

• The VPAF will provide guidelines used to build our budget this next year which will have input from various levels of the university community.

• Internal Reallocation Plan
  – Each academic unit and non-academic areas will need to prepare 0.5%, 1% and 1.5% budget-cut scenarios. Units will have the opportunity to seek these funds back from the Office of the Provost.
• **Retention Offer Guidelines**
  – The provost is working on guidelines for making faculty and staff retention offers. **WRITTEN OFFER LETTERS ARE NOT REQUIRED FOR MAKING RETENTION OFFERS!**

• **Academic Infrastructure**
  – We will need to find creative ways to build campus infrastructure as SGF/Tuition + Philanthropic $.
K-State 2025 will continue to represent our pathway forward. We will always seek funds from a variety of sources to fund strategic initiatives including state, federal and philanthropic funds.

It will be important to keep the conversation positive and respectful. One of the best characteristics of a university environment is that all voices can be heard on any topic without fear of retribution.
Thank You!