

Memorandum

TO: President
Provost and Executive Vice President
Senior Vice President
Vice Presidents
Deans and CEOs

FROM: Becca Zecha, Assistant Vice President Budget Planning

DATE: May 16, 2024

RE: FY 2025 Annual Budget Preparation

Enclosed are the FY 2025 annual revenue and operating budget allocations for your area(s) and the preparation guidelines. The Board of Regents is scheduled to approve the 2024-2025 tuition proposal on June 20. **Revisions to the FY 2025 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 2025 annual base budget from this information.

An Overview of FY 2025 Budget Issues

Prior to adjourning the 2024 Legislative session, the Legislature appropriated dollars to support targeted initiatives including a partially funded pay plan for eligible employees, NISS academic playbook, capital renewal, demolition, and cybersecurity for Kansas State University. KBOR will act on the final distribution of funds to Kansas State University at their June meeting.

A tuition rate increase of 2.8% has been proposed to the Board of Regents for the Manhattan, Online, Salina, Olathe, and Veterinary Medicine campuses effective fall 2024. This additional revenue, coupled with the Legislature's investment in higher education, will be strategically invested in key areas to support K-State's vision to become a next-generation land grant university.

The top budgetary commitment is to IT recovery and security enhancement, which will require significant investments to modernize K-State's infrastructure. Additionally, dollars will be used for a 2.0% across-the-board pay adjustment for eligible employees, fringe benefit rate increases, undermarket adjustments, faculty promotions, professorial performance awards, and Targeted Faculty Salary Enhancement Awards.

Last fall, K-State realized its first enrollment increase in nine years, and next year's projection is also positive. However, due to the urgent IT needs, the university will issue budget reductions to RCM-activated funded units to balance the university's budget for next fiscal year.

FY 2025 Revenue and Service Center Budget Adjustments

Revenue Budgets – Revenue Centers

Tuition Revenue Distribution

As noted above, based on updated revenue projections, estimated tuition revenue collections for Manhattan, Olathe, Online, and Salina campuses have been adjusted according to the tuition rate request and estimated enrollment. These changes in estimated tuition revenue have been distributed through the applicable tuition revenue sharing formulas of the university's budget model.

Subvention Distributions

Subvention is funded through the Strategic Investment Fund which is primarily financed through withholding 25% of undergraduate tuition revenues as well the university's Manhattan Campus Appropriation line item. Based on current estimated appropriation levels, subvention will be adjusted as follows:

- **Planned Reduction:** As part of a planned reduction for the budget model, subvention is reduced 2% for Academic Revenue Centers and 4% for Other Revenue Centers
- **Foundation MOU:** The central portion of the K-State Foundation's sole source agreement is distributed based on current 2-year average for faculty headcount, staff headcount and college majors metrics. The change in subvention reflects the adjustment to the totals based on metrics. Each college's direct share of the Foundation contract will be billed on a quarterly basis throughout the fiscal year.
- **IT Investment Adjustment:** State General Fund dollars and internal cuts are redistributed to all Revenue Centers on a pro rata share based on their percentage share of the RCM-activated Information Technology Service Center Allocation.
- **University Distinguished Professor Rate Adjustment:** Academic Revenue Centers will receive subvention for the increase in the award amount for University Distinguished Professor (UDP) appointments, as further described below.

Operating Budgets – Revenue and Service Centers

Unclassified Professional Staff (UPS) and University Support Staff (USS) Salaries

Across-the-Board – There will be a 2% university-wide across-the-board salary increase for eligible faculty, unclassified staff, university support staff, graduate teaching assistants, graduate research assistants, and graduate assistants effective at the beginning of the FY 2025 contract period.

Employees not eligible for the across-the-board increase are those whose start date was after Dec. 1, 2023, who are not eligible for benefits, or who are student workers.

Units that fund employees with non-RCM-activated funds (e.g., restricted use, auxiliary, grants) are responsible for covering the costs of the mandatory across-the-board plan.

Faculty Promotions – Salary increases for faculty promotions are 15% of the average salary of all university faculty members. The FY 2025 promotion amounts for both Associate Professor to Full

Professor and Assistant Professor to Associate Professor are \$14,300 plus benefits. Faculty promotion increases are to be effective at the beginning of the contract period.

Professorial Performance Awards – Professorial performance awards for FY 2025 are \$7,625 plus benefits.

University Distinguished Professor Appointments – The award amount for University Distinguished Professor (UDP) appointments increased from \$10,000 to \$12,500 plus benefits. This year’s adjustment includes new appointments at the new rate as well as an increase of \$2,500 plus benefits for all existing UDP appointments.

Targeted Faculty Salary Enhancements – A total of 150 RCM-activated TFSE awards in the amount of \$3,000 plus benefits will be allocated per the following table for FY 2025. Units may elect to award an equivalent number of additional awards utilizing their existing resources.

FY 2025 Targeted Faculty Salary Enhancement												
	RCM Activated		Other GU**								Total	
			ESARP		VMC		Salina		Subtotal Other GU**			
	# of Awards	Amount*	# of Awards	Amount*	# of Awards	Amount*	# of Awards	Amount*	# of Awards	Amount*	# of Awards	Amount*
Agriculture	9	\$ 31,914	24	\$ 85,104	0	\$ -	0	\$ -	24	\$ 85,104	33	\$ 117,018
Architecture	11	\$ 39,006	0	\$ -	0	\$ -	0	\$ -	0	\$ -	11	\$ 39,006
Arts & Sciences	67	\$ 237,582	2	\$ 7,092	0	\$ -	0	\$ -	2	\$ 7,092	69	\$ 244,674
Business	8	\$ 28,368	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 28,368
Education	13	\$ 46,098	0	\$ -	0	\$ -	0	\$ -	0	\$ -	13	\$ 46,098
Engineering	21	\$ 74,466	1	\$ 3,546	0	\$ -	0	\$ -	1	\$ 3,546	22	\$ 78,012
Health & Human Sciences	13	\$ 46,098	1	\$ 3,546	0	\$ -	0	\$ -	1	\$ 3,546	14	\$ 49,644
Leadership Studies	2	\$ 7,092	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 7,092
Olathe	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Veterinary Medicine	0	\$ -	1	\$ 3,546	20	\$ 70,920	0	\$ -	21	\$ 74,466	21	\$ 74,466
Salina	0	\$ -	0	\$ -	0	\$ -	7	\$ 24,822	7	\$ 24,822	7	\$ 24,822
Library	6	\$ 21,276	0	\$ -	0	\$ -	0	\$ -	0	\$ -	6	\$ 21,276
TOTAL	150	\$ 531,900	29	\$ 102,834	20	\$ 70,920	7	\$ 24,822	56	\$ 198,576	206	\$ 730,476

*Award amounts include benefits

As a reminder, these enhancements are to aid in faculty retention, compression, and inversion and to reward high performance for faculty at the ranks of full, associate, and assistant professor. More than one award may be allocated to a faculty member; however, awards may not be split amongst tenured faculty. The awards are allocated to each college based on the FTE number of filled full, associate, and assistant professor positions. TFSE will not apply to deans, associate deans, or assistant deans.

Colleges with 10 or more TFSE awards may designate up to 10% of them for regular, non-tenure-track faculty positions (e.g., instructor, professor of practice) on regular appointments. Colleges with fewer than 10 TFSE awards may use one. If a college chooses this option, a \$3,000 award may be subdivided into no more than three \$1,000 blocks to use for multiple regular, non-tenure-track faculty. Units may not use any portion of an award granted to non-tenure-track faculty to also subsidize a regular tenure-track faculty member. The expectation is as follows:

- If granting to a single non-tenure-track faculty = \$3,000
- If granting to two non-tenure-track faculty = \$1,500 (each)
- If granting to three non-tenure-track faculty = \$1,000 (each)

Compensation Structure Update – Human Resources will increase the pay grade ranges by 2% in FY 2025 based upon the market increase over the past year. Human Resources has identified 57 unclassified professionals and university support staff employees who will receive undermarket equity salary increases to bring their salary to the range minimum.

Additional Salary Enhancements for Compression and Equity – In addition to the undermarket salary adjustments and across-the-board increases, units may self-fund salary adjustments for compression or equity reasons for unclassified professionals and university support staff.

Documenting Salary Changes – All requests for salary adjustments must be supported by appropriate documentation and approved by the Provost or appropriate vice president. 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 May 24.**

Salary Adjustments Outside of Contract Period

Any adjustments linked to changes in duties which may lead to a change in job title or pay grade must follow the established process by being submitted as a reclassification to Human Resources.

Base salary increases (PER-46 and PER-46S forms) will not be accepted by Human Resources during the contract renewal period from the date this guidance is issued to the start of FY 2025 (May 16-June 9). Exceptions will be granted for retention with evidence of a competitive offer.

University Support Staff (USS) Salaries

Longevity Bonus – The longevity bonus paid to USS employees 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. The minimum bonus paid for 10 years of service is \$500 and the maximum bonus for 25+ years of service is \$1,250. All USS employees 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

In-state graduate tuition rates are proposed to increase 2.8% next year. Units are responsible for funding the additional GTA Waiver costs because of the proposed tuition rate increase.

Employer Fringe Benefit Rates – FY 2025

The final fringe benefit rates for FY 2025 have not been released by the State. The State typically releases the actual rates mid-June each year before the first payroll in the new fiscal year. The Budget Office will provide notification 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 2025 Fringe Benefit Rates is available on the [Budget Office website](#) under Quick Links.

Operating Budget – Service Centers

Service Center operating budgets will be reduced across-the-board by 1.0%.

Preparation and Timeline for the FY 2025 Annual Budget

To aid units in building their FY 2025 budgets, Human Resources in conjunction with IT has preloaded the undermarket adjustments and the 2.0% across-the-board increases within HRIS. Units are responsible for verifying all calculations prior to finalizing their annual budget and initiating personnel contracts.

Units should enter faculty and staff salary increases using the following codes:

- Professorial performance award (PPA)
- Promotion (PRO)
- Equity/Compression (EQU)
- 5 Year Review – Merit (OTH)

We appreciate the effort involved in tracking these 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 10, 2024. The payroll funding will be copied to PeopleSoft to begin processing pay in the new fiscal year. The Online Proof area will reopen on Tuesday, June 11, for final balancing changes.

I invite you and your staff to contact me or other Budget Office staff as questions arise regarding the FY 2025 budget. Thank you for your patience and your assistance in completing the FY 2025 base budget.

Enclosures