

Memorandum

TO: President
Provost
Vice Presidents
Deans and CEOs

FROM: Ethan Erickson, Assistant Vice President for Budget Planning

DATE: May 18, 2018

RE: FY 2019 Annual Budget Preparation

Enclosed are the FY 2019 annual budget base allocations for your area(s) and the preparation guidelines. The Board of Regents is scheduled to approve the 2018-2019 tuition proposal June 20 upon which these allocations are based. Revisions to the FY 2019 budget allocations are possible if the Board of Regents revises the tuition proposal. If any changes occur, revised base budget allocations will be released as soon as possible. Please complete the redistribution of your FY 2019 annual base budget from this information.

An Overview of FY 2019 Budget Issues

Prior to adjourning the 2018 Legislative session, the Legislature restored approximately \$3.0 million of state general funds (SGF) originally reduced in FY 2017. A tuition rate increase of 1.1% is proposed to the Board of Regents for Main, Global, and Olathe Campus effective fall of 2018. A tuition rate increase is not planned for the College of Veterinary Medicine or the Polytechnic campus. The estimated revenue for main campus from these increases is approximately \$1.9 million. The SGF restoration and tuition increase revenues will be used to fund base budget increases including faculty promotions, professorial performance awards, fringe benefit rate increases, as well as other ongoing commitments of the university.

Due to our enrollment and student credit hour declines, the university will issue budget reductions to Main Campus and Research and Extension units in order to balance the university's budget for next fiscal year.

Unclassified Salaries and University Support Staff (USS)

Merit/COLA – There will be no university-wide merit or COLA salary increases for faculty, unclassified and university support staff except for the faculty promotions, and professorial performance awards as noted below. This includes employees that are funded from special revenue funds such as auxiliary, restricted fees and federal grants. Units can provide stipend increases to graduate teaching assistants, graduate research assistants and graduate assistants whom are not paid a competitive stipend as compared to peers.

Faculty Promotions - The appropriate amount for faculty promotions has been added to the FY 2019 allocation for Main Campus and Research and Extension positions. Salary increases for faculty promotions are 15% of the average salary of all university faculty members. The FY 2019 promotion amounts for both Associate Professor to Full Professor and Assistant Professor to Associate Professor are \$11,995. Faculty promotion increases are to be effective at the beginning of the contract period.

Professorial Performance Awards - The professorial performance awards will continue in FY 2019 at an amount of \$6,400.

Targeted Faculty Salary Enhancements – There will be no Targeted Faculty Salary Enhancement increases for FY 2019.

Compensation Structure update – Human Capital Services will increase the pay grade ranges by 2% in FY 2019 based upon the market increase over the past year. Human Capital Services has identified ninety six unclassified and university support staff employees who are below market equity and will receive salary increases to bring their salary to the range minimum. Main Campus and Research and Extension general use funding will be allocated for employees budgeted on those funding sources. Units are expected to cover the cost of those employees funded on non-allocated or restricted use funds.

Additional Total Rewards Salary Enhancements for Retention and Responsibility Changes- In addition to the under market equity salary adjustments mentioned above, units may *self-fund* salary adjustments in order to retain or as a result of additional responsibilities for unclassified and university support staff as long as the adjustments are within the pay grade for a given job title and are justified based on compression, equity, retention with proof of offer, or assignment of additional duties within a job title and pay grade.

All requests for such salary adjustments must be approved by the Provost or appropriate Vice President and be supported by appropriate documentation. This documentation may be in the form of a spreadsheet or memo and must include the employee's name, title, current and proposed pay, funding source (GU or RU) and justification based on the reasons above. Please submit electronically your requested salary adjustments to the Provost or appropriate Vice-President by June 8, 2018.

Any adjustments linked to changes in duties which may lead to a change in job title or pay grade must be submitted as a reclassification to HCS following the established process.

University Support Staff (USS) Salaries

Longevity Bonus - The longevity bonus paid to USS who have at least 10 years of service will continue to be paid one-time annually. The amount awarded per year remains the same at \$50. This sets the minimum bonus paid for 10 years of service to \$500 and the maximum bonus for 25+ years of service to \$1,250. All USS will be eligible for a longevity bonus once they have 10 years of service.

Students

The minimum wage continues at \$7.25/hour. There is no increase to student allocations.

OOE

There is no increase for Other Operating Expenditures.

Graduate Teaching Assistant Tuition Waiver Allocations

The tuition waiver allocation has been increased by the proposed graduate resident tuition rate increase (1.1%) recommended to the Board of Regents. Colleges and other areas are expected to stay within the amount allocated for GTA tuition waivers or cover overdrafts from their funds. If a college funds any additional GTA positions, both the salary and the GTA waiver (equivalent to 9 graduate resident credit hours each semester) must be funded by the college.

Employer Fringe Benefit Rates – FY 2019

The final fringe benefit rates for FY 2019 have not been released by the State. The State releases the actual rates about mid-June each year before the first payroll in the new fiscal year. The Budget Office will notify you if the actual rates differ from our estimate and the final rates will be calculated before the annual budget is completed. A table showing estimates of FY 2019 Fringe Benefit Rates is available on the Budget Office website www.k-state.edu/budget under Quick Links.

Internal Reallocation Base Reductions

Due to our enrollment and student credit hour declines, the university will issue budget reductions to Main Campus and Research and Extension units to offset the loss of tuition revenue to balance the FY 2019 university's budget. The reductions will be allocated differentially with Main Campus academic colleges receiving a 4.85% base budget reduction. All other Main Campus funded units will receive a 7.27% budget reduction. Details on how the reallocation amounts were applied are included.

Preparation and Timeline for the FY 2019 Annual Budget

An updated Annual Budget Planning Calendar is available on the Budget Office website www.k-state.edu/budget under Annual budget preparation. The Online Entry area to input funding or any other changes is available for data entry. We request that any other unclassified and USS salary increases be entered in the system by units using the following codes:

Professorial performance award (PPA),

Promotion (PRO),

Equity/Compression (EQU)

Retention (RET)

and other (OTH)

We appreciate the effort involved to track the justifications for salary adjustments. This information is necessary for the university to comply with relevant affirmative action and EEOC laws, regulations and guidance.

The Online Entry area will close to users at 5 p.m. on Monday, June 18, 2018. The payroll funding and unclassified salaries will be copied to PeopleSoft to begin processing pay in the new fiscal year. We will reopen the Online Proof area on Tuesday, June 19th for final balancing changes. The Online Proof area will close Friday, June 29th. **All materials that are to be returned to the Budget Office, such as the balancing spreadsheets, position listings with additional changes and any other information regarding how the budget allocation was realigned, should be submitted by Friday, June 29, 2018.**

I invite you and your staff to contact me or other Budget Office staff as questions arise regarding the FY 2019 budget. Thank you for your patience and your assistance in completing the FY 2019 base budget.

Enclosures