



# **University Leadership Retreat**

August 15, 2013

# Kansas State University Budget

- 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.

# 2013-2014 Final Budget

- 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.

# K-State 2025 Additional Funding Priorities

- 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)

# Investment Challenges

- 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 Salary Plan

- 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

- Reinststituted 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

<b>MC, ESARP, Salina and VMC</b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>
Faculty Promotions	\$938,600	\$962,100	\$983,000
Faculty Promotion Enhancement (Backfill)	\$500,000	\$500,000	\$500,000
Professorial Performance Awards	\$483,000	\$415,300	\$428,800
Targeted Faculty Salary Enhancements	\$380,900	\$495,600	\$592,700
# of Awards	107	139	167
Merit Increase Faculty and Staff (2%) <sup>1</sup>	\$2,226,500	\$6,761,500	\$4,673,000
<b>Total Additional Funds for Faculty and Staff</b>	<b>\$4,529,000</b>	<b>\$9,134,500</b>	<b>\$7,177,500</b>
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.

<sup>1</sup> FY 2014 merit increase proposed for mid-year and second half funded in FY 2015.

# Faculty and Unclassified Staff Salaries

- 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.

# Building the 2014-15 Budget

- **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 \$.

# Summary

- 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!