

JULY 22, 2014

Kansas Board of Regents

2014-2015
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FORESIGHT 2020

A Strategic Agenda for the State's Public Higher Education System

1. Increase higher education attainment among Kansas citizens
2. Improve alignment of the state's higher education system with the needs of the economy
3. Ensure state university excellence

BUDGET WORK SESSION AGENDA

The Kansas Board of Regents will meet in the Board Room located in the Curtis State Office Building at 1000 SW Jackson, Suite 520, Topeka, Kansas, 66612.

Tuesday, July 22, 2014

8:00 am	Call to Order/Review of the Day	Regent Wilk, Chair
8:05 am	Kansas State University, K-State Veterinary Medicine, K-State Extension	Kirk Schulz, President
9:20 am	Break	
9:30 am	University of Kansas and University of Kansas Medical Center	Bernadette Gray-Little, Chancellor
10:45 am	Wichita State University	John Bardo, President
12:00 pm	Board Lunch	Conference Room B
12:30 pm	Pittsburg State University	Steve Scott, President
1:15 pm	Emporia State University	Michael Shonrock, President
2:00 pm	Break	
2:10 pm	Fort Hays State University	Mirta Martin, President
2:55 pm	Staff Review of Requests from Coordinated Institutions (these will be discussed with college leaders at the Board's retreat) and Other Requests	Diane Duffy, Vice President, Finance and Administration
3:30 pm	Adjourn	

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TO: Kansas Board of Regents

FROM: Diane C. Duffy, Vice-President, Finance & Administration
Kelly L. Oliver, Director, Finance

DATE: July 22, 2014

RE: Overview of Public Postsecondary Education Financing in Kansas

This staff memo is intended to provide an overview of postsecondary education financing in Kansas. The economics of higher education are complex, made so because of the diversity of revenue streams and the different cost structures across varying types of institutions. For example, the financial model in community colleges is quite different from that in technical colleges, and both are very different from comprehensive universities. Then again, community colleges, technical colleges, and comprehensive universities are different from research universities. Appendix A, *Higher Education Finance 101*, from the Association of Governing Boards provides an explanation of basic concepts and language of higher education finance. Although, the figures are a bit out dated the concepts described in the document are current today.

Kansas' public higher education system enrolls nearly 260,000 students annually. It also conducts basic and applied research in numerous fields, and performs public service to the state and local communities across Kansas in a myriad of ways.

Total revenues of the Kansas public postsecondary education system in FY 2012 totaled **\$3.3 billion** comprised of the following categories of major revenues:

State appropriations and state grants	24%
Tuition and fees	23%
Local appropriations	7%
All other revenues (federal appropriations, grants and contracts, sales and services of auxiliary enterprises, gifts, investment income)	46%

Source: U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS)

The level of state support varies greatly by sector and by institutions within a sector depending on the mix of financing from state appropriations, local appropriations, tuition, and federal funds. The state universities are "state agencies" and as such state funds are appropriated directly to the state university. The coordinated institutions, Washburn University, the 19 community colleges and 6 technical colleges, are not state agencies and receive state funds through appropriations to the Kansas Board of Regents.

Source	State Universities	Community Colleges	Technical Colleges	Washburn University
State Appropriations	26%	19%	38%	13%
Local Appropriations/Tax	0%	30%	0%	24%
Tuition and Fees	24%	17%	19%	29%
Federal Grants & Other	50%	34%	43%	34%

Source: FY 2012 IPEDS Finance Survey, <http://nces.ed.gov/ipeds/>

According to the IPEDS finance data for FY 2012, for all 32 public postsecondary education institutions salaries and wages along with employee benefits account for over \$1.9 billion or nearly 60 percent of expenditures. The system reports a total of 24,921 FTE employees. Expenses break down by category as follows:

Instruction	34.5%
Academic Support	9.2%
Student Services	8.1%
Research	16.0%
Public Service	5.5%
Institutional Support	8.8%
Scholarship & Fellowships	5.7%
Auxiliary Enterprises	10.4%
All Other	1.8%

For FY 2015, the state provided roughly \$800 million in State General Fund support for higher education. Higher education's share of total State General Fund spending is around 13 percent. Student tuition and fees, local property taxes, and federal and other funds also contribute toward total financing for the system's operations.

The state's system of public higher education is comprised of four institutional "sectors":

State Universities (University of Kansas, including University of Kansas Medical Center; Kansas State University, including Kansas State University Veterinary Medical Center and Kansas State University Extension Systems and Agricultural Research Programs; Wichita State University; Emporia State University; Pittsburg State University; and Fort Hays State University)

Washburn University (a public university that is financed with three primary sources: state support, local tax support, and tuition and fees) and its affiliate Washburn Institute of Technology.

Community Colleges (Allen Co. CC, Barton Co. CC, Butler CC, Cloud Co. CC, Coffeyville CC, Colby CC, Cowley CC, Dodge City CC, Fort Scott CC, Garden City CC, Highland CC, Hutchinson CC, Independence CC, Johnson Co. CC, Kansas City Ks CC, Labette CC, Neosho Co. CC, Pratt CC, Seward Co. CC)

Technical Colleges (Northwest Ks TC; North Central Ks TC; Flint Hills TC; Manhattan Area TC; Salina Area TC; Wichita Area TC)

Although the federal government plays a central role in financing of student assistance and research, the states have been and remain the principal source of funding for instruction in public institutions of higher education. The Kansas Governor, Legislature, Board of Regents, local governing boards, and the

sectors/institutions have developed a number of policies that guide higher education finance in Kansas. In addition, numerous funding decisions are made annually as part of the budget process.

State Budgeting for Higher Education -- the “Unified Appropriation Request”

The Higher Education Coordination Act provides that the Kansas Board of Regents shall “serve as the representative of the public postsecondary educational system before the Governor and the Kansas Legislature.” (K.S.A. 74-3202c (b) (2)). This statement provides the foundation for a budgeting model that reflects the recurring theme of maintaining a system wide focus on requesting and advocating for increases in state general fund appropriations for public postsecondary education. In order to effectuate its statutory responsibilities of governance and coordination, the Board requests and advocates for the Governor and Legislature to appropriate funding to the Board, which it then further allocates to sectors and institutions based on its determination of system-wide needs, appropriate institutional accountability and the performance of institutions. The Governor and Legislature may appropriate directly to the state universities because they are state agencies.

The State Budget Cycle

Typically, development of the Board’s unified budget begins in the spring, and includes a summer budget work session and discussions with institutional leaders from all sectors with formal approval at its September meeting. By October 1 (statutory deadline) of each year, the Kansas Board of Regents submits the unified budget request to the Governor’s Division of Budget, and the Legislature’s Research Department which includes the base state grants and other specific appropriations to the coordinated institutions (19 community colleges, 6 technical colleges, Washburn University), programs administered by the Board of Regents, and any increase in funds requested by the Board for the KBOR system. The state universities also submit a budget request document for their base budget, but typically do not request an increase in state funds although if seeking restoration of cuts to budgeted funds, the Board may direct the restoration of base funds be requested as part of the individual state universities’ budget. Professional staff at the Division of the Budget analyzes and reviews the budget requests of the Board of Regents and other State agencies and presents the budgets to the Governor for gubernatorial recommendation. The Governor then presents a complete State budget, with funding recommendations, to the Legislature in January, typically during the first week of the legislative session. Governor Brownback presented to the 2013 Legislature a two-year budget (FY 2014 and FY 2015), and a two-year budget was approved. In January, 2014, the Governor recommended changes to both the FY 2014 and FY 2015 budgets.

During the legislative session, both the Senate Ways and Means Committee and the House Appropriations Committee review the Board’s request and Governor’s recommendations before making final recommendations for legislative approval. Staff support for the Legislature also includes professional budget analysts from the Kansas Legislative Research Department who again scrutinize the Board’s requests and Governor’s recommendations for the proposed budget. The 2013 Legislature appropriated a two year budget (FY 2014 and FY 2015).

On July 1, the capital budget request is submitted. Typically, KBOR approves the capital budget request of the state universities in May. In other words, in May, 2013 the Board approved the capital budget request for FY 2015. The capital budget contains a five-year plan, which includes the capital improvement requests for the current year, the budget year, and four out-years following the budget year. The 2013 Legislature appropriated capital projects for FY 2014 and FY 2015. During the 2014 Legislative Session amendments were made to the approved capital appropriations.

Budget Documents

In accordance with Board policy, the official request for any new state appropriations for the state universities shall be made by the Board, as a part of its Unified Appropriations Request for state funding of postsecondary educational institutions and is submitted in the Board's budget document. State universities are state agencies and therefore also submit separate budget documents that reflect the base budget. This document is referred to as the Legislative Budget. Board policy also provides the Board shall receive an annual operating budget from each state university that includes budgeted expenditures by program, source of funds and budgeted staffing and salaries by position for each program.

Appendix B contains two summary tables from the State University Data Book for the State University System (Table 1.0 – Total Operating Expenditures by Fund; Table 1.12 – All Funds Operating Expenditures by Program). With the assistance of the state universities, the Board staff has produced the State University Data Book since 1993. It is designed to provide a ready reference of tabular data concerning key facts about the state universities governed by the Board. The State University Data Book is organized in six sections: Finance; Tuition and Fees; Students; Faculty and Staff; Facilities; and Institutional Profiles. An electronic version of the 2014 Data Book along with copies of each table are made available on the KBOR website (http://www.kansasregents.org/system_data). As data becomes available throughout the fiscal year, the tables are updated and posted to the KBOR website.

With regard to the community colleges for whom the Board has statutory coordinating authority and which are also taxing subdivisions, the board staff coordinates with colleges on necessary changes to the statutorily required budget forms and also receives and files the completed budgets in the Board Office. Institutions are also required to submit official budgets to the County Clerk, as required by K.S.A. 79-2930. For many years the Kansas Association of Community College Business Officers have worked together to publish an Enrollment and Financial Statistics Report. This document presents data relating to Kansas Community Colleges in an aggregated summary. Appendix C is a summary table - Actual Sources of Revenues and Expenditures for the Community College System. There is a great deal of information on enrollments, tuition and fees, revenues and expenditures, bonded indebtedness, mill levies and valuations, and faculty salaries. The most recent as well as previous years' documents are available on line at the Board's website at http://www.kansasregents.org/kansas_higher_education_databooks.

Key facts and figures about Washburn University can be found at:
<http://www.washburn.edu/about/facts/institutional-research/about.html>

Currently, Board staff is working on a project with the Kansas Association of Technical Colleges to produce a data book for the technical colleges that will be available January, 2015.

Appropriation Structure

The Board of Regents section of the appropriation bill includes the individual SGF line-items for the coordinated institutions. For the community colleges and technical colleges the major appropriations are: Non-tiered Course Credit Hour Grant, Postsecondary Tiered Technical Education State Aid, and Tuition for Technical Education (high school CTE Initiative). The Board's section of the appropriation bill also includes an individual SGF line-item for Washburn University's operating grant. Additionally it includes line-item appropriations for office administration and programs administered by the Board of Regents such as adult basic education and the student financial assistance programs.

Each state university has a section in the annual appropriation bills and each state university has a SGF line item appropriation within their section that appropriates base operating expenditures and may include other direct SGF line-item appropriations unique to an individual university.

Recent State University Budget Models

Prior to 2000, the state utilized a “General Use” Budget model. State General Fund plus Tuition equaled the general use budget. Characteristics of the General Use model included direct appropriations to each institution, system wide salary and other operating expenditures increases/decreases by the Legislature, enrollment adjustment formula applied to make increases/decreases, tuition expenditures capped by the Legislature, tuition considered interchangeable with State General Fund, tuition increases used to reduce SGF and tuition decreases supplanted by SGF, tuition considered a state asset and not an institution asset, tuition set by the Board on a system wide basis, little institutional resource management flexibility, and no direct Board influence on the allocation of state funds.

In the fall of 2000, the Board of Regents proposed a university operating grant/tuition ownership model to the Governor. The Governor recommended the concept to the Legislature, and during the 2001 Legislative Session, operating grants were implemented for the universities’ FY 2002 budgets. The original concept of the operating grants was that each university would be appropriated an operating grant without guidance from the state on how the funds should be spent. Except, Universities would continue to follow the state’s salary plan for classified employees. Appropriations were made to a university outside of the operating grant for specific purposes. Any general increase in the operating grants was appropriated in a lump sum to the Board of Regents for allocation to the individual universities. When the Board distributed the lump sum amount, it was at liberty to use its own criteria and was not required to distribute the funds across-the-board. During this era, the Board used a formula that was designed to account for the difference in the capacity to generate tuition revenues. This methodology distributed an additional one percent to the University of Kansas Medical Center, Kansas State University – Extension Systems and Agriculture Research Programs (which generate no tuition revenue), and each of the regional universities (Emporia State University, Pittsburg State University, Fort Hays State University). An additional half percent was distributed to Wichita State University. Once the Board approved the amounts to be distributed from the new SGF funds, a transfer was made from the block grant to the operating expenditure account of each state university and became a part of the universities’ base appropriation. In determining the level of state appropriation, the Governor and Legislature would take into account a number of variables, including the economy, the needs of the universities, and spending mandates. With regard to tuition, each university retains the revenues generated from tuition and there is no expenditure limitation placed on the General Fees Fund by the Governor and Legislature. Since the change to tuition ownership, the Board has not used a “one-size-fits all” approach. Instead, the Board’s philosophy has been to set tuition and fee rates for each state university that reflects each university’s own unique niche — reflecting differing missions, program offerings, geographic locations, competitive environments, level of state support and other considerations.

Since the great recession, there have been no SGF operating grant increases for the state universities. In fact, the universities have experienced across-the-board reductions or flat appropriations to the operating grants for fiscal years FY 2008-FY2015. Targeted special purpose appropriations have been approved in recent fiscal years for specific enhancements. The current state budget model would be described as base plus/minus. Over this period, for the most part, tuition and fees increases were necessary to offset the reduction in SGF that occurred in several years, and tuition rate increases and growth covered inflationary increases including modest salary pools for merit increases for unclassified/faculty employees.

Recent Community College/Technical College Budget Model

Several years ago, the Legislature authorized a special committee to study postsecondary technical education. One of its conclusions was the system of state funding of technical education was broken. Over 40 years, the patchwork of statutes was confusing and out-dated. It created the Kansas Technical Education Authority and among other important assignments, charged the Authority in K.S.A. 72-4482 to:

(A) develop and recommend to the state board of regents a credit hour funding distribution formula for postsecondary technical training programs that (1) is tiered to recognize and support cost differentials in providing high-demand, high-tech training; (2) takes into consideration target industries critical to the Kansas economy, (3) is responsive to program growth; and (4) include other factors and considerations as deemed necessary or advisable; and (B) establish and recommend to the state board of regents the rates to be used in such a funding distribution formula.

During the 2011 Legislative Session, SB 143 was enacted creating a new postsecondary technical education formula that is used for technical education (tiered technical education state aid) and also used for “transfer” or “general education” credit hours (non-tiered course credit hour grant). The level of state financing assumes cost sharing by students through tuition and where applicable local tax support. During the 2012 Legislative Session, SB 155 was for high school students and provides postsecondary technical education courses and incentives to school districts for student earning industry-recognized credentials in high demand occupations. The program utilizes the same cost formula for tiered technical education state aid. For this secondary initiative, the course rate is financed 100% by state funding. Institutions cannot charge eligible students tuition and there is no local support assumed.

Today, 98% of all state funding to community and technical colleges uses the same approach.

Tiered Technical Education State Aid (FY 15 - \$58,300,961)
Tuition for Technical Education-secondary students (FY 15 - \$20,750,000)
Non-tiered Course Credit Hour Grant (FY 15 - \$76,496,329)

The heart of the approach for all three state line-items is the KBOR cost model that calculates costs at a course level and recognizes the cost differential in delivering technical education courses. The model, based on actual cost data in the categories of instructor, extraordinary, instructional support and institutional support to build a TOTAL COURSE RATE. There are 25 cost model composite rates which range from \$147/SCH to \$299/SCH. Each program course is designated “tier” or “non-tier”. In order to be a “tiered”, a course must be a technical course and part of an approved technical program. Similar courses are group together for consistency across the system and to reflect cost differentials of courses. All other courses are non-tiered. The funding model is based on student credit hours. For the CTE secondary program, current year enrollments (summer, fall, spring) are utilized. The adult tiered and non-tiered programs, utilize the prior year’s (summer, fall, spring) credit hour enrollment data. Only resident students enrolled in courses are eligible for state aid. All data is collected at the individual unit record level via the Kansas Higher Education Data System (KHEDS). The total course cost is derived by taking the calculated course rate and multiplying it by the total number of eligible student credit hours.

For the tiered and non-tiered appropriations, the assumptions used for FY 13, 14, and 15 to determine the request for state funding was as follows:

- In district student credit hours = 20% student, 30% local, 50% state
- Out district student credit hours = 20% student, 80% state

For the CTE secondary program, state share is 100% of the total course cost.

Note: For FY 2016-FY 2017, the Kansas Postsecondary Technical Education Authority and board staff are recommending a change to the financing assumption for the adult tiered and non-tiered line-item appropriations to more accurately reflect the current level of state support.

Timing of Distribution of State Funds

The Board approves allocations to the sectors and distributions to individual community and technical colleges in June of each year to start the new fiscal year on July 1. As state agencies, state appropriations are available to the state universities on July 1. For the most part, community colleges, technical colleges and Washburn University receive state aid payments in substantially equal amounts on August 1 and January 1 of each year.

Finally, it is important to note, that any increase in new funding for all institutions is contingent upon the Board's assessment of each institution's performance pursuant to the performance agreement process.

The Performance Agreement Process

Foresight 2020 is the Board's strategic plan for the System and provides the foundation for each institution's performance agreement. Much more information is collected for *Foresight* purposes than can be used in any single performance agreement. Taken together, the annual report on *Foresight 2020* and the annual review of institutional performance indicators provide a comprehensive picture of where the system stands on the critical components of *Foresight* and of the progress individual institutions are making on their specific performance agreements.

Performance agreements cover three years and each institution proposes as least six performance indicators. The performance agreement model requires that all institutions develop three indicators chosen from an approved list of indicators that are directly based on *Foresight 2020* measures. In addition, all universities develop three indicators specific to the institution that support *Foresight 2020* and all community and technical colleges develop three indicators specific to the institution which support *Foresight 2020* or institution-specific indicators, one of which measures a non-college ready student population. For each performance indicator, the institution reports three years of historical data and the historical data provides a baseline for each indicator.

Proposed performance agreements are submitted to Board staff, which conduct a preliminary review and communicate any potential problems to the institution. Typically, the institution submits a revised version of its proposal. Performance agreements are then reviewed by the Board's Academic Affairs Standing Committee, which makes formal recommendations to the full Board.

Annual reports on compliance with the performance agreements follow a similar process. Staff first provides a preliminary review of an institution's performance report and communicates with the institution. The Academic Affairs Standing Committee then reviews the reports and makes formal funding recommendations to the full Board.

Pursuant to K.S.A. 74-3202d, each public postsecondary educational institution's receipt of "new state funds" is contingent upon achieving compliance with its performance agreement, as determined by the Kansas Board of Regents.

Pursuant to K.S.A. 74-3202d, the Board determines the amount of new state funds to be received by each institution, taking into account the institution's level of compliance with its performance agreement and the funds available for distribution. New state funds will equal the amounts of additional state funding appropriated for the fiscal year in excess of state funding appropriated for the previous fiscal year. Any portion not allocated to an institution will be deemed to be part of the institution's base budget for the purpose of determining the following fiscal year's allocation. This provision precludes an institution from permanently losing state funding due to non-compliance with its performance agreement. The intended effect of this provision is that such loss of funds would be only for one fiscal year. Additionally, any funds designated by the Legislature for a specific institution or purpose can be exempted from these performance funding provisions. The Board has provided more detailed guidance related to specific line-item appropriations.

Note that the performance funding model emphasizes rewarding progress as well as completion by measuring improvement from the baseline, not upon meeting set targets. A great deal of literature on performance funding supports this approach. Funding on the basis of reaching particular targets tends to discourage risk-taking; it produces performance agreements that are superficial and not particularly meaningful. States that have developed performance funding models have found that targets do not work well. What has worked well is rewarding positive outcomes, placing a maximum on the amount that may be withheld from an institution, and recognizing sector differences (research universities, regional universities, community colleges, technical colleges).

Budgeting for Higher Education: An Art, Not a Science

Paul Lingenfelter, former President, State Higher Education Executive Officers, in an article, The Financing of Public Colleges and Universities in the U.S., describes budgeting for higher education at the state level as complicated and difficult and in summary fashion explains why budgeting for higher education 'is an art, not a science.'

First, the fundamental mission of higher education – advancing, transmitting, and applying knowledge – knows no bounds. Howard Bowen's (1980) famous "revenue theory of costs," that institutions raise and spend all the money they can, is less a description of insatiable gluttony than of expansive aspirations. Bowen contends that non-profit institutions of higher education endeavor to maximize prestige-enhancing activities rather than profit-maximizing ones. For-profit intuitions, where shareholders demand financial returns, act as traditional profit maximizing firms. That is they also will pursue all the marginally productive dollars the market will provide, and spend them on programs that yield higher returns. While variation in wealth and the ability to attract revenues is substantial, even among institutions with similar missions, every institution, for profit or non-profit, public or private, will raise all the revenue it can.

Second, the many facets of institutional missions are interdependent in fundamental ways and separable in others. Research and instruction can be separated, but not entirely. The budgets for academic departments may be determined by the revenues they generate..., but the inflexible application of the principle leads to the starvation of essential disciplines (such as philosophy), which may be less favored in the current marketplace. Cross-subsidization, based on values, judgments, and politics, has proven unavoidable, even desirable.

Third, the cost structure of the enterprise varies enormously among disciplines, purposes, and functions. Instruction becomes progressively more expensive (by several orders of magnitude) as students advance from lower-division undergraduate courses to doctoral study. Instruction in the lab and in the clinical practice settings requires costly equipment and individualized attention, which make it more expensive than instruction by lecture. Economies of scale are possible at large institutions or in high demand courses, but individual and social goals often require less efficient, small institutions (in rural areas, for example) and small enrollment programs. The many ways such variations can be aggregated at the institutional level (as well as differences in revenue generating capacity) have produced great differences among institutions in per student costs.

Fourth, the principal institutional characteristics used as proxies for quality in higher education – prestigious faculty and highly selective student admissions- are pervasively associated with higher spending. “Quality” institutions (as identified by various ranking schemes) tend to have small classes, higher faculty salaries, heavy commitments to research and graduate education, comfortable facilities, access to advanced technology, and other amenities for students and faculty. The characteristics associated with quality, coupled with the “revenue theory of costs,” generate an endless spiral of budgetary demands.

Fifth, the growing importance of quality higher education to individuals has increased student demand and willingness (among those who can afford it) to pay more. Higher education is now a seller’s market in which institutions compete for relative market position, more so than absolute market share, by enhancing quality and the amenities needed to attract stronger students. Where enrollment demand permits, prices are frequently raised. Institutional costs have also been increasing faster, because per capita incomes and competitive compensation in a labor intensive industry have grown faster than the CPI.

These five factors have made it very difficult for public budget makers to know what is “enough” money for higher education and how to allocate those funds among different institutions and purposes. “More” is unfailingly the request, and a “fair” allocation is imperative; but more is never enough, and fair varies in the eyes of different beholders.”

Financial Audits

Currently, the universities' financial statements are audited as part of the State's Comprehensive Annual Financial Report (CAFR) but are not audited separately. The universities, the Board Office and the universities' component units¹ are in combination categorized in the CAFR as a component unit of the State and presented in the audited CAFR as the "State University System." The universities' affiliated corporations (some of which are component units of the universities) are each audited separately. The State's auditors rely upon those component units' audited financial reports in conducting the State's financial audit. The accounting of the universities' expenditures of federal funds is included in the State's annual OMB Circular A-133 Compliance Audit Report (A-133 Audit).

Attachment D is a summary table of key financial statistics and ratios, nearly all come from the Annual Financial Reports of each of the state universities.

The "coordinated" institutions are required to have independent financial audits, which are filed annually with the Board office.

¹ Examples of university component units (referred to in KBOR Policy as "affiliated corporations") include the University of Kansas Center for Research, Inc.; the WSU Intercollegiate Athletic Association, Inc.; and the K-State Diagnostic and Analytical Services, Inc. A total of 23 controlled university-affiliated corporations are reported to KBOR by the universities and are generally treated as component units from an accounting standpoint. See the 2013 list of university-affiliated corporations in question X below.

HIGHER EDUCATION FINANCE 101: Basic Concepts About College Finance—Language, Patterns, Performance Measures, and Benchmarks for Boards

The economics of higher education are complex, made so because of the diversity of revenue streams and the different cost structures across types of institutions. The financial model in community colleges is quite different from that in liberal arts institutions, and both are different from research universities. The language of higher education finance—including the distinctions between revenues, expenditures, costs, prices, net prices, and cost centers—further complicates the discussion. To lay the groundwork for a short discussion of college cost concepts, it is helpful to clarify terminology.

Revenues

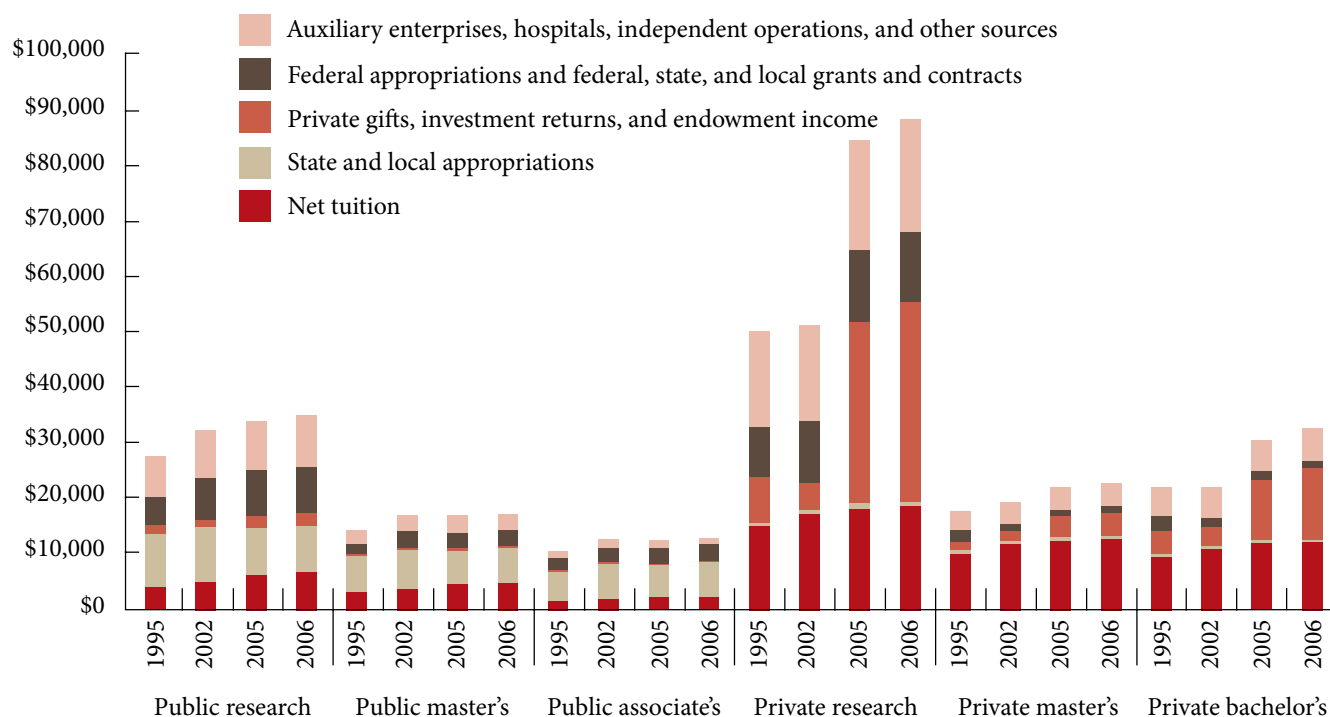
Revenues are where the money comes from. Revenues for institutions come from many sources (Table 1). Tuition and fees, state and local appropriations, endowment income, and federal funds are the dominant sources for the operating budget. Private gifts, bond resources, and federal and state capital outlay appropriations are the dominant sources for the capital budget. Capital outlay funding is largely separate from operating budgets, partly because of the different revenue sources and the longer horizon for amortizing costs. As a result, most discussions of higher education costs, in particular cost benchmarking between institutions, focus exclusively on operating budgets. Analysts estimate that the exclusion of capital funding from conventional cost analyses understates the total cost of all operations by 20 to 40 percent per student per year.

TABLE 1: Standard Reporting Categories for Operating Revenues

Revenue Source	Comments
Tuition and fees	Typically reported net of expenses for discounts or institutional aid.
Federal appropriations	The majority of federal funds go for student aid (reported separately) or for contract and grant research. Federal appropriations to institutions constitute a small amount for most institutions, with the exception of land-grant institutions that receive appropriations for agricultural research and extension.
State and local appropriations	General operating support for most public institutions. Local appropriations are most important as a general fund revenue source for community colleges.
Federal contracts and grants	Typically for research and development, although financial aid that goes to the institution (rather than to students) will show in this category.
State and local contracts and grants	Most state funds go for appropriations, such as reimbursements for training programs.
Private gifts, contracts, and grants	Includes both unrestricted and restricted funds. May include funds for capital projects, as well as operating revenues.
Investment returns	A new category in public reports. Trend data not yet available.
Endowment returns	Reported for nonprofit institutions only. A relatively new category, so trend data are not available.
Revenues from auxiliary enterprises	Dormitories, food services, intercollegiate athletics. Most institutions include spending on athletics within student services or instruction, and not as an auxiliary enterprise.
Hospital and clinic revenues	Revenues (net of discounts and allowances) generated by hospitals from daily patient, special, and other services and by health clinics, unless such clinics are part of the student health services program.
Federal grants for student aid	Pell grants, campus-based aid; these are typically subsumed within tuition revenues and therefore not counted twice in total revenues.
State and local student grants to students	State or local student aid. Subsumed within tuition revenues and not counted twice in total revenues.
Institutional grants to students	Institutional grants. Counted against “net tuition revenues.”
Other revenue sources	All other sources that may not fit within one of the categories above.

For the operating budget, all institutions publicly report annual revenues by major source. Revenue sources vary considerably among the major sectors (Figure 1). Public institutions are more dependent on state and local appropriations, and private institutions are more dependent on tuitions or revenues from endowments. The majority of private colleges have small endowments, so these institutions are the most dependent on tuitions for core funding. There are also differences in definitions of reporting categories for revenues between private nonprofit institutions and public institutions. In addition, most non-institutional sources of revenue for financial aid—including major items such as Pell grants or loans given to students—are accounted for as discounts against tuition, since they are used by students to pay for tuition.

FIGURE 1: Total Operating Revenue per FTE Student by Source, 1995, 2002, 2005, and 2006 (in 2006 dollars)



Source: Delta Cost Project IPEDS database, 20-year matched set.

Costs (spending, or expenses)

Costs are the amount of money that institutions spend and where they spend it. Institutions report spending in standard categories organized around functional activity areas, such as instruction, research, and service, but not around strategic categories, such as mission, core educational functions, and planning priorities (Table 2). To standardize measures of spending across institutions, most analyses divide spending by full-time equivalent (FTE) students to get an average cost per student (Figure 2, see page 4). This allows institutional comparisons to be put in context, although some reporting and analytical difficulties arise that make cost reporting problematic. These are discussed in more detail later. As is the case for reporting of revenues, there are differences in expense reporting between public and private institutions in areas such as operation and maintenance (reported separately for public institutions and distributed across functional categories for private institutions).

Prices (tuition and fees)

What most people call “college costs” are more precisely prices, or what students are charged to attend a college. The average posted price is the “sticker price,” and the “net price” is tuition and fees less grant aid. For purposes of cost analysis, revenues from tuition and fees are calculated on the basis of net tuition revenue. Aid to students in the form of loans is not treated as a discount, since students have to repay it.

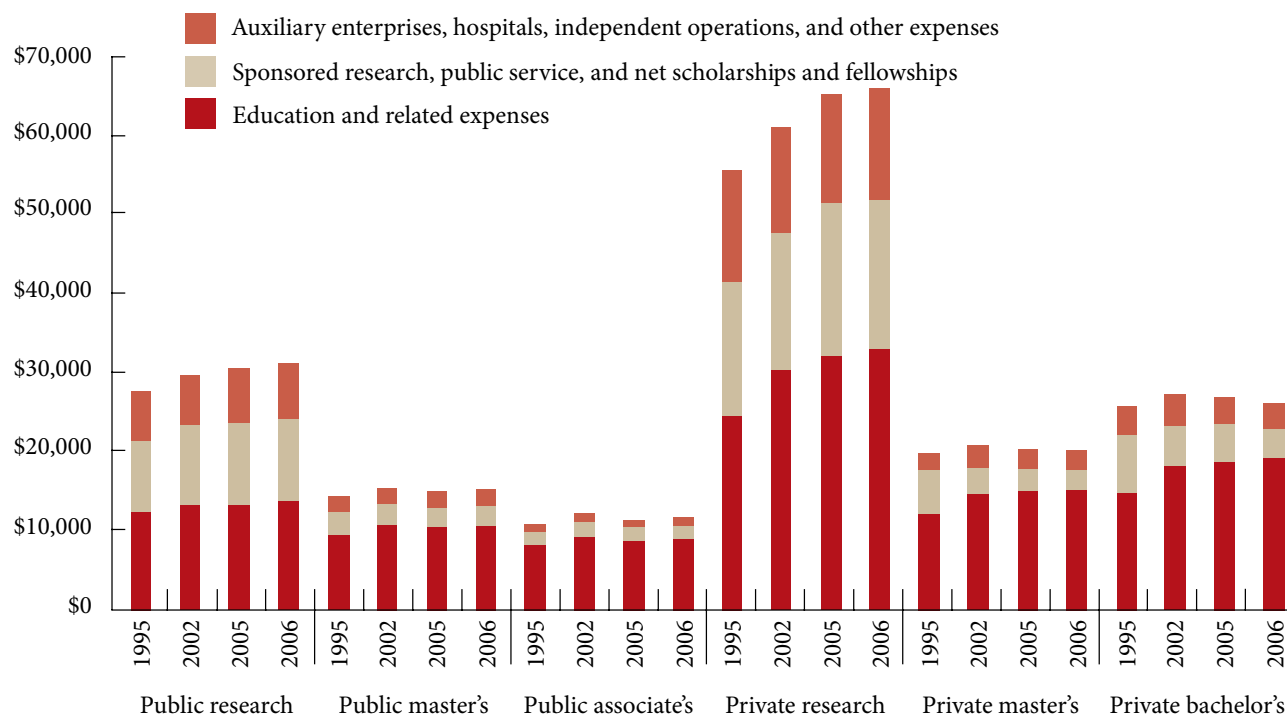
TABLE 2: Standard Reporting Categories for Spending

Spending Category	Comment
Instruction	Departmental instruction (all faculty, including adjuncts and part-time faculty and teaching assistants), and departmental-based administration (department heads and support staff). Academic administrators whose time is primarily administrative (deans) are included within institutional support. Includes faculty time for individual research. Includes all types of instruction (undergraduate to graduate and professional, occupational, developmental), and both credit and noncredit instruction.
Organized research	Sponsored research. May include portion of faculty salaries that is paid from research contracts.
Public service	Organized activities explicitly designed to serve public. May include agricultural extension services, university schools, and contracted services for state and local governments.
Academic support (libraries, computer centers)	Centrally organized academic activities that support instruction and research, such as libraries, computer centers, museums, and galleries.
Institutional support (administration)	Centrally organized administrative activities that serve all functional areas. Includes presidents and chancellors' offices, long-range planning, legal and fiscal services, purchasing, printing, public relations, university development, human resources, accounting, institutional research.
Student services	Administrative and support services oriented to support of students. Includes admissions and registrars' offices, as well as student activities, placement and counseling centers, and supplemental support services. Includes student health centers and athletics that are not revenue-generating activities.
Operation and maintenance of the plant	General maintenance and repair, building and grounds management. Includes utilities, property insurance, fire protection. Institutions may include depreciation costs in this category. Not separately reported by private nonprofit institutions; their O&M expenses are distributed across other functional categories.
Depreciation	The allocation of the cost of capital assets, less salvage value, as an expense over the estimated life of the asset. Not separately reported by private nonprofit institutions, and available for publics only in recent years.
Auxiliary enterprises	Spending in self-supporting activities, such as dormitories and food services.
Hospitals and clinics	Supported from revenues generated in these activities.
Scholarships and fellowships	The proportion of spending on scholarships and fellowships that is not applied to tuition, such as scholarships to pay for living allowances.

Costs, prices, and subsidies

In public and private nonprofit institutions, revenues from student tuition and fees have historically covered only a portion of what an institution spends in operating funds to educate each student. The difference between what is spent (educational cost) and the amount of cost covered by tuition revenue (price) is made up from a general subsidy paid by the institution.

The cost/price/subsidy relationship is the major financial difference between public/nonprofit and profit-making institutions. If profit is the goal, an institution charges more than it costs to provide a service or deliver a product, and the difference is profit. In a public or nonprofit institution, average price is less than average cost. But there are large variations around the averages—some disciplines and programs cost much more than others and some are less expensive. A lower-division English literature student who is paying full tuition, for example, costs the institution much less than an upper-division chemistry major with a tuition waiver. The “savings” from the low-cost student are then used to pay for the higher-cost student—a distribution of funds known as a “cross-subsidy,” even though an actual funding transfer typically is not made. In most institutions, lower-division courses provide subsidies for upper-division courses, and undergraduate education helps subsidize graduate education. There are also cross-subsidies across functional areas, such as between dormitories and instruction or between hospitals and clinics and organized research or community service. While some critics of higher education view cross-subsidies as a bad practice resulting in a blurred sense of cost, they can contribute both to educational quality and fiscal integrity, albeit typically not to transparency.

FIGURE 2: Total Operating Expenses per FTE Student by Category, 1995, 2002, 2005, and 2006 (in 2006 dollars)

Source: Delta Cost Project IPEDS database, 20-year matched set.

One of the most prominent trends in higher education finance in the last decade has been that the subsidy share of costs—the proportion of educational costs paid for either by state funds or institutional resources—is declining, so the student share of educational costs is increasing. This is occurring both in public and private institutions (Figure 3). In the past, institutions could ease some of the pressure of public concern about tuition increases by pointing out that no student actually pays the full cost of his or her education because of the large subsidies from state and institutional resources. Increasingly, this will not be the case, because student tuitions are paying more and more of the full cost of education, particularly “full-pay” undergraduates in large research universities (or out-of-state students, who are clearly a “profit center” in this nonprofit environment). As the student share of costs increases, issues surrounding the appropriate role of student tuitions as a revenue source for cross-subsidies will become more prominent.

FACTORS THAT DETERMINE COST

While each institution has its own cost DNA, there are common spending patterns across types of institutions. In fact, a relatively small number of major factors explain much of the variation between institutions in revenue and spending patterns.

Revenue availability

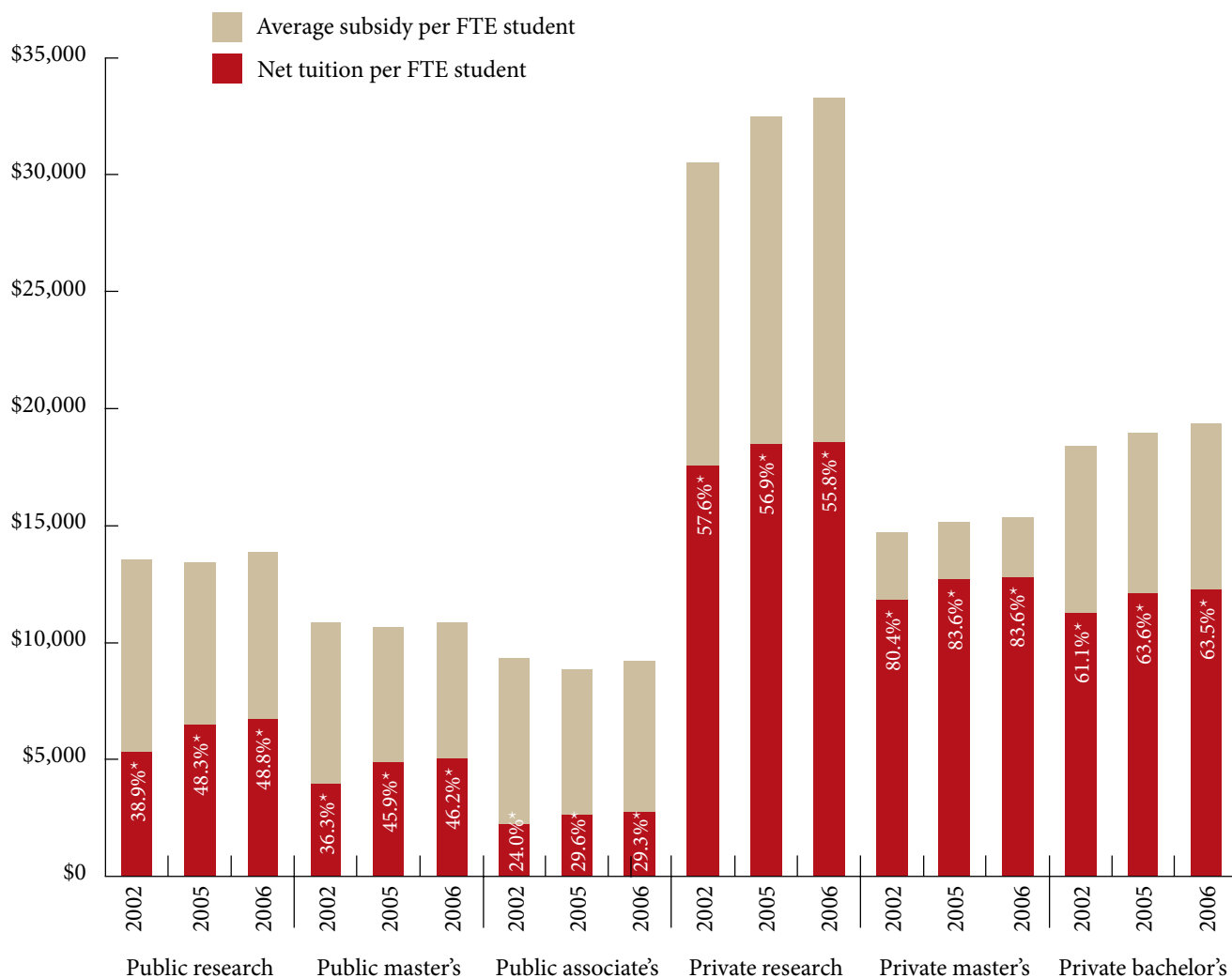
Higher education institutions operate under what economist Howard Bowen called the “revenue theory of costs”—that is, institutions raise all the money they can and spend all the money they have. Along with admissions selectivity and faculty credentials, revenues are widely seen as indicators of institutional quality. The incentive to increase funding in order to be able to increase quality is strong in higher education. It is part of the reason why economists believe that as long as revenues are available, higher education will find a way to spend them.

Institutional mission

Institutional mission also influences costs: research universities have higher costs than teaching institutions; technical and vocational programs are usually more expensive than academic programs; and small institutions with a broad range of programs are more expensive than larger ones with fewer curricular offerings. Mission distinctions carry with them

connotations about expectations for faculty work, in particular the role of faculty research as a normal part of the expected faculty workload. In research universities, faculty have lower teaching loads than in master's institutions, and master's institutions usually have lower teaching loads than community colleges. Differences in teaching loads in turn relate to class size, which correlates strongly with costs.

FIGURE 3: Trends in Higher Education Subsidies, 2002-2006



*Share of educational costs from net tuition revenue

Source: Delta Cost Project IPEDS database, 20-year unmatched set.

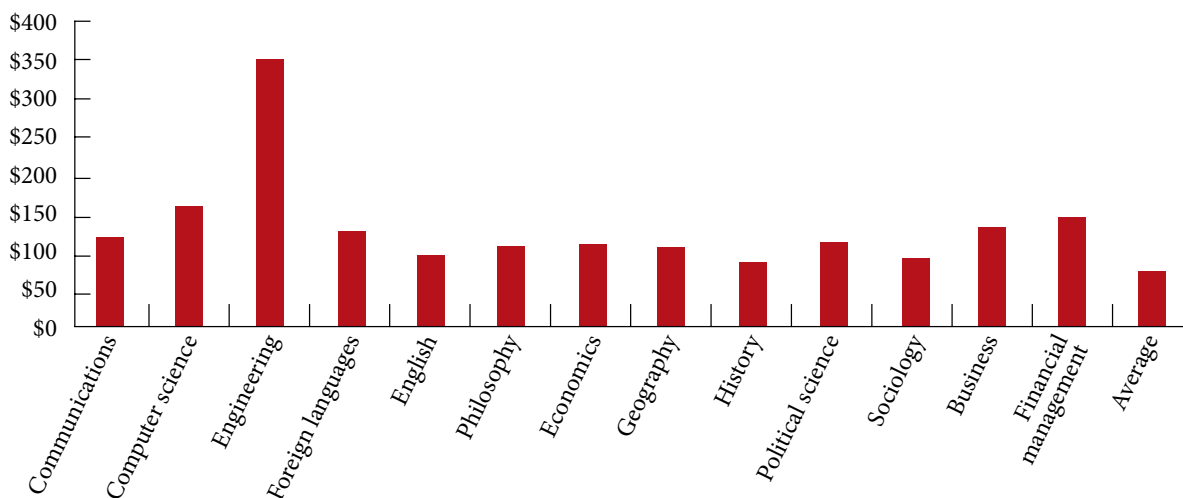
Discipline mix

Studies of the cost of instruction show that differences between institutions in spending are highly related to the mix of disciplines in the instructional and research programs—even more so than the undergraduate/graduate/ professional mix or class size. Laboratory sciences, performing arts, and agriculture have historically been among the most expensive disciplines because of the facilities required for effective teaching and research. Demand for faculty also increases costs. This explains relatively high costs in the areas of business, economics, and computer science, where credit-hour costs have grown well ahead of average credit-hour costs for the professoriate. Figure 4 (page 6) shows the spread of credit-hour costs by major discipline areas for a sample of public comprehensive institutions, taken from the Delaware Study of Instructional Costs and Productivity, a data-sharing project based at the University of Delaware.

Campus size

Size matters in costs in higher education. Institutions with large enrollments are able to offer classes at lower average credit-hour costs than are smaller institutions. The reason is that the marginal cost of adding additional students to programs that are already established is less than if institutions need to add additional faculty, facilities, and support in order to build capacity. In contrast, institutions that have chosen to remain small—below 1,000—have inherently more expensive instructional programs because administrative costs are spread over fewer departments. This is the case even if they keep curricular options to a minimum and avoid building high-cost graduate or research programs.

FIGURE 4: Instructional Spending per Student Credit Hour



Source: Delaware Study of Instructional Costs and Productivity. Sample of costs from public comprehensive colleges, 1998-2001.

Admissions selectivity

The degree of admissions selectivity has been found to correlate with campus spending. The more selective institutions tend to be wealthier, and they are more likely to have faculty with expectations for research, even if they do not have large graduate programs. The fact that the institutions that attract the best-prepared students also have the most resources to invest in their education has long been a bone of contention within higher education and with some policymakers, since the obverse pattern is also true: the institutions that serve the least well-prepared students also have the least to invest in their success. Balancing the funding needs of open-access institutions with the expectations for funding to maintain quality in the more selective institutions is one of the most difficult issues faced by public multi-campus governing and coordinating boards, which must accommodate very different missions under a single umbrella.

Mix by level of instruction

Traditionally, costs increase as the student progresses through the instructional program. Lower-division instruction costs less than upper-division instruction, and undergraduate education costs less than graduate education. The higher costs of upper division and graduate education result in part from the greater degree of specialization in course offerings at higher levels of study in contrast to lower-division instruction, where the curriculum is more standardized and class sizes can be larger. But the higher costs also relate to faculty staffing patterns and the fact that senior faculty are more likely than junior faculty to teach graduate level classes. The common weights assigned to costs at different levels of instruction are: lower division, 1.0; upper division, 1.5; first-year graduate students, 2.1; professional students (excluding medicine), 2.5; and advanced doctoral students, 3.0. (These weights derive from studies of costs of instruction done in research universities by Howard Bowen in the 1970s and probably are not reflective of spending patterns in liberal arts institutions.) Critics of higher education point to these cost distributions as evidence that institutions have incentives toward “mission creep” in order to increase the size of their graduate and professional programs relative to undergraduate education—in turn, to justify more money for the institutions and lower teaching loads for the faculty.

Accounting for the costs of inflation

For many years, higher education analysts have argued that special indices other than the Consumer Price Index need to be used to adjust for inflation for higher education because its “market basket” of spending is so different from that of the typical family. As a result, at least two specialized price indices have been designed for higher education: the Higher Education Price Index (HEPI), initially developed by Kent Halstead and now maintained by Commonfund, and the Higher Education Cost Adjustment (HECA), developed by the State Higher Education Executive Officers (SHEEO) organization. The HEPI adjusts prices based on a sample of data collected from colleges and universities reflecting their patterns of spending (professional salaries and wages, equipment, utilities), in contrast to the composition of household expenditures contained in the Consumer Price Index for All Urban Consumers (CPI-U). The HEPI has been criticized as self-referential—for instance, justifying higher spending based on higher spending. The HECA was developed as an alternative. It adjusts prices using two federal indices, the Employment Cost Index (ECI) and the gross domestic product (GDP) implicit price deflator. The ECI is based on a survey of private sector professional workers, and the GDP deflator reflects general price inflation in the U.S. economy. Between 1990 and 2002, the CPI-U increased an average of 3.4 percent per year compared with an average change of 4.47 percent per year for the HEPI and 4.07 percent per year for the HECA.⁵

Common cost benchmarks for boards

For policymakers to make any sense of spending data, the data need to be organized into context through comparisons with other institutions and presentation of historical information showing changes in spending over time within the institution. This means using cost analysis and benchmarking costs against those of other institutions. Cost analysis allows spending information to be evaluated relative to some measures of performance—cost per unit of instruction, cost per student, or cost per degree granted. Most cost measures use FTE student enrollments as the unit of analysis. Since some costs are not properly ascribed to students (particularly research costs), cost analysis often is confined to estimates of the costs of instruction, which are sometimes embellished to cover the cost of education (instructional costs plus related administrative and student-support costs). This yields an aggregate figure for all students across all discipline areas and levels of instruction. It is useful for showing trends over time and for evaluating changes in subsidy patterns. In addition to cost of instruction/ cost of education, a variety of other benchmarks are commonly used—for example, central administrative expenses as a percentage of total expenses, spending on operations and maintenance per assignable square feet of space, and tuition discount rates.

The metrics of cost analysis in higher education have been bogged down for many years in methodological disputes about the best way to ascribe costs to functions. Teasing apart the separate costs of teaching and research is one common issue. Another is trying to separate average costs for undergraduate and graduate education. Data availability has been yet another problem. The federal integrated postsecondary education data surveys (IPEDS) system is the best potential source for such data, but differences in reporting conventions between public and private institutions and changes in definitions over time make longitudinal analysis of patterns difficult. And without some longitudinal basis for evaluating spending in relation to enrollments, inflation, and degree production, the data lose all meaning. Still, IPEDS data can be used to make aggregate comparisons of spending patterns between institutions, and reports designed by the institution can be customized to show spending in comparison to peer institutions. The AGB benchmarking system uses IPEDS data and is a readily available source for such benchmarks.

Many efforts have been made over the years to develop common cost-reporting methodologies and to encourage institutions to provide data so that comparison information can be readily shared. The pattern among these has been that while the methodological and data-collection issues can be resolved, the resulting products seem to have a short shelf life and rarely get translated into common use for decision making. NACUBO led a major national effort in 1998 to develop a methodology for measuring the costs of undergraduate education. Follow-up studies since then show that relatively few institutions actually use it. Many institutions participate in voluntary data-sharing efforts on costs and swap information with peer institutions on a confidential basis. These efforts are particularly common for comparing information on faculty salaries. Before 1991, some private institutions (called the “Overlap Group” because of their overlapping admissions pools) shared data on financial-aid packages being offered to students. The U.S. Department of Justice investigated this as a violation of the Sherman Antitrust Act, a consent decree was reached, and the practice dropped. Somewhat more public, but still confidential, cost consortia do exist, such as the Delaware Study of Instructional Costs and Productivity, which collects data on the direct cost of instruction from a voluntary consortium of institutions. Several states (Ohio, Illinois, Florida, and New York) maintain longitudinal cost data for public institutions. These data-rich sources show a wealth of information about changes in spending over time, including how costs have changed in graduate education compared with undergraduate education and what disciplines have seen the greatest growth in spending. Interestingly, they share another common characteristic: none of them appears to be used for board-level

decision making. The cost data are separated from budget data and rarely find their way into public reports, even if the data are maintained in publicly accessible formats.

The history of higher education cost analysis is instructive for improving governing board capacity to monitor college costs. This is especially so given that cost metrics are rarely in useful formats for decision making. The nature of cost analysis invites presentation of information at a level of detail that is confounding to all but a few researchers and academic economists. Figuring out how to condense spending data into analytically honest benchmarks that are accessible to boards and actually contribute to better-informed decision making about resource allocation would seem to require a different approach than the one that historically has been taken within higher education.



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Excerpted from “Strengthening Board Capacity for Strategic Financial Oversight”
by Jane V. Wellman as part of The Cost Project, an AGB initiative on college costs.

**Total Operating Expenditures at State Universities by Fund
Fiscal Year 2008 - Fiscal Year 2013**

Table 1.10

State University System Totals

Category	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Percent of Total FY 2013
State General Fund Exp. Percent Increase Exp.	\$638,518,662 4.4%	\$615,240,138 -3.6%	\$573,724,625 -6.7%	\$579,171,051 0.9%	\$567,678,172 -2.0%	\$576,177,237 1.5%	22.9%
General Fees Funds (Tuition) Percent Increase Tuition	\$465,598,612 10.8%	\$497,836,144 6.9%	\$520,190,571 4.5%	\$539,426,860 3.7%	\$615,433,295 14.1%	\$665,202,084 8.1%	26.5%
Hospital Revenue Funds Percent Increase Funds	\$7,412,872 -7.6%	\$5,979,810 -19.3%	\$4,163,786 -30.4%	\$4,618,405 10.9%	\$5,136,610 11.2%	\$5,287,794 2.9%	0.2%
Other General Use Percent Increase	\$12,060,723 24.6%	\$12,887,341 6.9%	\$14,405,294 11.8%	\$16,516,932 14.7%	\$15,475,497 -6.3%	\$12,320,811 -20.4%	0.5%
General Use Expenditures Percent Increase GU	\$1,123,590,869 7.0%	\$1,131,943,433 0.7%	\$1,112,484,276 -1.7%	\$1,139,733,248 2.4%	\$1,203,723,574 5.6%	\$1,258,987,926 4.6%	50.1%
Restricted Use Expenditures Percent Increase RU	\$900,819,836 8.9%	\$880,897,175 -2.2%	\$853,069,707 -3.2%	\$995,320,866 16.7%	\$1,104,409,912 11.0%	\$1,120,637,561 1.5%	44.6%
Operating Expenditures Percent Increase	\$2,024,410,705 7.9%	\$2,012,840,608 -0.6%	\$1,965,553,983 -2.3%	\$2,135,054,114 8.6%	\$2,308,133,486 8.1%	\$2,379,625,487 3.1%	94.7%
Restricted Use Non-Reportable Student Loan Expenditures*	\$0 0%	\$115,786,472 100%	\$267,433,467 131.0%	\$124,308,863 -53.5%	\$132,133,582 6.3%	\$134,426,591 1.7%	5.3%
Total Operating Expenditures (including Non-reportable Student Loan Expenditures)	\$2,024,410,705 7.9%	\$2,128,627,080 5.1%	\$2,232,987,450 4.9%	\$2,259,362,977 1.2%	\$2,440,267,068 8.0%	\$2,514,052,078 3.0%	100.0%

*Beginning in FY 2009 for KU and FY 2010 for KSU, a technical change was made in the accounting of student loans and approximately \$115 million (FY 2009), and \$267 million (FY 2010) in federal student loans were determined to be non-reportable expenditures which removed these amounts from reportable scholarships and fellowship expenditures for each year, respectively.

NOTES: Totals are actual expenditures during FY 2008 to FY 2013. Totals include the six state universities, KSU-ESARP, KSU - Veterinary Medicine Center, and University of Kansas- Medical Center.

Data in this format for individual institutions is appended as Table B in Institutional Profiles section as follows:

KU- pg. 49; KUMC- pg. 55; KSU- pg. 61; KSUVM- pg. 67; KSU ESARP- pg. 71; WSU- pg. 77; ESU- pg. 83; PSU- pg. 89; FHSU- pg. 95.

Source: Form DA402 of Institutional Legislative Budgets

**All Funds Operating Expenditures by Program
Fiscal Year 2008 - Fiscal Year 2013**

Table 1.12

State University System Totals

Category**	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	% Change FY 08 - 13	
Instruction	\$666,623,450	\$656,586,391	\$630,568,607	\$640,758,211	\$685,570,386	\$746,187,423	11.9%	
Academic Support	\$164,013,354	\$161,924,114	\$183,904,230	\$185,243,163	\$199,517,950	\$175,122,429	6.8%	
Student Services	\$91,896,991	\$94,875,932	\$100,933,187	\$101,682,884	\$107,126,565	\$109,996,293	19.7%	
Institutional	\$120,713,506	\$125,016,032	\$130,716,799	\$126,676,688	\$153,067,287	\$154,510,941	28.0%	
Educational Program	\$1,043,247,301	\$1,038,402,469	\$1,046,122,823	\$1,054,360,946	\$1,145,282,188	\$1,185,817,086	13.7%	
Physical	\$149,479,798	\$150,689,042	\$147,234,170	\$149,060,901	\$161,985,703	\$174,745,612	16.9%	
Plant	\$277,677,160	\$327,280,075	\$337,022,698	\$350,051,176	\$371,679,162	\$397,005,455	43.0%	
Research	\$109,559,749	\$108,397,643	\$114,675,836	\$111,232,798	\$118,535,493	\$120,228,550	9.7%	
Public	\$314,685,472	\$253,902,850	\$183,770,660	\$333,997,847	\$334,199,154	\$323,482,677	2.8%	
Service	\$16,102,463	\$20,854,057	\$20,851,291	\$15,407,467	\$35,168,486	\$37,056,839	130.1%	
Total Educ. and General	\$1,910,751,943	\$1,899,526,136	\$1,849,677,478	\$2,014,111,135	\$2,166,850,186	\$2,238,336,219	17.1%	
Auxiliary Enterprises	\$113,658,762	\$113,961,147	\$119,014,572	\$123,541,297	\$141,283,300	\$141,289,268	24.3%	
Operating Expenditures	\$2,024,410,705	\$2,013,487,283	\$1,968,692,050	\$2,137,652,432	\$2,308,133,486	\$2,379,625,487	17.5%	
Restricted Use Non-		\$0	\$115,786,472	\$267,433,467	\$124,308,863	\$132,133,582	\$134,426,591	NA
Total Operating Expenditures (including Non-reportable Student	\$2,024,410,705	\$2,129,273,755	\$2,236,125,517	\$2,261,961,295	\$2,440,267,068	\$2,514,052,078	24.2%	

*Beginning in FY 2009 for KU and FY 2010 for KSU, a technical change was made in the accounting of student loans and approximately \$115 million (FY 2009), and \$267 million (FY 2010) in federal student loans were determined to be non-reportable expenditures which removed these amounts from reportable scholarships and fellowship expenditures for each year, respectively.

**Starting in FY 2010, due to changes in the State of Kansas accounting system, KUMC modified their reporting categories which resulted in categorizing expenditures as Academic Support, Student Services, or Public Services. These expenditures previously were reported in the Instruction or Institutional Support program categories.

NOTES: Totals are actual expenditures during FY 2008 to FY 2013. Totals include the six state universities, KSU-ESARP, KSU - Veterinary Medicine Center, and University of Kansas- Medical Center. Data in this format for individual institutions is appended as Table C in Institutional Profiles section as follows: KU- pg. 50; KUMC- pg. 56; KSU- pg. 62; KSUVM- pg. 68; KSU ESARP pg. 72; WSU- pg. 78; ESU- pg. 84; PSU- pg. 90; FHSU- pg. 96.

Source: Form DA402 of Institutional Legislative Budgets

KANSAS COMMUNITY COLLEGE
Actual Sources of Revenue and Expenditures
2011-2012 AND 2012-2013
Current Funds - Unrestricted

	Actual 2011-2012		Actual 2012-2013	
	Amount	Percent	Amount	Percent
Beginning Unencumbered Cash¹	\$ 209,515,823		\$ 176,531,520	
<u>SOURCES OF REVENUE:</u>				
Student (400-409)	\$ 139,436,039	23.6%	\$ 134,592,924	22.2%
Federal (410-419)	9,846,322	1.7%	8,306,072	1.4%
State Sources - State Grant (420)	105,028,453	17.7%	110,460,936	18.2%
Other State Revenue (429)	10,933,941	1.8%	14,875,566	2.4%
County (430-439)	12,261,730	2.1%	21,127,269	3.5%
Local (440-449)	190,679,836	32.2%	188,581,208	31.0%
Other (450-4990)	64,049,761	10.8%	66,673,075	11.0%
Auxiliary (9800)	59,771,851	10.1%	62,846,245	10.3%
TOTAL REVENUE	\$ 592,007,933	100.0%	\$ 607,463,295	100.0%
<u>EXPENDITURES:</u>				
Instruction (1000)	\$ 216,415,380	35.8%	\$ 218,497,669	36.3%
Research (2000)	200,433	0.0%	205,108	0.0%
Community Services (3000)	963,884	0.2%	808,011	0.1%
Academic Support (4000)	48,182,659	8.0%	44,585,447	7.4%
Student Services (5000)	64,244,308	10.6%	66,605,294	11.1%
Institutional Support (6000)	93,554,390	15.5%	98,969,835	16.5%
Operations and Maintenance (7000)	57,922,030	9.6%	62,585,034	10.4%
Scholarships (8000)	15,231,146	2.5%	13,920,707	2.3%
Mandatory Transfers (9100)	26,132,634	4.3%	19,967,182	3.3%
Non-mandatory Transfers (9200)	17,454,808	2.9%	13,165,973	2.2%
Auxiliary Expense (9800)	63,572,355	10.5%	61,895,156	10.3%
TOTAL EXPENDITURES	\$ 603,874,027	100.0%	\$ 601,205,414	100.0%
Ending Unencumbered Cash¹	\$ 197,649,729		\$ 182,789,401	

¹Data not provided by all colleges.

**KANSAS BOARD OF REGENTS
STATE UNIVERSITY SYSTEM
SUMMARY FINANCIAL DATA**

(in millions)

FY 2009

State University	Total Revenues	1 Yr % Chg	Total Operating Expenses	1 Yr % Chg	Total Liabilities	1 Yr % Chg	Revenue Bond Debt	Total Assets	Total Net Asset Value	1 Yr % Chg	Debt Burden Ratio %	Bond Coverage Ratio X	Endowment Foundation Market Value (June 30, 2011)	1 Yr % Chg	Most Recent Overall Bond Rating Moody's/S&P	Enrollment (FTE - AY 2009)	Sum Overall (CFI)
ESU	\$ 80.61	0.79%	\$ 77.39	4.48%	\$ 22.27	2.60%	\$ 10.70	86.6	\$ 64.32	2.33%	1.42%	73.63	\$ 46.95	-18.81%	A1/A	5,382	3.11
FHSU	\$ 95.50	6.5%	\$ 84.00	-0.8%	\$ 24.40	-2.7%	\$ 16.50	\$ 111.20	\$ 86.90	19.2%	1.7%	66.32	\$ 41.00	-18.7%	A	6,416	5.30
KSU ##	\$ 626.88	9.7%	\$ 601.00	9.6%	\$ 261.20	13.5%	\$ 168.88	\$ 658.53	\$ 397.33	6.5%	2.1%	50.42	\$ 259.81	-22.9%	Aa2/AA-	19,132	(0.02)
KU	\$ 1,006.43	2.6%	\$ 966.49	3.6%	\$ 490.85	15.3%	\$ 288.80	\$ 1,372.81	\$ 881.96	2.3%	3.1%	33.38	\$ 955.38	-21.6%	Aa2/AA	24,039	2.68
PSU	\$ 99.00	-0.3%	\$ 92.40	7.1%	\$ 51.50	72.8%	\$ 32.20	\$ 150.50	\$ 99.00	5.2%	2.0%	53.43	\$ 39.90	-27.6%	A	6,543	1.06
WSU	\$ 227.01	3.0%	\$ 217.89	2.9%	\$ 66.93	-7.5%	\$ 28.52	\$ 245.94	\$ 179.01	5.7%	2.2%	48.06	\$ 147.34	-16.2%	A+	10,865	5.36
TOTAL	\$ 2,135.43		\$ 2,039.17		\$ 917.15		\$ 545.60	\$ 2,625.58	\$ 1,529.51				\$ 1,490.38			72,377	

FY 2010

State University	Total Revenues	1 Yr % Chg	Total Operating Expenses	1 Yr % Chg	Total Liabilities	1 Yr % Chg	Revenue Bond Debt	Total Assets	Total Net Asset Value	1 Yr % Chg	Debt Burden Ratio %	Bond Coverage Ratio X	Endowment Foundation Market Value (June 30, 2011)	1 Yr % Chg	Most Recent Overall Bond Rating Moody's/S&P	Enrollment (FTE - AY 2010)	Sum Overall (CFI)
ESU	\$ 85.37	5.90%	\$ 79.74	3.05%	\$ 36.09	62.09%	\$ 24.80	105.3	\$ 69.21	7.60%	1.35%	79.29	\$ 51.89	10.53%	A1/A	5,339	4.15
FHSU	\$ 98.20	2.8%	\$ 89.90	7.0%	\$ 22.90	-6.1%	\$ 11.50	\$ 118.00	\$ 95.10	9.4%	1.3%	81.16	\$ 48.00	17.1%	A	7,156	5.60
KSU	\$ 665.35	6.1%	\$ 605.08	0.7%	\$ 321.53	23.1%	\$ 226.67	\$ 769.03	\$ 447.49	12.6%	2.3%	47.42	\$ 277.58	6.8%	Aa2/AA-	20,240	3.31
KU	\$ 1,067.48	6.1%	\$ 994.76	2.9%	\$ 556.17	13.3%	\$ 365.84	\$ 1,511.56	\$ 955.39	8.3%	6.2%	17.23	\$ 1,054.74	10.4%	Aa1/AA	23,965	5.60
PSU	\$ 98.20	-0.8%	\$ 93.00	0.6%	\$ 48.60	-5.6%	\$ 31.70	\$ 152.10	\$ 103.50	4.5%	3.1%	34.07	\$ 48.10	20.6%	A	6,663	3.34
WSU	\$ 240.37	5.9%	\$ 227.62	4.5%	\$ 70.84	5.8%	\$ 24.26	\$ 260.02	\$ 189.18	5.7%	2.0%	53.14	\$ 177.02	20.1%	A+	11,096	2.73
TOTAL	\$ 2,254.97		\$ 2,090.10		\$ 1,056.13		\$ 684.77	\$ 2,916.01	\$ 1,670.69				\$ 1,657.33			74,459	

FY 2011

State University	Total Revenues	1 Yr % Chg	Total Operating Expenses	1 Yr % Chg	Total Liabilities	1 Yr % Chg	Revenue Bond Debt	Total Assets	Total Net Asset Value	1 Yr % Chg	Debt Burden Ratio %	Bond Coverage Ratio X	Endowment Foundation Market Value (June 30, 2011)	1 Yr % Chg	Most Recent Overall Bond Rating Moody's/S&P	Enrollment (FTE - AY 2011)	Sum Overall (CFI)
ESU	\$ 85.40	0.0%	\$ 82.21	3.0%	\$ 36.03	-0.2%	\$ 23.70	\$ 107.20	\$ 71.13	2.8%	2.3%	44.31	\$ 61.31	-5.5%	A1/A	5,134	4.90
FHSU	\$ 110.40	12.4%	\$ 97.14	8.0%	\$ 24.10	5.0%	\$ 10.80	\$ 132.40	\$ 108.30	13.9%	0.7%	159.08	\$ 47.46	17.2%	A	7,804	7.06
KSU	\$ 717.20	7.8%	\$ 642.60	6.2%	\$ 360.02	11.6%	\$ 256.10	\$ 877.70	\$ 513.10	11.9%	3.0%	40.32	\$ 337.46	6.8%	Aa2/AA-	20,540	3.46
KU	\$ 1,145.28	5.0%	\$ 1,039.90	5.0%	\$ 605.72	8.9%	\$ 403.80	\$ 1,644.30	\$ 1,038.57	7.0%	3.0%	37.00	\$ 1,250.44	18.6%	Aa1/AA	26,111	7.24
PSU	\$ 104.30	6.2%	\$ 97.40	4.8%	\$ 52.10	7.3%	\$ 34.90	\$ 152.10	\$ 107.80	4.1%	2.9%	36.71	\$ 59.33	20.5%	A	7,017	3.83
WSU	\$ 265.21	9.1%	\$ 244.05	7.2%	\$ 68.40	-3.5%	\$ 21.47	\$ 277.30	\$ 208.90	10.4%	1.8%	60.72	\$ 208.67	20.1%	A+	11,827	5.99
TOTAL	\$ 2,427.79		\$ 2,203.30		\$ 1,146.37		\$ 750.77	\$ 3,191.00	\$ 1,838.90				\$ 1,964.67			78,434	

FY 2012																	
State University	Total Revenues	1 Yr % Chg	Total Operating Expenses	1 Yr % Chg	Total Liabilities	1 Yr % Chg	Revenue Bond Debt	Total Assets	Total Net Asset Value	1 Yr % Chg	Debt Burden Ratio %	Bond Coverage Ratio X	Endowment Foundation Market Value (June 30, 2012)	1 Yr % Chg	Most Recent Overall Bond Rating Moody's/S&P	Enrollment (FTE - AY 2012)	Sum Overall (CFI)
ESU	\$ 84.08	-1.5%	\$ 81.81	-0.5%	\$ 35.66	-1.0%	\$ 22.60	\$ 108.00	\$ 72.38	1.8%	2.6%	40.35	\$ 59.63	-2.7%	A1/A	4,767	2.94
FHSU	\$ 115.20	4.3%	\$ 103.38	6.4%	\$ 23.75	-1.5%	\$ 10.40	\$ 143.60	\$ 119.86	10.7%	0.7%	166.96	\$ 50.62	6.7%	A	8,413	6.62
KSU	\$ 758.95	5.8%	\$ 685.24	6.6%	\$ 422.76	17.4%	\$ 317.90	\$ 992.50	\$ 569.72	11.0%	3.0%	39.01	\$ 329.24	-2.4%	Aa2/AA-	20,919	3.17
KU	\$ 1,161.88	1.4%	\$ 1,114.25	7.1%	\$ 596.67	-1.5%	\$ 376.50	\$ 1,659.60	\$ 1,062.92	2.3%	3.2%	32.71	\$ 1,182.33	-5.4%	Aa1/AA	25,346	4.89
PSU	\$ 108.10	3.6%	\$ 100.12	2.8%	\$ 49.26	-5.5%	\$ 33.40	\$ 162.60	\$ 113.33	5.1%	3.6%	29.62	\$ 57.24	-3.5%	A	7,060	2.68
WSU	\$ 254.36	-4.1%	\$ 243.00	-0.4%	\$ 92.55	35.3%	\$ 42.65	\$ 311.49	\$ 218.94	4.8%	2.5%	40.46	\$ 199.32	-4.5%	A+	12,112	4.34
TOTAL	\$ 2,482.57		\$ 2,327.80		\$ 1,220.65		\$ 803.45	\$ 3,377.79	\$ 1,938.21				\$ 1,878.38			78,617	
FY 2013																	
State University	Total Revenues	1 Yr % Chg	Total Operating Expenses	1 Yr % Chg	Total Liabilities	1 Yr % Chg	Revenue Bond Debt	Total Assets	Total Net Asset Value	1 Yr % Chg	Debt Burden Ratio %	Bond Coverage Ratio X	Endowment Foundation Market Value (June 30, 2013)	1 Yr % Chg	Most Recent Overall Bond Rating Moody's/S&P	Enrollment (FTE - AY 2013)	Sum Overall (CFI)
ESU	\$ 82.88	-1.4%	\$ 82.39	0.7%	\$ 35.69	0.1%	\$ 21.50	\$ 107.40	\$ 71.72	-0.9%	2.4%	41.36	\$ 63.70	6.8%	A1/A	4,688	3.55
FHSU	\$ 120.34	4.5%	\$ 107.91	4.4%	\$ 24.37	2.6%	\$ 9.67	\$ 156.65	\$ 132.29	10.4%	1.0%	111.32	\$ 53.85	6.4%	A	8,737	6.46
KSU	\$ 774.77	2.1%	\$ 713.79	4.2%	\$ 438.21	3.7%	\$ 327.85	\$ 1,062.34	\$ 624.13	9.6%	3.3%	33.24	\$ 364.68	10.8%	Aa2/AA-	21,588	5.12
KU	\$ 1,161.52	0.0%	\$ 1,144.22	2.7%	\$ 579.54	-2.9%	\$ 356.85	\$ 1,635.66	\$ 1,059.68	-0.3%	2.9%	34.67	\$ 1,289.00	9.0%	Aa1/AA	24,652	5.43
PSU	\$ 115.10	6.5%	\$ 101.45	1.3%	\$ 56.99	15.7%	\$ 40.83	\$ 180.00	\$ 122.99	8.5%	3.6%	31.54	\$ 73.91	29.1%	A1	6,843	2.88
WSU	\$ 268.84	5.7%	\$ 252.29	3.8%	\$ 83.08	-10.2%	\$ 37.94	\$ 317.60	\$ 234.51	7.1%	2.3%	42.98	\$ 212.18	6.5%	Aa3	12,038	4.84
TOTAL	\$ 2,523.45		\$ 2,402.05		\$ 1,217.88		\$ 794.64	\$ 3,459.65	\$ 2,010.81				\$ 2,057.31			78,546	

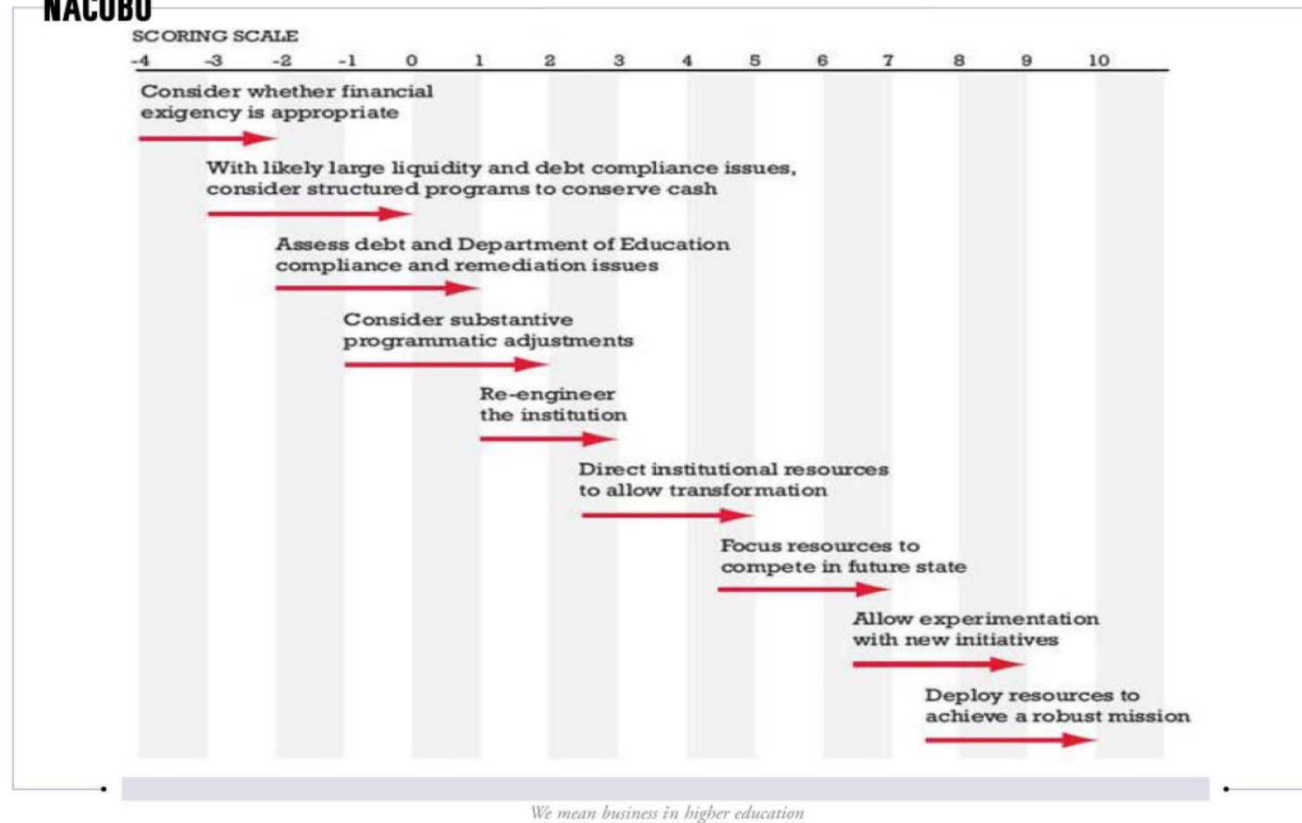
The KSU Foundation and KSU Athletics, Inc. had changes in accounting principles and/or reclassifications that affected the CFI ratios in FY2009.

Sources:

Key Financial Statistics: State University Annual Financial Reports, June 30, 2011, June 30, 2012, June 30, 2013 (blended affiliated corporations are included and discretely presented affiliated corporations are excluded)
 Composite Financial Index and Related Ratios: Obtained from information submitted to the Higher Learning Commission and includes Component Units as well as the University
 See accompanying Report Definitions, Explanation and Sources for additional information



Scale for Charting CFI Performance



**KANSAS BOARD OF REGENTS
GUIDANCE/UNIFORM FORMAT PROVIDED TO THE STATE UNIVERSITIES FOR THE
BUDGET WORKSHOP
JUNE 19, 2014**

The primary purpose of the budget work session is to dedicate a full day (Tuesday, July 22, 2014) for the Regents to meet with officials from each of the state universities to conduct an in-depth budget review of each state university, including (1) FY 2015 operating budget (July 1, 2014 - June 30, 2015) and any particular challenges, and (2) proposals for inclusion in the Board's FY 2016-17 unified appropriation request.

Since a goal of the study session is to provide the Regents an opportunity for a "deeper dive" into the state university budgets, universities will need to submit all materials to the Board office by **Friday, July 11.**

Fiscal Affairs and Audit Committee members at their June meeting noted the importance of connecting the FY 2016 - FY 2017 planning budget to Foresight 2020 and the university's strategic plan. Also, an interest in understanding expense variables that are cost drivers and variables that influence future tuition rates.

UNIFORM FORMAT OF MATERIALS PREPARED BY UNIVERSITIES

1. FY 2013 (actual) and FY 2015 (current year operating) using the following format displayed in pie charts and tables.
 - a. Funding Source
 - b. Program
 - c. Expenditure Classification
2. FY 2016-17 Planning Budget (uniform template is attached) – assuming "stable" state funding, including estimated required expenditures, university enhancement proposals identifying the highest priority proposal, and "what if" 1 percent calculations.
3. Description of how this proposed planning budget is tied to Foresight 2020 and the university's strategic plan.
4. Description of the university resource planning processes.
5. Proposed enhancement requests. Please identify the top priority and provide all the details necessary to make the case for the proposal.

KBOR STAFF PREPARED MATERIALS:

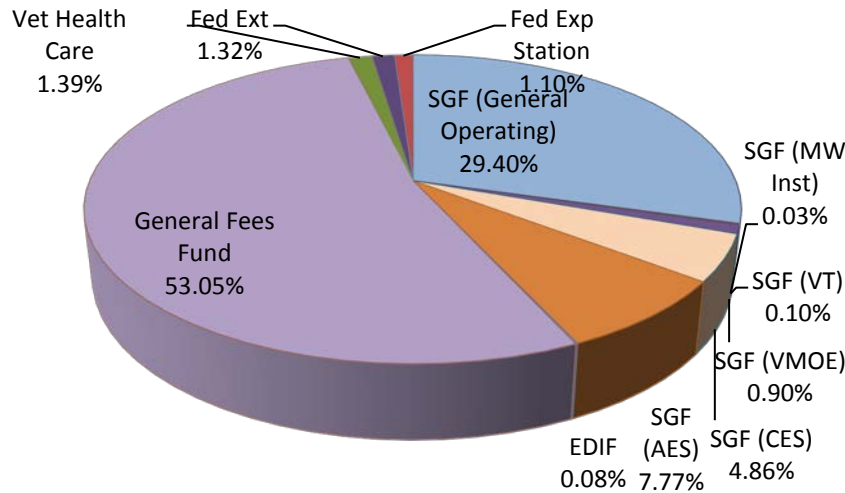
1. Overview memo about higher education funding in Kansas
2. Institutional Profiles with historical information (State University Data Book) (KBOR staff will insert into the materials)

Kansas Board of Regents
Summary List of Ideas for FY 2016 and 2017 (Biennium Budget) Higher Education Unified Appropriation Request
July 22, 2014 (WORKING DOCUMENT)

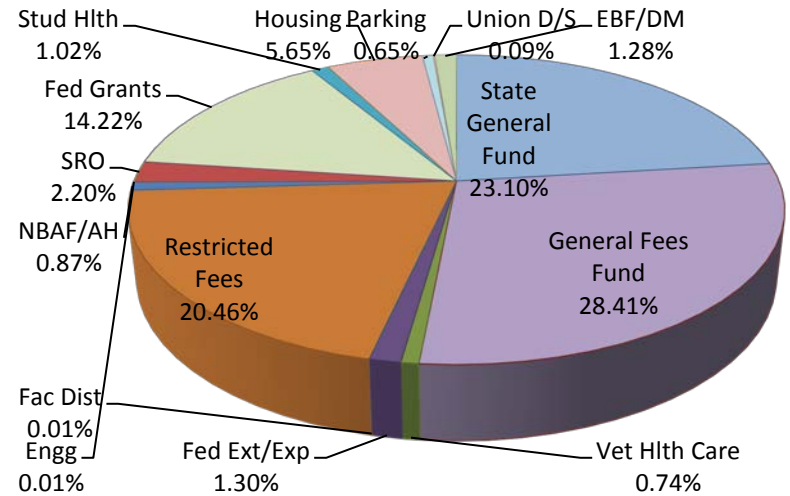
Proposal	Submitted By	If Prioritized	Amount of Increase from FY 2015		Notes
			FY 2016	FY 2017	
SYSTEMWIDE All Higher Education					
Base Operating Increase (Based on the Preliminary Forecast of Higher Education Price Index - 3% each year)	STAFF		23,808,713	47,617,426	
Increase State Support for Need-based Financial Aid for Kansas	STAFF		2,500,000	5,000,000	
Developmental Education Working Group Budget-Related Recommendations (3 years only)	Board's Workgroup		988,000	988,000	Request for 3 years \$988k*3=\$2,964,000
Sustain Regents Data System and Staffing Capacity	STAFF		555,738	555,738	
INSTITUTION/SECTOR SPECIFIC PROPOSALS (Enhancements)					
KSU - Strengthen the College of Architecture, Planning, Design	KSU	1 of 3	5,000,000	5,000,000	
KSU - Geoscience Support in the College of Arts and Sciences	KSU	2 of 3	5,000,000	5,000,000	
KSU - New Food Systems Research and Education Facility (FSREF)	KSU	3 of 3	5,000,000	5,000,000	FY 16-20 budget of \$150m
KU - Drug and Vaccine Discovery Institute	KU	1 of 2	5,000,000	5,000,000	
KU - Innovation Way development	KU	2 of 2		7,000,000	
KUMC- Merit Based Salary Enhancement	KUMC	1 of 2	3,400,000	3,400,000	
KUMC - Strengthening Community-Based Medical Education in Wichita	KUMC	2 of 2	2,400,000	4,900,000	
WSU- Support for Economic, Innovation, Diversification, Technology Transfer - Phase I	WSU	1 of 2	16,700,000	4,700,000	\$12 m one-time, \$4.7 m recurring
WSU - Innovation Equipment	WSU	2 of 2	15,000,000	5,000,000	\$10 m one-time; \$5 m recurring
PSU- Expand Capacity and Excellence in Health-Related Programs	PSU	1 of 4	1,000,000	2,000,000	\$2.0 million phased in over two yrs
PSU- Create the PSU School of Transportation	PSU	2 of 4	1,000,000	1,000,000	
PSU - Initiative to Better Serve Small Business	PSU	3 of 4	1,300,000	1,300,000	
PSU - Create a Workforce Language Institute	PSU	4 of 4	1,000,000	1,000,000	
ESU - Newman Division of Nursing	ESU	1 of 3	500,000	500,000	
ESU - Establish Master of Science, Forensics (MS)	ESU	2 of 3	284,300	284,300	
ESU - STEM Programming for Kansas Economy	ESU	3 of 3	715,700	715,700	
FHSU - Expand Capacity in the Graphic Design BFA	FHSU	1 of 6	334,000	334,000	
FHSU - Expand Capacity in the Higher Education Student Affairs MSE Program	FHSU	2 of 6	214,000	214,000	
FHSU - Increase Retention/Graduation Rates Through Expansion of a Freshman Seminar Model	FHSU	3 of 6	200,000	200,000	
FHSU - Creation of a Rural Studies Major	FHSU	4 of 6	214,000	214,000	
FHSU - Rural Entrepreneurship	FHSU	5 of 6	236,000	236,000	
FHSU - Expand Full-time Virtual College Instruction Model	FHSU	6 of 6	680,000	680,000	
Close the Gap in the Tiered Technical Education Formula	Tech Ed Authority, Community Colleges, Technical Colleges		TBD	TBD	
Technical Education Fund - Governor's CTE Secondary Initiative	Tech Ed Authority, Community Colleges, Technical Colleges		TBD Fully Fund the Eligible Students	TBD Fully Fund the Eligible Students	
Performance Based Developmental Education Pilot	Community Colleges		TBD	TBD	
Adult Education-Restore Cuts to Maintain Current Services(\$167k) and Add New to Increase Enrollments	KBOR Staff		632,000	632,000	
Correspondence from Representative Tom Sloan and Vision 2020 Committee -- Super Computing			TBD	TBD	

Kansas State University FY 2013 Actual Expenses Total by Funding Source

General Use Funds



All Funds

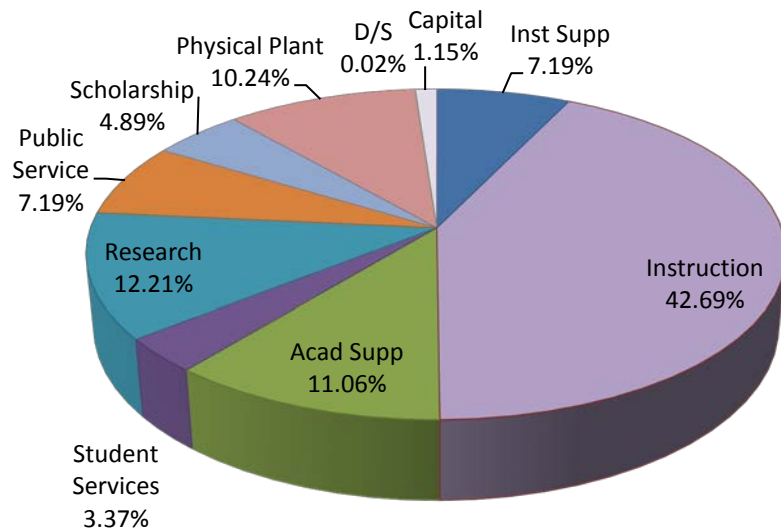


Funding Source	Amount	Percent
SGF (General Operating)	\$ 112,205,721	29.40%
SGF (Midwest Institute)	131,546	0.03%
SGF (Vet Training Program for Rural KS)	400,000	0.10%
SGF (Vet Med Operating Enhancement)	3,437,481	0.90%
SGF (Cooperative Ext Service)	18,539,171	4.86%
SGF (Ag Experiment Station)	29,660,257	7.77%
EDIF	299,096	0.08%
General Fees Fund	202,511,526	53.05%
Veterinary Health Care Center	5,287,794	1.39%
Federal Extension Fund	5,043,912	1.32%
Federal Experimental Station Fund	4,189,206	1.10%
Total GU Funds	\$ 381,705,710	100.00%

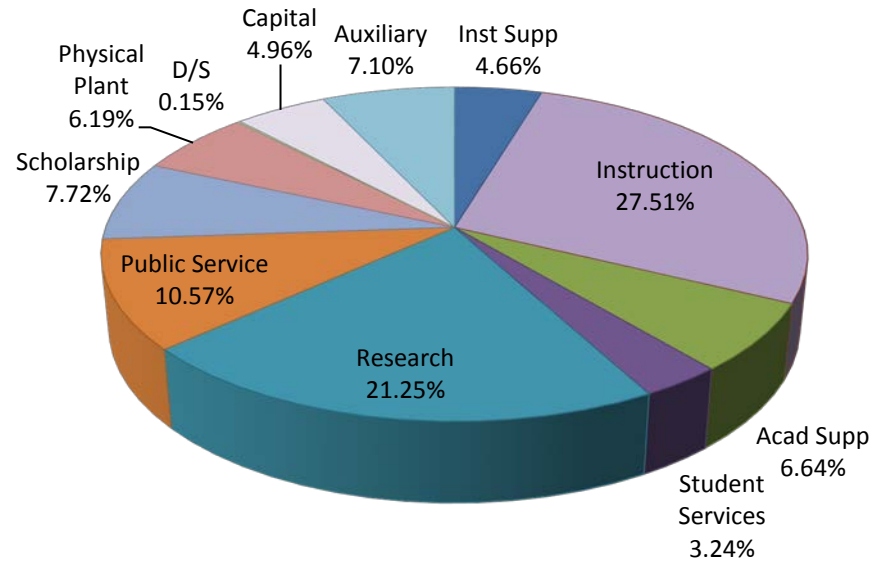
Funding Source	Amount	Percent
State General Fund	\$ 164,673,272	23.10%
General Fees Fund	202,511,526	28.40%
Veterinary Health Care Center	5,287,794	0.74%
Federal Extension/Federal Experiment Station	9,233,118	1.30%
Faculty of Distinction	85,645	0.01%
Restricted Fees Fund	145,836,982	20.46%
NBAF & Animal Health	6,169,096	0.87%
Kan-Grow Engineering Fund	83,655	0.01%
Sponsored Research Overhead Fund	15,683,671	2.20%
Federal Grant Funds	101,371,256	14.22%
Student Health Fees Fund	7,252,123	1.02%
Housing System Operations Fund - K DFA	40,287,858	5.65%
Parking Fees Fund	4,597,483	0.65%
KSU Student Union Debt Service	609,725	0.09%
EBF/ Deferred Maintenance	9,099,102	1.28%
Total All Funds	\$ 712,782,306	100.00%

**Kansas State University
FY 2013 Actual Expenses
Total by Budget Program**

General Use Funds



All Funds

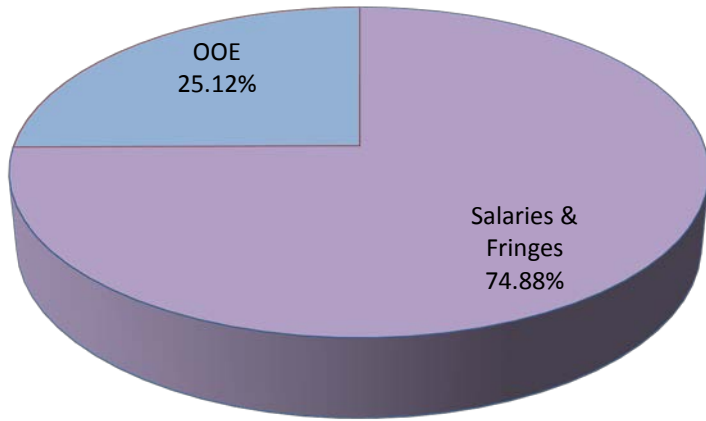


<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Institutional Support	\$ 27,461,233	7.19%
Instruction	162,938,382	42.68%
Academic Support	42,213,587	11.06%
Student Services	12,857,249	3.37%
Research	46,615,939	12.21%
Public Service	27,437,237	7.19%
Scholarships & Fellowships	18,660,998	4.89%
Physical Plant	39,070,306	10.24%
Debt Service	63,486	0.02%
Capital	4,387,293	1.15%
Total GU Funds	\$ 381,705,710	100.00%

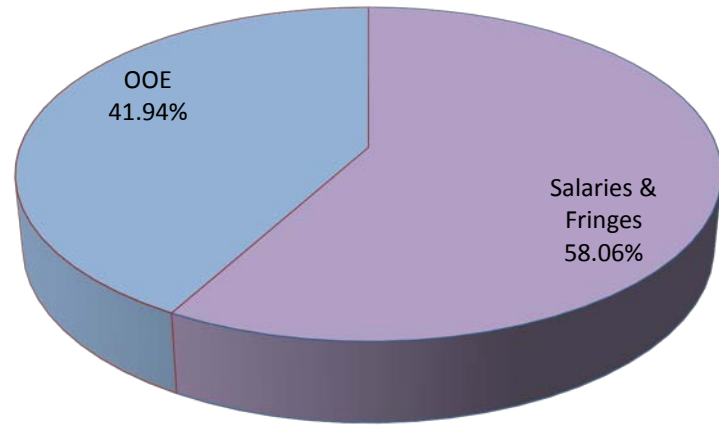
<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Institutional Support	\$ 33,236,387	4.66%
Instruction	196,096,395	27.52%
Academic Support	47,339,453	6.64%
Student Services	23,076,836	3.24%
Research	151,495,504	21.25%
Public Service	75,338,232	10.57%
Scholarships & Fellowships	55,053,507	7.72%
Physical Plant	44,119,955	6.19%
Debt Service	1,067,650	0.15%
Capital	35,341,223	4.96%
Auxiliary	50,617,164	7.10%
Total All Funds	\$ 712,782,306	100.00%

**Kansas State University
FY 2013 Actual Expenses
Total by Expenditure Classification**

General Use Funds



All Funds

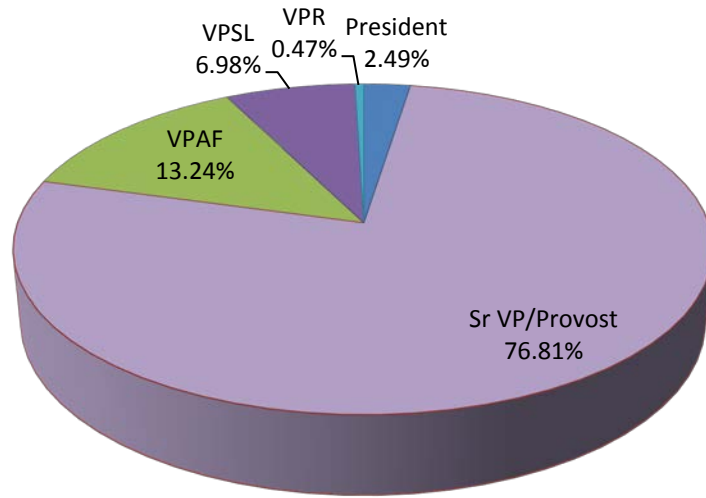


<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 285,813,149	74.88%
Other Operating Expenditures	95,892,561	25.12%
Total GU Funds	\$ 381,705,710	100.00%

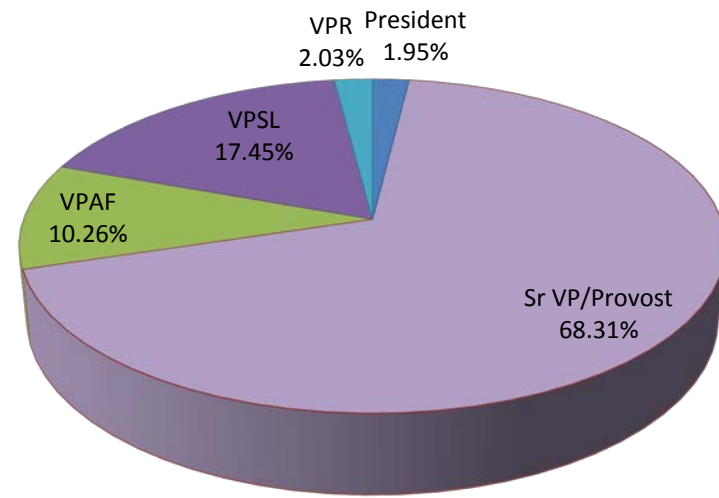
<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 413,816,623	58.06%
Other Operating Expenditures	298,965,683	41.94%
Total All Funds	\$ 712,782,306	100.00%

**Kansas State University
FY 2013 Actual Expenses
Total by Organizational Unit**

General Use Funds



All Funds

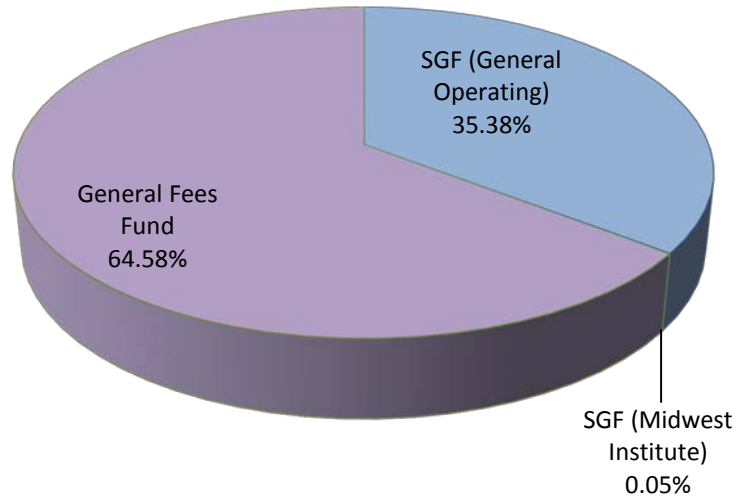


<u>Organizational Unit</u>	<u>Amount</u>	<u>Percent</u>
President	\$ 9,516,467	2.49%
Sr Vice President/ Provost	293,200,207	76.82%
Vice President of Administration & Finance	50,542,344	13.24%
Vice President for Student Life	26,648,552	6.98%
Vice President of Research	1,798,140	0.47%
Total GU Funds	\$ 381,705,710	100.00%

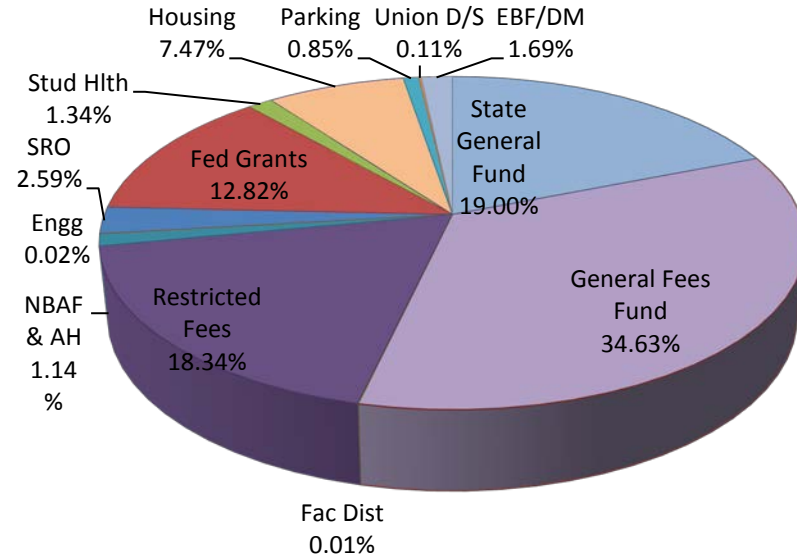
<u>Organizational Unit</u>	<u>Amount</u>	<u>Percent</u>
President	\$ 13,866,115	1.95%
Sr Vice President/ Provost	486,927,235	68.31%
Vice President of Administration & Finance	73,128,980	10.26%
Vice President for Student Life	124,384,056	17.45%
Vice President of Research	14,475,920	2.03%
Total All Funds	\$ 712,782,306	100.00%

**Kansas State University - Main Campus
FY 2013 Actual Expenses
Total by Funding Source**

General Use Funds



All Funds



Funding Source	Amount	Percent
SGF (General Operating)	\$ 102,366,636	35.38%
SGF (Midwest Institute)	131,546	0.05%
General Fees Fund	186,847,929	64.57%

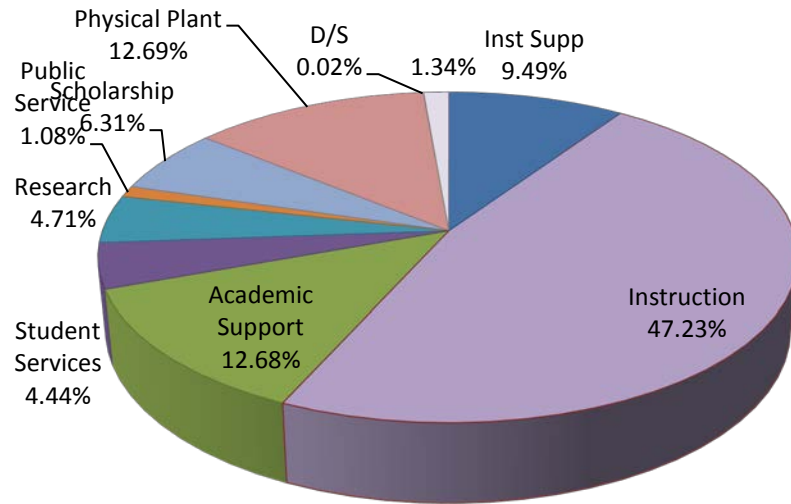
Total GU Funds \$ 289,346,111 100.00%

Funding Source	Amount	Percent
State General Fund	\$ 102,498,182	19.01%
General Fees Fund	186,847,929	34.61%
Faculty of Distinction	80,675	0.01%
Restricted Fees Fund	98,958,954	18.34%
NBAF & Animal Health	6,169,096	1.14%
Kan-Grow Engineering Fund	83,655	0.02%
Sponsored Research Overhead Fund	13,953,565	2.59%
Federal Grant Funds	69,155,138	12.82%
Student Health Fees Fund	7,252,123	1.34%
Housing System Operations Fund - K DFA	40,287,858	7.47%
Parking Fees Fund	4,597,483	0.85%
KSU Student Union Debt Service	609,725	0.11%
EBF/ Deferred Maintenance	9,099,102	1.69%

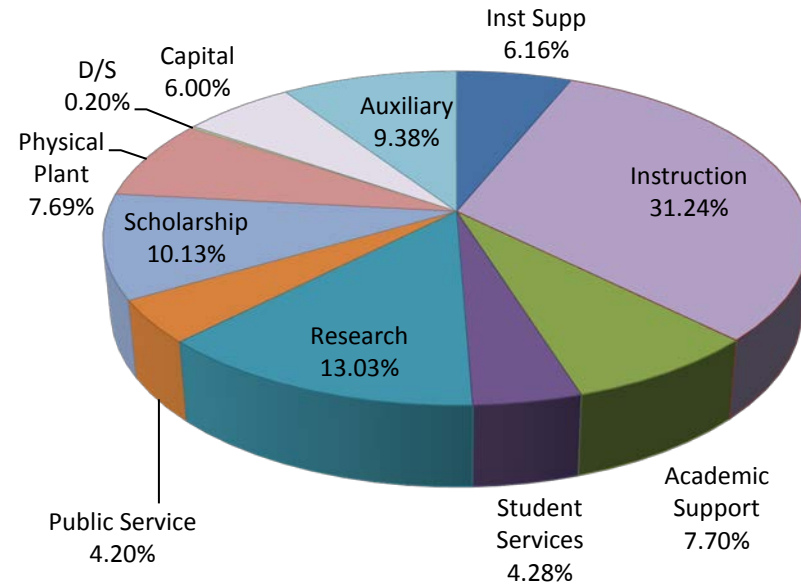
Total All Funds \$ 539,593,485 100.00%

Kansas State University - Main Campus FY 2013 Actual Expenses Total by Budget Program

General Use Funds



All Funds

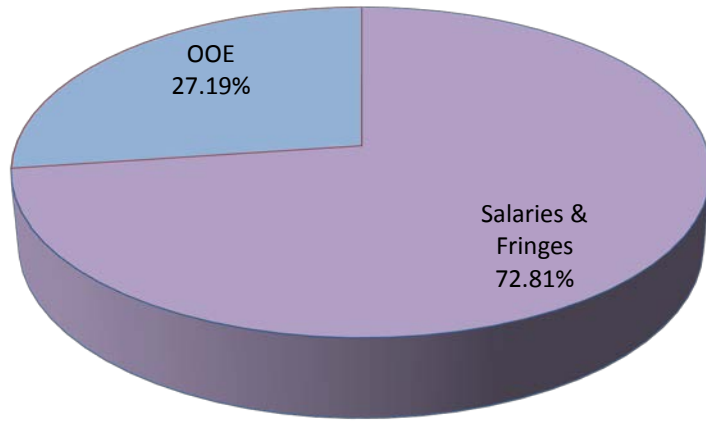


Budget Program	Amount	Percent
Institutional Support	\$ 27,461,233	9.49%
Instruction	136,669,949	47.24%
Academic Support	36,690,052	12.68%
Student Services	12,857,249	4.44%
Research	13,617,337	4.71%
Public Service	3,116,252	1.08%
Scholarships & Fellowships	18,260,998	6.31%
Physical Plant	36,718,642	12.69%
Debt Service	63,486	0.02%
Capital	3,890,913	1.34%
Total GU Funds	\$ 289,346,111	100.00%

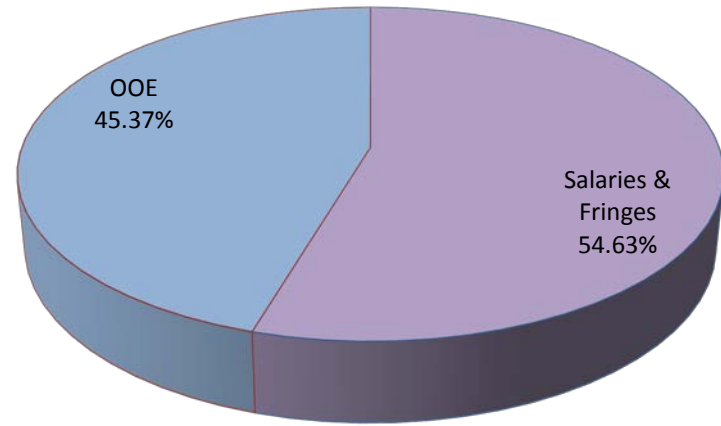
Budget Program	Amount	Percent
Institutional Support	\$ 33,236,387	6.16%
Instruction	168,578,647	31.23%
Academic Support	41,521,861	7.70%
Student Services	23,076,836	4.28%
Research	70,288,032	13.03%
Public Service	22,679,197	4.20%
Scholarships & Fellowships	54,653,507	10.13%
Physical Plant	41,518,837	7.69%
Debt Service	1,067,650	0.20%
Capital	32,355,367	6.00%
Auxiliary	50,617,164	9.38%
Total All Funds	\$ 539,593,485	100.00%

**Kansas State University - Main Campus
FY 2013 Actual Expenses
Total by Expenditure Classification**

General Use Funds



All Funds

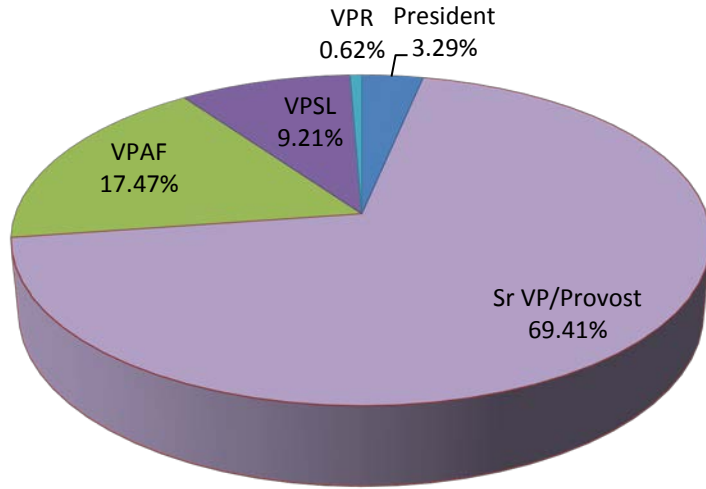


Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 210,685,867	72.81%
Other Operating Expenditures	78,660,244	27.19%
Total GU Funds	\$ 289,346,111	100.00%

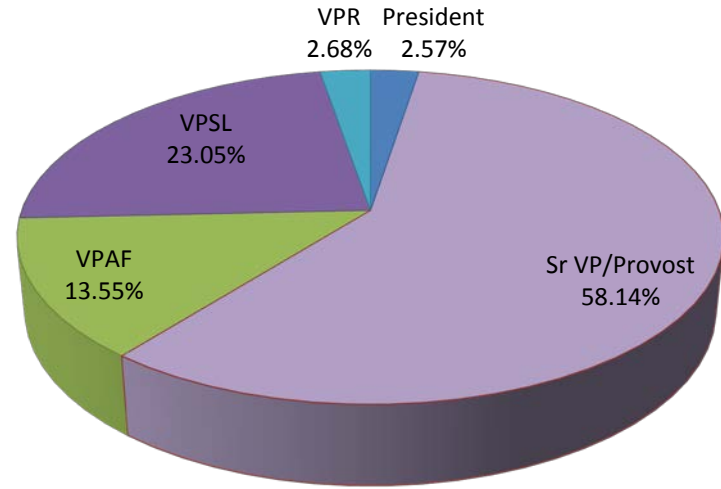
Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 294,789,878	54.63%
Other Operating Expenditures	244,803,607	45.37%
Total All Funds	\$ 539,593,485	100.00%

**Kansas State University - Main Campus
FY 2013 Actual Expenses
Total by Organizational Unit**

General Use Funds



All Funds

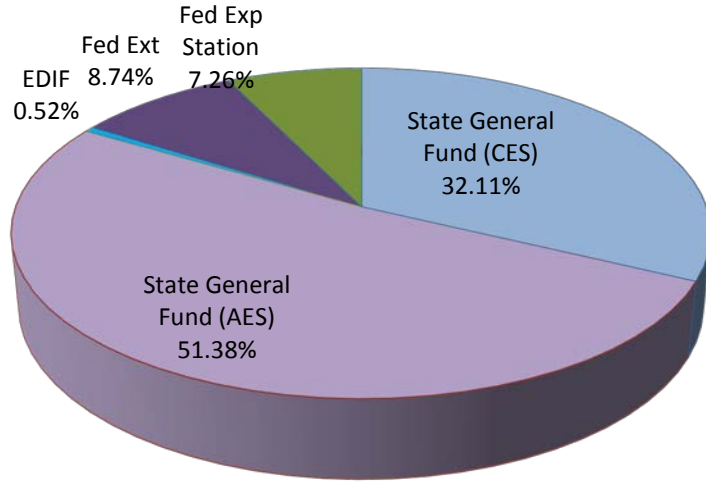


<u>Organizational Unit</u>	<u>Amount</u>	<u>Percent</u>
President	\$ 9,516,467	3.29%
Sr Vice President/ Provost	200,840,608	69.41%
Vice President of Administration & Finance	50,542,344	17.47%
Vice President for Student Life	26,648,552	9.21%
Vice President of Research	1,798,140	0.62%
Total GU Funds	\$ 289,346,111	100.00%

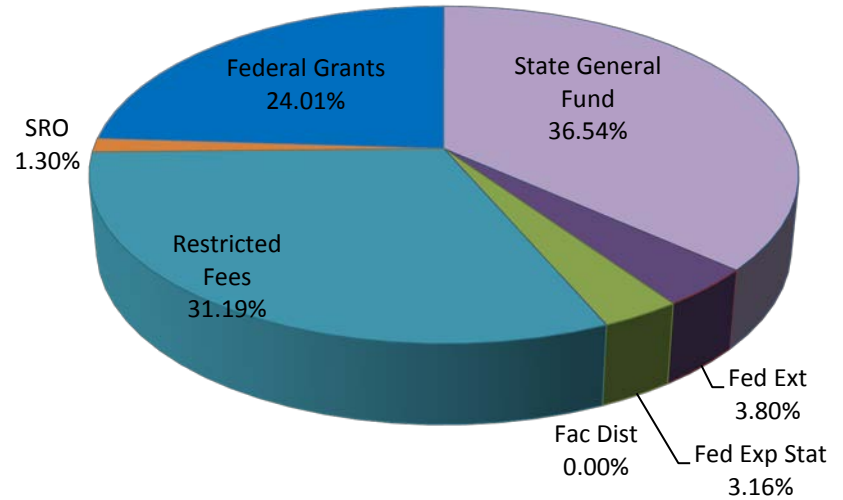
<u>Organizational Unit</u>	<u>Amount</u>	<u>Percent</u>
President	\$ 13,866,115	2.57%
Sr Vice President/ Provost	313,738,414	58.15%
Vice President of Administration & Finance	73,128,980	13.55%
Vice President for Student Life	124,384,056	23.05%
Vice President of Research	14,475,920	2.68%
Total All Funds	\$ 539,593,485	100.00%

**Kansas State University - ESARP
FY 2013 Actual Expenses
Total by Funding Source**

General Use Funds



All Funds

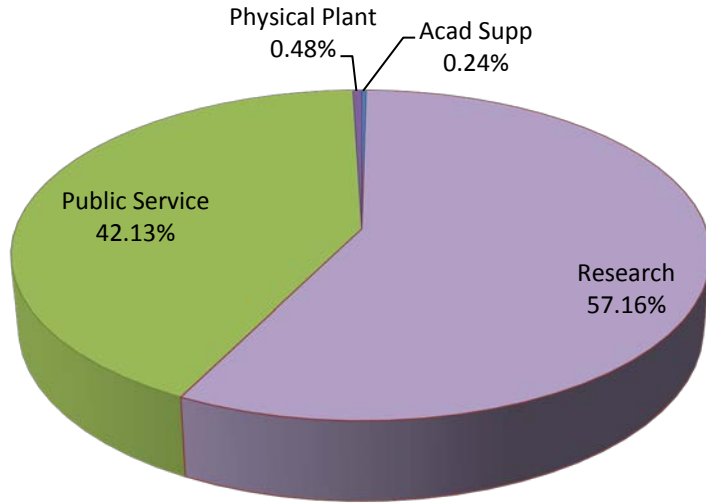


<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Cooperative Ext Service)	\$ 18,539,171	32.11%
State General Fund (Ag Experiment Station)	29,660,257	51.37%
EDIF	299,096	0.52%
Federal Extension Fund	5,043,912	8.74%
Federal Experimental Station Fund	4,189,206	7.26%
Total GU Funds	\$ 57,731,642	100.00%

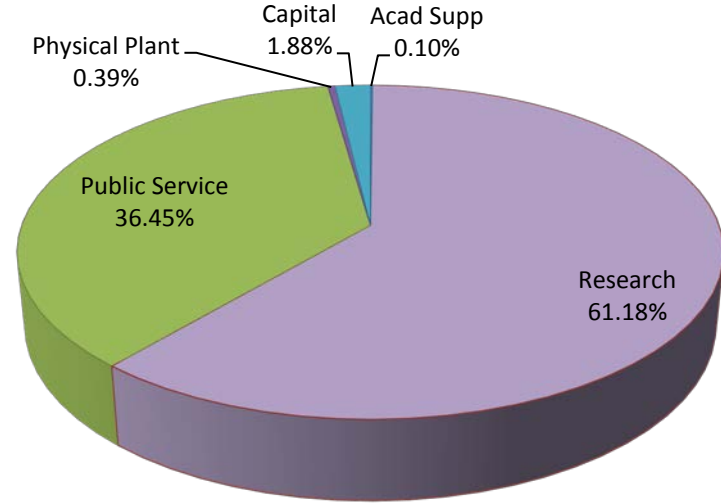
<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund	\$ 48,498,524	36.54%
Federal Extension Fund	5,043,912	3.80%
Federal Experimental Station Fund	4,189,206	3.16%
Faculty of Distinction	1,116	0.00%
Restricted Fees Fund	41,394,572	31.19%
Sponsored Research Overhead Fund	1,730,106	1.30%
Federal Grant Funds	31,874,701	24.01%
Total All Funds	\$ 132,732,137	100.00%

**Kansas State University - ESARP
FY 2013 Actual Expenses
Total by Budget Program**

General Use Funds



All Funds

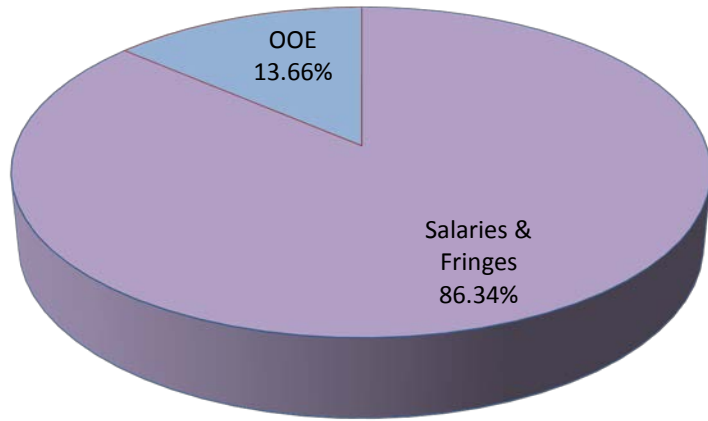


<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Academic Support	\$ 136,902	0.24%
Research	32,998,602	57.15%
Public Service	24,320,985	42.13%
Physical Plant	275,153	0.48%
Total GU Funds	\$ 57,731,642	100.00%

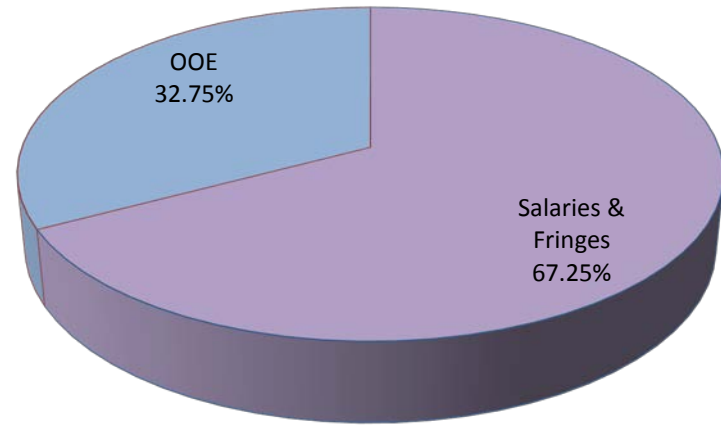
<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Academic Support	\$ 136,902	0.10%
Research	81,203,270	61.18%
Public Service	48,381,266	36.45%
Physical Plant	521,223	0.39%
Capital	2,489,476	1.88%
Total All Funds	\$ 132,732,137	100.00%

**Kansas State University - ESARP
FY 2013 Actual Expenses
Total by Expenditure Classification**

General Use Funds



All Funds

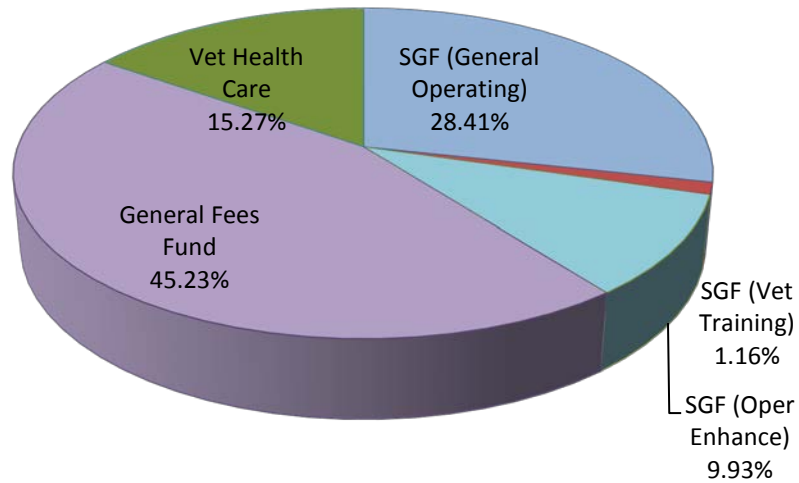


<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 49,846,516	86.34%
Other Operating Expenditures	7,885,126	13.66%
Total GU Funds	\$ 57,731,642	100.00%

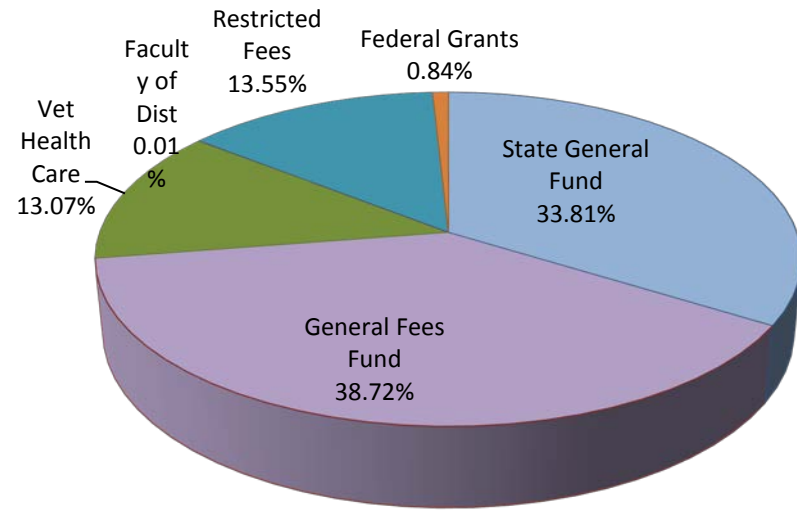
<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 89,267,219	67.25%
Other Operating Expenditures	43,464,918	32.75%
Total All Funds	\$ 132,732,137	100.00%

**Kansas State University - Veterinary Medicine
FY 2013 Actual Expenses
Total by Funding Source**

General Use Funds



All Funds

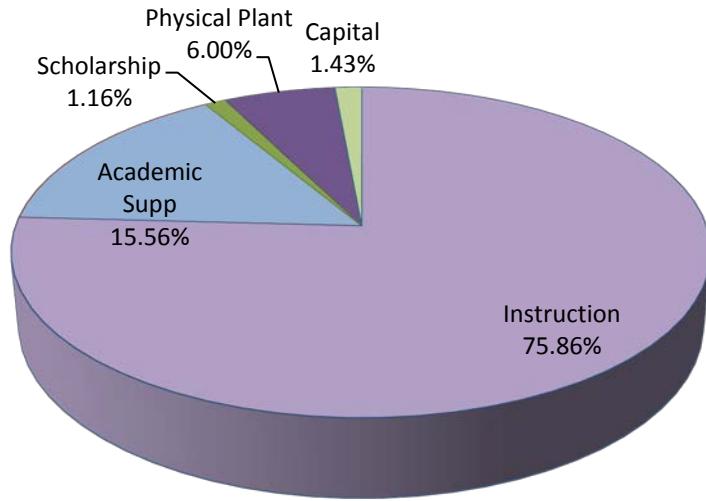


Funding Source	Amount	Percent
State General Fund (General Operating)	\$ 9,839,085	28.41%
SGF (Vet Training Program for Rural KS)	400,000	1.16%
SGF (Vet Med Operating Enhancement)	3,437,481	9.93%
General Fees Fund	15,663,597	45.23%
Veterinary Health Care Center	5,287,794	15.27%
Total GU Funds	\$ 34,627,957	100.00%

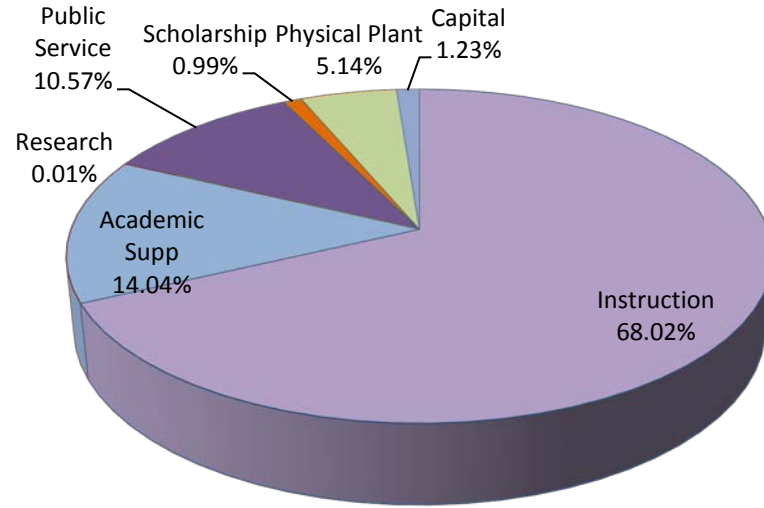
Funding Source	Amount	Percent
State General Fund	\$ 13,676,566	33.81%
General Fees Fund	15,663,597	38.72%
Veterinary Health Care Center	5,287,794	13.07%
Faculty of Distinction	3,854	0.01%
Restricted Fees Fund	5,483,456	13.55%
Federal Grant Fund	341,417	0.84%
Total All Funds	\$ 40,456,684	100.00%

**Kansas State University - Veterinary Medicine
FY 2013 Actual Expenses
Total by Budget Program**

General Use Funds



All Funds

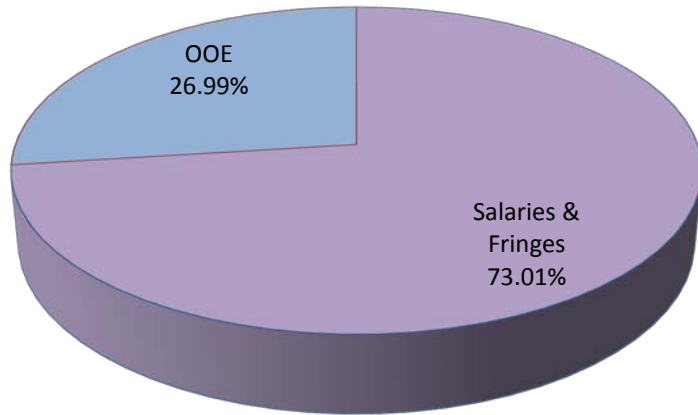


<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 26,268,433	75.85%
Academic Support	5,386,633	15.56%
Scholarships & Fellowships	400,000	1.16%
Physical Plant	2,076,511	6.00%
Capital	496,380	1.43%
Total GU Funds	\$ 34,627,957	100.00%

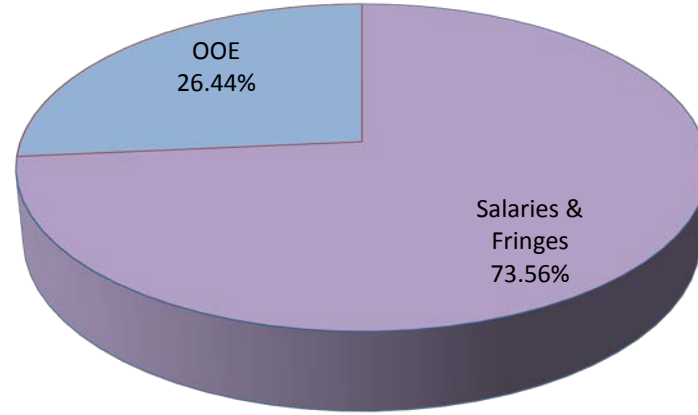
<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 27,517,748	68.02%
Academic Support	5,680,690	14.04%
Research	4,202	0.01%
Public Service	4,277,769	10.57%
Scholarships & Fellowships	400,000	0.99%
Physical Plant	2,079,895	5.14%
Capital	496,380	1.23%
Total All Funds	\$ 40,456,684	100.00%

**Kansas State University - Veterinary Medicine
FY 2013 Actual Expenses
Total by Expenditure Classification**

General Use Funds



All Funds

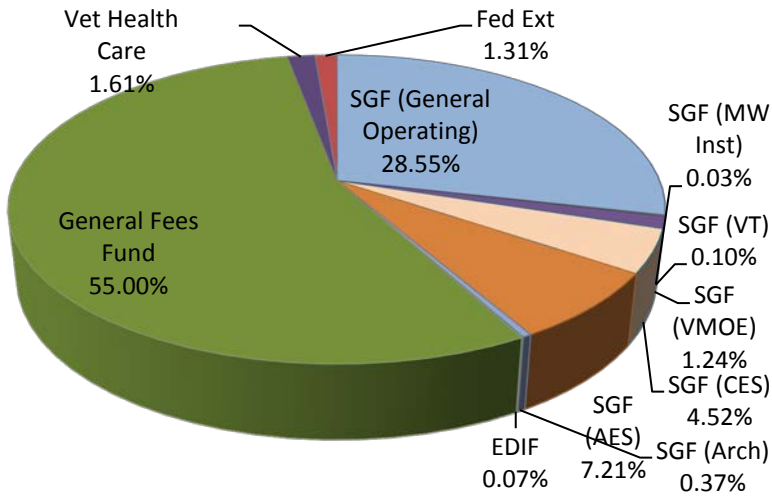


<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 25,280,766	73.01%
Other Operating Expenditures	9,347,191	26.99%
Total GU Funds	\$ 34,627,957	100.00%

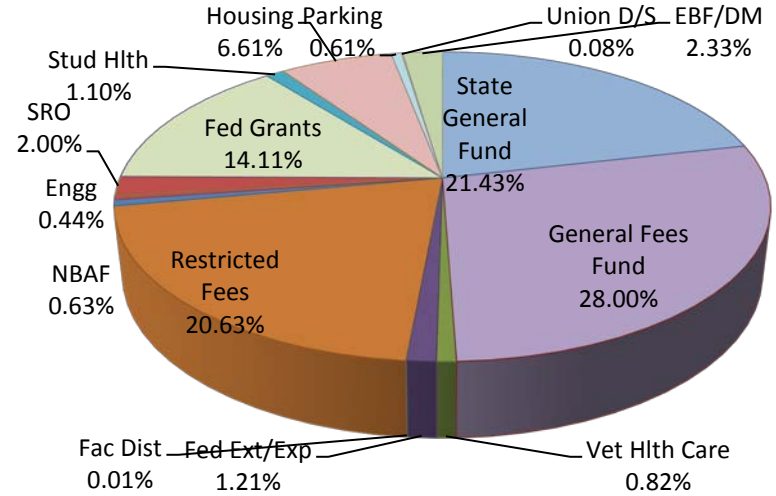
<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 29,759,526	73.56%
Other Operating Expenditures	10,697,158	26.44%
Total All Funds	\$ 40,456,684	100.00%

Kansas State University FY 2015 Budget Total by Funding Source

General Use Funds



All Funds

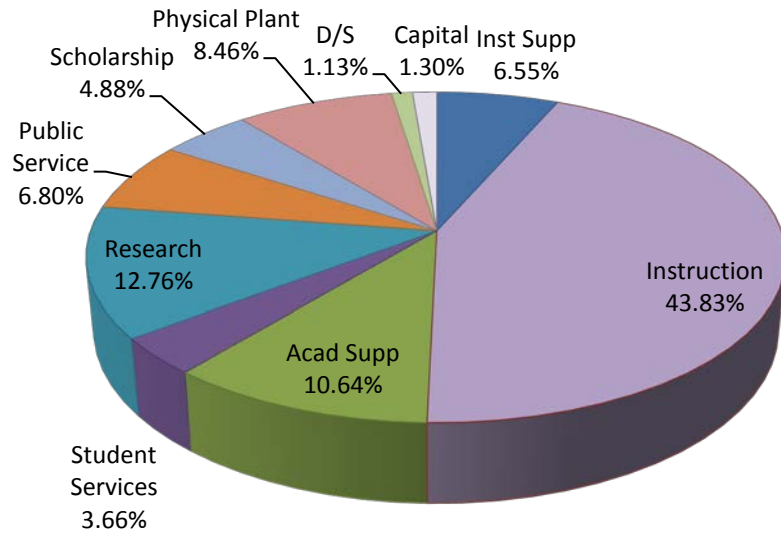


Funding Source	Amount	Percent
SGF (General Operating)	\$ 115,436,455	28.25%
SGF (Midwest Institute)	129,833	0.03%
SGF (Vet Training Program for Rural KS)	400,000	0.10%
SGF (Vet Med Operating Enhancement)	5,000,205	1.22%
SGF (Cooperative Ext Service)	18,259,250	4.47%
SGF (Ag Experiment Station)	29,160,318	7.14%
SGF (Architecture)	1,500,000	0.37%
EDIF	299,686	0.07%
General Fees Fund	222,386,342	54.41%
Veterinary Health Care Center	6,500,000	1.59%
Federal Extension Fund	5,300,000	1.30%
Federal Experimental Station Fund	4,285,000	1.05%
Total GU Funds	\$ 408,657,089	100.00%

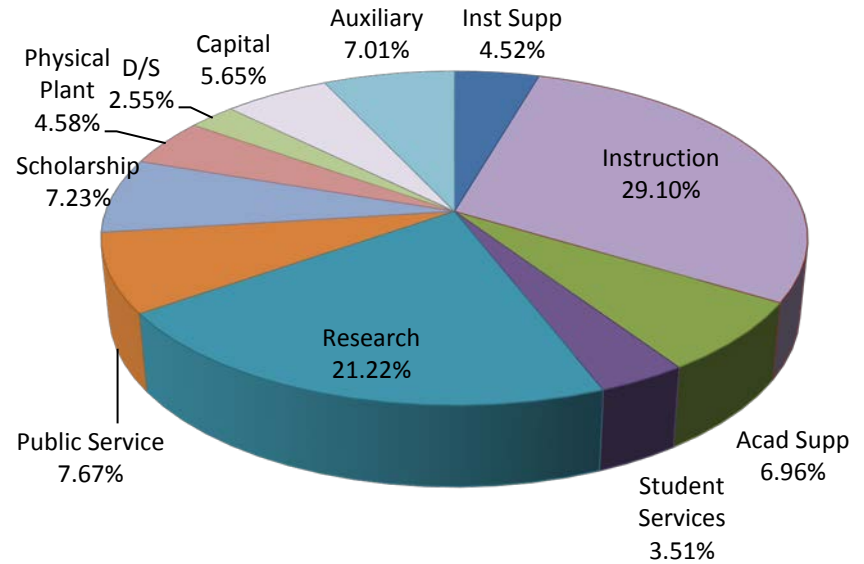
Funding Source	Amount	Percent
State General Fund	\$ 170,185,747	21.43%
General Fees Fund	222,386,342	27.99%
Veterinary Health Care Center	6,500,000	0.82%
Federal Extension/Federal Experiment Station	9,585,000	1.21%
Faculty of Distinction	88,531	0.01%
Restricted Fees Fund	163,845,087	20.63%
NBAF	5,000,000	0.63%
Kan-Grow Engineering Fund	3,500,000	0.44%
Sponsored Research Overhead Fund	15,862,931	2.00%
Federal Grant Funds	112,028,558	14.11%
Student Health Fees Fund	8,717,461	1.10%
Housing System Operations Fund - KDFA	52,490,547	6.61%
Parking Fees Fund	4,878,780	0.61%
KSU Student Union Debt Service	613,125	0.08%
EBF/ Deferred Maintenance	18,492,872	2.33%
Total All Funds	\$ 794,174,981	100.00%

Kansas State University FY 2015 Budget Total by Budget Program

General Use Funds



All Funds

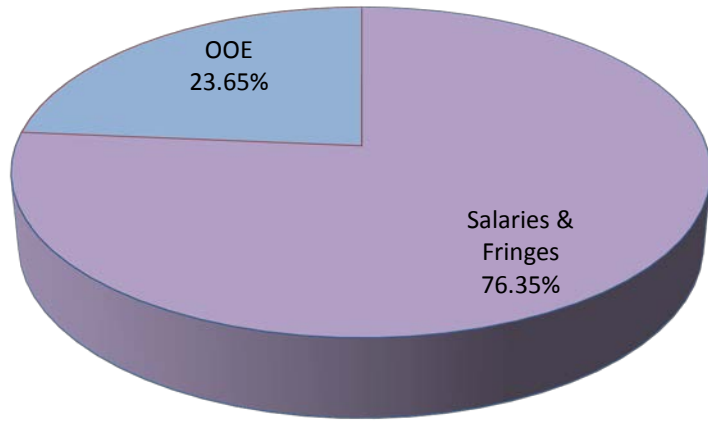


Budget Program	Amount	Percent
Institutional Support	\$ 26,768,419	6.55%
Instruction	179,103,698	43.82%
Academic Support	43,467,024	10.64%
Student Services	14,955,467	3.66%
Research	52,136,388	12.76%
Public Service	27,774,525	6.80%
Scholarships & Fellowships	19,956,029	4.88%
Physical Plant	34,581,913	8.46%
Debt Service	4,608,126	1.13%
Capital	5,305,500	1.30%
Total GU Funds	\$ 408,657,089	100.00%

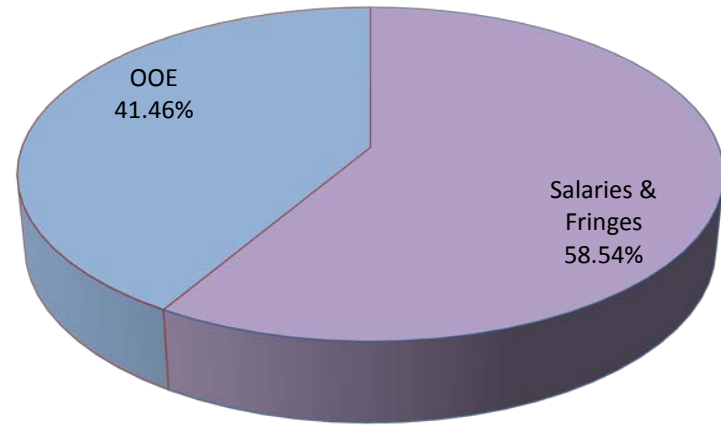
Budget Program	Amount	Percent
Institutional Support	\$ 35,897,118	4.52%
Instruction	231,119,469	29.10%
Academic Support	55,299,269	6.96%
Student Services	27,857,395	3.51%
Research	168,552,159	21.22%
Public Service	60,910,262	7.67%
Scholarships & Fellowships	57,385,041	7.23%
Physical Plant	36,390,625	4.58%
Debt Service	20,237,908	2.55%
Capital	44,843,372	5.65%
Auxiliary	55,682,363	7.01%
Total All Funds	\$ 794,174,981	100.00%

**Kansas State University
FY 2015 Budget
Total by Expenditure Classification**

General Use Funds



All Funds

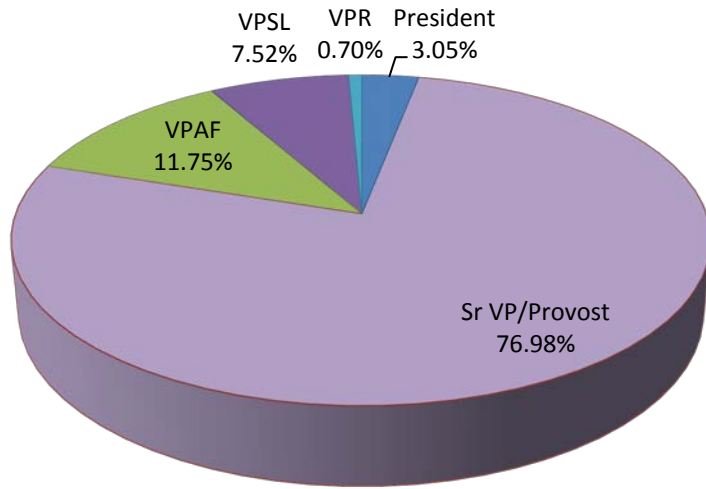


<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 312,009,556	76.35%
Other Operating Expenditures	96,647,533	23.65%
Total GU Funds	\$ 408,657,089	100.00%

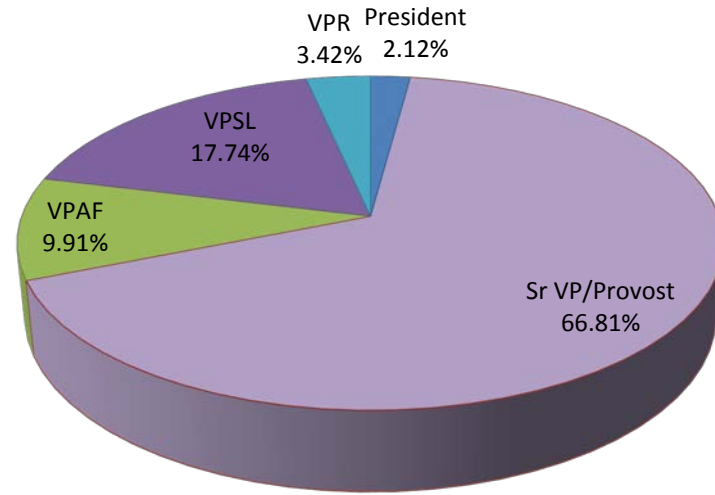
<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 464,929,556	58.54%
Other Operating Expenditures	329,245,425	41.46%
Total All Funds	\$ 794,174,981	100.00%

**Kansas State University
FY 2015 Budget
Total by Organizational Unit**

General Use Funds



All Funds

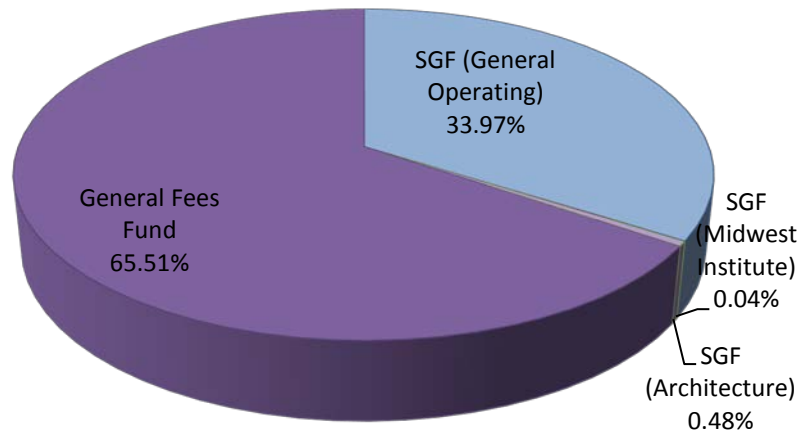


Organizational Unit	Amount	Percent
President	\$ 12,472,926	3.05%
Sr Vice President/ Provost	314,603,676	76.98%
Vice President of Administration & Finance	47,997,063	11.75%
Vice President for Student Life	30,713,938	7.52%
Vice President of Research	2,869,486	0.70%
Total GU Funds	\$ 408,657,089	100.00%

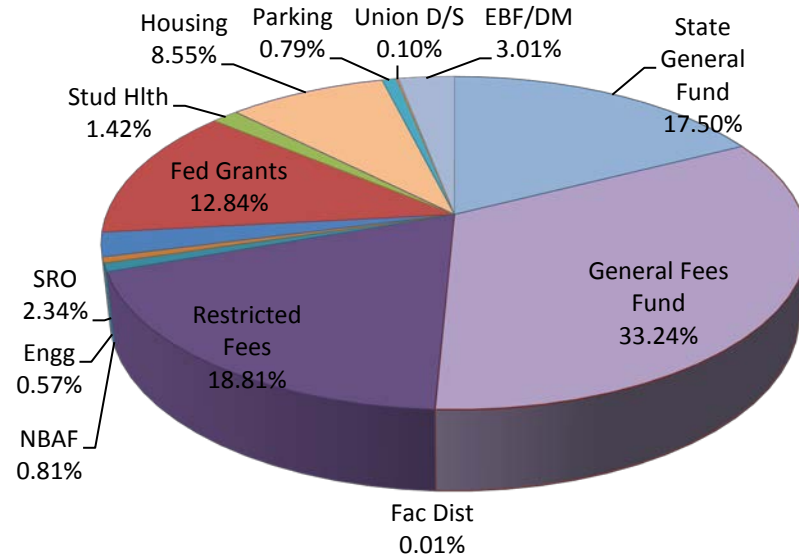
Organizational Unit	Amount	Percent
President	\$ 16,826,633	2.12%
Sr Vice President/ Provost	530,561,002	66.81%
Vice President of Administration & Finance	78,729,695	9.91%
Vice President for Student Life	140,860,536	17.74%
Vice President of Research	27,197,115	3.42%
Total All Funds	\$ 794,174,981	100.00%

**Kansas State University - Main Campus
FY 2015 Budget
Total by Funding Source**

General Use Funds



All Funds



Funding Source	Amount	Percent
SGF (General Operating)	\$ 105,827,917	33.97%
SGF (Midwest Institute)	129,833	0.04%
SGF (Architecture)	1,500,000	0.48%
General Fees Fund	204,118,641	65.51%

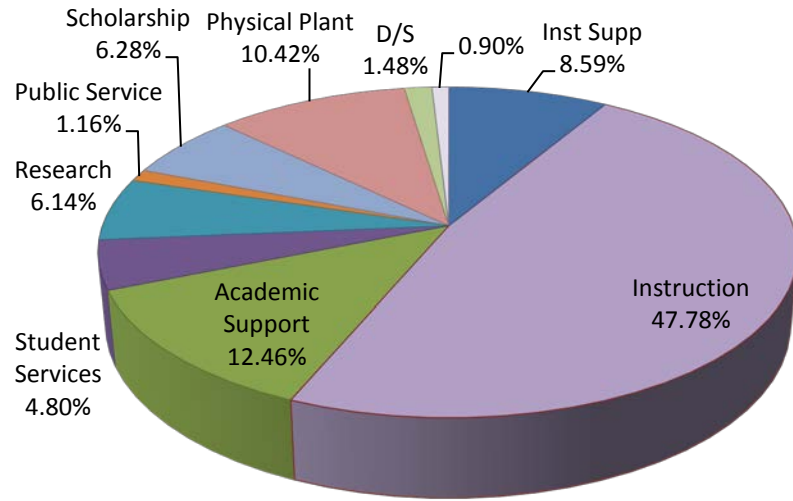
Total GU Funds \$ 311,576,391 100.00%

Funding Source	Amount	Percent
State General Fund	\$ 107,457,750	17.51%
General Fees Fund	204,118,641	33.24%
Faculty of Distinction	78,680	0.01%
Restricted Fees Fund	115,540,580	18.81%
NBAF	5,000,000	0.81%
Kan-Grow Engineering Fund	3,500,000	0.57%
Sponsored Research Overhead Fund	14,368,765	2.34%
Federal Grant Funds	78,850,910	12.84%
Student Health Fees Fund	8,717,461	1.42%
Housing System Operations Fund - K DFA	52,490,547	8.55%
Parking Fees Fund	4,878,780	0.79%
KSU Student Union Debt Service	613,125	0.10%
EBF/ Deferred Maintenance	18,492,872	3.01%

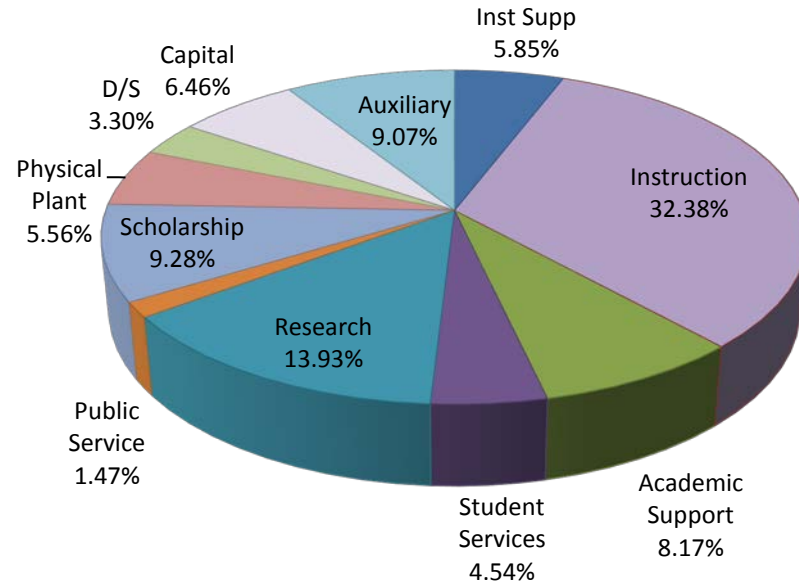
Total All Funds \$ 614,108,111 100.00%

**Kansas State University - Main Campus
FY 2015 Budget
Total by Budget Program**

General Use Funds



All Funds

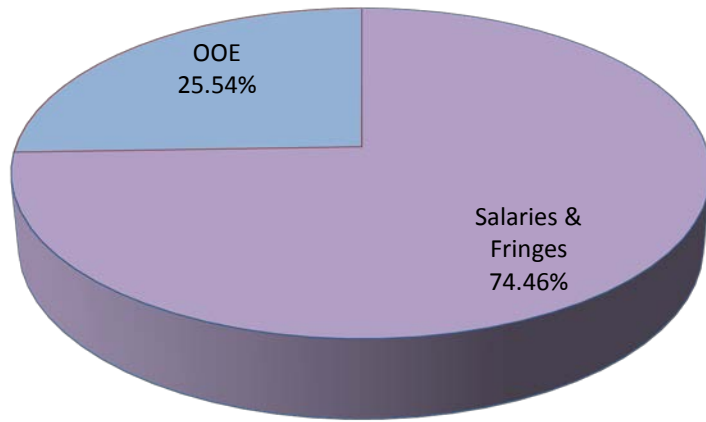


Budget Program	Amount	Percent
Institutional Support	\$ 26,768,419	8.59%
Instruction	148,861,518	47.77%
Academic Support	38,825,524	12.46%
Student Services	14,955,467	4.80%
Research	19,133,511	6.14%
Public Service	3,610,001	1.16%
Scholarships & Fellowships	19,556,029	6.28%
Physical Plant	32,457,796	10.42%
Debt Service	4,608,126	1.48%
Capital	2,800,000	0.90%
Total GU Funds	\$ 311,576,391	100.00%

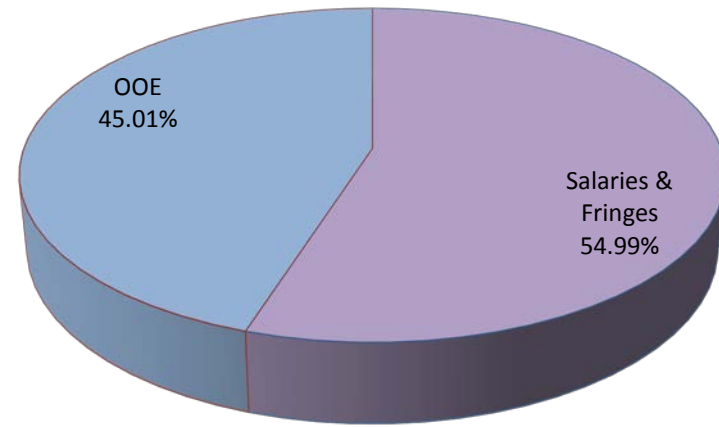
Budget Program	Amount	Percent
Institutional Support	\$ 35,897,118	5.85%
Instruction	198,818,902	32.37%
Academic Support	50,188,557	8.17%
Student Services	27,857,395	4.54%
Research	85,533,886	13.93%
Public Service	9,047,790	1.47%
Scholarships & Fellowships	56,985,041	9.28%
Physical Plant	34,171,279	5.56%
Debt Service	20,237,908	3.30%
Capital	39,687,872	6.46%
Auxiliary	55,682,363	9.07%
Total All Funds	\$ 614,108,111	100.00%

**Kansas State University - Main Campus
FY 2015 Budget
Total by Expenditure Classification**

General Use Funds



All Funds

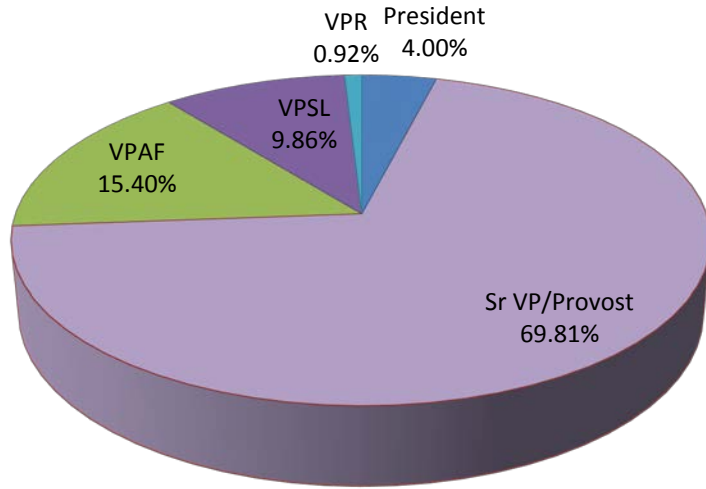


<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 232,006,848	74.46%
Other Operating Expenditures	79,569,543	25.54%
Total GU Funds	\$ 311,576,391	100.00%

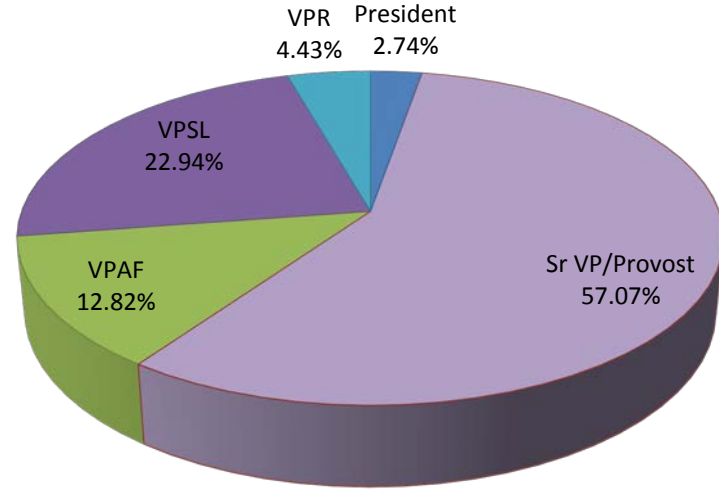
<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 337,686,856	54.99%
Other Operating Expenditures	276,421,255	45.01%
Total All Funds	\$ 614,108,111	100.00%

**Kansas State University - Main Campus
FY 2015 Budget
Total by Organizational Unit**

General Use Funds



All Funds

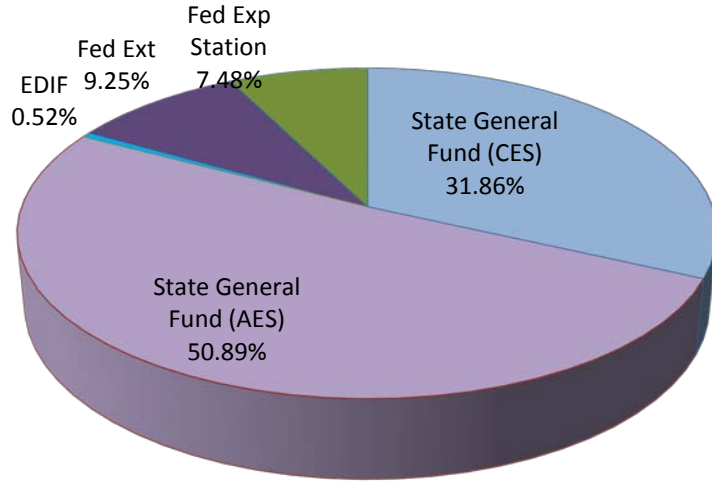


Organizational Unit	Amount	Percent
President	\$ 12,472,926	4.00%
Sr Vice President/ Provost	217,522,978	69.82%
Vice President of Administration & Finance	47,997,063	15.40%
Vice President for Student Life	30,713,938	9.86%
Vice President of Research	2,869,486	0.92%
Total GU Funds	\$ 311,576,391	100.00%

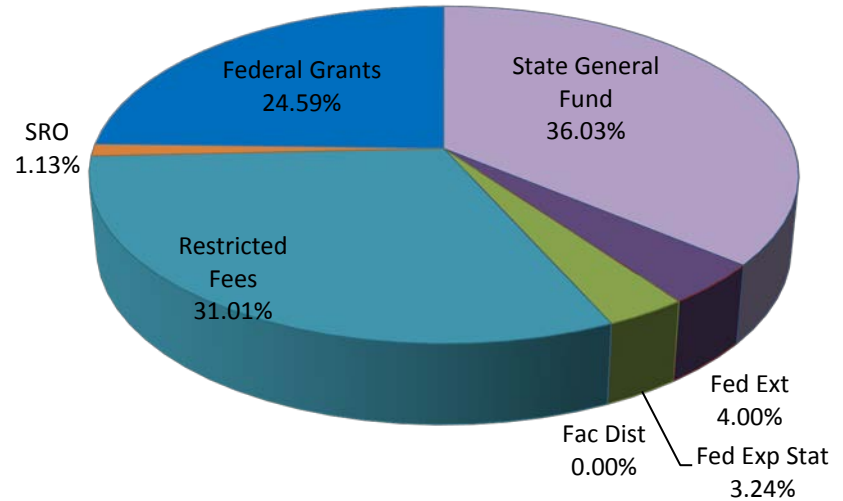
Organizational Unit	Amount	Percent
President	\$ 16,826,633	2.74%
Sr Vice President/ Provost	350,494,132	57.07%
Vice President of Administration & Finance	78,729,695	12.82%
Vice President for Student Life	140,860,536	22.94%
Vice President of Research	27,197,115	4.43%
Total All Funds	\$ 614,108,111	100.00%

**Kansas State University - ESARP
FY 2015 Budget
Total by Funding Source**

General Use Funds



All Funds

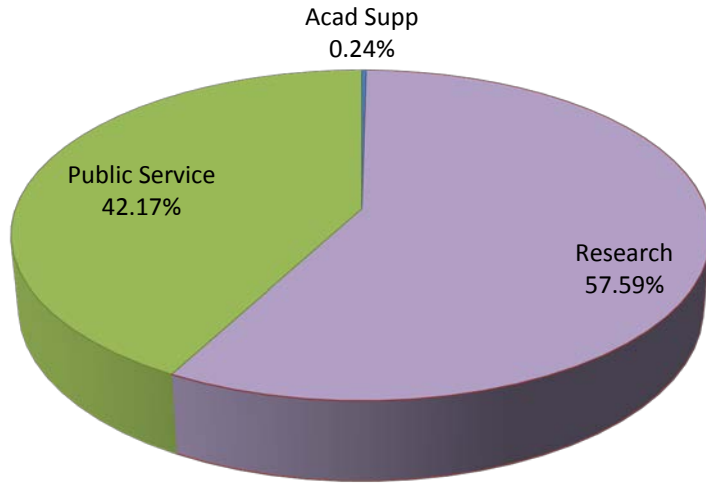


<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Cooperative Ext Service)	\$ 18,259,250	31.86%
State General Fund (Ag Experiment Station)	29,160,318	50.89%
EDIF	299,686	0.52%
Federal Extension Fund	5,300,000	9.25%
Federal Experimental Station Fund	4,285,000	7.48%
Total GU Funds	\$ 57,304,254	100.00%

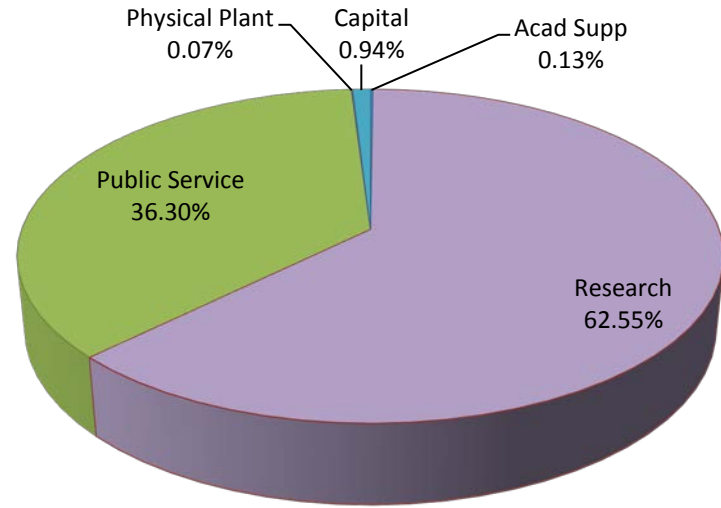
<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund	\$ 47,719,254	36.03%
Federal Extension Fund	5,300,000	4.00%
Federal Experimental Station Fund	4,285,000	3.24%
Faculty of Distinction	1,890	0.00%
Restricted Fees Fund	41,071,327	31.01%
Sponsored Research Overhead Fund	1,494,166	1.13%
Federal Grant Funds	32,561,906	24.59%
Total All Funds	\$ 132,433,543	100.00%

**Kansas State University - ESARP
FY 2015 Budget
Total by Budget Program**

General Use Funds



All Funds

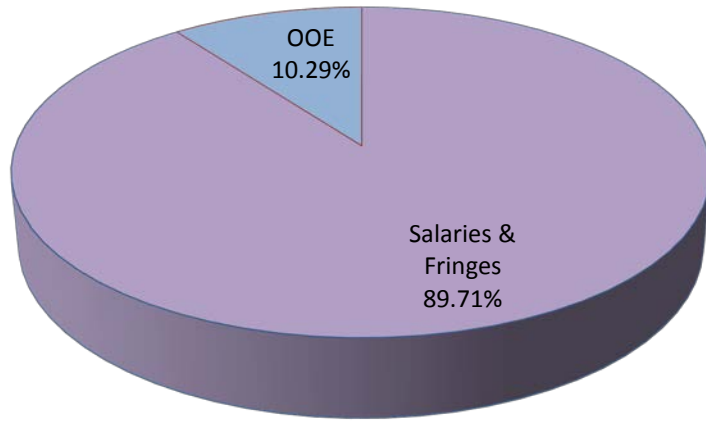


<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Academic Support	\$ 136,853	0.24%
Research	33,002,877	57.59%
Public Service	24,164,524	42.17%
Total GU Funds	\$ 57,304,254	100.00%

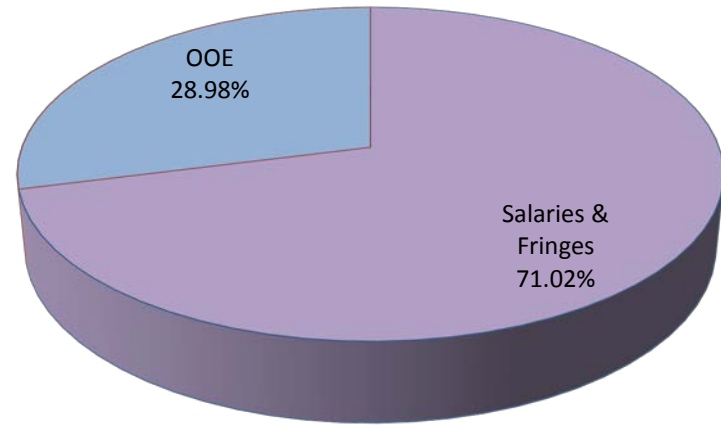
<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Academic Support	\$ 169,804	0.13%
Research	82,843,202	62.56%
Public Service	48,075,308	36.30%
Physical Plant	95,229	0.07%
Capital	1,250,000	0.94%
Total All Funds	\$ 132,433,543	100.00%

**Kansas State University - ESARP
FY 2015 Budget
Total by Expenditure Classification**

General Use Funds



All Funds

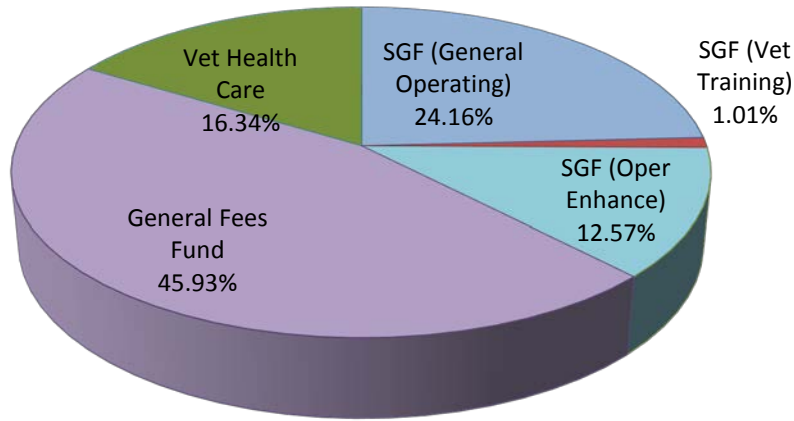


Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 51,407,815	89.71%
Other Operating Expenditures	5,896,439	10.29%
Total GU Funds	\$ 57,304,254	100.00%

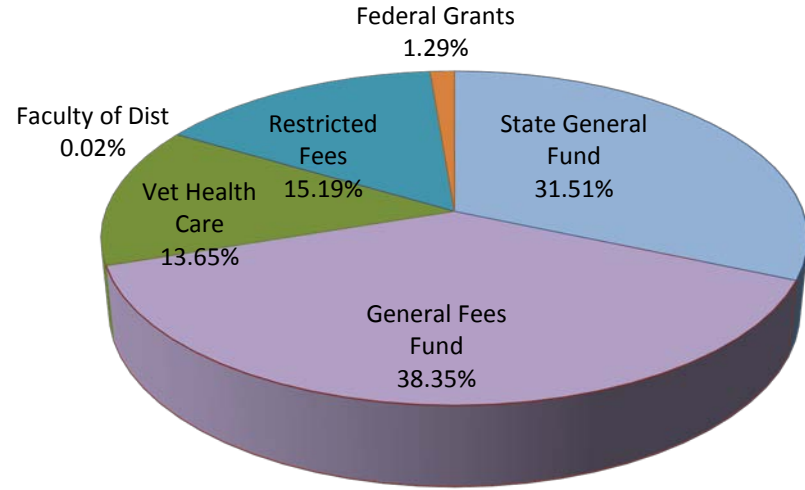
Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 94,055,427	71.02%
Other Operating Expenditures	38,378,116	28.98%
Total All Funds	\$ 132,433,543	100.00%

**Kansas State University - Veterinary Medicine
FY 2015 Budget
Total by Funding Source**

General Use Funds



All Funds

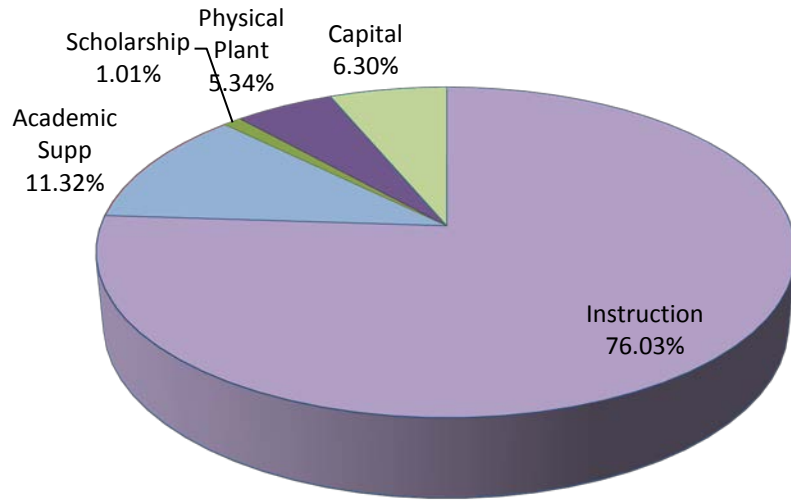


<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (General Operating)	\$ 9,608,538	24.16%
SGF (Vet Training Program for Rural KS)	400,000	1.01%
SGF (Vet Med Operating Enhancement)	5,000,205	12.57%
General Fees Fund	18,267,701	45.92%
Veterinary Health Care Center	6,500,000	16.34%
Total GU Funds	\$ 39,776,444	100.00%

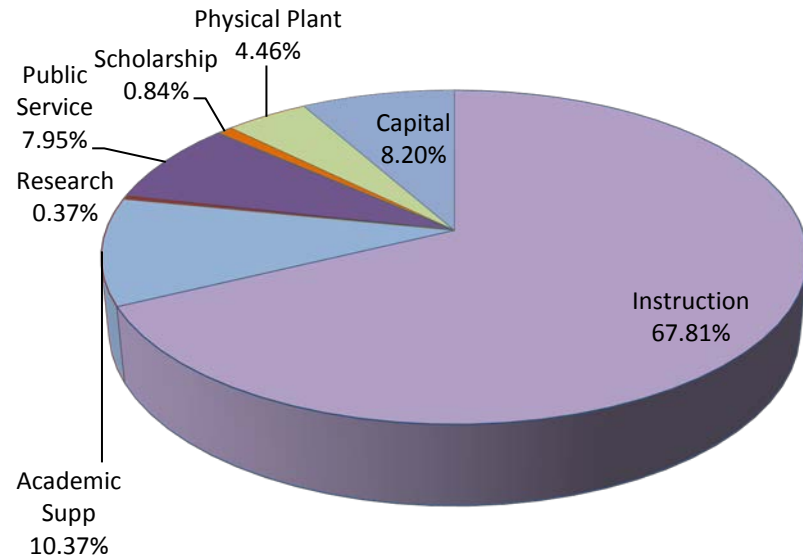
<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund	\$ 15,008,743	31.51%
General Fees Fund	18,267,701	38.34%
Veterinary Health Care Center	6,500,000	13.65%
Faculty of Distinction	7,961	0.02%
Restricted Fees Fund	7,233,180	15.19%
Federal Grant Fund	615,742	1.29%
Total All Funds	\$ 47,633,327	100.00%

**Kansas State University - Veterinary Medicine
FY 2015 Budget
Total by Budget Program**

General Use Funds



All Funds

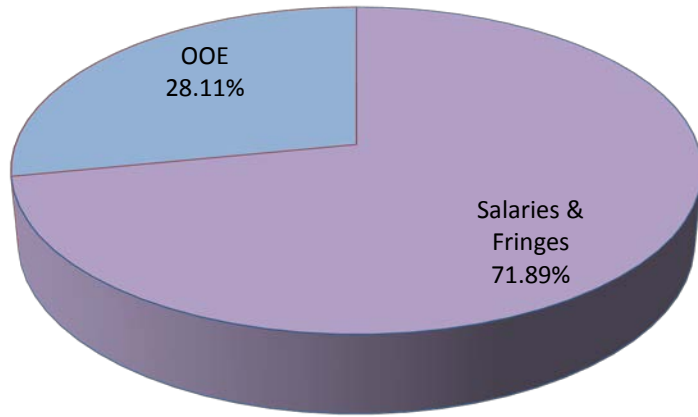


Budget Program	Amount	Percent
Instruction	\$ 30,242,180	76.03%
Academic Support	4,504,647	11.32%
Scholarships & Fellowships	400,000	1.01%
Physical Plant	2,124,117	5.34%
Capital	2,505,500	6.30%
Total GU Funds	\$ 39,776,444	100.00%

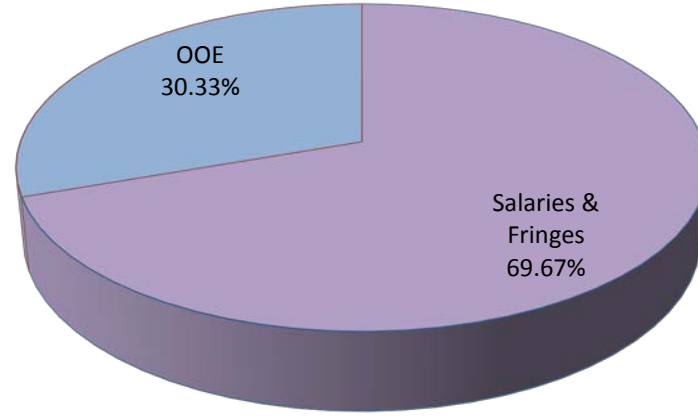
Budget Program	Amount	Percent
Instruction	\$ 32,300,567	67.81%
Academic Support	4,940,908	10.37%
Research	175,071	0.37%
Public Service	3,787,164	7.95%
Scholarships & Fellowships	400,000	0.84%
Physical Plant	2,124,117	4.46%
Capital	3,905,500	8.20%
Total All Funds	\$ 47,633,327	100.00%

**Kansas State University - Veterinary Medicine
FY 2015 Budget
Total by Expenditure Classification**

General Use Funds



All Funds



<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 28,594,893	71.89%
Other Operating Expenditures	11,181,551	28.11%
Total GU Funds	\$ 39,776,444	100.00%

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 33,187,273	69.67%
Other Operating Expenditures	14,446,054	30.33%
Total All Funds	\$ 47,633,327	100.00%

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
(assuming stable state funding)

Kansas State University

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use ⁵⁾	General Use	Restricted Use ⁵⁾	General Use	Restricted Use ⁵⁾
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$170,185,747		\$170,185,747		\$170,185,747	
FY 2015 General Fees Estimate (Tuition) ²⁾	222,286,342		232,590,342		243,406,342	
Restricted Use ³⁾		\$338,470,000		\$348,624,100		\$359,082,823
Total Estimated Revenue	\$392,472,089	\$338,470,000	\$402,776,089	\$348,624,100	\$413,592,089	\$359,082,823

Anticipated Expenditure Increases

2% Salary Increase	\$10,077,381		\$5,463,005		\$5,601,745	
Servicing of New Buildings	\$0		\$0		\$0	
Group Health Insurance	\$0		\$0		\$537,550	
KPERS and Other Fringe Benefit Rate Increases	\$85,711		\$1,315,314		\$548,750	
Faculty Promotion/Tenure	\$2,589,388		\$2,360,500		\$1,871,750	
Utilities Rate Increase (Natural Gas)	\$1,000,000		\$1,000,000		\$500,000	
Institutional Scholarships	\$1,328,000		\$1,168,000		\$1,648,000	
New Faculty and Unclassified Professional Positions	\$1,696,365		\$1,900,000		\$1,000,000	
Student Centered Tuition Enh/Building Enh	\$1,336,600		\$1,500,000		\$0	
Subtotal Anticipated Expenditure Increases	\$18,113,445		\$14,706,819		\$11,707,795	
All Other Expenditures	\$367,858,644	\$338,470,000	\$388,069,270	\$348,624,100	\$401,884,294	\$359,082,823
Subtotal Expenditures	\$385,972,089	\$338,470,000	\$402,776,089	\$348,624,100	\$413,592,089	\$359,082,823

Proposed Institution-Specific State General Fund Operating Enhancements

Global Food Systems (realigned from Commerce)	\$5,000,000		\$0		\$0	
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Proposed Institution-Specific State General Fund Capital Improvement Enhancements

1. College of Architecture Planning & Design	\$1,500,000		\$5,000,000		\$0	
2. Geosciences Support in the College of Arts and Sciences	\$0		\$0		\$5,000,000	
3. Food Systems Research and Education Facility	\$0		\$0		\$5,000,000	
Total Proposed Institution SGF Capital Improvement Enh	\$1,500,000		\$5,000,000		\$10,000,000	

Total Expenditures **\$392,472,089**

"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$1,701,857		\$1,701,857		\$1,701,857	
1% Tuition Increase ⁴⁾	\$2,032,600		\$2,128,000		\$2,232,000	
1% Salary Increase - All Funds	\$4,051,300		\$4,304,300		\$4,720,000	

Notes:

- 1) State General Fund appropriations
- 2) FY 2015 Tuition Proposal, Appendix B-2
- 3) FY 2015 Budget Request Document (DA402 form), less capital improvements
- 4) FY 2015 Tuition Proposal, Appendix B-4, estimated revenue generated from a 1% tuition rate increase
- 5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
(assuming stable state funding)

Kansas State University - Main Campus & ESARP

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use 5)	General Use	Restricted Use 5)	General Use	Restricted Use 5)
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$155,177,004		\$155,177,004		\$155,177,004	
FY 2015 General Fees Estimate (Tuition) ²⁾	204,018,641		213,818,641		224,118,641	
Restricted Use ³⁾		\$332,900,000		\$342,887,000		\$353,173,610
Total Estimated Revenue	\$359,195,645	\$332,900,000	\$368,995,645	\$342,887,000	\$379,295,645	\$353,173,610

Anticipated Expenditure Increases

2% Salary Increase	\$9,077,712		\$4,922,535		\$5,043,015	
Servicing of New Buildings	-		-		-	
Group Health Insurance	-		-		491,500	
KPERS and Other Fringe Benefit Rate Increases	63,000		1,185,000		486,400	
Faculty Promotion/Tenure (\$400k backfill in 15,16)	2,425,000		2,190,500		1,701,750	
Utilities Rate Increase (Natural Gas)	1,000,000		1,000,000		500,000	
Institutional Scholarships	1,328,000		1,168,000		1,648,000	
New Faculty and Unclassified Professional Positions	1,696,365		1,900,000		1,000,000	
Student Centered Tuition Enh/Building Enh	1,336,600		1,500,000		0	
Subtotal Anticipated Expenditure Increases	\$16,926,677		\$13,866,035		\$10,870,665	
All Other Expenditures	\$335,768,968	\$332,900,000	\$355,129,610	\$342,887,000	\$368,424,980	\$353,173,610
Subtotal Expenditures	\$352,695,645	\$332,900,000	\$368,995,645	\$342,887,000	\$379,295,645	\$353,173,610

Proposed Institution-Specific State General Fund Operating Enhancements

Global Food Systems (realigned from Commerce)	\$5,000,000		\$0		\$0	
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Proposed Institution-Specific State General Fund Capital Improvement Enhancements

College of Architecture Planning & Design	\$1,500,000		\$5,000,000		\$0	
Geosciences Support in the College of Arts and Sciences	0		0		5,000,000	
Food Systems Research and Education Facility					5,000,000	
Total Proposed Institution SGF Capital Improvement Enh	\$1,500,000		\$5,000,000		\$10,000,000	

Total Expenditures **\$359,195,645**

"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$1,551,770		\$1,551,770		\$1,551,770	
1% Tuition Increase ⁴⁾	\$1,869,800		\$1,960,000		\$2,060,000	
1% Salary Increase - All Funds	\$3,770,000		\$3,996,000		\$4,397,000	

Notes:

- 1) State General Fund appropriations
- 2) FY 2015 Tuition Proposal, Appendix B-2; Projected Tuition rate increase of 5% in FY 2016 and FY 2017
- 3) FY 2015 Budget Request Document (DA402 form), less capital improvements
- 4) FY 2015 Tuition Proposal, Appendix B-4, estimated revenue generated from a 1% tuition rate increase
- 5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
(assuming stable state funding)

Kansas State University - VMC

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use 5)	General Use	Restricted Use 5)	General Use	Restricted Use 5)
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$15,008,743		\$15,008,743		\$15,008,743	
FY 2015 General Fees Estimate (Tuition) ²⁾	18,267,701		18,771,701		19,287,701	
Restricted Use ³⁾		\$5,570,000		\$5,737,100		\$5,909,213
Total Estimated Revenue	\$33,276,444	\$5,570,000	\$33,780,444	\$5,737,100	\$34,296,444	\$5,909,213

Anticipated Expenditure Increases

2% Salary Increase	\$999,669		\$540,470		\$558,730	
Servicing of New Buildings	-		-		-	
Group Health Insurance	-		-		46,050	
KPERS and Other Fringe Benefit Rate Increases	22,711		130,314		62,350	
Faculty Promotion/Tenure	164,388		170,000		170,000	
Utilities Rate Increase (Natural Gas)	-		-		-	
Additional item	-		-		-	
Additional item	-		\$0		-	
Additional item	-		-		-	
Subtotal Anticipated Expenditure Increases	\$1,186,768		\$840,784		\$837,130	
All Other Expenditures	\$32,089,676	\$5,570,000	\$32,939,660	\$5,737,100	\$33,459,314	\$5,909,213
Subtotal Expenditures	\$33,276,444	\$5,570,000	\$33,780,444	\$5,737,100	\$34,296,444	\$5,909,213

Proposed Institution-Specific State General Fund Operating Enhancements

Proposal #1	\$0		\$0		\$0	
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Proposed Institution-Specific State General Fund Capital Improvement Enhancements

Proposal	\$0		\$0		\$0	
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Total Expenditures **\$33,276,444**

"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$150,087		\$150,087		\$150,087	
1% Tuition Increase ⁴⁾	\$162,800		\$168,000		\$172,000	
1% Salary Increase - All Funds	\$281,300		\$308,300		\$323,000	

Notes:

- 1) State General Fund appropriations
- 2) FY 2015 Tuition Proposal, Appendix B-2; Projected 3% tuition rate increase in FY 2016 and FY 2017
- 3) FY 2015 Budget Request Document (DA402 form), less capital improvements
- 4) FY 2015 Tuition Proposal, Appendix B-4, estimated revenue generated from a 1% tuition rate increase
- 5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

Description of how the proposed planning budget is tied to Foresight 2020 and K-State 2025.

The vast majority of new investments in the FY 2015, 2016 and 2017 budgets are going to support faculty and staff salaries, including funds for a 2 percent merit pool for faculty and professional staff and across-the-board 2 percent increase for University Support Staff. The Legislature has not funded a base salary increase for state employees since FY 2009 effective July 1, 2008. The university has provided across-the-board, mid-year increases in FY 2012 and FY 2013 to faculty and professional staff funded from enrollment growth. A 2 percent merit pool mid-year of FY 2014 was provided for faculty and professional staff with the base funded in FY 2015.

Additionally, we are investing to fund targeted faculty salary enhancements, faculty promotions and to backfill faculty promotion increments. We also are planning to invest over the next two years nearly \$3 million in new faculty and staff positions to address shortage of faculty in programs that have experienced large enrollment growth over the past few years. Outstanding faculty and staff are key to progress on becoming a Top 50 public research university and meeting the goals outlined in each of our K-State 2025 themes specifically research, scholarly and creative activities, and discovery; undergraduate and graduate educational experience and faculty and staff. Recruiting and retaining high quality faculty and staff is instrumental to ensure state university excellence a strategic goal of Foresight 2020. Attracting and retaining nationally recognized researchers will assist in increasing K-State's research expenditures.

Maintaining affordable tuition and providing access to our Kansas students remains a constant challenge as the state funding remains constant or declines. Investments are made to provide additional scholarship funds to help K-State students who most need assistance. Maintaining or increasing our student enrollment is important for K-State to assist in the Foresight 2020 goal to increase the higher education attainment of adults in Kansas.

The university is making substantial investments to increase the educational and research space on campus by expanding and renovation the Engineering complex and building a new College of Business building. Most of the funds to support the new construction are coming from our alumni and supporters and also from the state of Kansas through the Engineering Initiative Act funds. The Engineering Initiative Act is a response to industry to increase the number of engineering graduates by 2021. K-State has committed \$15 million to the College of Business building where \$1.5 million is committed each year to be paid over ten years. K-State 2025 theme facilities and infrastructure identifies efficient, reliable and cost-effective central and building utilities to support our campus needs. We are planning to allocate \$1 million over two years to our utility budget to support the upgrades and expansion to our chill plant.

Description of the university resource planning processes.

President Schulz established the University Budget Advisory Committee (UBAC) this past fall that includes representation from each of our governance groups; student, faculty and professional staff and university support staff. The role of the UBAC is to evaluate proposals requesting university funding for new initiatives, including those from colleges and other units, evaluate tuition and fees recommendations from the Tuition Strategies Committee, develop alternate budgets or prioritized expenditures to respond to changing funding commitments by the state, review a rolling three-year budget for the university, evaluate budget reallocation plans from colleges and administrative units, and evaluate and make recommendations on the use of state funds for major capital projects. Over the summer working groups from the UBAC will be developing processes and procedures for colleges and unit to submit budget enhancement requests for the base operating budget and the capital improvement budget. The goal is to implement formal processes this fall that allow the campus to participate in the development of the operating and capital budgets.

Each fall the President and Provost meet with each college and administrative unit to provide updates on key campus issues that include the university budget. Faculty and staff have the opportunity to review the information and ask any questions. Communication is provided periodically through K-State Today to inform the campus of the Governor's and legislative action regarding the status of the university's state general funds during the legislative session.

Kansas State University
Kansas Board of Regents
FY 2016 and FY 2017 Budget Enhancement State General Fund Requests by Priority

1. Strengthen the College of Architecture, Planning, and Design - \$5 million

Kansas State University's number one priority is \$5 million from state general funds in FY 2016 to support the College of Architecture, Planning and Design renovation and expansion of Seaton Hall and to provide program support. This investment will be aimed at maintaining and bolstering APDesign's role as the nexus of state, regional and national design leadership through outreach and research informed by collaborative interdisciplinary activity. The Governor and the Legislature approved \$1 million in FY 2014 from the education building fund and then \$1.5 million in FY 2015 from state general funds to hire an architect to design the expansion and renovation of Seaton Hall. The Governor included in the Governor's Budget narrative support of \$5 million in FY 2016 to fund the project.

2. Geosciences Support in the College of Arts and Sciences – \$5 million

Kansas State University is requesting state funding of \$5 million to support the College of Arts and Sciences to construct a new facility, provision state-of-the-art training and research equipment, and provide much-needed resources for faculty, staff, and students to accommodate added recruitment, teaching, advising, research, and retention activities. These funds will be matched on an annual basis by \$2.5 million in private donations, \$1 million from increased tuition revenues to the university, and \$1.5 million in research expenditure growth. Geoscience knowledge, expertise, and jobs underpin major sectors of the Kansas economy. To keep pace with these growing demands and to better serve the needs of the state of Kansas, K-State proposes to expand its Department of Geology, more than doubling the number of undergraduate majors and graduate students over the next five years.

3. College of Agriculture/Research and Extension New Facility Request - \$5 million

Kansas State University is requesting state funding of \$5 million for the College of Agriculture and K-State Research and Extension to plan and build a new Food Systems Research and Education Facility. This state-of-the-art building would house diverse programs related to agricultural and food systems. It would include cutting-edge research laboratories, modern greenhouses, specialized teaching laboratories, extension and distance education space, and classrooms. Researchers and educators at K-State are internationally recognized in food and agriculture. Last year, the U.S. Agency for International Development selected K-State for three international centers to focus on postharvest loss, sorghum and millet, and wheat. The National Science Foundation also funded its first ever center for wheat genetics resources at K-State. During the past 10 years, the number of students in the college has increased by more than 1,000, reaching a total of 3,246 in fall 2013. In addition, almost 100% of College of Agriculture graduates find excellent jobs, most of them in Kansas. USDA expects the demand for these graduates will continue to grow.

Kansas State University
College of Architecture, Planning & Design Enhancement Request Overview

Progress to Date

- \$1 million appropriated from Educational Building Fund in FY 2014 to begin design
- \$1.5 million appropriated in SGF in FY 2015 to support design costs
- Governor included support of \$5 million for FY 2016 in the Governor's Budget Report
- \$11 million raised in private funds with 20 new scholarships, faculty enhancement of \$750k, and \$6 million to support revitalization of Seaton Hall

Request: \$5,000,000 in recurring base funding to the College of Architecture, Planning & Design.

- This investment will be aimed at maintaining and bolstering APDesign's role as the nexus of state, regional and national design leadership through outreach and research informed by collaborative interdisciplinary activity.
- These funds will be matched on an annual basis by funds generated by APDesign.

Proven Excellence

- K-State's College of Architecture, Planning & Design (APDesign)'s design programs are ranked in the top 10 nationally and are in the bottom 20 percent for price.
- We offer accredited, five-year, non-baccalaureate Master's degrees and competitive admission.
- We lead Kansas State University in retention rate and six-year graduation rate.
- Our students are diverse: we have a nearly 50/50 male/female ratio, 57 percent of students are from out of state and nearly 20 percent self-identify as non-white.
- A large percentage of our alumni stay in Kansas and the region.
- Each architect hired to design a project will lead to nearly 30 additional jobs in fields like engineering or construction.

Opportunities and Constraints

- Not enough students in the design fields to meet current and future demand.
- APDesign lacks the proper facilities and programmatic support to meet these demands or to compete against other schools, regionally and nationally, for the best and brightest students.
- The technological capacities of APDesign have not kept pace with changes in the industry
- APDesign seeks to increase its research expenditures and service/learning outreach activities in contributing to the aspirations of K-State 2025.

Solution – Increases/upgrades in:

- Scholarships/fellowships
- Endowed chairs/professorships
- Sponsored programmatic enhancements
- Facilities improvement
- Technology advancement

Building on Success

- Increased interdisciplinary learning and research by increasing our potential to deliver knowledge
- Increased Service/Learning outreach opportunities for students and faculty
- Expand national leadership in sustainability practices
- Boost Kansas's workforce/economy, particularly in construction-related industries through increased APDesign graduates

Kansas State University
College of Arts and Sciences, Department of Geology
Budget Enhancement Request

The Challenge

Society is facing the “perfect storm”¹. Population growth, and the associated demands for food, fuel, and clean water—combined with climate and environmental change—are placing increasing pressures on Earth and its precious natural resources. Addressing these challenges requires an unprecedented intensity and scale of interdisciplinary scientific observation and new knowledge to guide intervention. The geosciences are essential to that endeavor. Yet, the U.S. is experiencing a demonstrable shortage of geoscience talent, and job vacancies over the next ten years are projected to grow faster than the average for nearly all other occupations². KSU Geology can help to fill this skills gap to benefit Kansas. Furthermore, with its strengths in Science, Technology, Engineering, and Mathematics (STEM) disciplines, KSU is uniquely positioned with its talent base to undertake the interdisciplinary teaching and learning required to provide the trained workforce that is poised to address these global challenges head on.

However, KSU Geology lags behind peer institutions in terms of access to modern facilities and equipment for teaching and research. Our current facility, Thompson Hall, was not designed to support modern teaching, research, and development activities³. Its location on the southern margin of campus, physically distant from the other STEM disciplines, is a significant barrier to collaborative teaching and research and diminishes the educational experiences of our students. The consequences are significant. With insufficient state-of-the-art classrooms, offices, laboratories, and equipment for research and training, we have become increasingly uncompetitive in our ability to recruit the brightest and best students and faculty, our students become less competitive in the job market, and our faculty are hindered in their ability to obtain external funding through extramural grants and awards. **A state-of-the-art, multidisciplinary facility located at the heart of campus, with flexible space for instruction of interrelated STEM fields, is needed urgently.**

Why it matters to Kansas

Geoscience knowledge, expertise, and jobs underpin major sectors of the Kansas economy. For example, the natural resources and mining industry make up *ca.* 5% of the nominal GDP of Kansas. The Kansas oil and gas sector alone is a \$4.3 billion industry employing over 9,100 Kansans and over 17,000 in “downstream” sectors. It is comparable to the aviation industry in its significance to the Kansas economy (\$7.1 billion⁴) and ranks just below agriculture as the most significant Kansas industry in terms of gross state product⁵. Over the next five years, jobs in the Kansas unconventional oil and gas industry are projected to double to over 25,000, and the value-added contribution to the Kansas economy is estimated to grow to nearly \$6 billion by 2035⁶. There are also a host of complementary benefits that accrue for the citizens of Kansas in the form of lower energy bills and lower costs for the more than 6000 other goods and services⁷ produced from or dependent upon petroleum⁸.

Similarly, geoscience expertise is required for creative solutions to our looming water shortage, the urgency of which is already widely recognized. Governor Sam Brownback has been quoted as saying, “Water and the Kansas economy are directly linked”⁹. Indeed, the well being of society depends on access to clean water. However, solving these problems is difficult because they cross multiple boundaries: agricultural, natural, and social sciences as well as boundaries in governance structures. The geosciences are critical to developing sustainable solutions through better understanding and prediction of the movement of water on the surface and in the aquifers and generation of knowledge of the processes that affect water quality, quantity, and condition.

¹ <http://www.theguardian.com/environment/2012/feb/20/climate-change-overconsumption>

² <http://www.bls.gov/ooh/life-physical-and-social-science/geoscientists.htm>

³ Thompson Hall was built in 1922 for instruction in institutional management and once served as the campus cafeteria.

⁴ http://www.ncatkansan.org/docs/KS_Econ_outlook_John%20Dieker_v4.pdf

⁵ <https://www.kioga.org/career-center/oil-gas-career-tool-kit/frequently-asked-questions>

⁶ http://www.energyxxi.org/sites/default/files/Americas_New_Energy_Future_State_Highlights_Dec2012.pdf

⁷ Examples include petrochemicals, fertilizers, cosmetics, plastics, pharmaceuticals, cement and the entire food production and distribution industry

⁸ <http://www.shpi.net/documents/pdf/OilEdpresentation.pdf>

⁹ <http://cjonline.com/news/2013-10-24/brownback-presses-50-year-water-policy-strategy>

Finally, through the introductory level geology courses we teach each year, the Department of Geology also provides roughly 3000 non-major undergraduate students with a basic understanding of our local and global natural resources and their limitations through highly popular survey courses. The importance of improved public understanding of the geosciences has been recognized in the new *Framework for K-12 Science Education*¹⁰. The Department of Geology contributes substantially to this new educational agenda, through our service teaching role, which would benefit from a new teaching facility in the heart of the K-State campus.

Investing in the Future

To keep pace with these growing demands, and to better serve the needs of the state of Kansas, K-State proposes to expand its Department of Geology, more than doubling the number of undergraduate majors and graduate students over the next five years¹¹. To achieve this ambitious target, new investment is needed to accommodate the expansion, including building facilities and equipment and annual operating budget increases for new faculty and staff.

Investment in a new teaching and research facility, adjacent to the new Engineering building and most of our STEM programs, will complement the state's earlier investments in producing scientists and engineers who are prepared to work in a global environment with considerable resource limitations. With its focus on the instruction of STEM and collaborative research addressing global resource challenges, this new investment will continue to propel K-State toward its goal of being a top 50 public research university by 2025.

The cost to the state for supporting this increase in the geosciences is \$5 million in recurring base funding to the College of Arts and Sciences at Kansas State University (Department of Geology).

This critical investment includes the cost of building and bonding a new facility, provision of state-of-the-art training and research equipment, and infusion of much-needed resources for faculty, staff, and students to accommodate added recruitment, teaching, advising, research, and retention activities.

These funds will be matched on an annual basis by \$2.5 million in private donations, \$1 million from increased tuition revenues to the university, and \$1.5 million in research expenditure growth.

Investing in New Facilities. Up to \$2 million per year of this base funding request will be used to help bond the construction of a new \$50 million building that has cutting-edge research and teaching lab spaces. \$1 million per year for five years will be invested in provision of new state-of-the-art teaching and research equipment.

Investing in People. An outstanding program is built on outstanding faculty and students. Yet, KSU Geology faculty salaries are 38% behind those of peer institutions¹²; graduate student stipends lag similarly behind those of peer universities. Demand for geoscientists in non-academic positions is high and reflected in current salary offers, with annual starting salaries often exceeding \$100,000¹³. Without adequate financial incentives, we will struggle to recruit and retain the brightest and best faculty and students. We will therefore direct \$4 million toward at least two endowed chairs, as well as provide additional support for existing faculty. We will also direct funding to increased financial support for students in the form of scholarships and fellowships.

As the Land Grant university for our state, Kansas State University seeks to provide access to excellent education for the citizens of Kansas, including new developments in agricultural research and natural resource development and protection. Geology is critical to this mission by providing education and training about our most precious commodity—our planet. Indeed, the Kansas economy depends on the geologic resources of oil and gas, coal, building stone, sand, salt, gypsum, and water. With this critical \$5 million base funding investment, the department will be poised for new growth and expanded productivity in teaching and research that will underpin the economy of Kansas into the future.

¹⁰ <http://www.nextgenscience.org/framework-k%E2%80%9312-science-education>. Even the mean annual wage for all geoscientists (ca. \$82,500) is well above typical starting salaries for early career faculty.

¹¹ We currently have 65 – 75 undergraduate majors annually working toward a BS and 20 – 25 Master's students.

¹² data provided by the College and University Professional Association (CUPA),

¹³ <http://www.americangeosciences.org/workforce/reports>

Building the Future of Global Food Systems Through the New Food Systems Research and Education Facility

K-State College of Agriculture/K-State Research and Extension New Facility Request

The College of Agriculture and K-State Research and Extension are requesting permission to plan and build a new Food Systems Research and Education Facility. This state-of-the-art building would house diverse programs related to agricultural and food systems. It would include cutting-edge research laboratories, modern greenhouses, specialized teaching laboratories, extension and distance education space, and classrooms.

Why? Agriculture is the State's #1 Industry

Kansas agriculture has been successful because of solid partnerships between producers, government, industry and Kansas State University. "Farm to Fork" agriculture employs more Kansans than any other sector of the state's economy. As the biggest business in the state, agriculture is critical to Kansas' future, and K-State is essential for continuing to grow this industry.

With an increasing world population and a growing middle class, Kansas is well positioned to benefit from the resulting increased food demand. However, we need to develop higher yielding crops, more intensive cropping systems, enhanced beef/dairy genetics and production, and improved processing and distribution systems that minimize food loss while maintaining the natural resource base for future production.

K-State's Agriculture and Food Research Excellence

Researchers and educators at Kansas State are internationally recognized in food and agriculture. Last year, the U.S. Agency for International Development selected K-State for three international centers to focus on postharvest loss, sorghum and millet, and wheat. The National Science Foundation also funded its first ever center for wheat genetics resources at K-State.

Recently, the National Academies of Science's National Research Council published the rankings of doctoral programs in the United States. Most of K-State's College of Agriculture programs were in the Top 10: Plant Pathology - No. 1; Agricultural Economics - No. 4; Entomology - No. 8; Food Science - No. 9; and Plant Sciences - No. 10. The Department of Animal Sciences and Industry was No. 5 in terms of research productivity.

In 2012-2013, the College of Agriculture/K-State Research and Extension expended \$83 million in research, which was approximately half the total research expenditures at Kansas State University.

College of Agriculture Teaching Excellence

Faculty in K-State's College of Agriculture have earned 13 national or regional Excellence in College and University Teaching Awards from USDA and the Association for Public and Land-Grant Universities, more than any other university in the nation. Not surprisingly, this teaching excellence has attracted more students.

During the past 10 years, the number of students in the college has increased by more than 1,000, reaching a total of 3,246 in fall 2013. In addition, almost 100% of College of Agriculture graduates find excellent jobs, most of them in Kansas (~65%). USDA expects the demand for these graduates will continue to grow.

For K-State to reach its 2025 goal of becoming one of the nation's Top 50 public research universities, the College of Agriculture/K-State Research and Extension must continue to increase its research, teaching and outreach activities.

Current Agricultural Facilities Situation

The College of Agriculture has very few modern laboratories, greenhouses and other research or teaching intensive facilities. The last building constructed for plant-related research was Throckmorton Hall, completed in two phases (1981 and 1994). Other buildings housing animal, meat, food, grain and entomology studies range from 57 to 101 years old. While renovations have been made, these facilities cannot be retrofitted to meet modern research and teaching needs.

The College of Agriculture does have a few new state-of-the-art facilities, such as the flour mill and feed technology innovation center, and these were critical to securing the large USAID and USDA grants recently received. Funders notice new, cutting-edge research facilities and their capabilities. To increase our competitive edge, we need to invest in modern facilities.

A Building for the Future: The Food Systems Research and Education Facility

To capitalize upon our existing strengths in food and agricultural research, we propose a new Food Systems Research and Education Facility (FSREF). The new building will also address the need for growth required by the College of Agriculture/K-State Research and Extension and Kansas State University to meet the goals in their respective 2025 strategic plans.

A recent Space Needs Analysis for the college, conducted as part of the K-State campus master planning process, identified a serious need for an additional 231,572 square feet of usable research laboratory space. The new FSREF will only partially meet this need.

The FSREF would add about 110,000 square feet of usable state-of-the-art research laboratory space; an additional 50,000 square feet of modern greenhouse space to supplement the existing and aging greenhouse facilities; and nearly 40,000 square feet of usable space for teaching, extension and distance education.

Laboratory space would be configured in an open model. A relatively small amount of space will be fixed, while the remainder will be flexible, easily reconfigured space with moveable lab benches, cabinetry and other lab furniture accessories.

The new building will include an appropriate number of offices and conference rooms, as well as adequate space for our partners from the USDA Agricultural Research Service. This will continue our great research collaboration and synergy.

Research space would be allocated to work on the big issues facing Kansas agriculture and the food system (i.e. wheat, sorghum, beef, food safety, water, etc.). With enhanced facilities at K-State, Kansas will continue to produce more crops and livestock for consumers here and abroad, and Kansas agriculture will continue to lead the state's economy.

Proposed Budget and Funding Sources

FY 2014

Submit a request for the Food Systems Research and Education Facility (FSREF) to President Kirk Schulz and the Kansas Board of Regents.

FY2015

After the Kansas Board of Regents approval, a request will be submitted to the governor. If the governor approves, a request will be included in his budget to the Legislature for discussion and approval.

FY 2016

Create the FSREF building plan: siting of the building, planning the infrastructure improvements, and designing for the teaching and research facilities and greenhouses. Budget needs at this stage will be

State of Kansas: \$5 million for a Planning Grant
From fees and other funds: \$1 million

FY2017

Continue planning the FSREF
State of Kansas: \$5 million
Private fundraising: \$5 million
From fees and other funds: \$1 million

FY2018

Start construction of the FSREF
State of Kansas: \$65 million in bonding for FSREF
Federal government: \$20 million
Private fundraising: \$5 million
From fees and other funds: \$1 million

FY2019

Continue building the FSREF
Federal government: \$20 million
Private fundraising: \$5 million
From fees and other funds: \$1 million

FY2020

Finish construction of the FSREF; install the new greenhouses
Federal government: \$10 million
Private fundraising: \$5 million
From fees and other funds: \$1 million

FY2016- FY2020 Budget/Funding Summary

*\$75 million from Kansas government
\$50 million from the federal government
\$20 million from private sources, and
\$5 million from fees and other funds
TOTAL = \$150 million*

**Kansas State University
Component Unit Operating Expenditures----FY2013**

Blended Presentation:

K-State Athletics, Inc.	58,118,494
KSU Veterinary Clinical Outreach	1,945,613
K-State Olathe Innovation Campus	5,410,201
K-State Diagnostic and Analytical Services	9,295,361
Universal K-State	22,590
KSU Research Foundation*	4,015,205
*Fiscal Year End is 12/31/12	

Discrete Presentation:

K-State Student Union	4,785,434
KSU Institute for Commercialization	1,550,462

Materials for July 22, 2014 Board of Regents Budget Workshop

1. Three sets of FY 2015 Operating Budget graphs (one for KU consolidated, one for KU Lawrence and Edwards, and one for KU Medical Center)
 - a. Funding Source
 - b. Program
 - c. Expenditure Classification
2. FY 2013 Annual Financial Report graphs (KU consolidated)
 - a. Funding Source
 - b. Program
 - c. Expenditure Classification
3. FY 2016-17 Planning Budget which includes estimated required expenditures, university enhancement proposals identifying the highest priority proposal, and “what if” 1 percent calculations.
4. A description of how the proposed planning budget is tied to Foresight 2020 and the university’s strategic plan, *Bold Aspirations*.
5. A description of the university resource planning process
6. Proposed enhancement requests.

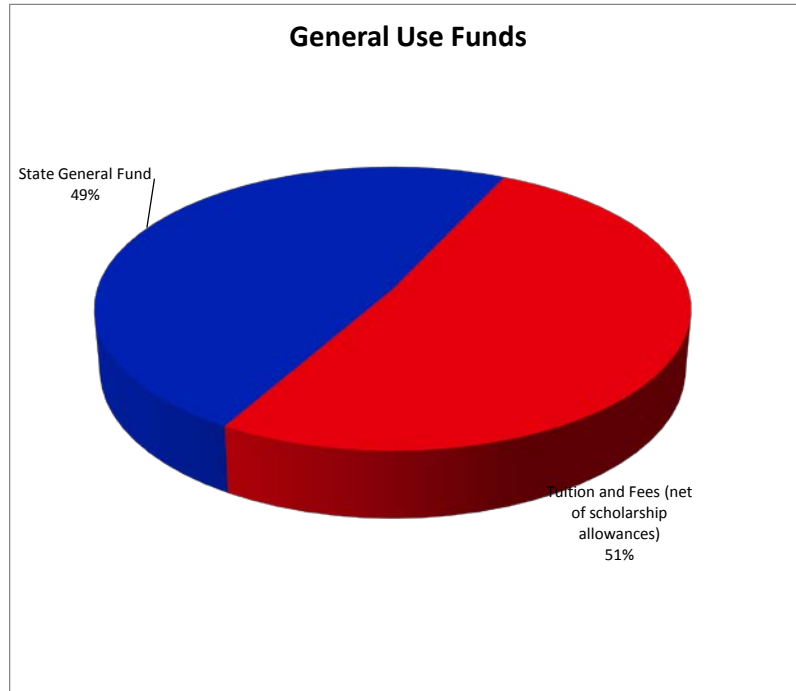
KU Lawrence Campus

- Drug and Vaccine Discovery Institute
- Innovation Way development

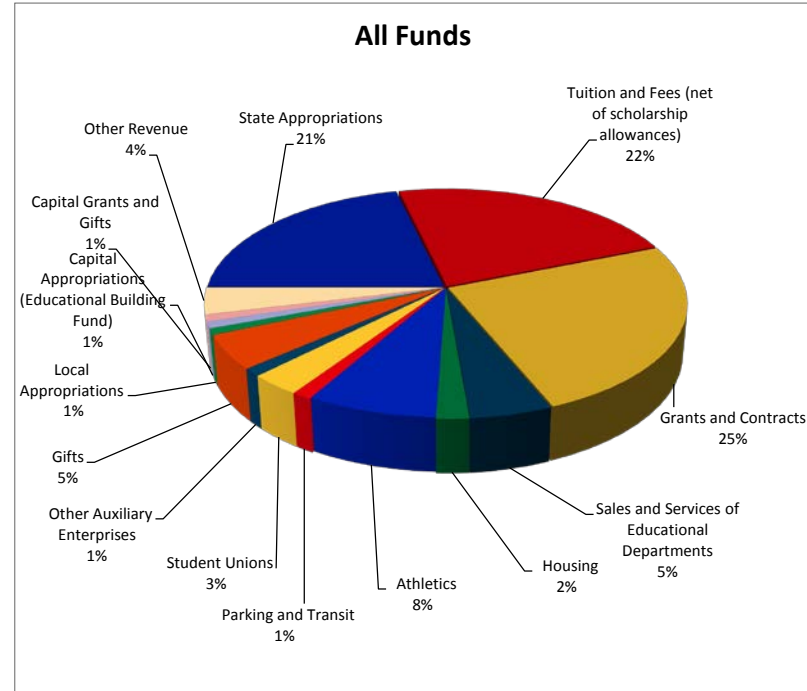
KU Medical Center

- Merit Based Salary Enhancement
- Strengthening Community-Based Medical Education in Wichita

**University of Kansas
Consolidated
Fiscal Year 2013 Annual Financial Report
Revenues by Funding Source**



General Use Funds		
Revenues by Funding Source	Amount	Percent
State General Fund	\$ 248,821,980	48.7%
Tuition and Fees (net of scholarship allowances)	262,514,993	51.3%



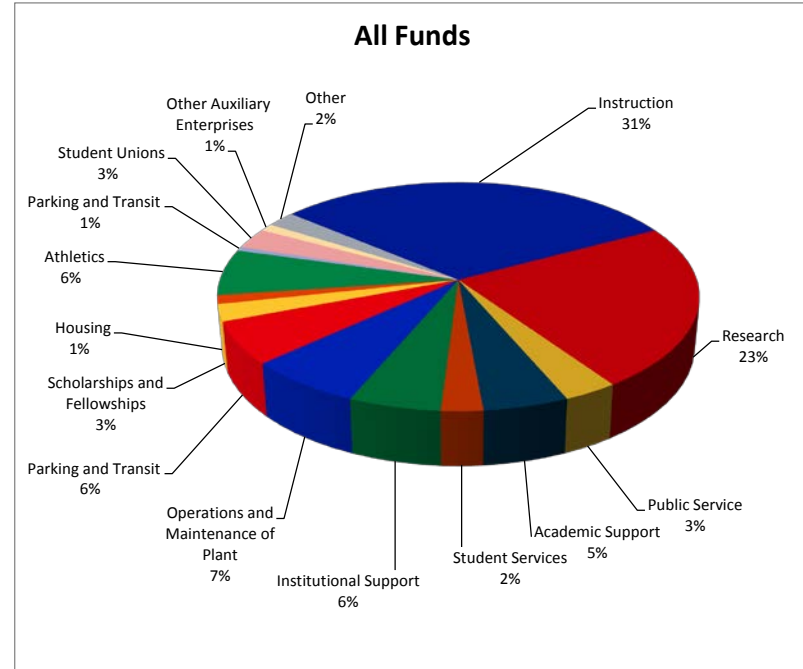
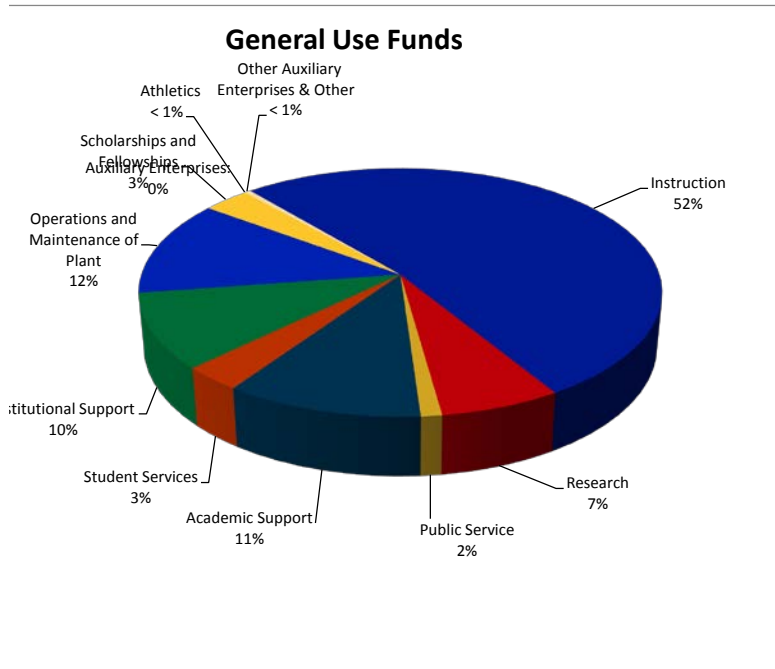
All Funds		
Revenues by Funding Source	Amount	Percent
State Appropriations	\$ 247,355,039	21.30%
Tuition and Fees (net of scholarship allowances)	262,514,993	22.60%
Grants and Contracts	288,511,235	24.84%
Sales and Services of Educational Departments	56,940,504	4.90%
Auxiliary Enterprises:	-	
Housing	22,579,743	1.94%
Athletics	89,969,024	7.75%
Parking and Transit	13,434,651	1.16%
Student Unions	35,341,331	3.04%
Other Auxiliary Enterprises	12,681,669	1.09%
Gifts	56,680,570	4.88%
Local Appropriations	9,983,800	0.86%
Capital Appropriations (Educational Building Fund)	11,043,818	0.95%
Capital Grants and Gifts	10,785,751	0.93%
Other Revenue	43,700,632	3.76%

Total General Use Revenue	<u>\$ 511,336,973</u>	<u>100%</u>
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Total Revenue	<u>\$ 1,161,522,760</u>	<u>100%</u>
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Note: The comparison above represents the consolidation of The University of Kansas Lawrence & Edwards campuses (KULC) and The University of Kansas Medical Center (KUMC). As such, the numbers above include consolidating eliminating entries between KULC & KUMC.

**University of Kansas
Fiscal Year 2013 Annual Financial Report
Expenses by Program**

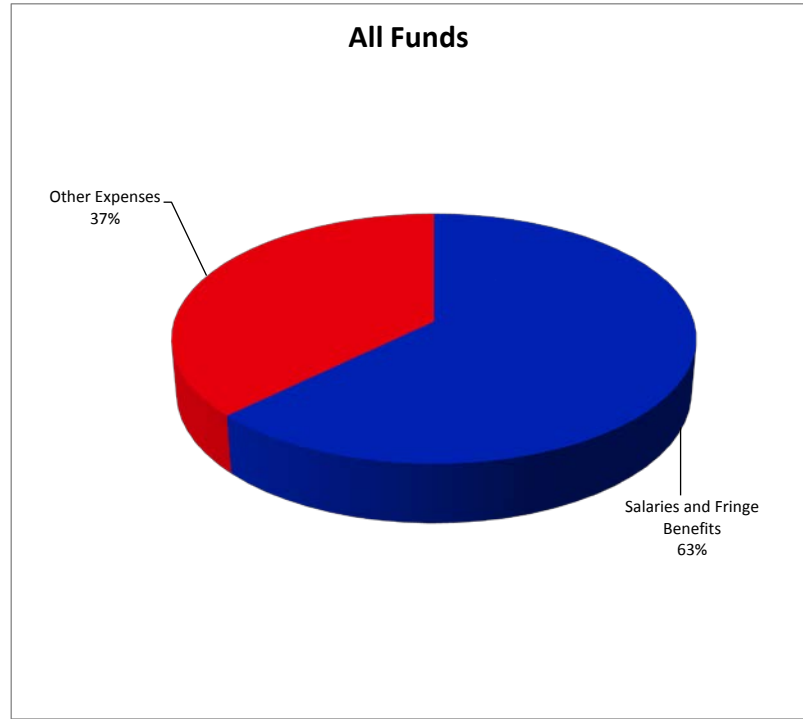
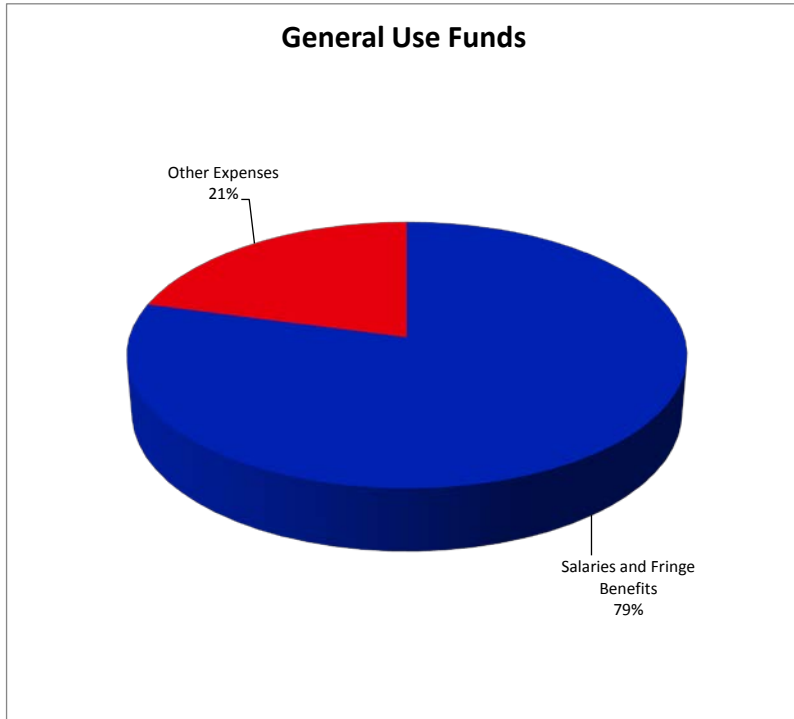


General Use Funds		
Expenses by Program	Amount	Percent
Instruction	\$ 267,572,997	52.34%
Research	33,518,030	6.56%
Public Service	5,826,928	1.14%
Academic Support	54,651,884	10.69%
Student Services	16,432,289	3.21%
Institutional Support	50,236,130	9.83%
Operations and Maintenance of Plant	63,620,808	12.45%
Depreciation	-	
Scholarships and Fellowships	17,013,474	3.33%
Auxiliary Enterprises:		
Housing	-	
Athletics	-	
Parking and Transit	-	
Student Unions	-	
Other Auxiliary Enterprises	2,030,148	0.40%
Other	311,041	0.06%
Total General Use Expenses	\$ 511,213,729	100.00%

All Funds		
Expenses by Program	Amount	Percent
Instruction	\$ 361,540,938	31.04%
Research	270,285,126	23.21%
Public Service	37,186,824	3.19%
Academic Support	58,440,078	5.02%
Student Services	28,459,196	2.44%
Institutional Support	63,054,159	5.41%
Operations and Maintenance of Plant	79,475,873	6.82%
Parking and Transit	69,887,048	6.00%
Scholarships and Fellowships	27,709,149	2.38%
Auxiliary Enterprises:		
Housing	14,330,870	1.23%
Athletics	76,134,424	6.54%
Parking and Transit	6,624,418	0.57%
Student Unions	33,693,173	2.89%
Other Auxiliary Enterprises	12,146,206	1.04%
Other	25,801,150	2.22%
Total Expenses	\$ 1,164,768,632	100.00%

Note: The comparison above represents the consolidation of The University of Kansas Lawrence & Edwards campuses (KULC) and The University of Kansas Medical Center (KUMC). As such, the numbers above include consolidating eliminating entries between KULC & KUMC.

**The University of Kansas
Fiscal Year 2013 Annual Financial Report
Expenses by Classification**

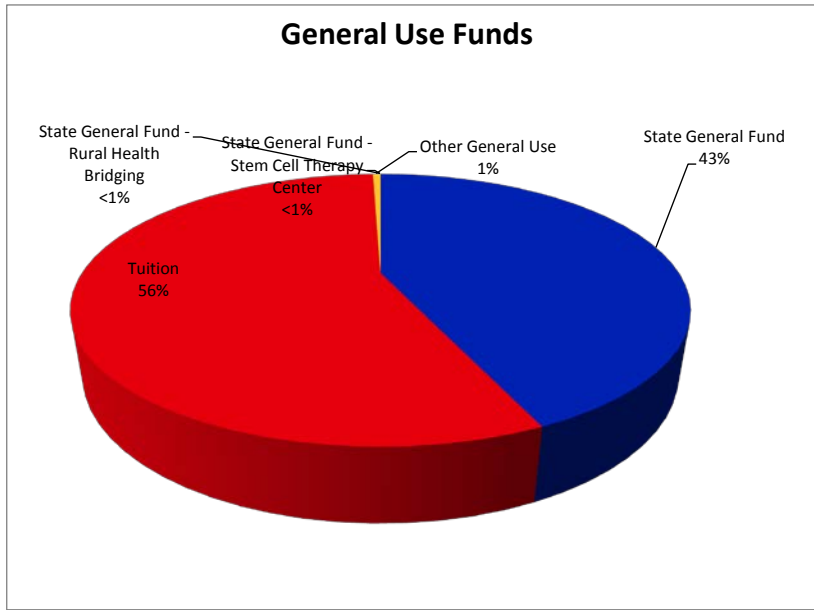


General Use Funds		
<u>Expense Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 404,730,017	79.17%
Other Expenses	\$ 106,483,712	20.83%
Total General Use Expenses	<u>\$ 511,213,729</u>	<u>100.00%</u>

All Funds		
<u>Expense Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 731,204,075	62.78%
Other Expenses	433,564,557	37.22%
Total Expenses	<u>\$ 1,164,768,632</u>	<u>100.00%</u>

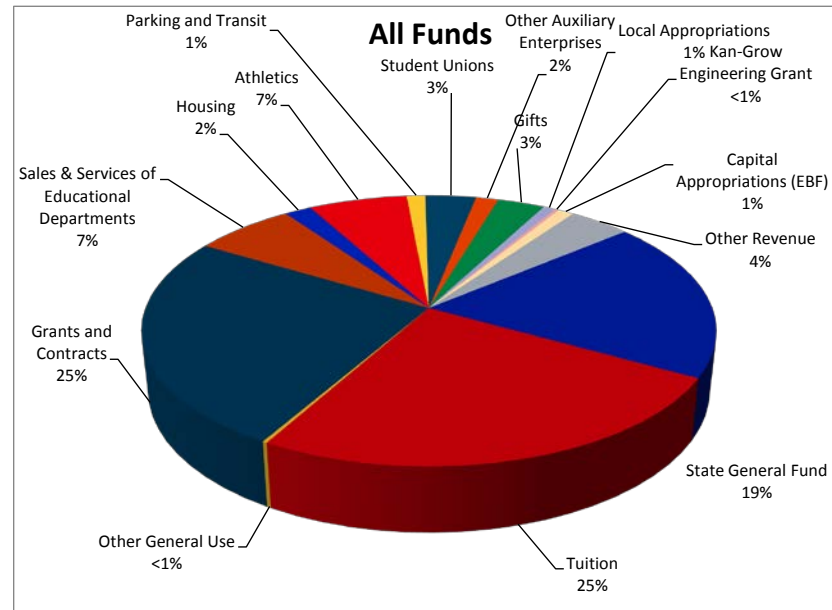
Note: The comparison above represents the consolidation of The University of Kansas Lawrence & Edwards campuses (KULC) and The University of Kansas Medical Center (KUMC). As such, the numbers above include consolidating eliminating entries between KULC & KUMC.

**University of Kansas Consolidated
Fiscal Year 2015 Budget
Revenues by Funding Source**



General Use Funds		
Funding Source	Amount	Percent
State General Fund	\$ 249,140,826	43.35%
Tuition	322,631,200	56.14%
Other General Use	2,946,841	0.51%

Total General Use Revenue	<u>\$ 574,718,867</u>	<u>100.00%</u>
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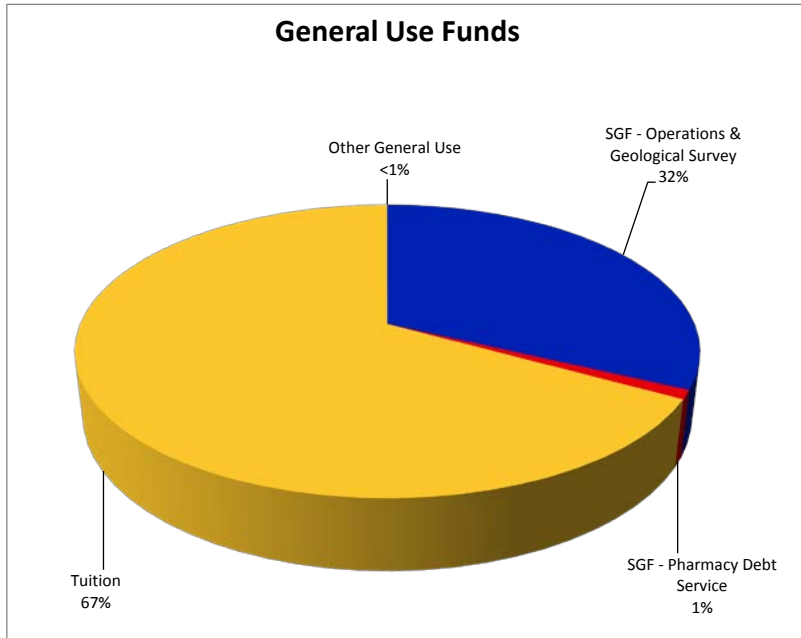


All Funds		
Funding Source	Amount	Percent
State General Fund	\$ 249,140,826	19.27%
Tuition	322,631,200	24.95%
Other General Use	2,946,841	0.23%
Grants and Contracts	326,390,935	25.24%
Sales & Services of Educational Departments	85,967,647	6.65%
Auxiliary Enterprises:		
Housing	23,183,207	1.79%
Athletics	84,200,000	6.51%
Parking and Transit	16,008,552	1.24%
Student Unions	43,294,010	3.35%
Other Auxiliary Enterprises	19,129,799	1.48%
Gifts	40,467,591	3.13%
Local Appropriations	10,200,000	0.79%
Kan-Grow Engineering Grant	3,500,000	0.27%
Capital Appropriations (EBF)	13,432,000	1.04%
Other Revenue	52,558,476	4.06%

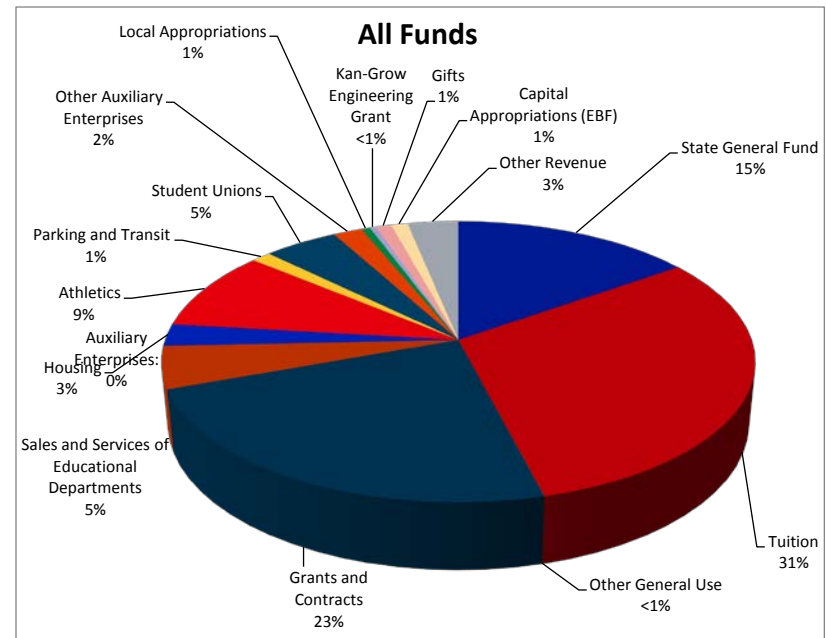
Total Revenue	<u>\$ 1,293,051,084</u>	<u>100.00%</u>
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The report above represents the consolidation of The University of Kansas & Edwards campuses (KULC) and The University of Kansas Medical Center (KUMC). Elimination entries have been calculated to remove duplication in budgeted amounts for KULC and KUMC affiliates.
The State General Fund Appropriation does not include funding for the \$250 employee bonus total \$659,238 (KULC - \$371,177 and KUMC - \$288,061)

**University of Kansas Lawrence and Edwards Campuses
Fiscal Year 2015 Operating Budget
Revenues by Funding Source**



General Use Funds		
Revenue by Funding Source	Amount	Percent
SGF - Operations & Geological Survey	\$ 134,968,159	32.06%
SGF - Pharmacy Debt Service	4,124,917	0.98%
Tuition	281,835,100	66.95%
Other General Use	46,841	0.01%



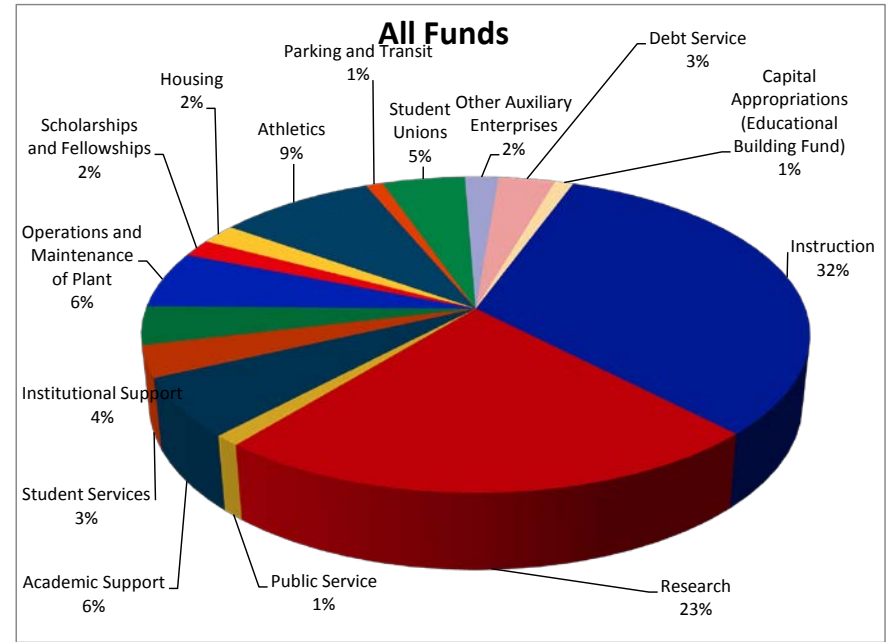
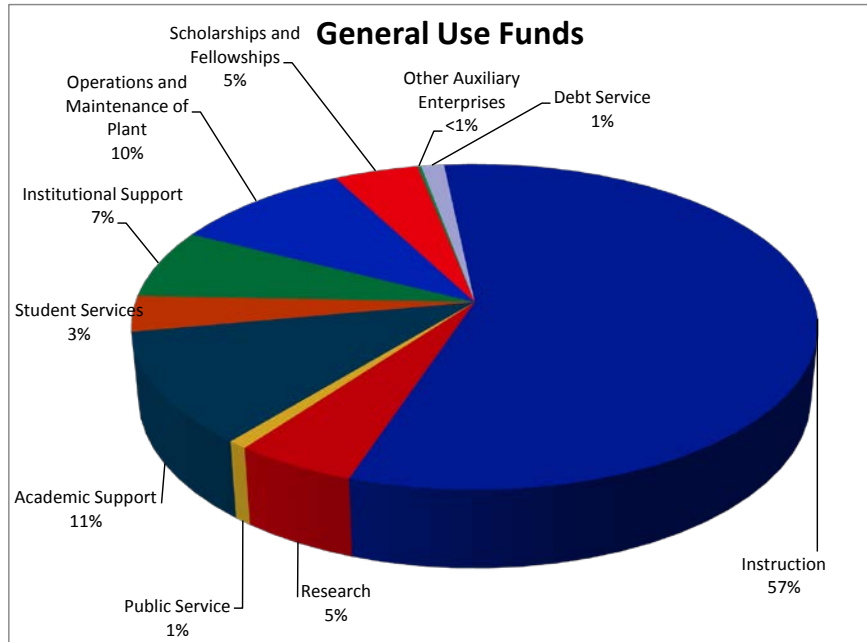
All Funds		
Revenue by Funding Source	Amount	Percent
State General Fund	\$ 139,093,076	15.20%
Tuition	281,835,100	30.79%
Other General Use	46,841	0.01%
Grants and Contracts	214,560,985	23.44%
Sales and Services of Educational Departments	44,571,156	4.87%
Auxiliary Enterprises:		
Housing	23,183,207	2.53%
Athletics	84,200,000	9.20%
Parking and Transit	11,359,762	1.24%
Student Unions	42,997,330	4.70%
Other Auxiliary Enterprises	16,779,799	1.83%
Local Appropriations	5,100,000	0.56%
Kan-Grow Engineering Grant	3,500,000	0.38%
Gifts	9,141,396	1.00%
Capital Appropriations (EBF)	9,494,000	1.04%
Other Revenue	29,369,217	3.21%

Total Budget	\$ 420,975,017	100.00%
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Total Budget	\$ 915,231,869	100%
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Elimination entries have been calculated to remove duplication in budgeted amounts for KULC affiliates.
The State General Fund Appropriation does not include funding for the \$250 employee bonus (\$371,177)

**University of Kansas
Lawrence and Edwards Campuses
Fiscal Year 2015 Operating Budget
Expenses by Program**

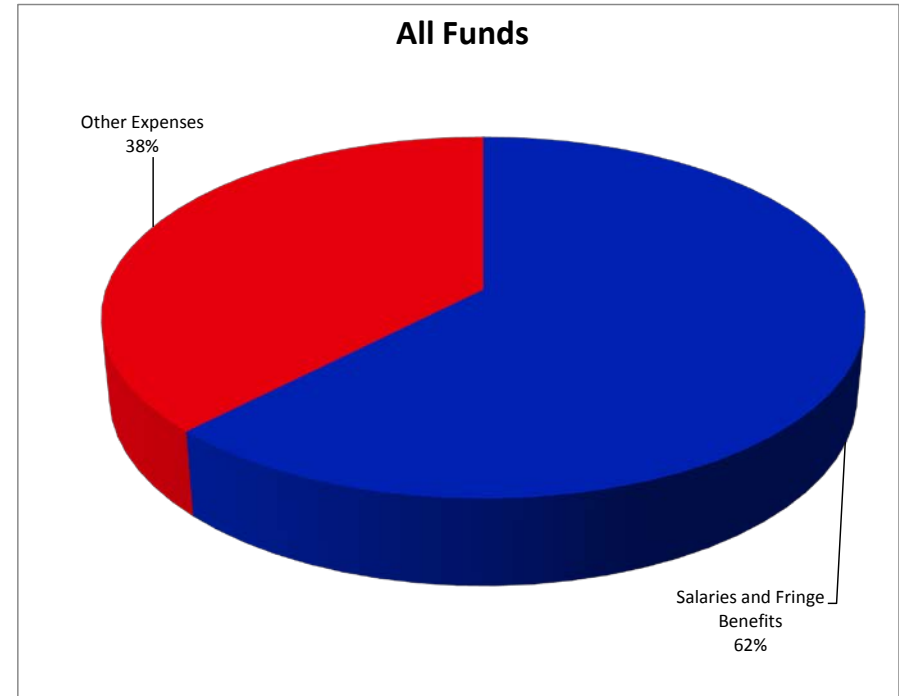
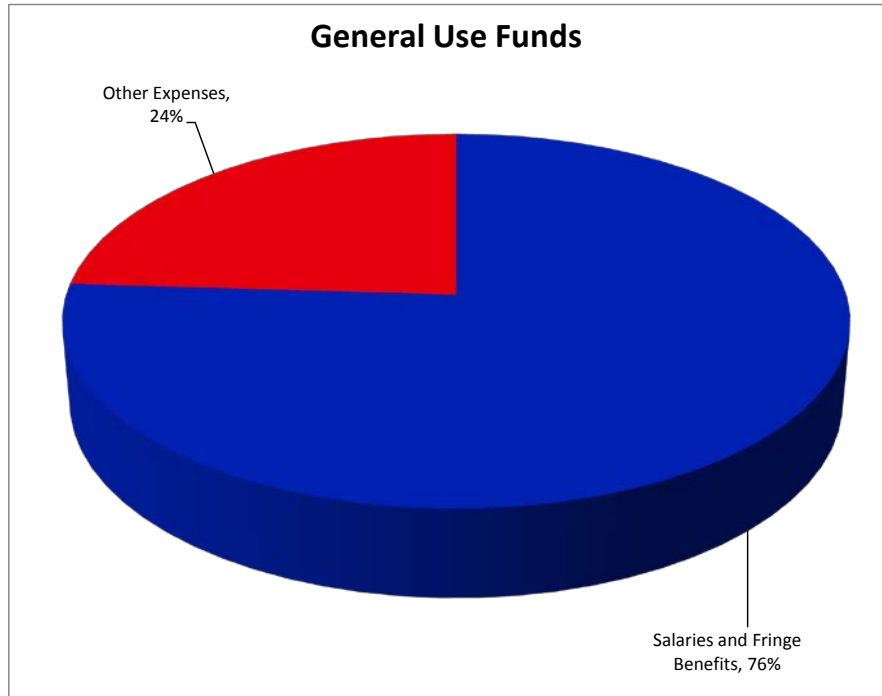


General Use Funds		
Budget Program	Amount	Percent
Instruction	\$ 239,100,808	56.80%
Research	21,086,678	5.01%
Public Service	3,400,305	0.81%
Academic Support	46,939,109	11.15%
Student Services	14,871,786	3.53%
Institutional Support	28,958,653	6.88%
Operations and Maintenance of Plant	41,166,673	9.78%
Scholarships and Fellowships	19,415,269	4.61%
Housing		
Parking and Transit		
Student Unions		
Other Auxiliary Enterprises	806,814	0.19%
Debt Service	5,228,922	1.24%
Total Budget	<u>\$ 420,975,017</u>	<u>100.00%</u>

All Funds		
Budget Program	Amount	Percent
Instruction	\$ 294,689,544	32.20%
Research	212,130,548	23.18%
Public Service	10,051,279	1.10%
Academic Support	55,572,665	6.07%
Student Services	29,467,428	3.22%
Institutional Support	35,849,441	3.92%
Operations and Maintenance of Plant	53,036,608	5.79%
Scholarships and Fellowships	16,385,667	1.79%
Housing	18,456,270	2.02%
Athletics	81,259,366	8.88%
Parking and Transit	8,875,974	0.97%
Student Unions	42,997,330	4.70%
Other Auxiliary Enterprises	17,390,612	1.90%
Debt Service	29,575,137	3.23%
Capital Appropriations (Educational Building Fund)	9,494,000	1.04%
Total Budget	<u>\$ 915,231,869</u>	<u>100.00%</u>

Elimination entries have been calculated to remove duplication in budgeted amounts for KULC affiliates.

**University of Kansas
Lawrence and Edwards Campuses
Fiscal Year 2015 Operating Budget
Expenses by Classification**

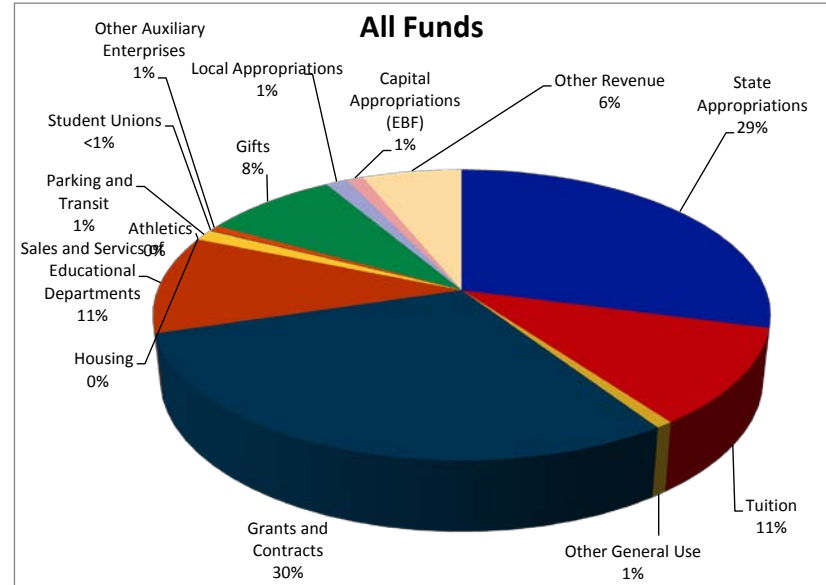
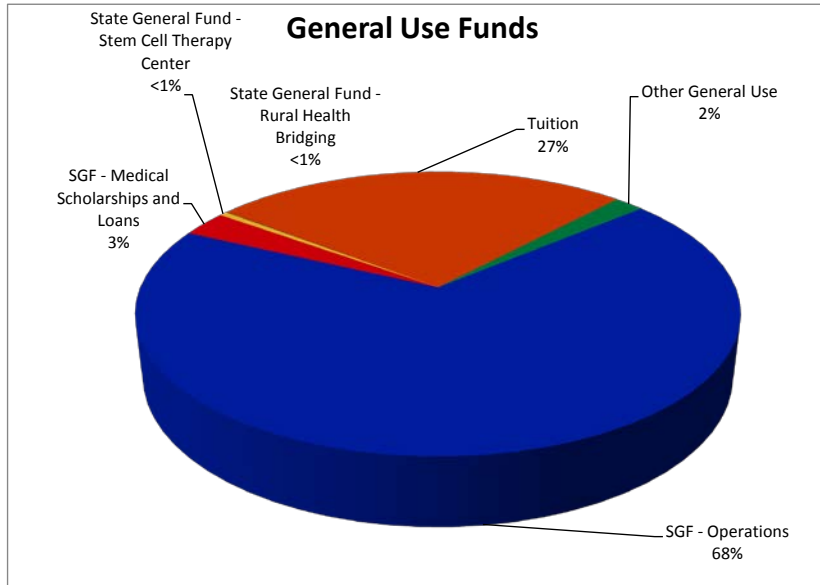


General Use Funds		
Expense Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 319,719,436	75.95%
Other Expenses	101,255,581	24.05%
Total Budget	\$ 420,975,017	100.00%

All Funds		
Expense Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 570,456,848	62.33%
Other Expenses	344,775,021	37.67%
Total Budget	\$ 915,231,869	100.00%

Elimination entries have been calculated to remove duplication in budgeted amounts for KULC affiliates.
The State General Fund Appropriation does not include funding for the \$250 employee bonus (\$371,177)

**University of Kansas Medical Center
Fiscal Year 2015 Budget
Revenues by Funding Source**



General Use Funds

Revenue by Funding Source	Amount	Percent
SGF - Operations	\$ 104,735,079	68.12%
SGF - Medical Scholarships and Loans	4,488,171	2.92%
SGF - Stem Cell Therapy Center	754,500	0.49%
SGF - Rural Health Bridging	70,000	0.05%
Tuition	40,796,100	26.54%
Other General Use	2,900,000	1.89%

All Funds

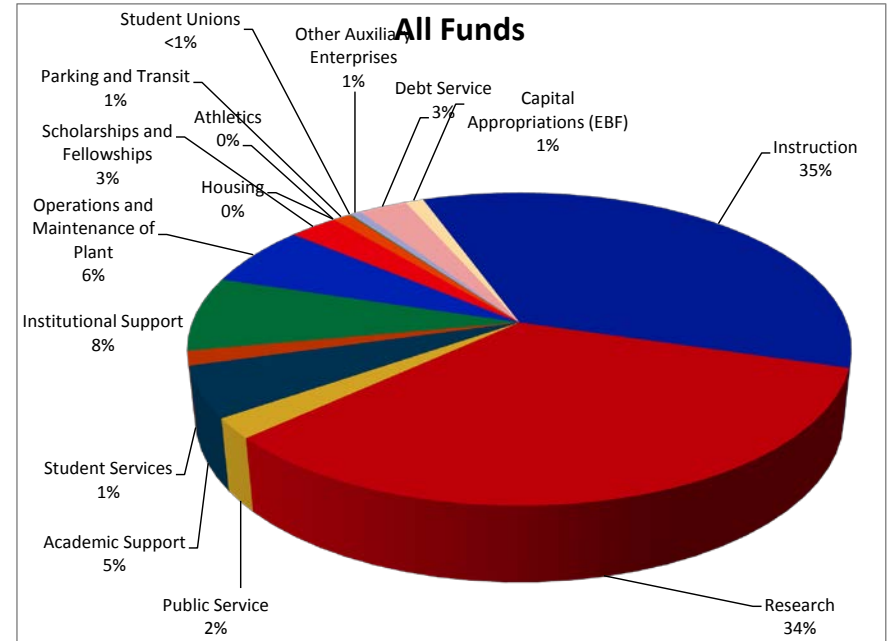
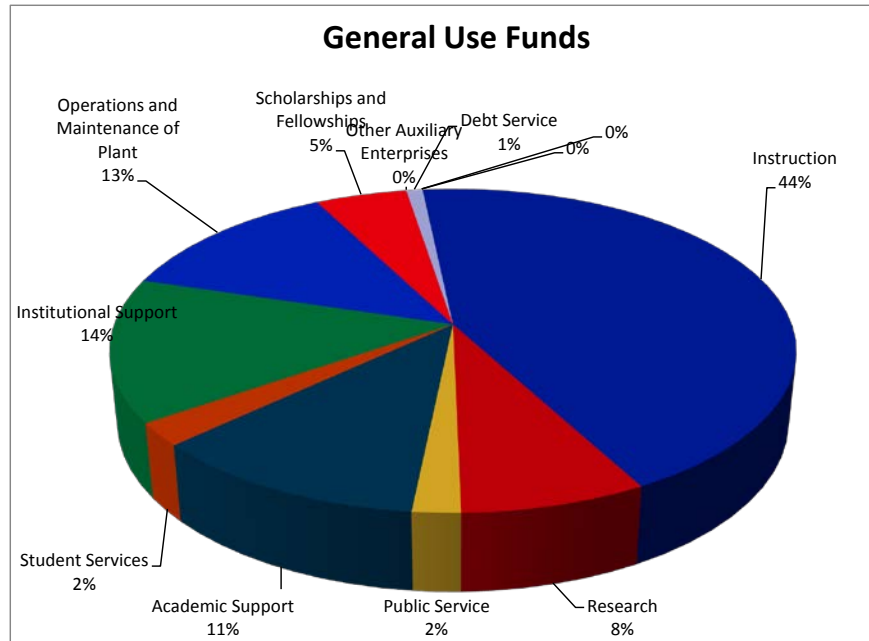
Revenue by Funding Source	Amount	Percent
State Appropriations	\$ 110,047,750	29.13%
Tuition	40,796,100	10.80%
Other General Use	2,900,000	0.77%
Grants and Contracts	111,829,950	29.60%
Sales and Services of Educational Departments	41,396,491	10.96%
Auxiliary Enterprises:		
Housing		
Athletics		
Parking and Transit	4,648,790	1.23%
Student Unions	296,680	0.08%
Other Auxiliary Enterprises	2,350,000	0.62%
Gifts	31,326,195	8.29%
Local Appropriations	5,100,000	1.35%
Capital Appropriations (EBF)	3,938,000	1.04%
Other Revenue	23,189,259	6.14%

Total General Use Revenue \$ 153,743,850 100.00%

Total Revenue \$ 377,819,215 100.00%

Elimination entries have been calculated to remove duplication in budgeted amounts for KUMC affiliates.
The State General Fund Appropriation does not include funding for the \$250 employee bonus (\$288,061)

**University of Kansas Medical Center
Fiscal Year 2015 Budget
Expenses by Program**



General Use Funds

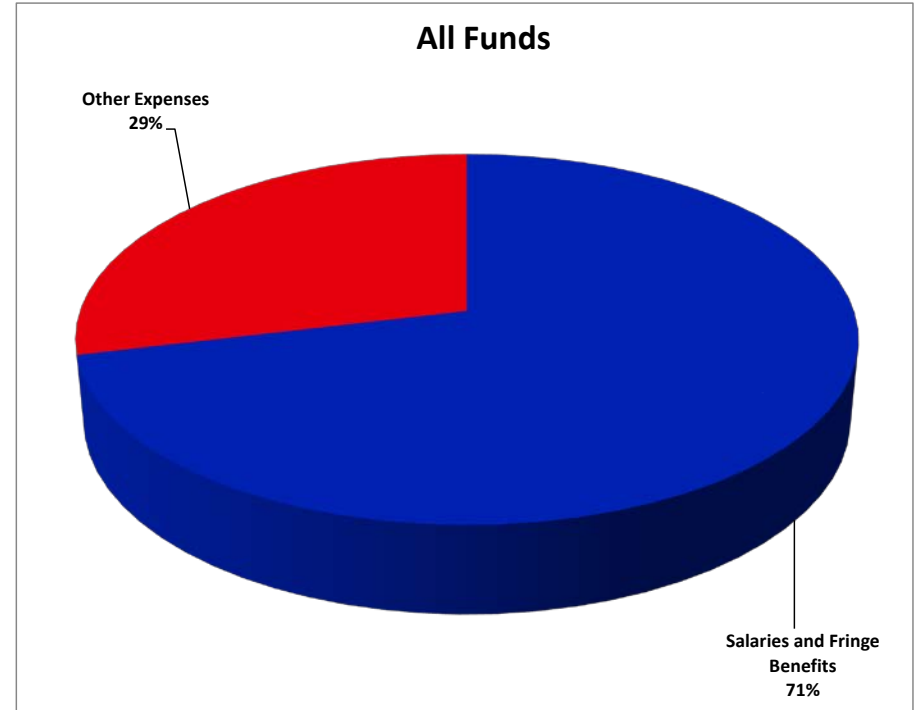
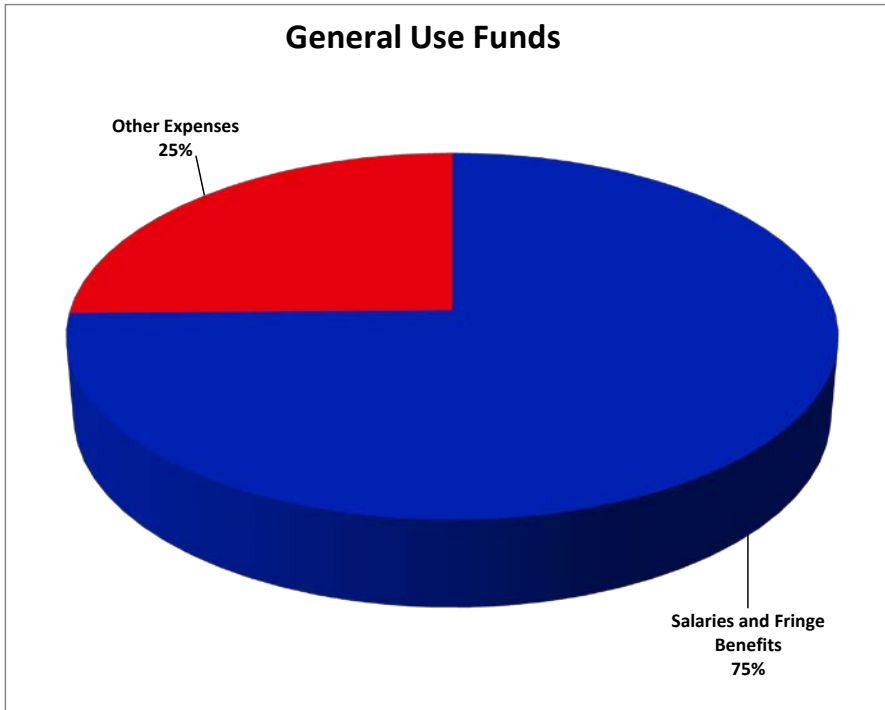
Budget Program	Amount	Percent
Instruction	\$ 67,294,333	43.77%
Research	11,634,885	7.57%
Public Service	3,014,562	1.96%
Academic Support	17,575,502	11.43%
Student Services	3,540,382	2.30%
Institutional Support	22,022,003	14.32%
Operations and Maintenance of Plant	19,525,244	12.70%
Scholarships and Fellowships	7,763,002	5.05%
Housing		
Parking and Transit		
Student Unions		
Other Auxiliary Enterprises		
Debt Service	1,373,937	0.89%
Total General Use Expenditures	\$ 153,743,850	100.00%

All Funds

Budget Program	Amount	Percent
Instruction	\$ 132,826,468	35.16%
Research	127,083,091	33.64%
Public Service	7,979,243	2.11%
Academic Support	19,937,442	5.28%
Student Services	5,640,317	1.49%
Institutional Support	28,975,837	7.67%
Operations and Maintenance of Plant	23,854,953	6.31%
Scholarships and Fellowships	10,592,952	2.80%
Housing		
Athletics		
Parking and Transit	3,884,796	1.03%
Student Unions	296,680	0.08%
Other Auxiliary Enterprises	2,350,000	0.62%
Debt Service	10,459,436	2.77%
Capital Appropriations (EBF)	3,938,000	1.04%
Total Budget	\$ 377,819,215	100.00%

Elimination entries have been calculated to remove duplication in budgeted amounts for KUMC affiliates.

University of Kansas Medical Center
Fiscal Year 2015 Budget
Expenses by Classification



General Use Funds		
Expense Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 114,890,488	74.73%
Other Expenses	38,853,362	25.27%
Total General Use Expenditures	\$ 153,743,850	100.00%

All Funds		
Expense Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 269,117,343	71.23%
Other Expenses	108,701,872	28.77%
Total Expenditures	\$ 377,819,215	100.00%

Elimination entries have been calculated to remove duplication in budgeted amounts for KUMC affiliates. The State General Fund Appropriation does not include funding for the \$250 employee bonus (\$288,061)

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
(assuming stable state funding)

University of Kansas, Lawrence campus

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use 5)	General Use	Restricted Use 5)	General Use	Restricted Use 5)
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$134,968,159		\$134,968,159		\$134,968,159	
FY 2015 General Fees Estimate (Tuition) ²⁾	281,835,100		281,835,100		281,835,100	
FY 2015 Other General Use Funds	46,841		46,841		46,841	
Restricted Use ³⁾		\$397,830,735		\$397,830,735		\$397,830,735
Total Estimated Revenue	\$416,850,100	\$397,830,735	\$416,850,100	\$397,830,735	\$416,850,100	\$397,830,735

Anticipated Expenditure Increases

x% Salary Increase - FY 2016 (to be determined)	\$0		TBD	TBD	TBD	TBD
x% Salary Increase - FY 2017 (to be determined)					TBD	TBD
Servicing of New Buildings - Engineering	-		554,000		554,000	
Servicing of New Buildings - Business					587,000	
Group Health Insurance	-		-	0	479,000	\$290,000
KPERS and Other Fringe Benefit Rate Increases	-		797,000	542,000	302,000	\$200,000
Faculty Promotion/Tenure - FY 2016	-		572,500		572,500	
Faculty Promotion/Tenure - FY 2017					572,500	
Utilities Rate Increase - FY 2016	-		584,000		584,000	
Utilities Rate Increase - FY 2017					584,000	
Affordable Care Act	-		TBD		TBD	
Additional item	\$0		\$0			
Subtotal Anticipated Expenditure Increases	\$0		\$2,507,500	\$542,000	\$4,235,000	\$490,000
All Other Expenditures	\$416,850,100	\$397,830,735	\$416,850,100	\$397,830,735	\$416,850,100	\$397,830,735
Total Expenditures	\$416,850,100	\$397,830,735	\$419,357,600	\$397,830,735	\$421,085,100	\$397,830,735

Proposed Institution-Specific State General Fund Operating Enhancements

Drug and Vaccine Discovery Institute	\$0		\$5,000,000		\$5,000,000	
Innovation Way Development	0		0		7,000,000	
Proposal #3	0		0		0	
Proposal #4	0		0		0	
Total Proposed SGF Operating Enhancements	\$0		\$5,000,000		\$12,000,000	

Proposed Institution-Specific State General Fund Capital Improvement Enhancements

Proposal	\$0		\$0		\$0	
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"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$1,349,682		\$1,349,682		\$1,349,682	
1% Tuition Increase ⁴⁾	0		1,453,000		1,453,000	
1% Salary Increase - All Funds	0		3,004,000	1,337,000	3,004,000	1,337,000

Notes:

- 1) State General Fund appropriations does not include funding for the \$250 employee bonus (\$377,177). Does not include Debt Service Appropriations.
- 2) FY 2015 Tuition Proposal, Appendix F-2
- 3) FY 2015 Budget Request Document (DA402 form), less capital improvements
- 4) FY 2015 Tuition Proposal, Appendix F-4, estimated revenue generated from a 1% tuition rate increase
- 5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
(assuming stable state funding)

University of Kansas Medical Center

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use ⁵⁾	General Use	Restricted Use ⁵⁾	General Use	Restricted Use ⁵⁾
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$110,047,750		\$110,047,750		\$110,047,750	
FY 2015 General Fees Estimate (Tuition) ²⁾	41,250,000		41,250,000		41,250,000	
Restricted Use ³⁾		\$199,504,928		\$199,504,928		\$199,504,928
Total Estimated Revenue	\$151,297,750	\$199,504,928	\$151,297,750	\$199,504,928	\$151,297,750	\$199,504,928

Anticipated Expenditure Increases

x% Salary Increase - FY 2016 (to be determined)	\$0		TBD	TBD	TBD	TBD
x% Salary Increase - FY 2017 (to be determined)					TBD	TBD
Servicing of New Buildings	-		-		-	
Group Health Insurance	-		-		725,000	
KPERS and Other Fringe Benefit Rate Increases	-		191,000		160,000	
Faculty Promotion/Tenure	-		150,000		150,000	
Utilities Rate Increase	-		350,000		400,000	
Affordable Care Act	-		TBD		TBD	
Additional item	\$0		\$0			
Subtotal Anticipated Expenditure Increases	\$0		\$691,000		\$1,435,000	
All Other Expenditures	\$151,297,750	\$199,504,928	\$151,297,750	\$199,504,928	\$151,297,750	\$199,504,928
Total Expenditures	\$151,297,750	\$199,504,928	\$151,988,750	\$199,504,928	\$152,732,750	\$199,504,928

Proposed Institution-Specific State General Fund Operating Enhancements

Merit Based Salary Increases (3%)	\$0		\$3,400,000		\$3,400,000	
Support for School of Medicine Wichita	0		2,400,000		4,900,000	
Proposal #3	0		0		0	
Proposal #4	0		0		0	
Total Proposed SGF Operating Enhancements	\$0		\$5,800,000		\$8,300,000	

Proposed Institution-Specific State General Fund Capital Improvement Enhancements

Proposal	\$0		\$0		\$0	
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"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$0		\$1,100,000		\$1,100,000	
1% Tuition Increase ⁴⁾	0		386,000		386,000	
1% Salary Increase - All Funds	0		1,133,333	\$1,492,228	1,100,000	\$1,492,228

Notes:

1) State General Fund appropriations does not include funding for the \$250 employee bonus (\$288,061)

2) FY 2015 Tuition Proposal, Appendix F-2

3) FY 2015 Budget Request Document (DA402 form), less capital improvements

4) FY 2015 Tuition Proposal, Appendix F-4, estimated revenue generated from a 1% tuition rate increase

5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

FY 2016 and FY 2017 Budget Request

We are pleased to submit the University of Kansas budget enhancement requests for Fiscal Years 2016 and 2017. Our request includes four budget enhancement requests — two for the Lawrence campus, and two for KU Medical Center.

Our request aligns with KU’s strategic plan, *Bold Aspirations*, and with the goals of KBOR’s *Foresight 2020*.

KU-Lawrence *Bold Aspirations*

The Lawrence campus has six strategic goals included in *Bold Aspirations*, our 5-year strategic plan. Each goal has metrics that are tracked on a fiscal year basis to ensure that our investments are improving our performance. Below are the six goal areas, and the associated metrics associated with each strategic goal. Of note: FY 2013 data will be included in September, 2014.

Goal 1: Undergraduate Education - Strengthen recruitment, teaching, and mentoring to prepare undergraduate students for lifelong learning, leadership, and success

***Of note:** The aggressive *Bold Aspirations* goal to increase the 6-year graduation rate to 70% by 2022 also will advance the KBOR goal to increase to 60% the number of Kansas adults who have a certificate, associate degree, or bachelor degree by 2020.

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
First-time, full-time freshmen retention rate	77.8%	79.3%	79.9%	79.2%	79.9%
Average ACT/Converted SAT of entering class	24.8	24.7	24.9	25.0	
Six-year graduation rate	60.9%	61.1%	60.7%	64.1%	61.6%
Number of experiential learning certificates (<i>updated in FY 2013</i>)	960	1,161	1,383	2347	
Total number of undergraduate and graduate student participants in Study Abroad (<i>Note: Includes International KU Degree Seeking students on study abroad programs outside of the U.S.</i>)	1402	1493	1357	1280	
Undergraduate participation rate in Study Abroad (<i>as reported by the Institute for International Education (IIE) Open Doors report</i>)	23.1%	24.7%	22.8%	NYA	
Percentage of undergraduate student participants in Study Abroad on a program of a semester duration or longer	34.2%	31.6%	31.1%	NYA	

Goal 2: Doctoral Education - Prepare doctoral students as innovators and leaders who are ready to meet the demands of the academy and our global society

	FY 2010	FY 2011	FY 2012	FY 2013
Doctoral median time to degree (years)	6.5	5.9	5.7	5.9
Number of doctoral programs with median time to degree (TTD) of 7 years or less (<i>includes programs with 2 or more doctoral degrees awarded</i>)	30	35	36	38
Number of doctoral programs with median TTD greater than 7 years (<i>includes programs with 2 or more doctoral degrees awarded</i>)	13	9	8	10
Percent of full-time graduate students holding GTA appointment	27.3%	24.8%	26.8%	
Percent of full-time graduate students holding GRA appointment	17.0%	15.9%	14.9%	
Percent of graduate students holding GA appointment	0	less than 5%	less than 5%	less than 5%

Goal 3: Research & Innovation - Enhance research broadly with special emphasis upon areas of present and emerging strength in order to push the boundaries of knowledge and benefit society

	FY 2010	FY 2011	FY 2012	FY 2013
Federal research and development expenditures	\$147.6 M	\$162.7 M	\$171 M	\$174 M
Federal research and development (R&D) expenditures per tenured/tenure-track (R&D) expenditures per tenured/tenure-track (T/TT faculty)	\$127,459	\$141,374	\$149,644	\$150,407
Business (industry) research funding (NSF)	\$6.9 M	\$6.8 M	\$6.8 M	\$9.7 M
Business (industry) research funding (Blue Line Report) (<i>updated all amounts in FY 2013</i>)	\$6.9 M	\$7 M	\$7.01 M	\$10 M
Number of members in the National Academies	7	7	7	7
Number of honors and awards	156	192	222	257
Number of scholarly citations	45,836	71,601	61,213	71,058
Number of post-doctoral appointees	245	237	297	
Number of faculty earning Leading Light Awards (Cumulative)	NA	63	139	178
Number of faculty joint appointments for the following academic year	NA	NA	98	103

Goal 4: Community Engagement - Engage local, state, national, and global communities as partners in scholarly activities that have direct public impact

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Confidential disclosure agreements	NA	464	462	557	598
Interinstitutional agreements	NA	46	49	54	57
License agreements	NA	60	65	78	85
Total Active Agreements: Confidential disclosure agreements, interinstitutional agreements, and license agreements	NA	570	576	689	740
Invention disclosures (metric retooled in FY2014 to reflect only fully executed invention disclosures)	NA	72	85	82	35
Material transfer agreements	NA	108	111	159	235
Total New Items: Invention disclosures and material transfer agreements	NA	180	196	241	270

Goal 5: Faculty & Staff - Recruit, value, develop, and retain an excellent and diverse faculty and staff

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Support for professional development experiences (<i>conference registrations</i>)	-	-	\$1,127,768		
Number of minority tenured/tenure-track faculty	221	184	199	206	TBD
Percent of minority tenured/tenure-track faculty	14.0%	12.0%	13.0%	13.0%	TBD
Number of minority staff (excludes students)	491	437	442	438	TBD
Percent of minority staff	14.6%	13.0%	13.0%	13.0%	TBD
Number of minority undergraduate students	2,707	2,477	2,561	2,638	2,786
Percent of minority undergraduate students	13.0%	15.0%	16.0%	14.0%	15.0%
Number of underrepresented undergraduate students	1,810	1,780	1,864	1,929	2,058
Percent of underrepresented undergraduate students	9.0%	9.0%	10.0%	10.0%	11.0%
Number of minority graduate/professional students	643	695	681	628	602
Percent of minority graduate/professional students	10.0%	12.0%	13.0%	11.0%	11.0%
Number of underrepresented graduate/professional students	444	487	459	421	410
Percent of underrepresented graduate/professional students	8.0%	8.0%	8.0%	7.0%	7.0%
Number of faculty hires connected with strategic initiatives (<i>hired for following academic year</i>)	-	-	30	33	TBD

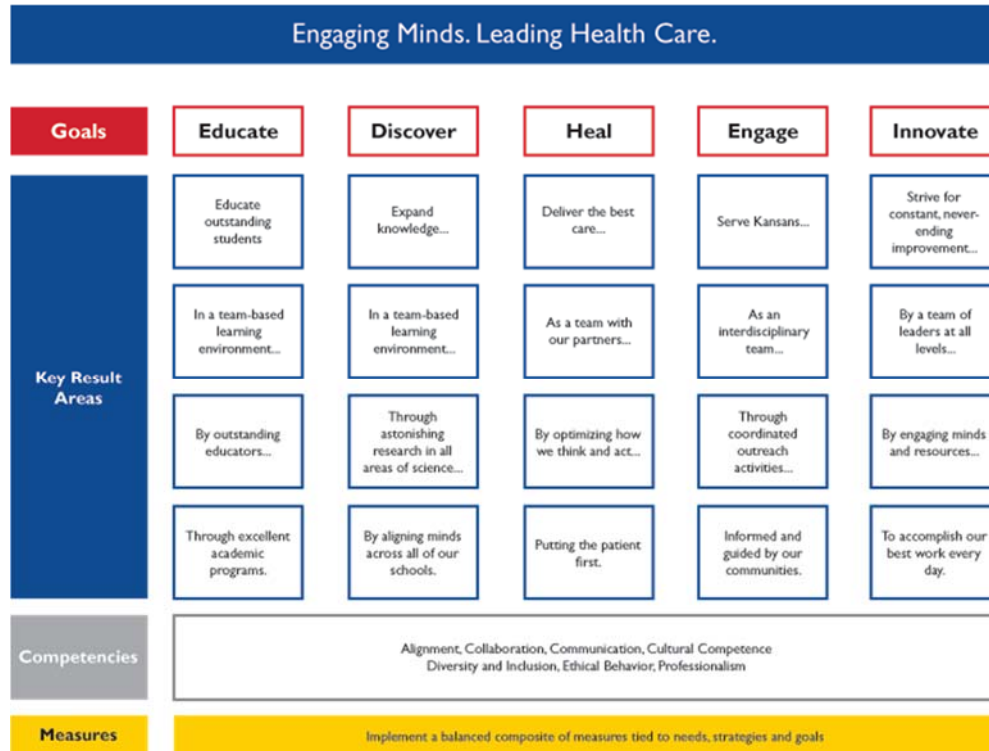
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Number of tenured faculty hires at the associate or full professor level (<i>hired for following academic year</i>)	15	10	8	11	TBD
Number of faculty promoted to full professor within 10 years of promotion to associate professor (<i>promoted for following academic year</i>)	8	16	16	13	TBD
Percent of faculty promoted to full professor within 10 years of promotion to associate professor (<i>promoted for following academic year</i>)	66.7%	69.6%	76.2%	76.5%	TBD

Goal 6: Infrastructure & Resources - Responsibly steward fiscal and physical resources and energize supporters to expand the resource base

	FY 2010	FY 2011	FY 2012	FY 2013
Dollar amount of philanthropic gifts	\$125.4 M	\$131.1 M	\$151.5 M	\$169.7 M

KU Medical Center *Bold Aspirations*

The KU Medical Center has five strategic goals included in *Bold Aspirations*. The goals and result areas are defined in the chart below:



Description of the University of Kansas Resource Planning Process

Through the KU resource planning process, KU administration ensures that our prioritized investments are being made to continue to progress toward our goals within *Bold Aspirations*. The budget is central to our ability to achieve and advance the mission of the university. Monitoring state revenues and planning for potential SGF reductions are considered throughout the year by university administration. The KU-Lawrence and KU Medical Center budgets are both developed through similar processes, following guidance from university administration. Throughout the year, the Chancellor and the Chief Financial Officer meet with EVC/Provost and the campus financial officer to review the status of the campus budgets. The processes described below culminate with a review and approval by the CFO and the Chancellor.

The specific process for each budget is as follows:

KU – Lawrence

Resource planning begins in the fall and continues throughout the year. In the fall the Vice Provost for Administration and Finance meets with each Dean, Vice Provost and major unit director to discuss how the prior year ended and to discuss the current priorities for resources for the fiscal year and beyond.

Each spring, the Provost requests a formal budget and planning report submittal from each major unit. The Provost and the Vice Provost for Administration and Finance conduct budget and resource planning meetings throughout the spring with each Dean, Vice Provost and major unit director to specifically discuss priorities, planning, budget and staffing. A member of the Governance Committee on Planning and Resources also attends each meeting and reports back to university governance.

In addition, our Tuition Advisory Committee meets throughout the spring to outline and recommend priorities for our tuition proposal to the Board of Regents. The membership of the Tuition Advisory Committee is consists largely of students and faculty.

Regular monthly meetings are held throughout the year by the Provost for the Deans and another for the Deans and Vice Provosts to discuss relevant topics related to university priorities, budget and planning.

KU – Medical Center

At the KU Medical Center, resource planning occurs throughout the year as well. The Executive Vice Chancellor's leadership team, which includes deans and vice chancellors for administration, finance and research, meets regularly to discuss topics related to university priorities, budget, and planning.

Each spring, finance officers in the School of Medicine, School of Nursing and School of Health Professions begin considering funding requests from department chairs and program leaders for the next fiscal year. These finance officers meet with the director of each major unit to discuss priorities, planning, budget and staffing. Finance officers elevate requests for new funding as necessary, so that the Executive Vice Chancellor's team can systematically evaluate and prioritize requests.

In addition, our Tuition Advisory Committee meets all spring to outline and recommend priorities for our tuition proposal to the Board of Regents. The membership of the Tuition Advisory Committee is consists of students, faculty, and administrators.

Proposed Enhancement Requests

The four budget enhancement requests will continue to build upon our measured progress for achieving our strategic goals under *Bold Aspirations*. A summary of each request follows and more information can be found on the attachments.

LAWRENCE CAMPUS

Priority #1. Drug and Vaccine Discovery Institute (\$5 million, recurring funding beginning in FY 2016)

Summary: KU seeks support to create a Drug and Vaccine Discovery Institute, which would build on KU's strengths in pharmaceutical research. In addition to improving human health, the drugs and vaccines produced by this institute will benefit the Kansas economy by fostering KU collaborations with pharmaceutical firms, encouraging companies to move to Kansas, and creating new startups.

Alignment with Bold Aspirations: This enhancement aligns with Goal No. 3 and Goal No. 4.

Alignment with Foresight 2020: This enhancement aligns with Goal No. 2 and Goal No. 3.

Priority #2. Innovation Way science facilities (\$7 million, recurring funding beginning in FY 2017)

Summary: KU seeks support for operating expenses of our new Innovation Way development. Innovation Way will replace our severely outdated science teaching and research facilities and will link basic sciences in the College of Liberal Arts & Sciences, engineering, pharmacy and an array of life and earth sciences work already underway.

Alignment with Bold Aspirations: This enhancement aligns with all six goals.

Alignment with Foresight 2020: This enhancement aligns with Goal No. 3.

KU MEDICAL CENTER

Priority #1. Merit-Based Salary Enhancement (3.4 million, recurring funding beginning in FY 2016)

Summary: KU seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center, where state-funded employees have received just one institutionally supported annual raise in the past five fiscal years.

Alignment with Bold Aspirations: This enhancement aligns with all five strategic goals.

Alignment with Foresight 2020: This enhancement aligns with Goal No. 2 and Goal No. 3.

Priority #2. Strengthening Community-Based Medical Education in Wichita (\$4.9 million, recurring funding beginning with \$2.4 in FY 2016 and an additional \$2.5 FY 2017)

To address Kansas' crucial shortage of doctors, KU in 2011 expanded the School of Medicine-Wichita to a full four-year program. Additional funds are now needed to secure the expanded program.

Alignment with Bold Aspirations: This enhancement aligns with all six goals.

Alignment with Foresight 2020: This enhancement aligns with all three strategic goals.

Drug and Vaccine Discovery Institute

Developing new cures, growing the Kansas economy



KU seeks \$5 million in ongoing support to establish the Drug and Vaccine Discovery Institute, which would focus on the two themes essential for ensuring the future of health: the development of new drug treatments for human disease through chemical biology and disease prevention through vaccine development.

In addition to improving human health, the drugs and vaccines produced by these groups will benefit the Kansas economy by fostering KU partnerships with pharmaceutical firms, encouraging companies to locate and invest in Kansas, and creating biotechnology startup companies.

Building on a legacy

KU has been an internationally recognized power in pharmaceutical science research for the past 50 years, contributing to economic growth and major advances in the care of cancer, neurological conditions, and infectious disease. In 2012, KU's pharmacy program was again ranked No. 2 in the nation among all schools of pharmacy in federal research funding through the National Institutes of Health. KU's successes in drug discovery and vaccine research protect our citizens, create a new global market for drugs and vaccines, and ultimately contribute to economic growth and the development of well-paying jobs in our state.

Significant challenges exist with current funding levels declining due to changes in federal research programs. KU scientists received \$25 million per year in NIH research funding in 2012, an average of \$1 million per researcher. Due to changes in the federal grant program, these levels could be reduced significantly, with a resulting loss of biotechnology jobs in the state.

In addition to federal funding challenges, competing universities have started making significant investments in the areas of drug and vaccine development, and our continued success in these areas of translational research will require ongoing state investments. Without funding to sustain and enhance our drug discovery and vaccine development research efforts, the millions of dollars of prior investment and the position of leadership we have established for Kansas will be vulnerable to well-organized and well-funded competitors.

This initiative will allow for management of health research at KU through the creation of the Translational Chemical Biology Institute (TCBI) and the Kansas Vaccine Institute (KVI). The TCBI provides the "treatment" arm of our strategy for addressing illnesses caused by newly emerging and rare diseases while the KVI represents the disease "prevention" component of our public health enhancement strategy. Requested resources will provide \$2.5 million in programmatic funding for each, the TCBI and KVI.

TCBI

The TCBI will form a bridge between KU's Lawrence-based scientists and drug development groups and clinical scientists at KU Medical Center. The field of translational chemical biology takes the initial therapeutic discoveries of chemical biology and, through collaborations with medical researchers, transforms them into

25

Active startup companies created from KU research

11

Drug discovery/development or pharmaceutical companies in the **KU Bioscience & Technology Business Center**

No. 2

KU pharmacy school's national rank in **NIH funding** in 2012

\$25M

Total NIH funding awarded to KU pharmacy researchers in 2012, an average of **\$1M per researcher**

successful treatments for disease. Translational research brings together academic researchers, clinical scientists and the pharmaceutical industry researchers in partnerships that transform academic laboratory discoveries about the origins and transmission of human diseases into preventative and curative therapies that companies market to restore human health and improve long-term quality of life. The resulting collaborations will allow promising target vaccine therapies and biological pathways discovered at KU-Lawrence to feed the KUMC clinical research pipeline.

The development of novel proprietary technologies has enabled the commercial development of eight drugs in the past 12 years. Recently, faculty members and graduate students in Pharmaceutical Chemistry have developed novel drug delivery technologies that will enable the more effective treatment of HIV infections, pediatric allergies and MRSA infections, as well as novel chemical conjugates for better imaging and/or treatment of multiple sclerosis and cancer.

KVI

Foundation professor Bill Picking will lead the KVI in broadening the number of regional researchers involved in vaccine research and translate basic science about human infectious diseases into a range of preventative therapies. Leading researchers at KU have already developed many vaccine formulations, including vaccines against measles, chicken pox and shingles, hepatitis A, rotavirus and human papilloma virus infections, which are now in clinical use. Recently, this group has formulated new vaccine candidates against *Clostridium difficile*, Norwalk virus and specific forms of breast cancer. Taken together, the vaccines formulated by this group have been used to treat millions of individuals and have produced millions of dollars in sales for U.S. companies.

The KVI will consist of a consortium of researchers from across the state of Kansas who are at the forefront of early stage vaccine discovery for preventing human and animal diseases. This initiative will foster partnerships between KU, Kansas State University, Wichita State University and the private sector to create a vibrant vaccine development capability. In turn, there will be opportunities for joint research projects with regional and national resources, particularly the KU Cancer Center and MRI Global in Kansas City, and the new National Bio and Agro-Defense Facility and KSU's Biosecurity Research Institute in Manhattan.

New drugs. New cures. New economic growth

With the requested funding, KU-Lawrence will provide the lead for investigators to transform promising drug or vaccine development initiatives into pilot projects funded by the TCBI or KVI. As these pilot projects mature and obtain major external funding, they will "graduate" from institute support to federal and private sector grant funding, freeing institute seed funding to bring promising new projects into the pipeline.

Active KU participation in these efforts spans from the basic sciences to pharmacy practice and involves active collaborations across the KU campuses and Kansas State University.

The Drug and Vaccine Discovery Institutes' research agenda will lead to increased external sponsorship of research, open-innovation partnerships with the private sector, spin-off companies, and intellectual property licensure involving private sector firms.

All of the benefits from this investment will improve our institutional performance on quality measures compared to our peers, increase our proportion of federal research dollars awarded, and increase private giving to ensure university excellence, consistent with the goals of Foresight 2020, the strategic plan of the Kansas Board of Regents.

Budget for the Drug and Vaccine Discovery Institute (Total annual funding: \$5,000,000)

Institute Executive Directors: The academic director/scientific leaders will spend 50% of his or her time tending to the business of the proposed Institute: actively managing a world-class research portfolio and the center's infrastructure, promoting chemical biology with KU and to the federal biomedical research community (e.g., the NIH and other relevant agencies), and developing projects for the center (both by recruiting faculty and collaborators and by selecting project for initial Institute support).

Institute Managing Director, and Program Assistant: The Institutes need outstanding scientific leaders to focus on engaging KU and KUMC researchers in collaborative early-stage drug discovery and vaccine development projects and a program assistant to address administrative needs for institute researchers. This managing directors will orchestrate the development of translational research teams around promising KU-Lawrence chemical biology studies and coordinate the preparation of major programmatic grants to support these projects. These individuals will act as a single points of contact for KU researchers building collaborations to develop their technologies, and for private sector sponsors seeking to engage the Institutes in collaborative research. The program assistant will help with the administrative operation of the institute, coordinating grant development and administration, and providing oversight of funded collaborations with pharmaceutical companies.

Senior Scientist Leadership: Since outstanding scientific leadership is central to the success of the two proposed Institutes, they will employ 2–3 PhD-level, industry-trained scientists for each Institute who will actively conceive of and direct chemical biology projects to lead to institutional support and by external grant opportunities over a 2–3 year period. These individuals are the lifeblood of the institute insofar as they will direct the activities of research scientists (postdocs and staff), interact with external collaborators, write grants and papers, and help develop projects with KU faculty.

Research Staff: The experimentalists who make compounds and vaccine candidates for testing and follow up are talented postdoctoral-level scientists and faculty members leading focused research programs. Funding for eight research staff and two faculty members will allow the Institute to build a strong portfolio of NIH- and foundation-funded projects.

Permanent Chemical and Vaccine Libraries Staff: Collections of compounds, each of which can contain thousands of useful and novel chemicals and biologicals, are the bedrock of vaccine and drug discovery projects. These collections lead to the identification of single molecules that unlock the biology of human disease or, in a few select cases, lead directly to new therapies. The Institutes must synthesize and manage these collections of unique and highly valuable compounds, store them, and provide them to individual projects and collaborators.

Cell Culture and Animal Model Facility Managers: Vaccine development relies on the use of cell cultures and model animals as media for expressing and testing the immunogenicity of candidate vaccines. These are highly specialized facilities in which full time facility managers are required to provide facility management, training for facility users, and assistance for investigators in the design of new experiments.

Equipment: Equipment resources will be used to maintain, upgrade, and replace the over \$8 million of state-of-the-art instruments and facilities now available to TCBI and VDI at the University of Kansas. The vast majority of analogous centers founded at other universities required this massive scale of investment to start their centers. We are blessed that prior NIH funding has already provided these resources for KU.

Pilot projects: Researchers in the two Institutes already have projects underway in cancer (breast cancer prevention, prostate cancer treatment), infectious disease (including shigella, tuberculosis, malaria, and novel approaches to widespread problems like urinary tract infections), neuroscience (addiction and depression), and rare but devastating diseases like Gaucher's disease and progeria. These resources will fund competitive basic science pilot grants to KU researchers. These grants will expand the institute's portfolio of disease states and potential drug candidates, attract major external research funding, and empower Kansas scientists to undertake new high-risk and high-reward projects.

Education: The Drug and Vaccine Discovery Institute will provide an unmatched opportunity to train young scientists in one of the most exciting areas in contemporary biomedical science. With these resources, the institute will be able to partner with the existing Chemical Biology Training Grant to provide up-and-coming researchers with the opportunity to participate in projects within the Institutes, interact with world-class researchers through a regular seminar program and through rotations in top labs at other universities.

More information: Lindsey Douglas, Director of State Relations, 785-864-7100, lmdouglas@ku.edu

Innovation Way development

Replacing outdated science facilities, linking basic sciences in the College of Liberal Arts & Sciences



KU seeks \$7 million in ongoing state support for operating expenses of our new Innovation Way science facilities. Innovation Way will replace science facilities built to specifications that did not anticipate computers or the highly sophisticated lab machinery necessary to develop tomorrow's vaccines, cure and prevent infectious diseases, or enable energy storage. New labs and active teaching spaces will prepare a much-needed workforce for Kansas biotech and provide basic courses for our Engineering and Pharmacy schools.

59 years

Average age of KU's science buildings

30%

Productivity time lost due to inadequacy of the current facilities, temperature control for example

Cornerstone of our Campus Master Plan

Innovation Way science facilities are outlined in the [University of Kansas Campus Master Plan](#). In the past year alone, antiquated facilities have cost us millions of dollars in lost competitive grants and the opportunity to hire world-class faculty who were considering a move to KU. Specifically, controlling temperatures is required for sophisticated instrumentation for nanotechnology. Keeping the temperature steady is very difficult in the current facilities, causing experiments to have to be redone. Dust and water quality are also significant issues for research that can only be solved by a new facility.

Our current facilities hamper effective science instruction for today's jobs and are, in many cases, safety liabilities. Ceiling height and ventilation cannot be remedied through renovations. These permanent limitations require new facilities. If left unaddressed, these limitations threaten our accreditation, research findings, ability to win external research funds; and our ability to recruit and retain faculty and students.

EEECs and ISBs

Phase I of the Innovation Way development included the two Earth, Energy, and Environment Center (EEEC) buildings, with over \$45 million in private philanthropic support. Phase II is the addition of two Integrated Sciences Buildings (ISBs). ISB #1 will emphasize contemporary science teaching and learning, comprising 150,000 gross square feet (gsf). ISB #2 will include faculty laboratory and student learning spaces where team-based interdisciplinary research will solve real-world problems. ISB #2, with a projected focus on chemistry-based approaches and with the potential for nanoscience environments, will contain approximately 110,000 gsf. By constructing these buildings simultaneously through a public private partnership, there can be significant reductions in projected cost escalations, potentially saving \$5 million.

KU's request for \$7 million in state funds will complement the private gifts and university support that are already committed to the ISBs and Innovation Way development.

Innovation Way makes evident KU's bold aspirations in science teaching and research. It links basic sciences with engineering, pharmacy, and an array of life and earth sciences work already underway. It provides students and faculty with state-of-the-art teaching and research opportunities. It promotes team-based, problem-solving scientific collaborations. And it creates new access points to campus to facilitate industry partnerships. For example, the Earth, Energy, and Environment Center has an industry outreach and technology transfer center, where industry representatives can learn from KU staff and interact on joint projects. Co-locating researchers from different fields – for example, physics and chemistry to collaborate on material science – will drive new discoveries and innovative teaching.

Advancing KU, KBOR's strategic plans

In addition to advancing KU's strategic plan, we will move KBOR's Foresight 2020 goals of improving alignment of the state's higher education system with the needs of the economy and ensuring state university excellence. Specific increases in performance on institutional assessments will occur in critical thinking and problem solving as a result of cross-discipline collaboration, as well as performance of students on selected third-party technical credential assessments. State university excellence will also be achieved by our improved performance on peer comparison measures, and increases in research dollars.

More information: Lindsey Douglas, Director of State Relations, 785-864-7100, ldouglas@ku.edu

Proposed Budget Enhancements for KU Medical Center

Fiscal Years 2016 and 2017



Merit-Based Salary Enhancements (\$3.4M)

KU seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center whose positions are funded through general-use, centrally controlled resources (rather than by restricted grants, philanthropic or clinical revenues). Many of these employees have not received annual merit raises in five of the past six fiscal years. Since 2008, state appropriations for KU Medical Center have decreased 12.5 percent. To absorb these cuts, the medical center has become more efficient, reduced positions and eliminated programs. At the same time, the medical center has grown its education and research mission to meet the state's need for more doctors and bring external research funding to Kansas. Our top faculty and staff must be attracted and retained, and a 3-percent merit-based raise would be a crucial tool to help us do that. This request ties directly to the Board of Regents' *Foresight 2020* strategic goal of ensuring excellence at state universities.

Strengthening Community-Based Medical Education in Wichita (\$4.9M)

Kansas has a crucial shortage of doctors, and the situation is worsening. To address this urgent need for physicians, KU in 2011 expanded the School of Medicine-Wichita from a two-year program to a full four-year program — and did so without additional state support. State funding is now needed to secure the Wichita program and to expand class size to train more doctors for Kansas.

Sustaining the four-year curriculum (\$2.4M in FY 2016)

Since the KU School of Medicine expanded its Wichita campus to a four-year program in 2011, state funding for the medical center has decreased. Our financial models created in partnership with ECG Management Consulting show a current gap in Wichita campus funding of \$2.4 million, reflecting less support than is required in order to appropriately fund the educational mission and infrastructure of the campus at current enrollment levels. That amount, \$2.4 million, is our request for additional recurring funding in FY 2016.

Expanding class size and compensating volunteer faculty (\$2.5M in FY 2017)

The inaugural first-year class at the School of Medicine-Wichita consisted of eight students. In 2012, the first-year class expanded to 28 students. These students join approximately 55 students from Kansas City who come to the Wichita campus for years three and four of the curriculum. The school seeks to stop transferring third- and fourth-year students from Kansas City, and to expand the four-year class size in Wichita. Our goal is an enrollment of 65 students per year, for a total of 260 students on the Wichita campus.

62%

KU School of Health Professions faculty are paid below the national average in the allied health fields

65%

KU School of Nursing faculty are paid under the median salary

Bottom 10%

Salary range for KU Medical Center Information Technology staff compared to similar positions in the region

#6

KU School of Medicine-Wichita's ranking for residents who go on to become primary care doctors

65%

Percent of doctors who stay in Kansas after completing medical school and residency in Wichita

Since the KU School of Medicine expanded its Wichita campus to a four-year program in 2011, state funding for the medical center operations has decreased. Because the School of Medicine-Wichita is a community-based program, it relies heavily on volunteer faculty – particularly in years three and four of the curriculum – who take time away from their own practices and patients to train medical students. This faculty-intensive teaching model is estimated to take at least five hours per student per week. Additionally, as physicians face more pressure to make their practices more efficient, it's become financially untenable to train students while also trying to treat as many patients as possible. Market forces indicate that volunteer faculty who are now (or will be) employed by health systems are expected to begin receiving compensation for their teaching efforts. In order to sustain the existing program and expand future class sizes, a significant investment in additional faculty and stipends for volunteer faculty must be made.

New costs associated with this enrollment expansion, including those for KU full-time faculty, department administration and infrastructure, and compensation for part-time volunteer faculty who educate all students in Wichita, total \$2.5 million. This is our request for additional recurring funding beginning in FY 2017.

This investment will fulfill two of the Board of Regents' *Foresight 2020* strategic goals: improving alignment of the state's higher education system with the needs of the economy, and ensuring state university excellence.

More information: Lindsey Douglas, Director of State Relations, 785-864-7100, lmdouglas@ku.edu

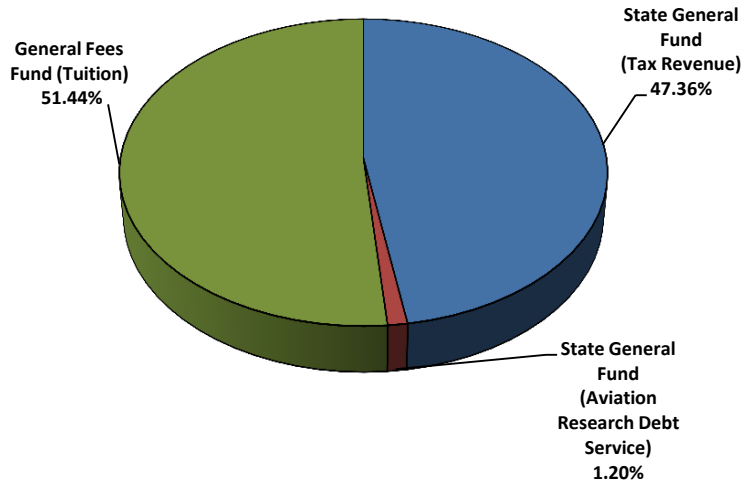


Wichita State University Budget Information and Budget Request FY 2016 and 2017



Wichita State University Fiscal Year 2013 Actual Expenditures Total By Funding Source

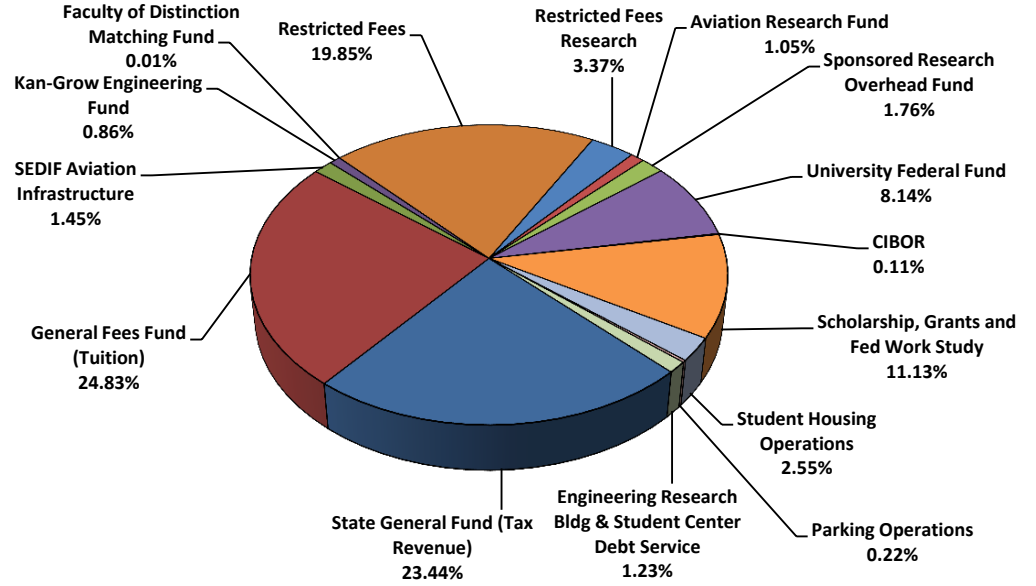
General Use Funds



<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Tax Revenue - General Operating)	\$65,065,895	47.36%
State General Fund (Tax Revenue - Aviation Research Debt Service)	1,645,477	1.20%
General Fees Fund (Tuition)	70,664,662	51.44%

Total Budget	<u>\$137,376,034</u>	<u>100.00%</u>
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All Funds

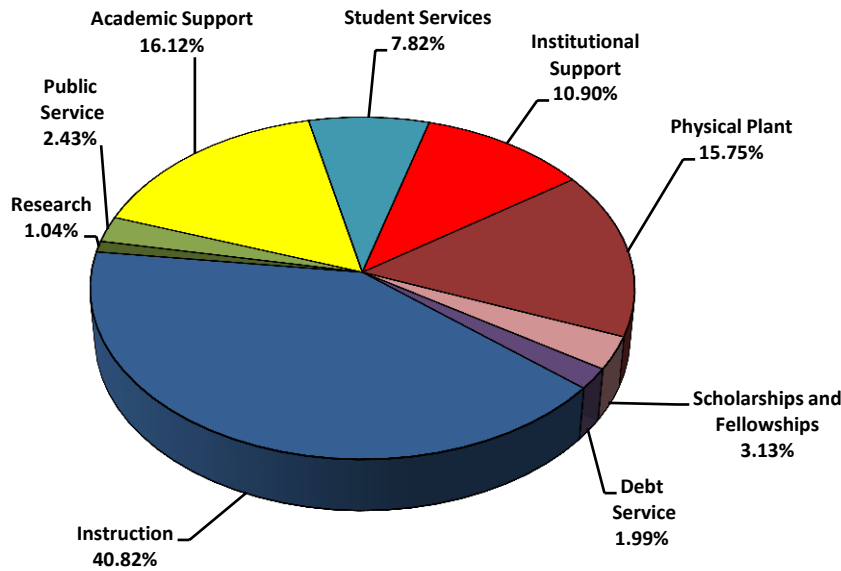


<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Tax Revenue)	\$66,711,372	23.44%
General Fees Fund (Tuition)	70,664,662	24.83%
SEDIF Aviation Infrastructure	4,115,667	1.45%
Kan-Grow Engineering Fund	2,457,929	0.86%
Faculty of Distinction Matching Fund	42,343	0.01%
Restricted Fees	56,502,558	19.85%
Restricted Fees Research	9,594,984	3.37%
Aviation Research Fund	2,977,429	1.05%
Sponsored Research Overhead Fund	5,017,953	1.76%
University Federal Fund	23,158,837	8.14%
CIBOR	318,582	0.11%
Scholarship, Grants and Fed Work Study	31,670,204	11.13%
Student Housing Operations	7,252,471	2.55%
Parking Operations	626,708	0.22%
Engineering Research Bldg & Student Center Debt Service	3,507,039	1.23%

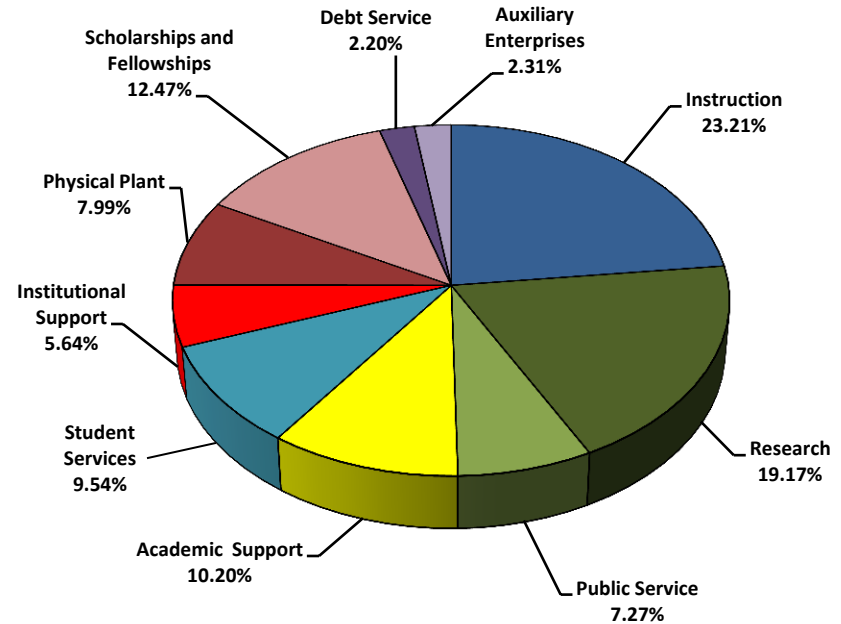
Total Budget	<u>\$284,618,738</u>	<u>100.00%</u>
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Wichita State University Fiscal Year 2013 Actual Expenditures Total By Program

General Use Funds



All Funds

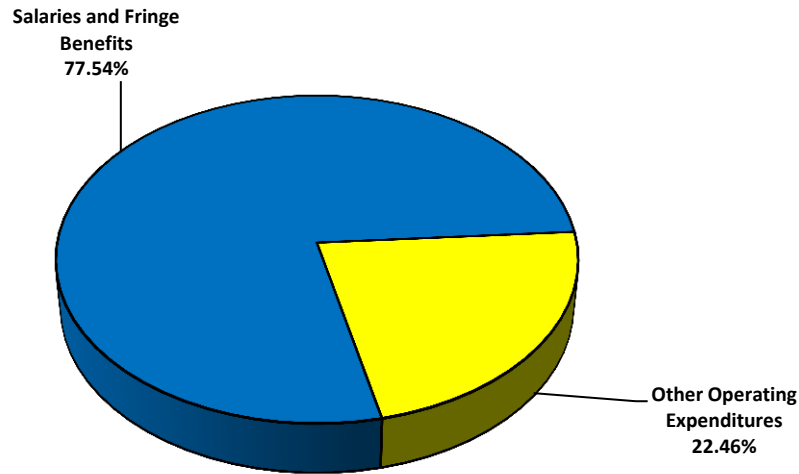


<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$56,051,049	40.82%
Research	1,432,160	1.04%
Public Service	3,341,225	2.43%
Academic Support	22,147,702	16.12%
Student Services	10,748,031	7.82%
Institutional Support	14,979,102	10.90%
Physical Plant	21,643,339	15.75%
Scholarships and Fellowships	4,298,079	3.13%
Debt Service	2,735,347	1.99%
Auxiliary Enterprises	0	0%
Total Budget	<u>\$137,376,034</u>	<u>100.00%</u>

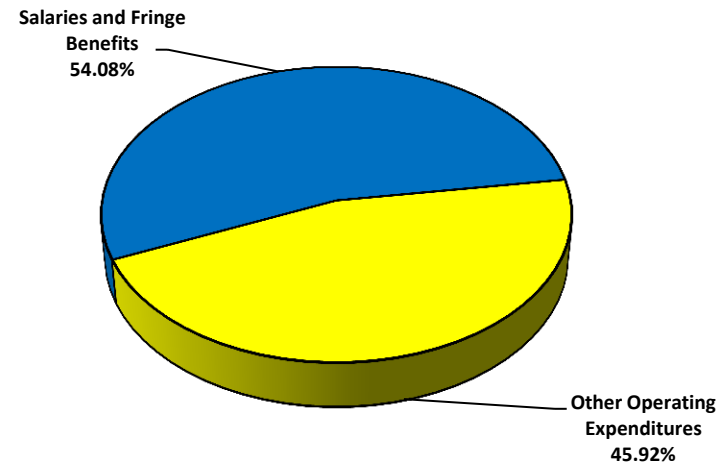
<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$66,057,859	23.21%
Research	54,559,237	19.17%
Public Service	20,698,244	7.27%
Academic Support	29,063,210	10.20%
Student Services	27,138,884	9.54%
Institutional Support	16,039,463	5.64%
Physical Plant	22,743,648	7.99%
Scholarships and Fellowships	35,487,098	12.47%
Debt Service	6,270,462	2.20%
Auxiliary Enterprises	6,560,633	2.31%
Total Budget	<u>\$284,618,738</u>	<u>100.00%</u>

Wichita State University Fiscal Year 2013 Actual Expenditures Total By Expenditure Classification

General Use Funds



All Funds

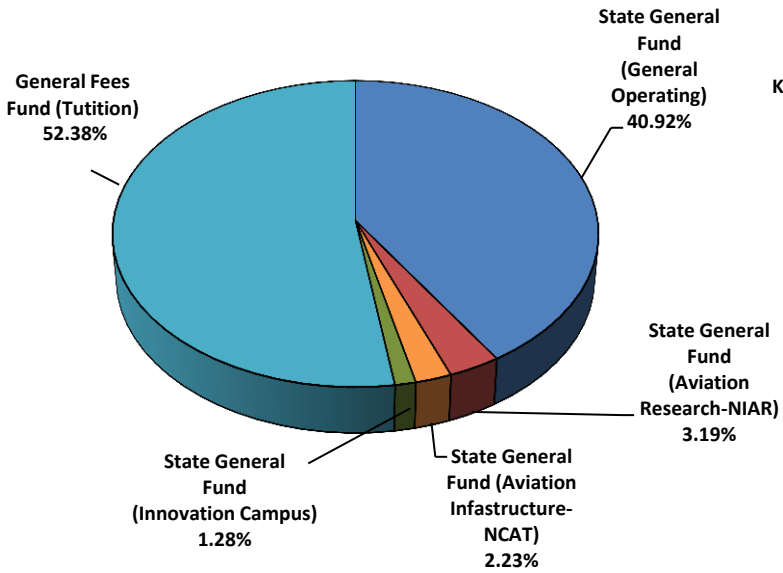


<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$106,523,192	77.54%
Other Operating Expenditures	30,852,842	22.46%
Total Budget	<u>\$137,376,064</u>	<u>100.00%</u>

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$153,930,296	54.08%
Other Operating Expenditures	130,688,442	45.92%
Total Budget	<u>\$284,618,738</u>	<u>100.00%</u>

Wichita State University Fiscal Year 2015 Operating Budget Total Budget By Funding Source

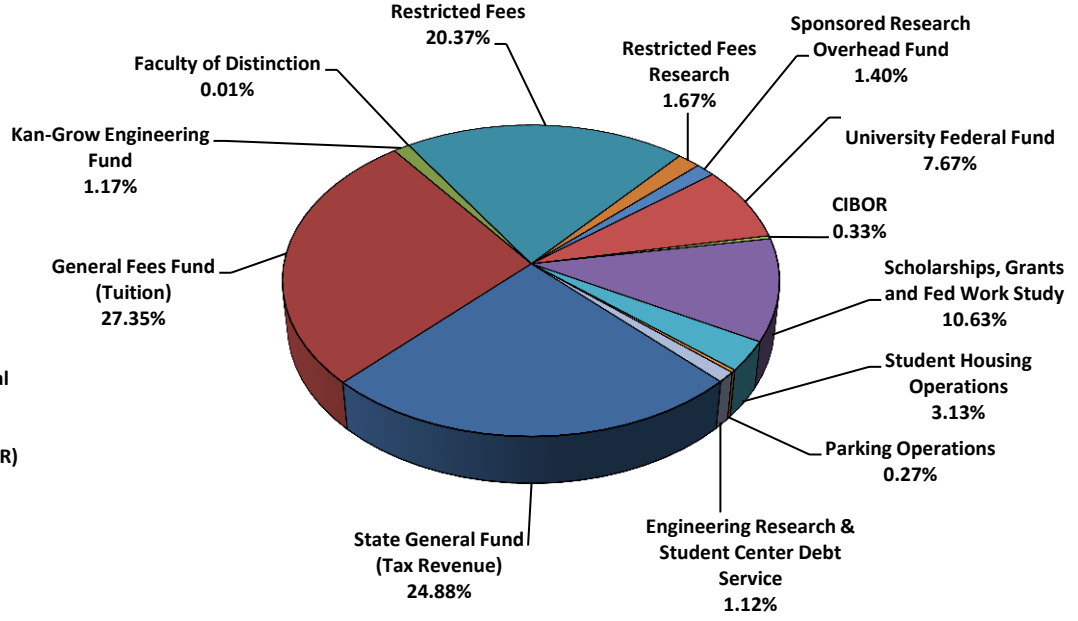
General Use Funds



<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund - General Operating	\$64,122,953	40.92%
State General Fund - Aviation Research-NIAR	5,000,000	3.19%
State General Fund - Aviation Infrastructure-NCAT	3,500,000	2.23%
State General Fund - Innovation Campus	2,000,000	1.28%
General Fees Fund (Tuition)	82,063,905	52.38%

Total Budget	<u>\$156,686,858</u>	<u>100.00%</u>
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All Funds

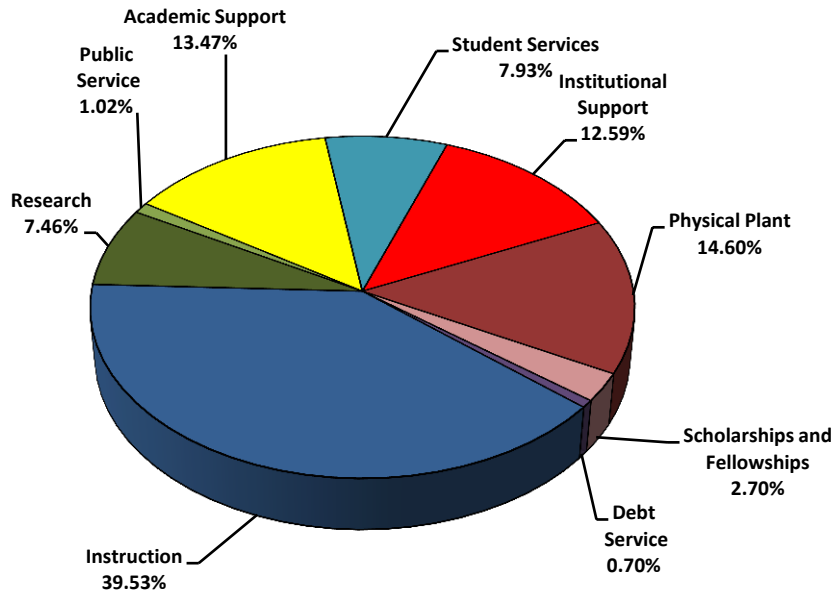


<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Tax Revenue)	\$74,622,953	24.88%
General Fees Fund (Tuition)	82,063,905	27.35%
Kan-Grow Engineering Fund	3,500,000	1.17%
Faculty of Distinction	26,245	0.01%
Restricted Fees	61,127,308	20.37%
Restricted Fees Research	5,000,000	1.67%
Sponsored Research Overhead Fund	4,200,000	1.40%
University Federal Fund	23,000,000	7.67%
CIBOR	1,000,000	0.33%
Scholarship, Grants and Fed Work Study	31,884,284	10.63%
Student Housing Operations	9,386,613	3.13%
Parking Operations	800,671	0.27%
Engineering Research & Student Center Debt Service	3,370,718	1.12%

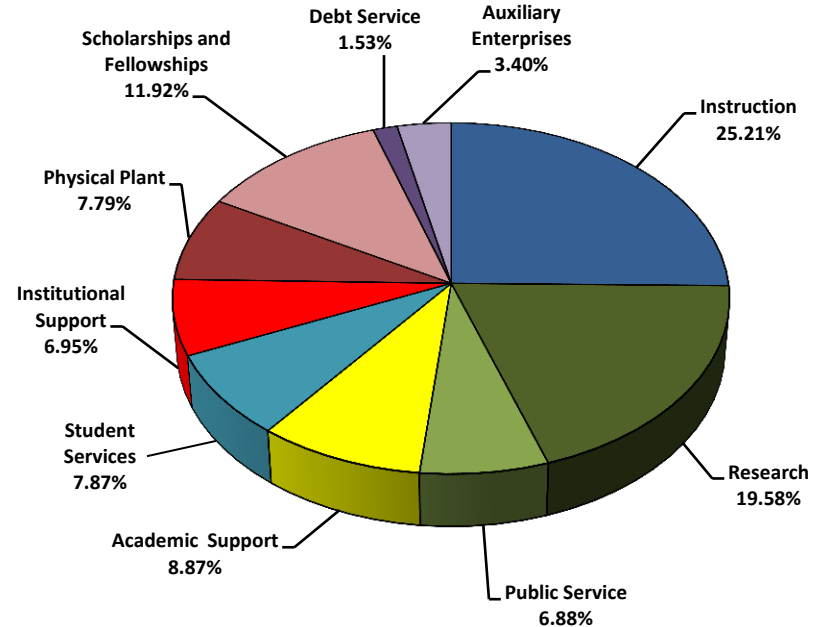
Total Budget	<u>\$299,982,697</u>	<u>100.00%</u>
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Wichita State University Fiscal Year 2015 Operating Budget Total Budget By Program

General Use Funds



All Funds

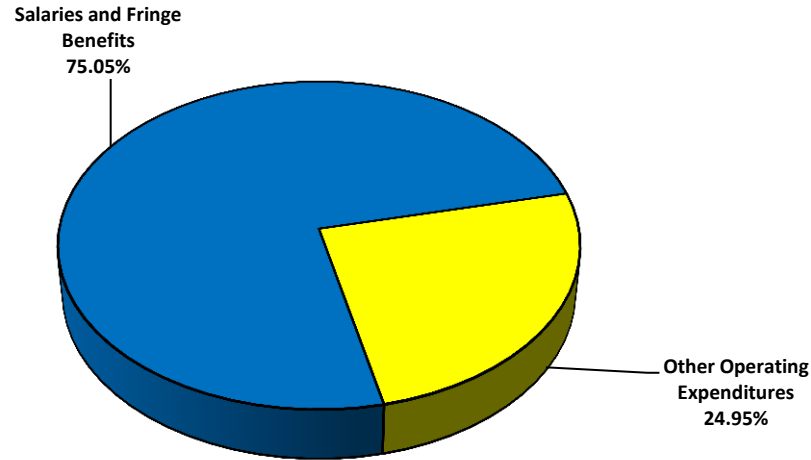


<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$61,932,339	39.53%
Research	11,689,782	7.46%
Public Service	1,600,890	1.02%
Academic Support	21,107,119	13.47%
Student Services	12,427,782	7.93%
Institutional Support	19,730,341	12.59%
Physical Plant	22,877,206	14.60%
Scholarships and Fellowships	4,231,529	2.70%
Debt Service	1,089,870	0.70%
Auxiliary Enterprises	0	0%
Total Budget	<u>\$156,686,858</u>	<u>100.00%</u>

<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$75,621,878	25.21%
Research	58,721,971	19.58%
Public Service	20,630,675	6.88%
Academic Support	26,608,175	8.87%
Student Services	23,597,870	7.87%
Institutional Support	20,902,636	6.95%
Physical Plant	23,360,206	7.79%
Scholarships and Fellowships	35,757,288	11.92%
Debt Service	4,594,714	1.53%
Auxiliary Enterprises	10,187,284	3.40%
Total Budget	<u>\$299,982,697</u>	<u>100.00%</u>

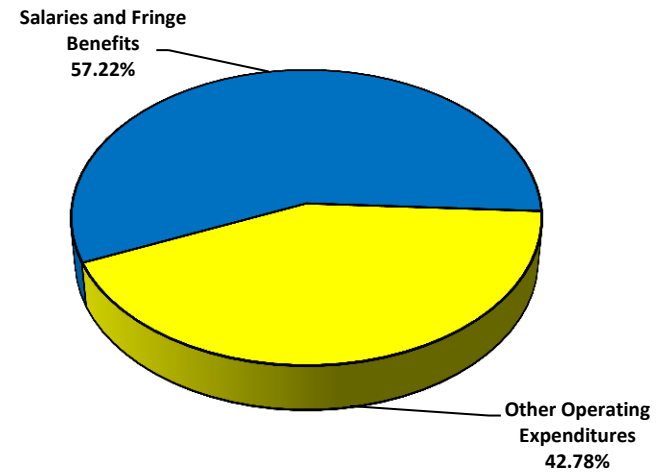
Wichita State University Fiscal Year 2015 Operating Budget Total Budget By Expenditure Classification

General Use Funds



<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$117,597,809	75.05%
Other Operating Expenditures	39,089,049	24.95%
Total Budget	<u>\$156,686,858</u>	<u>100.00%</u>

All Funds



<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$171,650,921	57.22%
Other Operating Expenditures	128,331,776	42.78%
Total Budget	<u>\$299,982,697</u>	<u>100.00%</u>

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
(assuming stable state funding)

Wichita State University

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use 5)	General Use	Restricted Use 5)	General Use	Restricted Use 5)
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$74,622,953		\$74,428,373		\$74,428,373	
FY 2015 General Fees Estimate (Tuition) ²⁾	82,063,905		82,063,905		82,063,905	
Restricted Use ³⁾		\$138,328,784		\$140,000,000		\$140,000,000
Total Estimated Revenue	\$156,686,858	\$138,328,784	\$156,492,278	\$140,000,000	\$156,492,278	\$140,000,000

Anticipated Expenditure Increases

3% Salary Increase	\$2,640,000	\$960,000	TBD	TBD	TBD	TBD
Servicing of New Buildings	-		-		-	
Group Health Insurance	215,000	195,000	-		250,000	110,000
KPERS and Other Fringe Benefit Rate Increases	840,000	460,000	570,000	\$175,000	260,000	50,000
Faculty Promotion/Tenure	160,000		200,000		200,000	
Utilities Rate Increase (Natural Gas)	300,000		300,000		300,000	
Additional item	-		-		-	
Additional item	\$0		\$0			
Subtotal Anticipated Expenditure Increases	\$4,155,000	\$1,615,000	\$1,070,000	\$175,000	\$1,010,000	\$160,000
All Other Expenditures	\$152,531,858	\$136,713,784	\$155,422,278	\$139,825,000	\$155,482,278	\$139,840,000
Total Expenditures	\$156,686,858	\$138,328,784	\$156,492,278	\$140,000,000	\$156,492,278	\$140,000,000

Proposed Institution-Specific State General Fund Operating Enhancements

Proposal #1a) Economic Innovation base funding	\$0		\$3,200,000		\$4,700,000	
Proposal #2a) Extend and Refresh Technology	0		2,500,000		5,000,000	
Proposal #2b) One-time funding for Labs and Equip.	0		7,500,000		2,500,000	
Proposal #3	0		0		0	
Total Proposed SGF Operating Enhancements	\$0		\$13,200,000		\$12,200,000	

Proposed Institution-Specific State General Fund Capital Improvement Enhancements

Proposal #1b) Construction of Innovation Center	\$0		\$6,000,000		\$6,000,000	
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"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$746,230		\$744,284		\$744,284	
1% Tuition Increase ⁴⁾	650,000		725,000		750,000	
1% Salary Increase - All Funds	880,000	\$320,000	925,000	\$335,000	970,000	\$350,000

Notes:

- 1) State General Fund appropriations: For FY 2015, includes \$64,122,953 for Operations, \$2M for Tech Transfer Facility, \$5M for Aviation Research\NIAR, and \$3.5 for Aviation Infrastructure\NCAT. For FY 2017, this does not include an amount for the 27th Payroll.
- 2) FY 2015 Tuition Proposal, Appendix B-2
- 3) FY 2015 Budget Request Document (DA402 form), less capital improvements
- 4) FY 2015 Tuition Proposal, Appendix B-4, estimated revenue generated from a 1% tuition rate increase
- 5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

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Description of How the Proposed Planning Budget is Tied to Foresight 2020 and the University's Strategic Plan

Wichita State University's Strategic Planning Initiative in 2013 includes the following Vision for the University:

Vision

Wichita State University is internationally recognized as the model for applied learning and translational research. The vision means Wichita State University will be "the model" not merely "a model" for requiring students to apply their skill sets in practical or real world contexts. It requires that everyone at Wichita State University can state what each student will be able to accomplish in terms of applied learning or translational research. Translational research is research where partnerships are developed and fostered across all disciplines to facilitate the application of new findings or knowledge to practical needs in the world at large. The vision extends beyond the student experience—it requires that everyone at the university engage in or support applied learning and translational research. The fulfillment of this vision will be realized in many different ways across the Wichita State University campus.

The budget requests for Fiscal Year 2016 and 2017 are in line with the Vision through the requirement for students to apply their skill sets in practical or real world contexts through the instruction and applied and translational research taking place on the Innovation Campus. The requests also are in line with the three Foresight 2020 goals to:

1. Increase Higher Education Attainment Among Kansans
2. Improve Alignment of the State's Higher Education System with the Needs of the Economy, and
3. Insure State University Excellence.

Description of the University Resource Planning Processes

Base budget and budget enhancement requests for Fiscal Years 2016 and 2017 were prepared in alignment with the following goals of the 2013 Strategic Planning Initiative:

1. Guarantee an applied learning or research experience for every student by each academic program.
2. Pioneer an educational experience for all that integrates interdisciplinary curricula across the University
3. Capitalize systemically on relevant existing and emerging societal and economic trends that increase quality educational opportunities.

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4. Accelerate the discovery, creation, and transfer of new knowledge.
5. Empower students to create a campus culture and experience that meets their changing needs.
6. Be a campus that reflects—in staff, faculty, and students—the evolving diversity of society.

The requests were formulated by and discussed with the President's Executive Team, the Deans, and other constituencies throughout the campus.

Wichita State University
Program Enhancement Requests for Fiscal Years 2016 and 2017

Summary of Funding Request for "New Economy" Development Based in Innovation and Entrepreneurship

Priority One: Support for Economic Innovation, Diversification, and Technology Transfer, Phase 1

Support for Economic Innovation, Diversification, and Technology Transfer, Phase 1

Base Budget Funding:

100 Doctoral Research Fellowships	\$3,000,000
Positions and Operating Support for Technology Transfer and Business Infrastructure	1,700,000
Total Base Budget Funding Request for Priority One	\$4,700,000

One-Time Funding:

Construction of Innovation Center on the Innovation Campus	\$12,000,000
Total One-Time Budget Funding Request for Priority One	\$12,000,000
Total Priority One Budget Request	\$16,700,000

Priority Two: Innovation Equipment

Base Budget Funding:

Expenditures to Extend and Refresh Technology in Critical Areas	\$5,000,000
Total Base Budget Funding Request for Priority Two	\$5,000,000

One-Time Funding:

"Jump Start" Funding for Laboratories and Equipment	\$10,000,000
Total One-Time Budget Funding Request for Priority Two	\$10,000,000
Total Priority Two Budget Request	\$15,000,000

Purpose

Wichita State University is positioning itself to become the “hub” for the “New Economy” development based in innovation and entrepreneurship in South Central Kansas. The following funding request represents phase one of developing the New Economy infrastructure necessary if Kansas is going to remain globally competitive. The budget request for Fiscal Years 2016 and 2017 is summarized as follows:

Rationale

All major studies of the restructuring of the economy due to globalization and the digital revolution show that technology-based innovation and entrepreneurship are the critical drivers of jobs and

Wichita State University

Program Enhancement Requests for Fiscal Years 2016 and 2017

prosperity for the future. A 2013 study by the Kauffman Foundation supported most other recent studies in showing that **most net new jobs in the United States, when analyzed by business type, occurred within technology-based entrepreneurial enterprises with under a five year life history** (Hathaway, 2013). All other categories of private enterprise (large business, non-technology start-ups, etc.) either were characterized by stable or declining employment. Other research also shows that, on average, technology-based employment has a jobs multiplier of five (Moretti, 2012). That is, for every new technology job in a technology enterprise, five other jobs are created.

Over the last decade there also has been a major shift in the location of successful technology enterprises away from traditional large-scale highly suburbanized research parks, such as the Research Triangle Park in North Carolina, to more compact urban “Innovation Districts.” These Innovation Districts generally are being developed both in the United States and Europe in more urbanized settings where one or more research universities and/or research hospitals provide the “hub” for innovation and the surrounding district evolves to house both new enterprises and the entrepreneurs and workers who create them. These Innovation Districts share many common characteristics that have been summarized as “live, work, play.” That is, the districts provide work spaces, a strong technology development eco-system, places to live, and places to recreate.

The importance of this shift in the geographic structure of the economy cannot be overestimated. Nations, states, and metropolitan areas that have recognized this change and adopted policies to support its development are prospering. A June 2014 report by the Brookings Institution summarized the major characteristics of successful Innovation Districts as follows:

- They are urban and connected rather than suburban and disconnected. This means that the old isolated research center located in a low density suburban park is no longer preferred by innovators.
- They generally have one or more anchor institutions such as a research university that attract and promote relationships with leading-edge companies and start-ups. There is strong support in the district for incubators/accelerators that promote new business formation and success.
- They are designed to promote social networking that promotes information transfer more quickly and they focus on “open innovation.”
- They encourage and support a diverse population who live in proximity to their work sites. The physical design of these areas is generally referred to as a “live, work, play” environment.
- They emphasize co-invention and they encourage location of companies, entrepreneurs, university faculty, researchers and investors. They also find ways to encourage traditionally disadvantaged populations to engage in innovation.
- Their success encourages repopulation of the urban core and enhancement of the quality of life within the district.
- They require metropolitan infrastructure support including high speed/high capacity internet access, high quality schools, gathering places, and restaurants, shops, etc.
- They support a “risk-taking” culture that creates an “innovation ecosystem” which is the “synergistic relationships between people, firms, and place...that facilitates idea generation and accelerates commercialization.”
- They promote both traditional “strong ties” between companies and people who have professional traditions of working together and they create opportunities to create new forms

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Program Enhancement Requests for Fiscal Years 2016 and 2017

of “weak ties” where people from disparate backgrounds share information and create relationships that promote innovation. Examples of these types of activities include development of innovation centers, creating “networking breakfasts,” “tech-jams,” and start-up classes as well as designing open spaces between buildings to promote gatherings (Katz & Wagner, 2014).

This change in the structure of the economy has significant implications for Kansas and the state is not yet well-positioned to take advantage of it. We have neither recognized this major shift by creating a policy framework for responding to it, nor have we made substantial, ongoing investments in the core infrastructure that supports innovation and entrepreneurship. To be sure, there have been some very important actions taken, such as support for NBAF at Kansas State University and the cancer center at the University of Kansas Medical School, but key indicators show that Kansas lags the nation on key indicators such as SBIR/STTR grants as a percent of state GDP, state investment in university R&D, state support for new science, engineering, and technology facilities at the research universities, and state tax structures that emphasize support for private sector R&D. In 2013, for example, Kansas only received 15 SBIR grants and since 1986, the state had received only 388 awards, ranking 39th among the fifty states (SBIR.gov, 2014). The Kauffman Foundation Index of Entrepreneurial Activity shows Kansas to have the lowest rate in the five-state region, and in the midwest only Iowa and Wisconsin had lower rates (Kauffman Index of Entrepreneurial Activity, 2014). According to the Information Technology and Innovation Foundation, Kansas ranks 34th in total entrepreneurial activity and 31st in patents (State New Economy Index, 2014). The most recent employment data for Kansas also show that most jobs in greatest demand do not require a college education, and those that do are not in innovation-oriented fields. Additionally, the only counties in Kansas that are classified as successful in supporting New Economy enterprises border the Kansas City metropolitan area. The rest of the state, including the Wichita MSA, has not made this transition. And, while recently new business births have exceeded new business deaths, the U.S. Bureau of Labor Statistics data show that those new businesses tend to be very small and they are predominantly in sectors other than the critical new technology start-ups that are so important in job formation (U.S. Bureau of Labor Statistics, 2014) (Small Business Administration, 2011).

The situation in the Wichita MSA complicates the picture even more. Currently, this MSA represents approximately 26 percent of Kansas’ total economy. The core of the MSA’s economy is, and has been, aircraft production. Unfortunately, this business base was hit very hard by the recession and has not yet regained full strength. Aircraft production also is subject to increased international competition and other states, specifically Ohio, Alabama, and North Carolina, are making substantial investments that threaten the continued competitiveness of the Wichita economy. The production of aircraft, specifically airframes, is changing rapidly. New technologies involving both advanced materials and automation will greatly reduce the demand for aircraft workers over the next decade. It is likely that the Boeing 737 will be the last rivet-based commercial airframe built in Wichita. When production of this airframe is suspended in the next decade or so, it can be expected that as many as 8,000 production employees will require replacement jobs. Therefore, it is critical that Wichita focuses on how to recreate its economy to reflect both changes in global economic structures and specific changes coming in its core economic sectors.

Wichita State University

Program Enhancement Requests for Fiscal Years 2016 and 2017

Because of its institutional characteristics and location, WSU is uniquely situated in the state to become the hub of an Innovation District that can recreate the economy of the Wichita MSA and that can increase job growth and wealth development in the state.

- WSU's approved strategic plan and mission focus on experiential learning and being a critical asset to promote the quality of life and economic viability of the state.
- WSU has a long-history of working closely with business and industry on research. Currently, WSU is rated 30th in the U.S. in research sponsored by industry and it is rated 1st in the nation in aviation research sponsored by industry.
- WSU has the largest graduate engineering program in the state and has the potential to rapidly increase the number of graduate engineering students.
- WSU is in the early stages of creating an Innovation Campus that can become the effective hub of an Innovation District. It is expected that the first building will be constructed in early 2015.
- WSU's location is in a highly diverse area of Wichita with excellent access to transportation and urban amenities that fit well with other global examples of locations that have supported new Innovation Districts.
- WSU has a highly entrepreneurial culture that has a more than fifty year history of spinning out new enterprises and educating entrepreneurs. The university was one of the creators of entrepreneurship education nationally.
- There is strong interest and support from local business and governmental leaders for development of the Innovation Campus. NetApp and ABI have already announced their partnerships with the Innovation Campus. As many as nine others are currently in negotiation with the university.
- The largest private developers in the metropolitan area have approached the university about potential partnerships for new buildings. These include: business research centers, a new residence hall, mixed land use (commercial/residential) developments both on the 17th and 21st Street borders of the Innovation Campus, and a hotel to service the businesses and university research centers located on the Innovation Campus.

The university's request for expansion funding is specifically designed to jump-start the Innovation Campus as the core of Wichita's Innovation District. The request addresses critical gaps in the university's current ability to support transformation of the South Central Kansas economy and to implement the university's core mission.

Priority One: Request for Budget Enhancement: Support for Economic Innovation, Diversification, and Technology Transfer, Phase 1

This request for funding is composed of two critical components. These should not be seen as separate priorities but instead as components of a single priority that is critical to develop the Innovation District that will be the focus of the Innovation Economy of South Central Kansas.

Base budget funding to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion

This priority focuses on rapid expansion of the core research capacity of the university by establishing base budget funding for 100 doctoral research fellowships in STEM fields at the new NSF supported rate of \$30,000 per year, per assistantship plus out-of-state tuition waivers. The number of STEM graduate

Wichita State University

Program Enhancement Requests for Fiscal Years 2016 and 2017

students, as a percentage of all people in a state aged 25-34, is a good predictor of state economic competitiveness. This funding significantly extends the ability of the university to focus on technology transfer and new product and process development. This is a critical component of achieving a strong economic development program focused on technology-based innovation.

Total request: \$3.0 million (\$1.5 million base funding in FY 2016 and an additional \$1.5 million base funding in FY 2017 for a total of \$3 million in FY 2017)

Base budget funding to support technology transfer and business development infrastructure

If the university is to perform its critical function as the “Innovation Hub” of the Innovation District, it must substantially increase the number of staff who can provide both support to businesses and to lead the needed programs that link the people of the district to enhance innovation. Specifically, the following staff members are needed:

- Two technology transfer officers,
- Innovation activities support staff member to work with the diverse members of the innovation community in Wichita,
- Two business development specialists,
- Patent and intellectual property attorney assigned to create and support innovation business development, and to coordinate with contract attorneys who specialize in the various types of intellectual property patenting and licensing,
- Innovation Campus director and clerical support,
- A support specialist to assist with SBIR/STTR grant proposals by entrepreneurs, and
- A development specialist to support the creation and management of a “WSU Innovation Fund” for early stage capital, and to coordinate relationships with the venture capital community in Wichita and nationally.

Total request: \$1.7 million base funding in FY 2016

One-time funding for construction of the Innovation Center on the Innovation Campus

Innovation Centers are critical facilities for development of innovation based districts and for fostering the innovation economy. These facilities provide around the clock locations for people to gather and work together on new ideas and concepts that can be commercialized. They generally have movable furniture, access to substantial amounts of technology and support systems. At WSU the first Innovation Center will be located on the Innovation Campus where it can encourage formation of both weak and strong relationships among various constituencies including faculty, staff, students, and business researchers. The Center will act as a gathering place for informal programs and be closely linked to WSU’s technology transfer and research capacities. This facility will provide 24 hour a day, 6 days a week access to equipment, meeting rooms, computing, and creative services to support development of new products and processes either to be licensed to private enterprise or to be the basis of new business spin-outs. This facility is based on North Carolina State University’s facility. The Innovation Center at WSU is estimated to be 20,000 square feet.

Total request: \$12.0 million one-time funding (\$6 million in FY 2016 and FY 2017)

Wichita State University

Program Enhancement Requests for Fiscal Years 2016 and 2017

Total funding for this priority request: \$16.7 million

Priority Two: Innovation Equipment One Time and Recurring Funding

New Economy innovation is based strongly in electronics, advanced manufacturing, and biomedical technologies. These technologies by definition are rapidly changing and require constant replacement and upgrading if the state is to continue to develop its global competitiveness and provide high paying, stable jobs for its people. This priority requests a one time “jump start” of \$10 million and a recurring fund of \$5 million. Specifically:

- Equipment for support of mechatronics and robotics research development,
- Research grade three-dimensional printers including metal and advanced materials,
- Biomedical testing equipment,
- Precision metrology and reverse engineering devices,
- Advanced network physical and virtual switching equipment to support computer engineering and computer science curricula and research focused on cyber security and counter business espionage,
- Advanced human factors software and equipment,
- Protein analytic and genomic core research equipment to support biotechnology,
- Advanced materials and bio-coatings research equipment, and
- Advanced network connectivity (fiber, servers and switches) to support the Innovation Campus.

Total funding for this priority request: \$15.0 million (\$10.0 million one-time funds and \$5.0 million base budget funds). The request is for \$7.5 million one-time funds in FY 2016 and \$2.5 million one-time funds in FY 2017. The \$5 million base funding would be for both years.

References

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The Information Technology and Innovation Foundation. (2014). *2014 State New Economy Index*. Washington, DC: The Information Technology and Innovation Foundation.

Hathaway, I. (2013). *Tech Starts: High-Technology Business Formation and Job Creation in the United States*. Kansas City, MO: The Kauffman Foundation.

Katz, B., & Wagner, J. (2014). *The Rise of Innovation Districts: A New Geography of Innovation in America*. Washington, DC: Brookings Institution.

Moretti, E. (2012). *The New Geography of Jobs*. New York: Houghton Mifflin Harcourt.

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Pittsburg State University

OFFICE OF THE PRESIDENT

PITTSBURG STATE UNIVERSITY KBOR Budget Work Session July 22, 2014

1. FY2013 Actual Revenues and Expenditures

- Funding Source: Attachment A-1
- Budget Program: Attachment A-2
- Expenditure Classifications: Attachment A-3

2. FY2015 Operating Budget Charts

- Funding Source: Attachment B-1
- Program Budget: Attachment B-2
- Expenditure Classifications: Attachment B-3

3. FY2016 and FY2017 Planning Budgets-Attachment C

4. Foresight 2020 and the University Strategic Plan

The proposed planning budget for FY16 and FY17 is directly tied to the Kansas Board of Regents Foresight 2020 goals. The anticipated expenditure increases over the next two fiscal years can be grouped into two categories. The first group includes employee salary increases, servicing of new buildings (including the operating budget for the Center for the Arts), faculty promotions, fringe benefit rate increases, and increases in utility rates. These expenses are all directed toward maintaining the base operating budget for the university. Maintaining the base operating budget has to be a top priority. Serious consideration needs to be directed toward addressing the growing disparity on faculty salaries (both retention and recruitment).

The second group of expenses includes new investments in additional faculty positions in critical enrollment growth academic disciplines, specific targeted enhancement requests, and new administrative data processing systems. In the FY15 operating budget, two new faculty positions are funded (Auto Technology and Early Childhood Development). Both of those academic programs have experienced enrollment growth demand. The four institution specific enhancement requests for FY2016 and FY2017 have been listed in priority order. Given the recent major investment being made in increasing the number of medical professionals, it makes sense to invest in successful pre-med programs already in existence across the system. The proposed investment in new data processing systems is reflective of the need for the university to move away from existing home grown systems and to incorporate new technologies into the day to day campus operations.

The recent investments by the State in the School of Construction, the Polymer Chemistry Initiative, and the Career and Technical Education Teacher Development and Innovation Center support achievement of Foresight 2020 goals. These three investments which provide additional educational opportunities, are linked to economic alignment, and improve overall institution academic standing.

5. Description of the University Resource Planning Process

The current university planning process is graphically displayed in Attachment D. The process is departmental driven (an inclusive bottom to top alignment). The budgetary organization chart (Attachment E) shows the overall university structure. Individual departments prepare unit plans which drive the planning process. Depending upon the individual unit, plans flow up through the planning process to as many as five different committees. The five standing committees include Institutional Effectiveness, Facilities Master Planning, University Sustainability, Information Technology, and Assessment. All five committees play important roles in helping design the campus planning process. Their annual reports to the University Strategic Planning Council provide overall recommendations and suggestions for future budgetary decisions. The University Strategic Planning Council makes its annual recommendations to the University President based upon planning efforts put forth by the whole campus.

The University has six major strategic goals. They are:

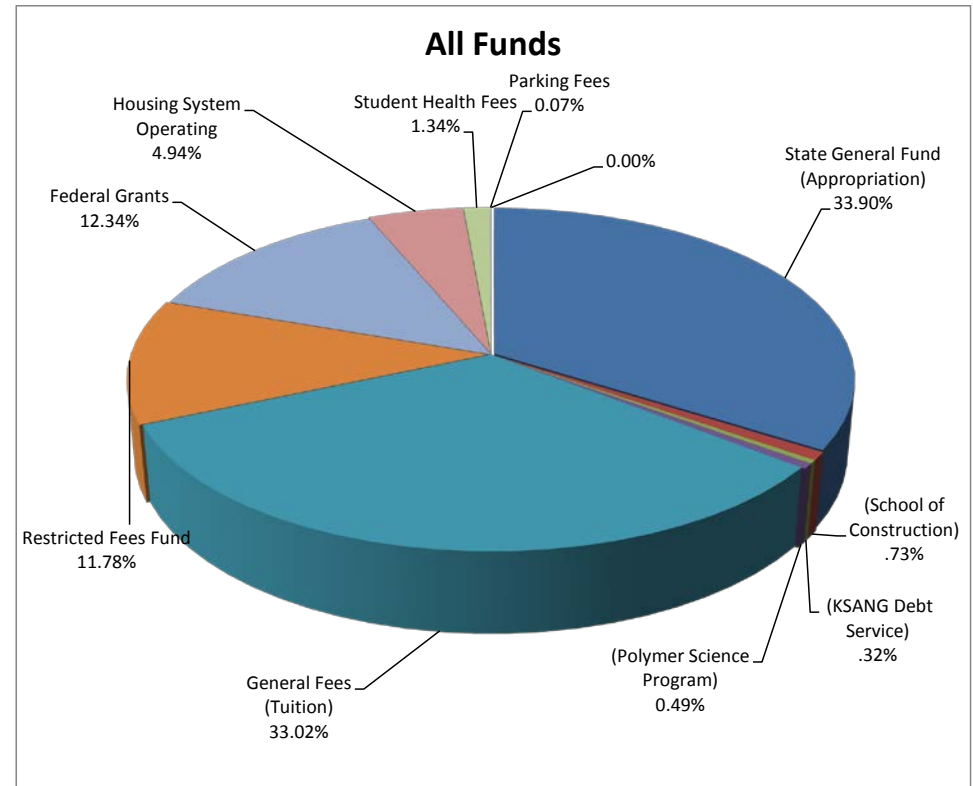
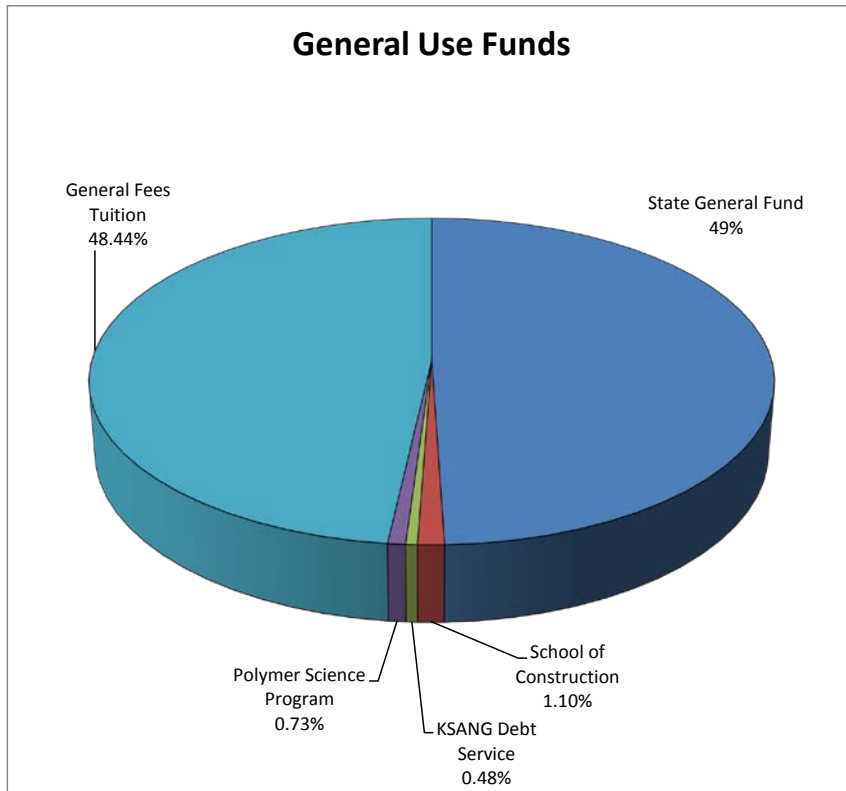
- 1) Enhance Learner Success.
- 2) Enhance Discovery and Research.
- 3) Enhance Engagement and Interaction with Extended Stakeholders.
- 4) Enhance Energizing Technologies.
- 5) Obtain the resources necessary to support attainment of the Strategic Goals.
- 6) Institutionalize Environmental Sustainability.

The six major goals align with the Foresight 2020 goals. There are numerous sub-goals which provide overall guidance and measurement for monitoring progress in achieving the six major goals.

With all this being said, as an institution, we are approaching the end of a planning cycle. A new strategic plan is being developed and will be presented to the Board of Regents during FY15. We anticipate and welcome input into the process. We intend to capture the best out of the old planning process while incorporating new ideas/technologies as we plan for the future.

6. Proposed Enhancement Requests

Pittsburg State University has prepared four individual program enhancements (Attachment F). They have been placed in priority order to be funded over FY16 and FY17.



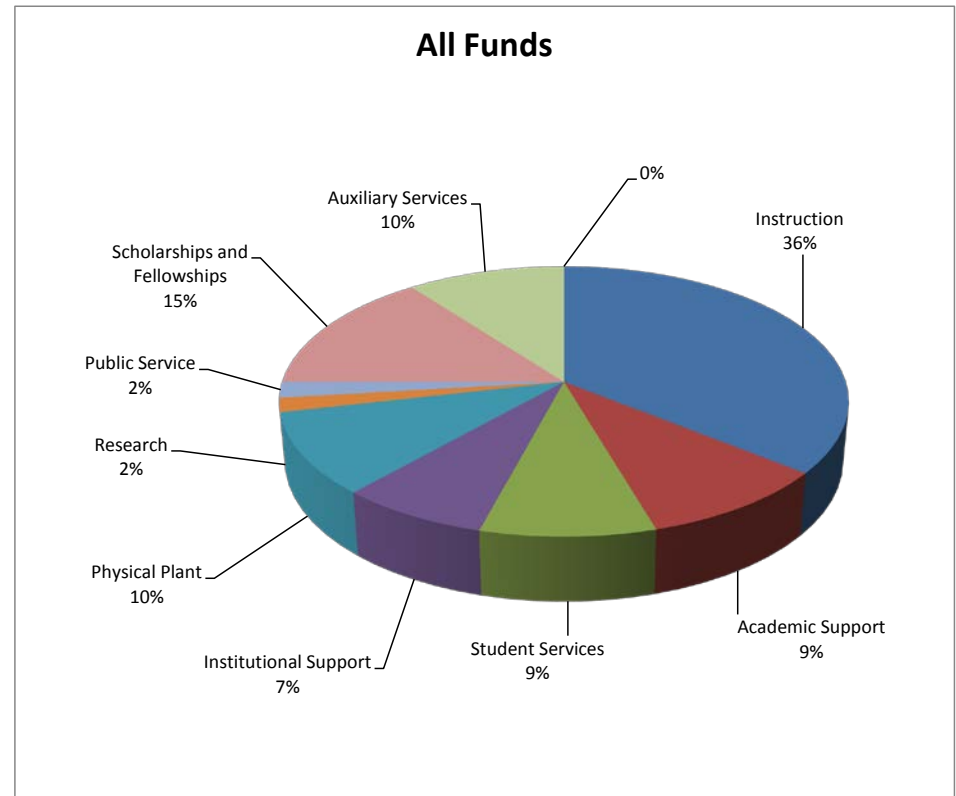
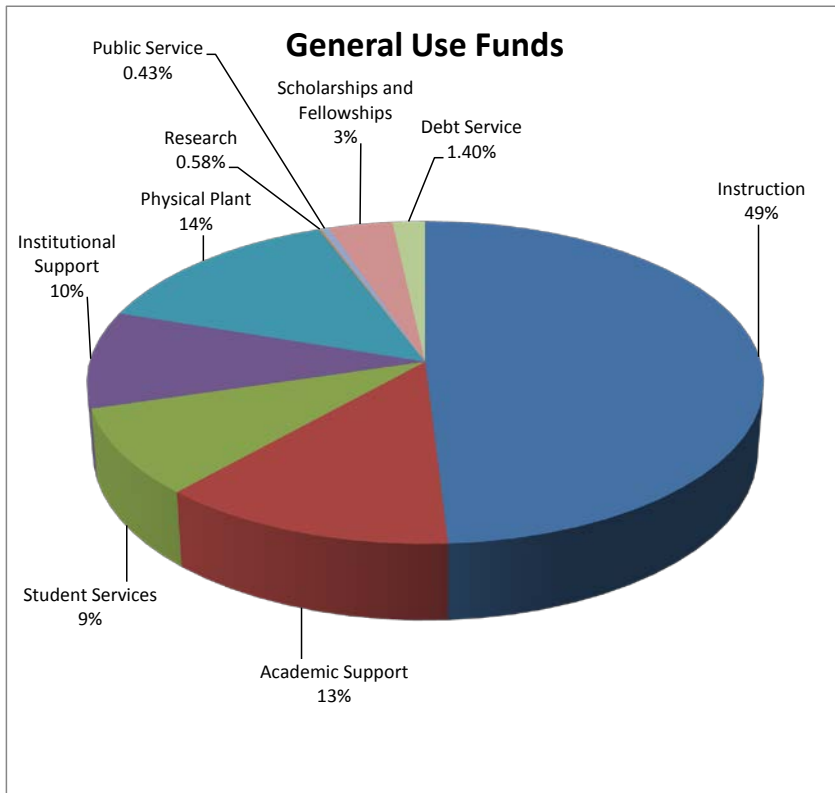
General Use Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 33,377,138	49.47%
State General Fund (School of Construction)	748,806	1.11%
State General Fund (KSANG Debt Service)	325,199	0.48%
State General Fund (Polymer Science Program)	500,000	0.74%
General Fees (Tuition)	32,513,626	48.19%
Total Budget	\$ 67,464,769	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 33,377,138	33.90%
State General Fund (School of Construction)	748,806	0.76%
State General Fund (KSANG Debt Service)	325,199	0.33%
State General Fund (Polymer Science Program)	500,000	0.51%
General Fees (Tuition)	32,513,626	33.02%
Restricted Fees Fund	11,594,522	11.78%
Federal Grants	13,141,398	13.35%
Housing System Operating	4,865,517	4.94%
Student Health Fees	1,316,411	1.34%
Parking Fees	73,552	0.07%
Total Budget	\$ 98,456,169	100.00%

* Does not include transfers for Debt Service and Capital Improvements



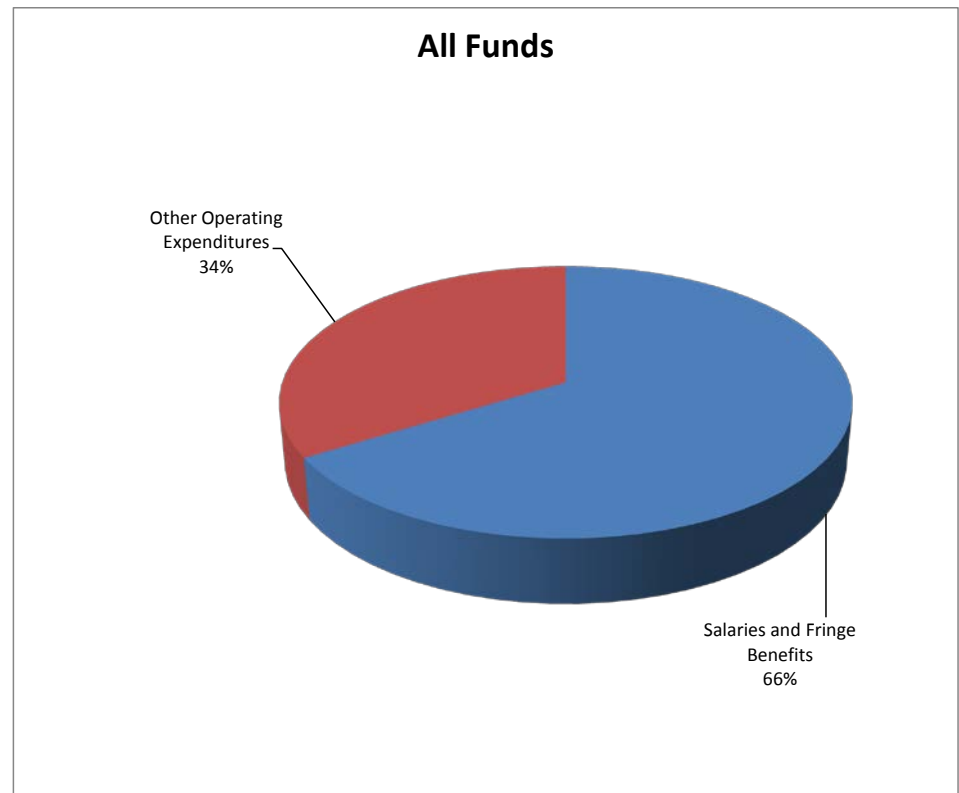
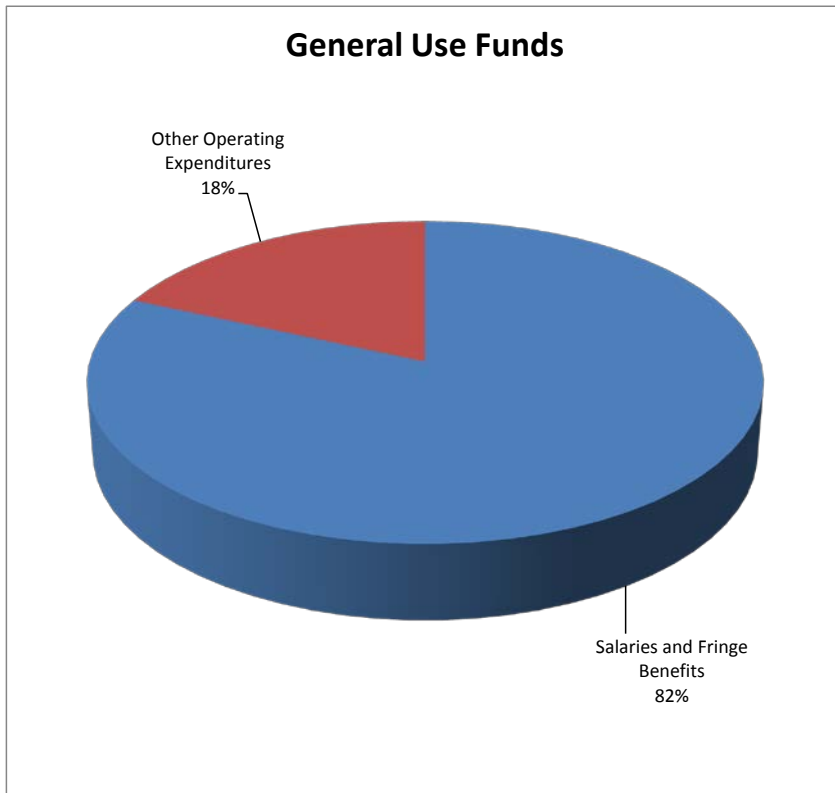
General Use Funds

<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 33,093,403	49.05%
Academic Support	8,506,188	12.61%
Student Services	5,898,731	8.74%
Institutional Support	6,568,802	9.74%
Physical Plant	9,500,535	14.08%
Research	67,998	0.10%
Public Service	292,070	0.43%
Scholarships and Fellowships	2,346,280	3.48%
Other	1,190,762	1.77%
Total Budget	\$ 67,464,769	100.00%

All Funds

<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 35,255,619	35.81%
Academic Support	9,497,281	9.65%
Student Services	8,564,285	8.70%
Institutional Support	7,322,362	7.44%
Physical Plant	9,675,646	9.83%
Research	1,661,645	1.69%
Public Service	1,886,676	1.92%
Scholarships and Fellowships	14,437,891	14.66%
Auxiliary Services	10,154,764	10.31%
Total Budget	\$ 98,456,169	100.00%

* Does not include transfers for Debt Service and Capital Improvements



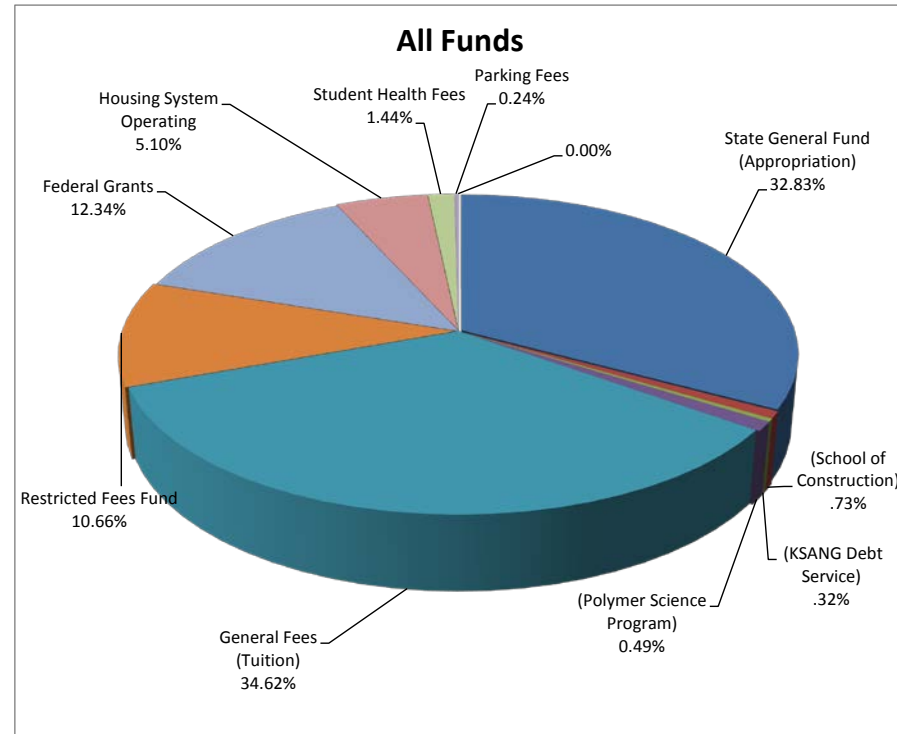
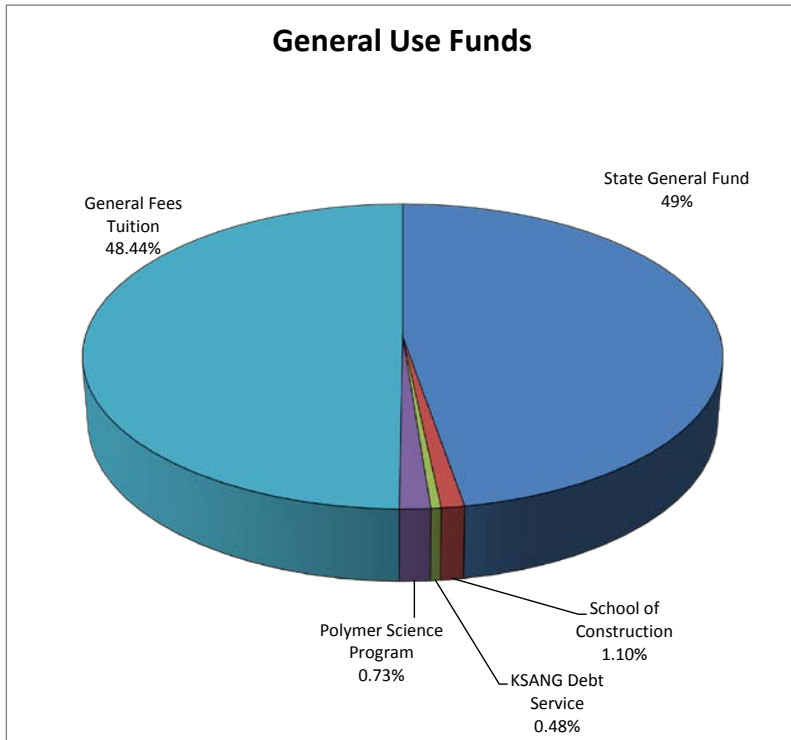
General Use Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 55,099,516	81.67%
Other Operating Expenditures	12,365,253	18.33%
Total Budget	\$ 67,464,769	100.00%

All Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 65,205,780	66.23%
Other Operating Expenditures	33,250,389	33.77%
Total Budget	\$ 98,456,169	100.00%

* Does not include transfers for Debt Service and Capital Improvements



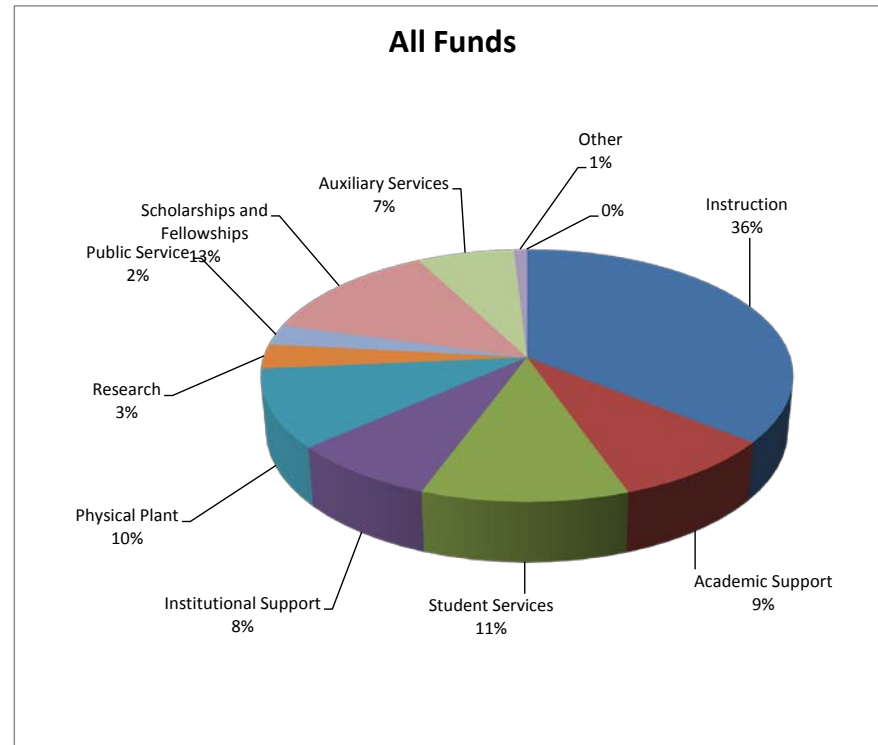
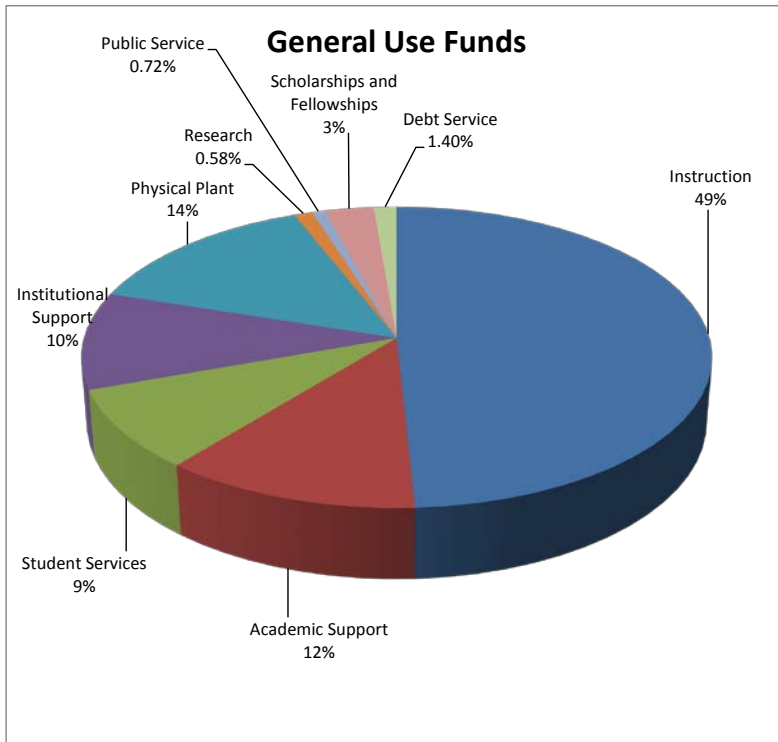
General Use Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 34,186,938	47.28%
State General Fund (School of Construction)	751,022	1.04%
State General Fund (KSANG Debt Service)	325,199	0.45%
State General Fund (Polymer Science Program)	1,001,201	1.38%
General Fees (Tuition)	36,044,602	49.85%
Total Budget	\$ 72,308,962	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 34,186,938	32.83%
State General Fund (School of Construction)	751,022	0.72%
State General Fund (KSANG Debt Service)	325,199	0.31%
State General Fund (Polymer Science Program)	1,001,201	0.96%
General Fees (Tuition)	36,044,602	34.62%
Restricted Fees Fund	11,098,432	10.66%
Federal Grants	13,650,393	13.11%
Housing System Operating	5,313,743	5.10%
Student Health Fees	1,500,278	1.44%
Parking Fees	250,660	0.24%
Total Budget	\$ 104,122,468	100.00%

* Does not include transfers for Debt Service and Capital Improvements



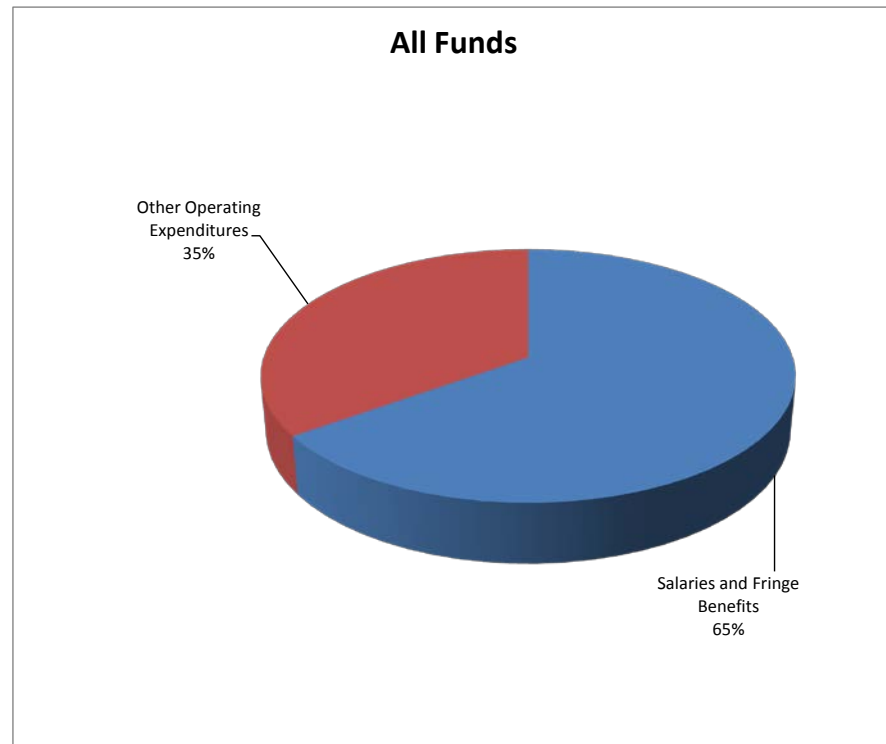
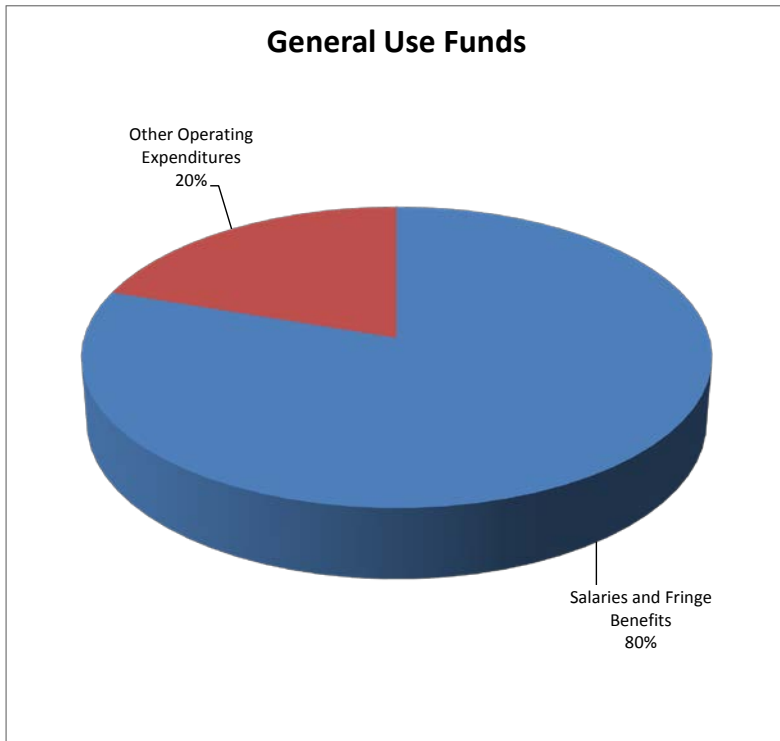
General Use Funds

Budget Program	Amount	Percent
Instruction	\$ 35,563,761	49.18%
Academic Support	8,479,349	11.73%
Student Services	6,235,628	8.62%
Institutional Support	7,556,560	10.45%
Physical Plant	10,152,884	14.04%
Research	770,951	1.07%
Public Service	521,217	0.72%
Scholarships and Fellowships	2,069,413	2.86%
Other	959,199	1.33%
Total Budget	\$ 72,308,962	100.00%

All Funds

Budget Program	Amount	Percent
Instruction	\$ 37,268,984	35.79%
Academic Support	9,171,905	8.81%
Student Services	11,463,313	11.01%
Institutional Support	8,201,692	7.88%
Physical Plant	10,481,124	10.07%
Research	3,265,649	3.14%
Public Service	2,714,313	2.61%
Scholarships and Fellowships	13,531,608	13.00%
Auxiliary Services	7,064,681	6.78%
Other	959,199	0.92%
Total Budget	\$ 104,122,468	100.00%

* Does not include transfers for Debt Service and Capital Improvements



General Use Funds		
Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 57,966,163	80.16%
Other Operating Expenditures	14,342,799	19.84%
Total Budget	\$ 72,308,962	100.00%

All Funds		
Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 67,814,534	65.13%
Other Operating Expenditures	36,307,934	34.87%
Total Budget	\$ 104,122,468	100.00%

* Does not include transfers for Debt Service and Capital Improvements

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
 (assuming stable state funding)

Pittsburg State University

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use 5)	General Use	Restricted Use 5)	General Use	Restricted Use 5)
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$36,264,360		\$36,161,084		\$36,161,084	
FY 2015 General Fees Estimate (Tuition) ²⁾	36,044,602		36,044,602		36,044,602	
Restricted Use ³⁾		\$31,813,506		\$32,264,656		\$32,492,656
Total Estimated Revenue	\$72,308,962	\$31,813,506	\$72,205,686	\$32,264,656	\$72,205,686	\$32,492,656

Anticipated Expenditure Increases

Salary Increases	\$1,378,000		\$1,000,000	\$216,000	\$1,000,000	\$216,000
Servicing of New Buildings	457,000		584,850	223,150		
Group Health Insurance						
KPERS and Other Fringe Benefit Rate Increases	34,000		50,000	12,000	50,000	12,000
Faculty Promotion/Tenure	68,000		70,000		70,000	
Utilities Rate Increase (Natural Gas)			150,000			
Center for the Arts Operating	225,000		100,000			
Program Enhancements	147,114		0		\$360,000	
New ERP System Maintenance			360,000			
Total Expenditures	\$2,309,114		\$2,314,850	\$451,150	\$1,480,000	\$228,000

Proposed Institution-Specific State General Fund Operating Enhancements

Health Related Professions			\$1,000,000		\$1,000,000	
School of Transportation			1,000,000		0	
Small Business Leadership					1,300,000	
Workforce Language Institute					1,000,000	
Total Proposed SGF Operating Enhancements			\$2,000,000		\$3,300,000	

Proposed Institution-Specific State General Fund Capital Improvement Enhancements

Health Related Professions			\$4,000,000			
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"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$360,000					
1% Tuition Increase ⁴⁾	360,000					
1% Salary Increase - All Funds	650,000					

Notes:

1) State General Fund appropriations-Senate Substitute for HB2506 (includes December Bonus)

2) FY 2015 Tuition Proposal, Appendix B-2

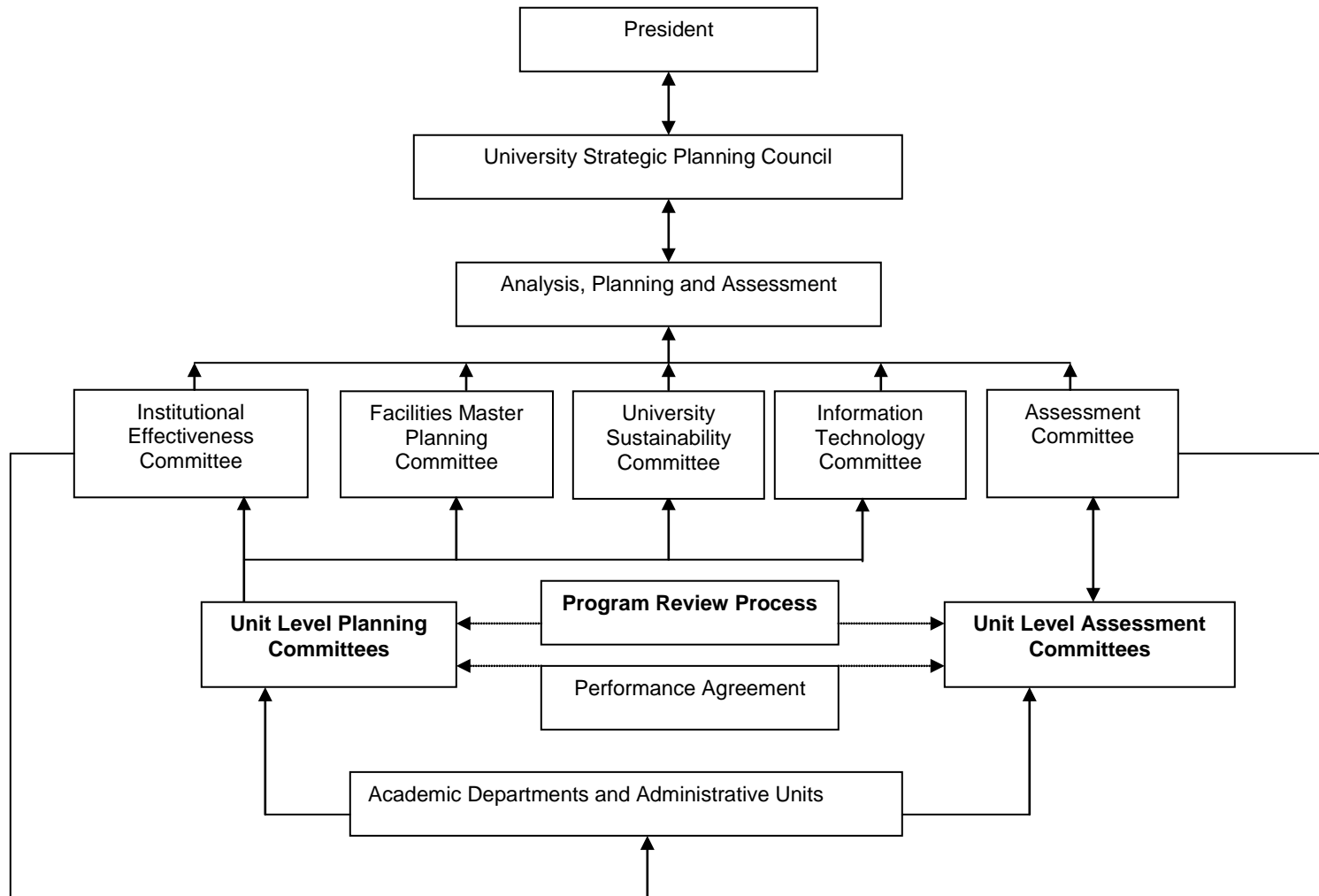
3) FY 2015 Budget Request Document (DA402 form), less capital improvements

4) FY 2015 Tuition Proposal, Appendix B-4, estimated revenue generated from a 1% tuition rate increase

5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

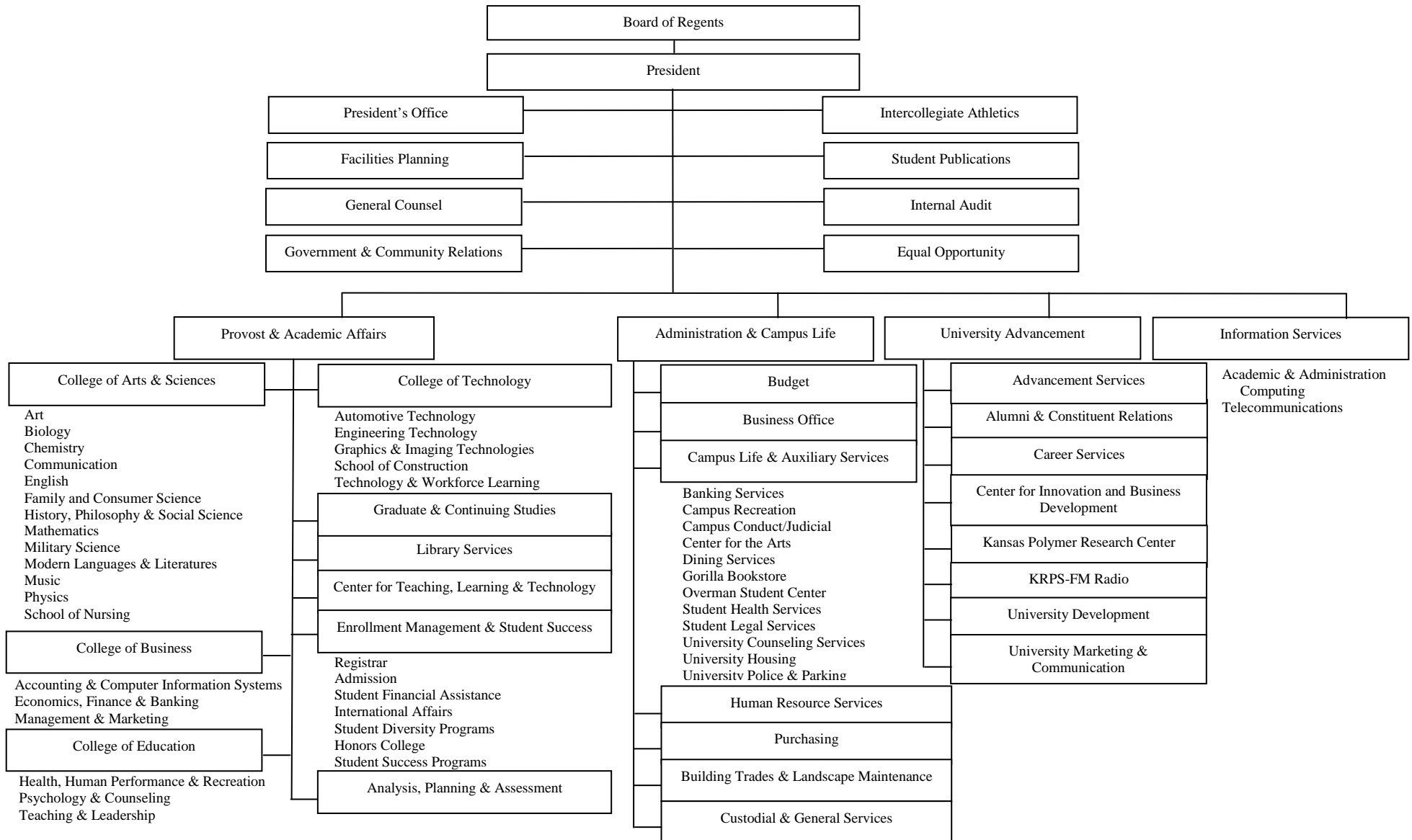
**Pittsburg State University
The Planning Model**

Attachment: D



Pittsburg State University Budgetary Organization Chart

Attachment: E



Pittsburg State University

Concepts for FY2016 Legislative Enhancements

June 6, 2014

Earlier this spring, Provost Lynette Olson and I asked the academic deans to consider what areas of the campus offer unique and realistic opportunities for expansion and additional development should a legislative enhancement be available to provide the funding. Having had considerable success with past enhancements in areas such as nursing, construction, polymer chemistry, and career and technical education, the deans quickly became motivated and engaged in articulating such opportunities.

In the following pages, you will see four distinct concepts that have emerged that Provost Olson and I believe are worthy of additional consideration. They are presented in priority order, as determined by the campus leadership.

Concept 1: An Initiative to Expand Capacity and Excellence in Health-Related Programs

As the University of Kansas expands the number of doctors it produces, we will need to see a similar increase in premed students. In addition to expanding our capacity to do just that, we would also grow our other pre-professional programs and solidify our DNP program and provide the space to expand and serve our growing nursing program. **Cost: \$2.0M, phased in over two years.**

Concept 2: An Initiative to Create the Pittsburg State University School of Transportation

Just as we did with the School of Construction, this concept would allow the university to consolidate, expand, and strengthen the programs related to automotive technology. Long known as a program with a national reputation, this program is poised to increase its activities and excellence in alternate fuels, precision guidance, transportation safety, logistics, etc. **Cost: \$1.0M.**

Concept 3: An Initiative to Better Serve Small Business

With small businesses providing nearly 50% of all private sector jobs, this initiative would significantly enhance our efforts to support these businesses by creating a unique academic program that offers a degree in Small Business Leadership. In addition, the university would substantially increase its services and support of small businesses—both those getting underway and those that are relatively mature. **Cost: \$1.3M**

Concept 4: An Initiative to Create a Workforce Language Institute

By creating an institute devoted to assisting learners who are entering workplaces where languages other than English are spoken, the institute will provide an opportunity for these learners and the entities they serve to be more efficient and successful. The vision would be to transform the challenges of the linguistically and culturally diverse workforce in America into an asset where participants are globally competitive and prepared to work together, because of, rather than despite their differences. **Cost: \$1.0M**

I look forward to participating in a dialog with the board as we develop the strategies and priorities for the coming legislative session.

An Initiative to Expand Capacity and Excellence in Health Related Programs

This proposal encompasses Pittsburg State University’s highly regarded pre-medical school preparation, pre-health professions programs, and professional nursing programs.

The “pre-med” program at Pittsburg State, an informal collaboration between the Biology and Chemistry departments, has a long and established history providing a superior educational experience for outstanding students wanting to attend and graduate from medical school. For example, in many recent years more than 90% of students identified as “pre-med” students applying to professional health schools were admitted. We believe a legislative enhancement would take this established record of excellence, grow it significantly, and formalize it into an institute capable of providing a pre-medical school experience of national stature directly benefitting the state of Kansas.

The current PSU pre-med program prides itself on close working, learning, and mentorship relationships between students and faculty. Intensive advisement begins in the freshman year and the curriculum is finely tuned to building credentials and preparing student applications to medical school. We include a unique human dissection lab and students have numerous opportunities to engage in mentored undergraduate research projects funded by KINBRE. Further, the program has numerous relationships with community health professionals for job shadowing, part-time positions for students, and gaining other co-curricular experiences that are vital for medical school admission. Many of these local physicians graduated from the PSU pre-medical program, attended and completed medical school, and now are practicing in this region of the state. Further, the Biology Department is active providing international medical service experiences for students in Third World countries. Local doctors, dentists, and nurses accompany students on these study abroad experiences.

There are at least nine counties in Southeast Kansas designated as medically underserved by a 2014 State of Kansas report. This status is defined as having a ratio equal to or greater than 2,695 persons per primary care physician. Clearly, there is a significant need for physicians in both southeast Kansas and throughout the state. Public universities have a responsibility to train and provide a workforce to meet this need.

Further, the PSU “pre-med” program has a strong existing relationship with the University of Kansas Medical Center with many of our pre-med students being admitted and graduating from their medical school. KU-Med recently was designated as a high profile cancer treatment and research facility, received bonding authority to expand facilities, and must lead the charge providing future physicians for Kansas and, more specifically, the southeast region of the state.

In addition to the preparation of pre-med students, PSU educates students who regularly are admitted to dental, pharmacy, and physical therapy programs. Additional funding will enhance our capacity to expand these programs as courses offered through the Biology and Chemistry Departments.

The Irene Ransom Bradley School of Nursing also has a long history of successful preparation of baccalaureate and masters prepared nurses. We currently are in the proposal process to add the Doctor of Nursing Practice that will address the continued need for primary care providers in the state and region. As part of a five-year capital budget plan PSU submitted a proposal to expand McPherson Hall, home of the Irene Ransom Bradley School of Nursing, to support the continued growth of the nursing

programs. Funding through this initiative will assist in retiring the annual debt service on this project which is estimated to be \$400,000.

We envision a Legislative enhancement placing us in a position to build upon the outstanding and established success of the PSU pre-medical, pre-health professions, and nursing programs. The funds will create a recognized institute formalizing these separate but related programs into a recognized entity for health care preparation, expanding our ability to attract and provide positive academic impact and training for pre-health professions undergraduate students, and expanding the success of our nursing programs. This institute will align physician training with other health care professionals needed in our community, region, and the state of Kansas for the 21st Century and beyond.

Requested budget: \$2,000,000 (\$1,000,000 for the first year followed by \$2,000,000 annually from the second year forward).

An Initiative to Create the Pittsburg State University School of Transportation

Over the past decade PSU's automotive programs have continued their development in both program sophistication as well as breadth of offerings. Some of the key developments include curriculum enhancements in 2004, when the AAS automotive and diesel graduates were offered the option of a BAS degree, in 2007 when the Collision emphasis was added, in 2011 when the automotive distance program was established at the Metro Center in Kansas City, and in 2013 when the new emphasis in automotive mechanical design was established.

Enhancements have also been made in the structure of the programs within the COT, when in 2005 the College of Technology moved to locate all of the automotive programs into its own stand-alone department, provided its own departmental office, its own administrative specialist, and its own operating budget. In 2008 the next step in the development of the programs was taken when the department hired its first dedicated chair solely responsible for the degree programs of the AT department.

It is also worth noting that over the past decade PSU's Automotive Department has also become far more involved with extramural activities as demonstrated by the successful application and completion of an \$150,000 NSF grant in 2010 for the development and distribution of hybrid curriculum, as well as the 2011 and now the upcoming 2014 Baja SAE Kansas competition.

The future of the Automotive Department certainly has additional opportunities that are viable and worthy of pursuit. These would be best served by housing all of the programs into a single School of Transportation. A list of potential new programs and initiatives is found below:

- Bachelor of Science in Diesel and Heavy Equipment: Technically speaking, the Diesel and Heavy Equipment industry provides a much broader spectrum of career opportunities than an "automotive" industry that is exclusively focused upon automobiles. Over the past decade, even though only 25 to 30% of the BST/BAS automotive students graduated with a DHE focus, often times half of those graduates chose a career in the DHE industry. The DHE industry by far offers graduates the largest abundance of career opportunities, the highest paying career opportunities, and the largest breadth of career opportunities. However, PSU's current DHE curriculum is only an option within an automotive baccalaureate degree.
 - Bachelor of Science in Engineering Technology with a major in Automotive Engineering Technology: During a recent conversation with PSU alumnus and Toyota Powertrain Quality Manager Gary Heine, the COT dean asked Gary what his thoughts were about a PSU Automotive Engineering Technology program. Gary stated that Toyota could hire every AET graduate and the starting salary could easily be close to \$70,000 per year. Toyota has multiple manufacturing facilities in the United States including San Antonio, TX; Huntsville, AL; Georgetown, KY, and Princeton, IN.
 - On-Line Master of Science in Transportation Technology: To date, the Department of Automotive Technology has been unable to offer any type of a graduate degree for its baccalaureate graduates. One past semester in 2009, the department had nine automotive graduates enter PSU's graduate school. Students often are interested in continuing their studies in a field similar to their undergraduate degree. However, due to the unavailability of
-

a transportation graduate degree, automotive graduates are forced to enter a PSU graduate program in education, business, HRD, or a general MST.

- Center for Transportation Technology: The state of Kansas has numerous secondary and post-secondary automotive, collision and diesel programs. Update training is often cost prohibitive limiting Kansas educators' ability to stay current. A School of Transportation could offer two certificate programs that would provide a foundation for offering Kansas educators advanced instruction in the two certificate areas, in addition to the other content areas taught in the School of Transportation.
- Certificate in Future Power Technology: This certificate would investigate electric, liquefied natural gas, bio-fuels, fuel cell and hybrid systems for vehicle propulsion as well as the distribution system for each of those fuel types. This would look both at the technology side of the systems themselves as well as the regulatory environment in which they would have to exist.
- Certificate in Precision Guidance and Global Positioning Systems: Precision Guidance and Global Positioning systems, generally termed telematics, are found in an interdisciplinary field encompassing telecommunications, vehicle systems, on and off-road transportation and equipment safety, electronics engineering (sensors, instrumentation, wireless communications, etc.), embedded systems and computer science.

Requested budget: \$1,000,000

An Initiative to Better Serve Small Business

The U.S. federal government defines small businesses as those employing fewer than 500 employees. The more than 27 million American small businesses currently account for almost one-half of private-sector employment, 49.2 percent. Virtually all Pittsburg State University graduates, including those earning degrees from the Kelce College of Business, will find work with a small business. Due to their size, small businesses face a wide variety of different challenges, both internally and externally, than large corporations. The managers and staffs of small businesses must often wear different hats and fulfill a myriad of roles to successfully operate in today's competitive economic environment. Unfortunately, most business schools do not recognize this reality and continue to offer highly specialized degree programs with curriculums geared for the corporate world. The Kelce College proposes to develop a new major that accounts for the cross-functional reality of small business managers and prepares students for leadership roles in the types of firms that dominate the Kansas economy and the Pittsburg State University service region. The proposed program would be unique among the Regents Universities and the only one within the region.

The Kelce College currently offers seven B.B.A. majors; Accounting, Computer Information Systems, Economics, Finance, International Business, Management, and Marketing. The curriculums of these majors are structured similarly – after students complete the university's general education requirements, all B.B.A. students take a set of foundation courses across the various disciplines (the Kelce Core) followed by in-depth upper division courses in their major field. Thus, students obtain a basic understanding of business principles and an in-depth knowledge of a focused set of business functions. This arrangement tends to serve large employers very well because jobs are compartmentalized and highly specialized tasks are expected of employees. However, the traditional business major model is not as well suited for many small businesses because managers and employees need to be cross-trained to operate in a variety of roles. For example, a small business manager may oversee a sales staff while also being responsible for keeping the books, recruiting new employees, and forecasting future trends to manage inventory. Successful small business managers must be adept in a number of critical roles. Thus, the proposed B.B.A. in Small Business Leadership will not follow the traditional discipline-based model, but will be comprised of courses across the spectrum of business fields. Instead of eight to ten courses in one discipline, the B.B.A. would consist of new courses developed in each discipline to provide an understanding and working knowledge of the essential concepts and tools needed by those in a small business environment. The program would not be housed in one discipline, but rather will be a shared degree across disciplinary lines. New focused courses will be developed.

Current employers of Kelce graduates will be consulted to provide input for the faculty as the new cross-disciplinary curriculum is built. This cross-disciplinary format provides students with a general business training option that is currently lacking and addresses the needs of our service region.

As a bonus, pursuing the strategy to hire new faculty to staff the B.B.A in Small Business Leadership will provide the opportunity to develop and staff an MBA concentration in Small Business as well – this is another degree option not currently available in our service region.

The Kelce College is routinely approached by small businesses for advice and consultation on a wide variety of issues. To the extent possible, the college faculty and staff are responsive and provide support. For example, through creative use of time and partnerships with the local Chamber of

Commerce and the City of Pittsburg, the college recently established the “Pittsburg Micropolitan Area Economic Report” which provides local small businesses with quarterly economic data and analysis to better understand and compete in our local market. However, the college does not have adequate resources to dedicate personnel to provide additional support services that should be a normal function of a business college. We propose the establishment of a Small Business Outreach and Research center to grow our relationship with the local business community and to assist in regional economic development initiatives. The center would be staffed by a twelve-month administrator and supported by MBA graduate assistants. This center will collaborate with the KSBDC Small Business Center in Southeast Kansas, a regional resource and support center for the small business person. Such a center would support the B.B.A. in Small Business Leadership through internships and the provision of small scale consulting projects.

Requested budget: \$1,300,000

Workforce Language Institute

The mission of the Workforce Language Institute is to provide contextual language instruction for learners who are currently in or preparing to enter into a workforce where the use and understanding of English in all its forms is or can be a barrier to job performance, safety, success, supervision, customer satisfaction, and productive relationships. The Institute will empower individuals to address this barrier by providing vocationally specific foreign language instruction relevant to occupations where English is commonly a foreign or second language used by the workforce, clientele, and/or customers.

The vision of the Workforce Language Institute is to be a recognized leader in preparing people to effectively and proficiently engage a linguistically diverse workforce by providing foreign language instruction using workplace, job, and task relevant context and content formats, materials, and instructors on an as-needed and on-demand basis. The Institute envisions transforming the difficulties of the linguistically and culturally diverse workforce in America into an asset where participants are globally competitive within and beyond America's borders based on their ability to communicate and work together because of, rather than in spite of, their differences.

The Institute will base its programs, courses, ideas, and decisions based on the following principles:

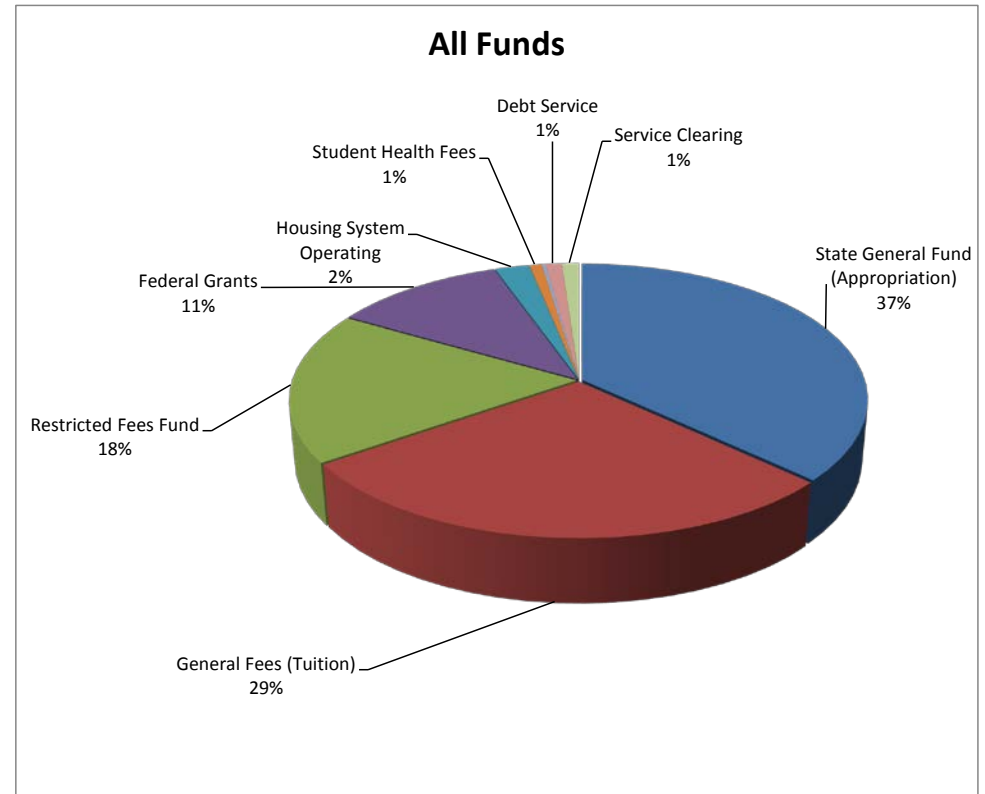
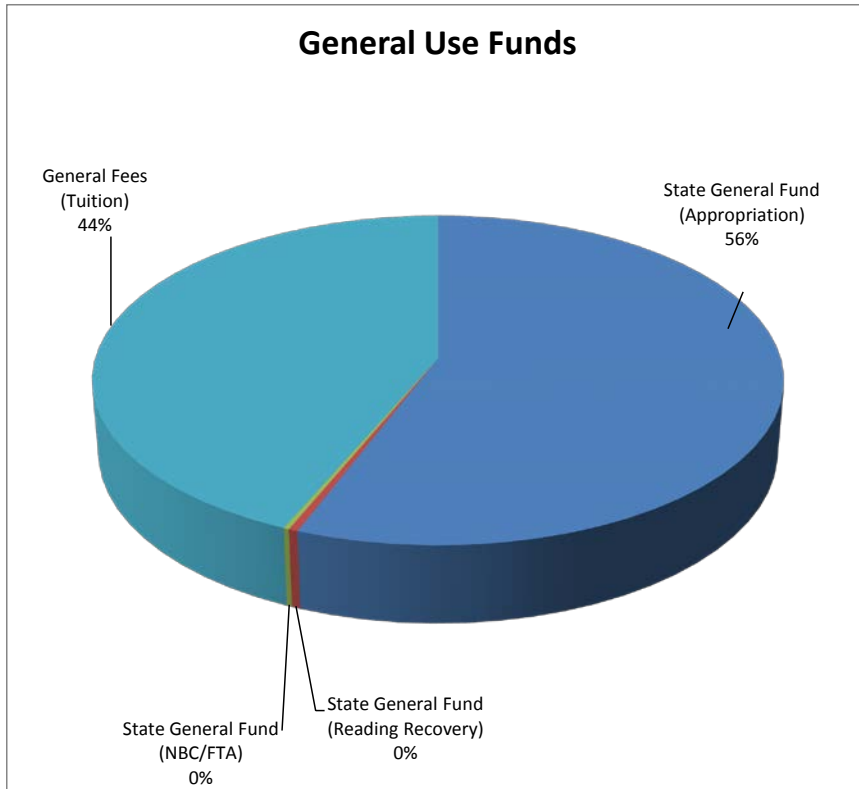
- Communication is a shared responsibility between sender and receiver of which every person assumes both roles. Language is but one part of the ability to communicate. Institute participants will be taught how to communicate with speakers of other languages.
- The ability to communicate thought, action, and idea in the workplace with those people where English is a second language is essential to:
 - Job/task productivity
 - Safety
 - Fairness
 - Respect
- Language is best learned in the context of a person's primary vocation.
- Instructors for the Institute's programs will be vocationally and linguistically qualified in the area(s) of instruction.
- Since language and culture are inseparable the Institute will intentionally teach and expose participants to the culture(s) which speak the language being taught.
- Programs, courses, and workshops at the Institute are always designed and delivered in response to university, business and industry, and community needs and interests.
- The Workforce Language Institute will explore collaborative opportunities with PSU's successful and well established Intensive English Program.

Requested budget: \$1,000,000

This packet of materials includes the following:

1. FY 2013 (actual) and FY 2015 (current year operating) using the following format displayed in pie charts and tables.
 - a. Funding Source
 - b. Program
 - c. Expenditure Classification
2. FY 2016-17 Planning Budget template
3. Description of how proposed planning budget is tied to Foresight 2020 and the university's strategic plan
4. Description of the university resource planning processes
5. Proposed enhancement requests
6. PowerPoint presentation to use during discussion with Regents

**Emporia State University
Fiscal Year 2013 Actual Expenditures
Total Budget by Funding Source**



General Use Funds

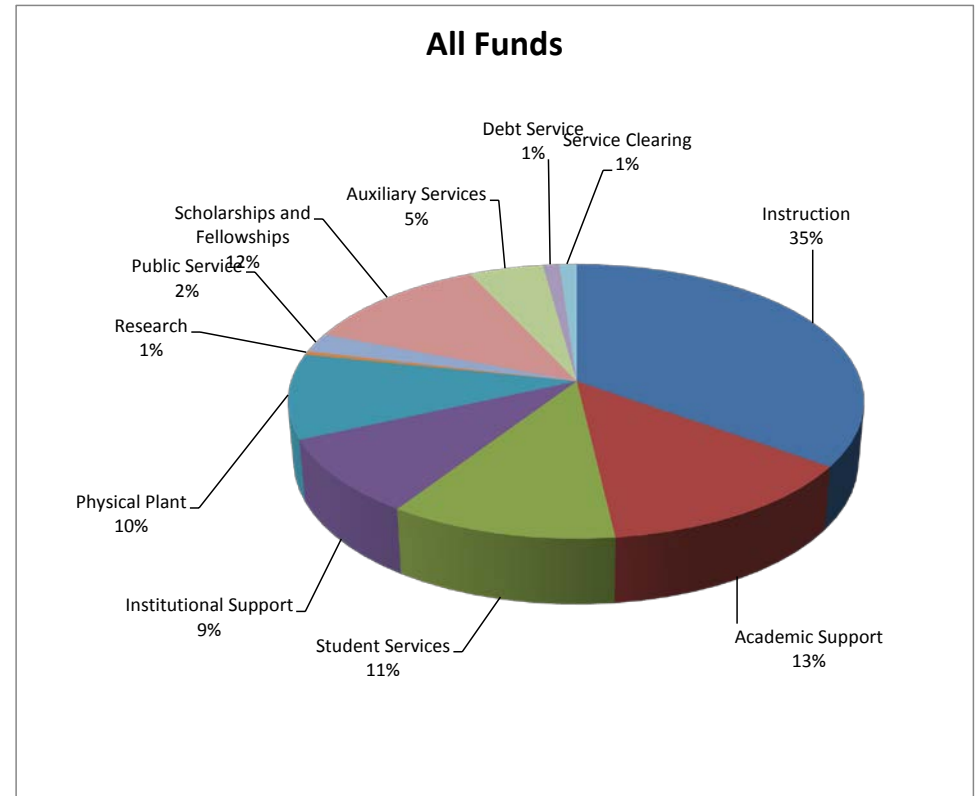
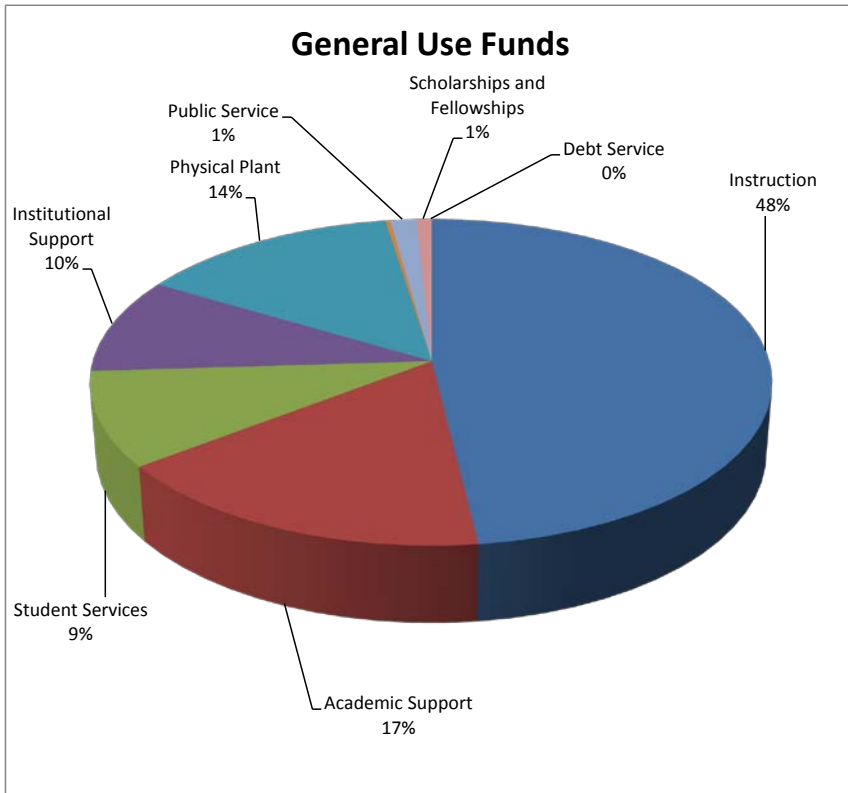
<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 30,785,692	55.84%
State General Fund (Reading Recovery)	214,751	0.39%
State General Fund (NBC/FTA)	129,050	0.23%
General Fees (Tuition)	23,999,964	43.53%
Total Budget	\$ 55,129,457	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 31,129,493	36.91%
General Fees (Tuition)	23,999,964	28.46%
Restricted Fees Fund	15,153,511	17.97%
Federal Grants	9,461,764	11.22%
Housing System Operating	1,891,094	2.24%
Student Health Fees	675,758	0.80%
Parking Fees	200,351	0.24%
Debt Service	882,847	1.05%
Service Clearing	939,588	1.11%
Total Budget	\$ 84,334,370	100.00%

Note: Excludes capital improvements, debt service-principal and non-expense items.

**Emporia State University
Fiscal Year 2013 Actual Expenditures
Total Budget by Budget Program**



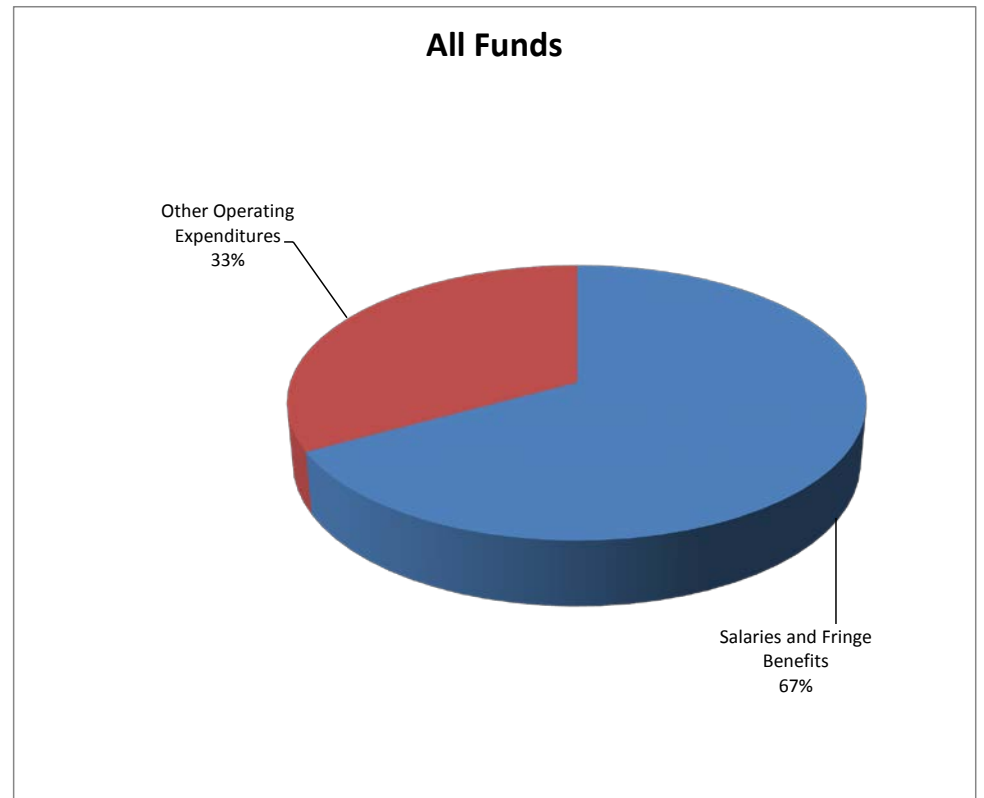
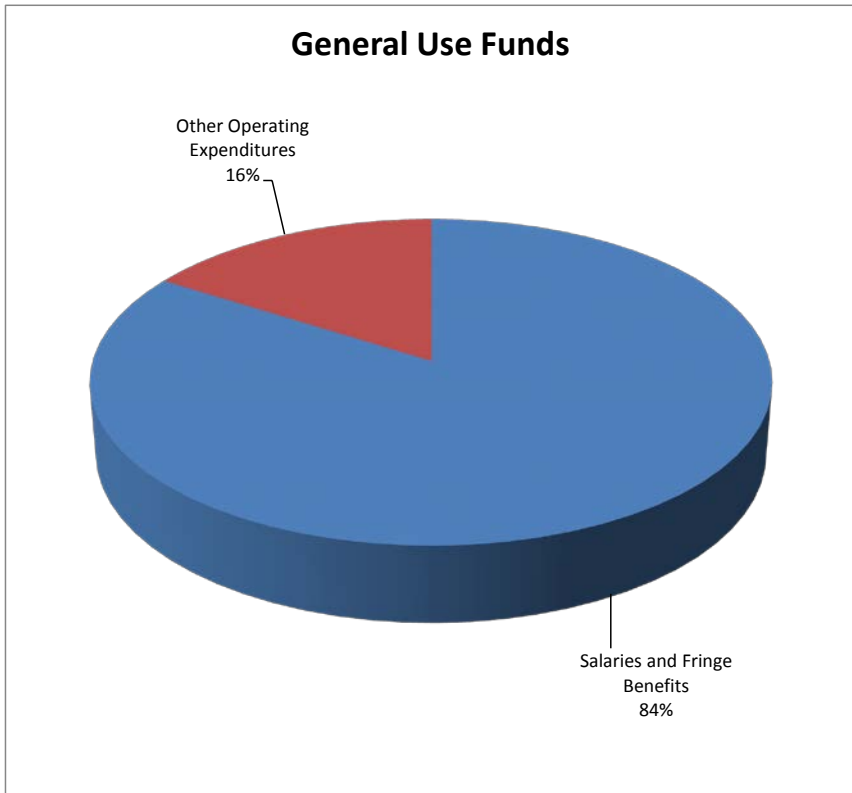
General Use Funds

<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 26,505,971	48.08%
Academic Support	9,123,699	16.55%
Student Services	5,180,620	9.40%
Institutional Support	5,223,277	9.47%
Physical Plant	7,733,246	14.03%
Research	138,819	0.25%
Public Service	774,878	1.41%
Scholarships and Fellowships	448,947	0.81%
Auxiliary Services	-	0.00%
Debt Service	-	0.00%
Service Clearing	-	0.00%
Total Budget	\$ 55,129,457	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 29,432,811	34.90%
Academic Support	11,175,922	13.25%
Student Services	9,391,607	11.14%
Institutional Support	7,572,514	8.98%
Physical Plant	8,433,721	10.00%
Research	355,633	0.42%
Public Service	1,922,758	2.28%
Scholarships and Fellowships	10,180,944	12.07%
Auxiliary Services	4,046,025	4.80%
Debt Service	882,847	1.05%
Service Clearing	939,588	1.11%
Total Budget	\$ 84,334,370	100.00%

**Emporia State University
Fiscal Year 2013 Actual Expenditures
Total Budget by Expenditure Classification**



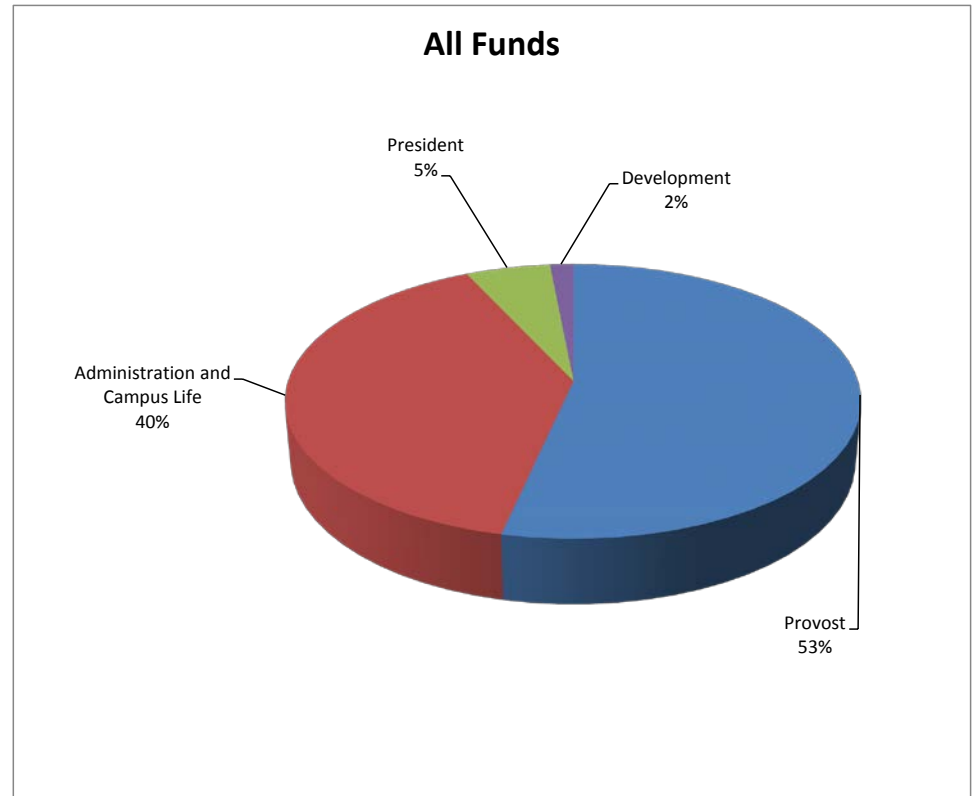
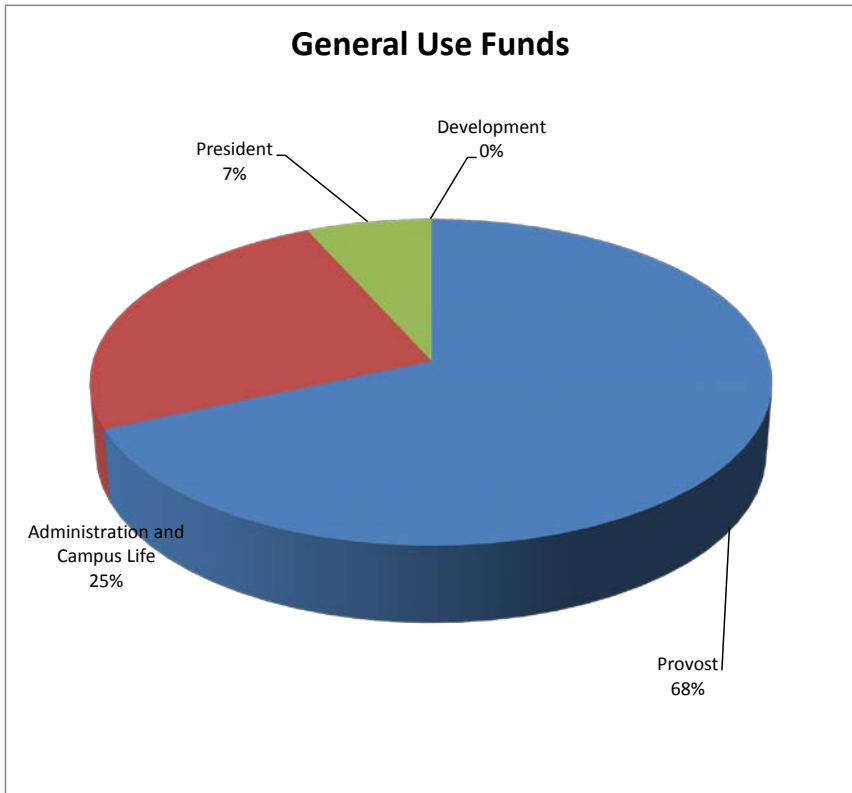
General Use Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 46,302,145	83.99%
Other Operating Expenditures	8,827,312	16.01%
Total Budget	\$ 55,129,457	100.00%

All Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 56,535,275	67.04%
Other Operating Expenditures	27,799,095	32.96%
Total Budget	\$ 84,334,370	100.00%

**Emporia State University
Fiscal Year 2013 Actual Expenditures
Total Budget by Division**



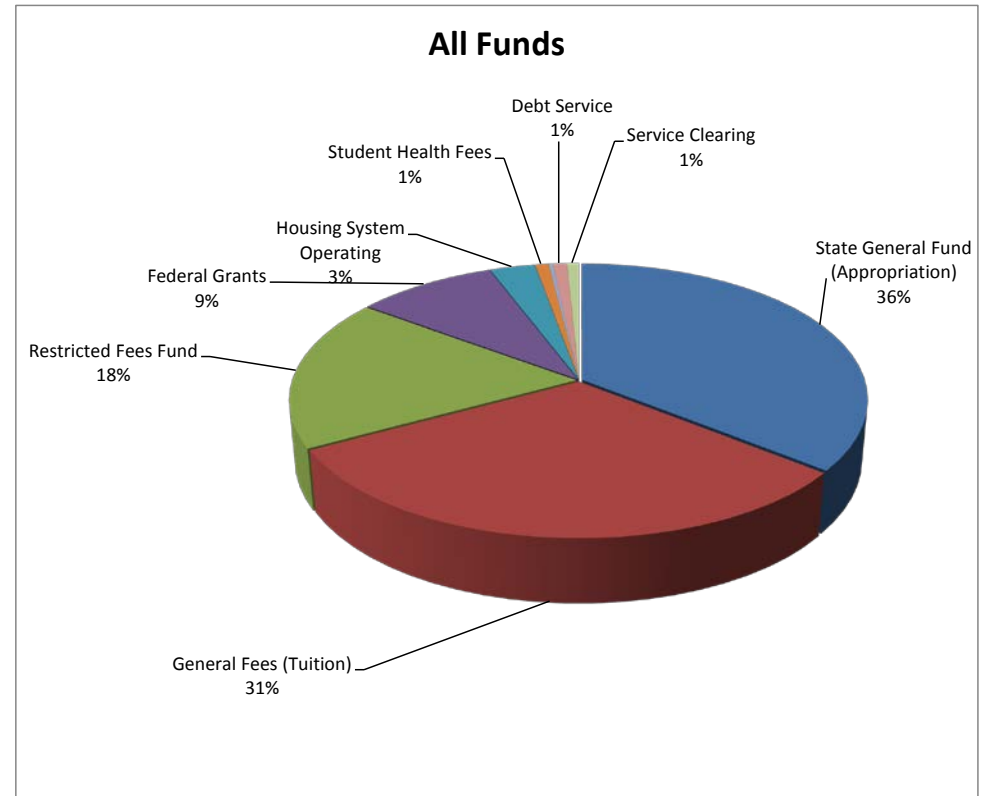
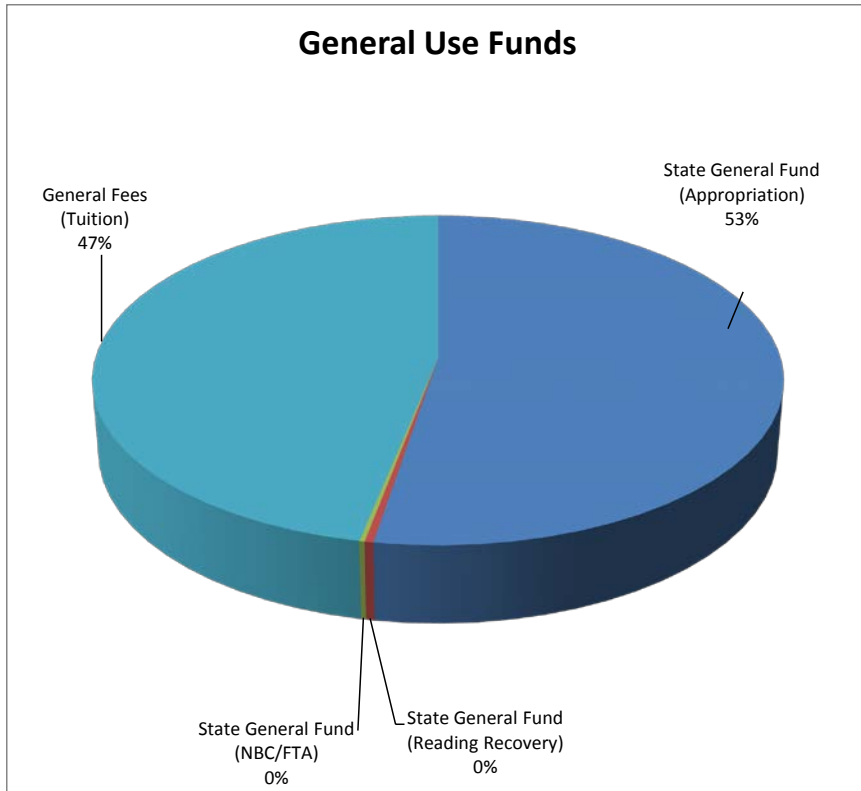
General Use Funds

<u>Divisions</u>	<u>Amount</u>	<u>Percent</u>
Provost	\$ 37,709,060	68.40%
Administration and Campus Life	13,703,249	24.86%
President	3,709,865	6.73%
Development	7,283	0.01%
Total Budget	\$ 55,129,457	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
Provost	\$ 45,099,635	53.48%
Administration and Campus Life	33,349,289	39.54%
President	4,607,342	5.46%
Development	1,278,104	1.52%
Total Budget	\$ 84,334,370	100.00%

**Emporia State University
Fiscal Year 2015 Budgeted Expenditures
Total Budget by Funding Source**



General Use Funds

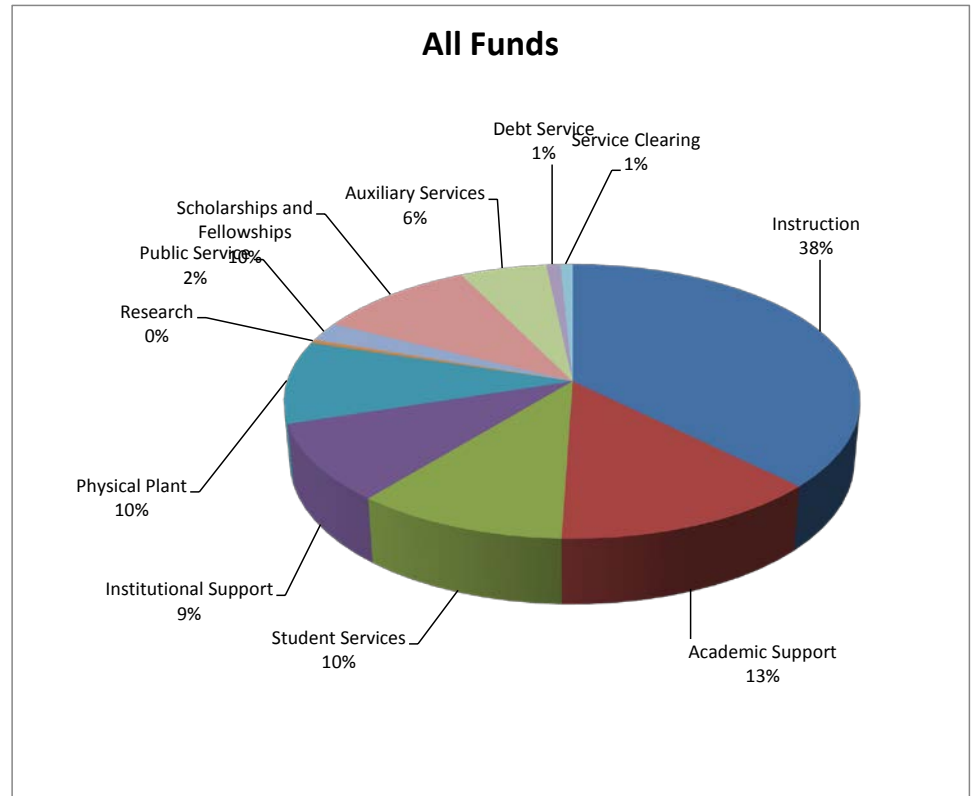
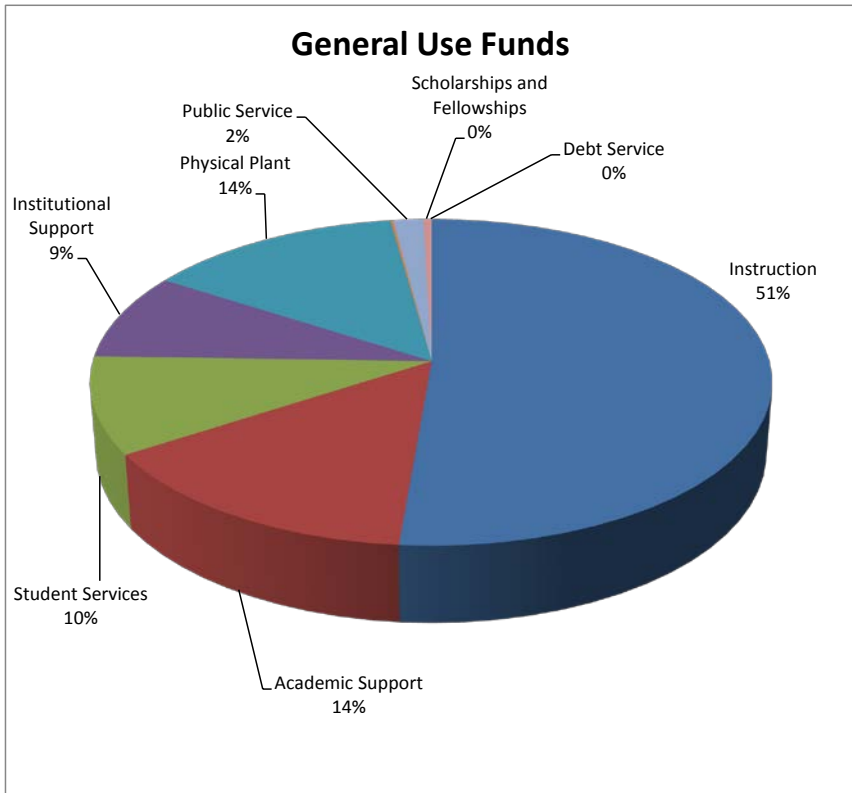
<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 31,249,107	52.62%
State General Fund (Reading Recovery)	214,801	0.36%
State General Fund (NBC/FTA)	129,050	0.22%
General Fees (Tuition)	27,794,940	46.80%
Total Budget	\$ 59,387,898	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 31,592,958	35.68%
General Fees (Tuition)	27,794,940	31.39%
Restricted Fees Fund	15,971,669	18.04%
Federal Grants	8,074,753	9.12%
Housing System Operating	2,603,805	2.94%
Student Health Fees	769,117	0.87%
Parking Fees	225,506	0.25%
Debt Service	816,160	0.92%
Service Clearing	688,971	0.78%
Total Budget	\$ 88,537,879	100.00%

Note: Excludes capital improvements, debt service-principal and non-expense items.

**Emporia State University
Fiscal Year 2015 Budgeted Expenditures
Total Budget by Budget Program**



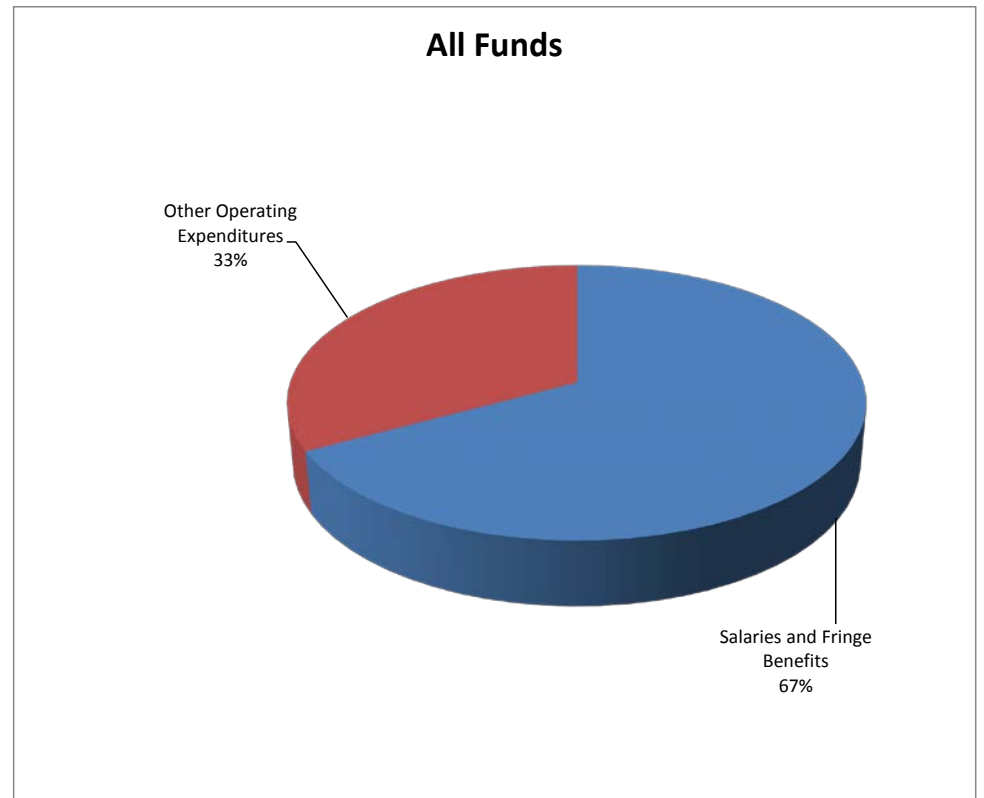
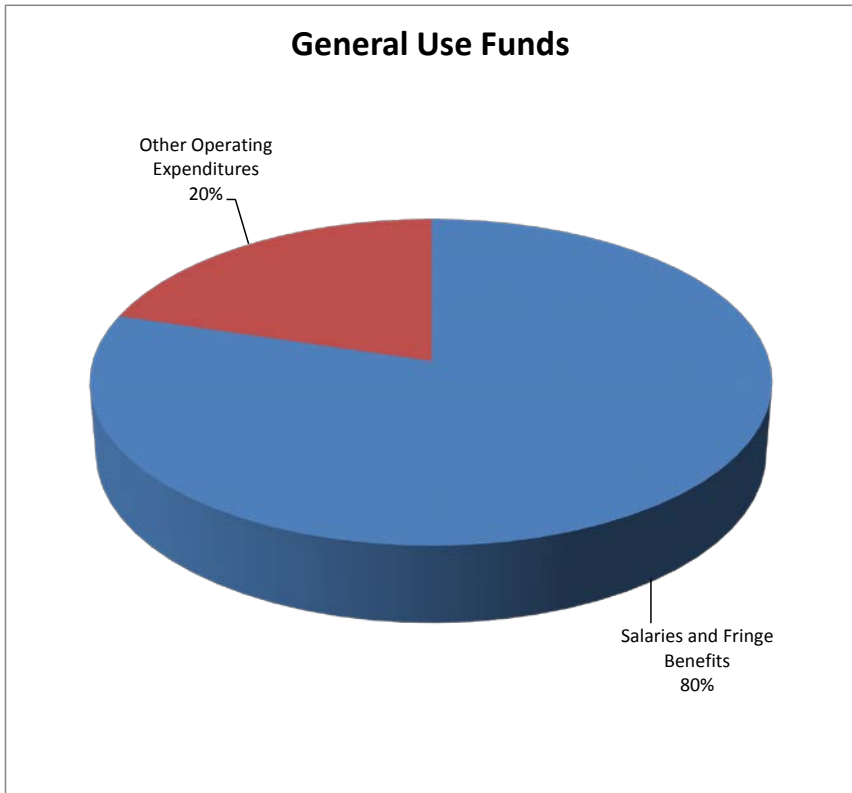
General Use Funds

<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 30,492,083	51.34%
Academic Support	8,628,247	14.53%
Student Services	5,712,619	9.62%
Institutional Support	5,082,386	8.56%
Physical Plant	8,164,132	13.75%
Research	80,728	0.14%
Public Service	964,202	1.62%
Scholarships and Fellowships	263,500	0.44%
Auxiliary Services	-	0.00%
Debt Service	-	0.00%
Service Clearing	-	0.00%
Total Budget	\$ 59,387,898	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 33,119,561	37.41%
Academic Support	11,612,658	13.12%
Student Services	9,212,572	10.41%
Institutional Support	8,104,859	9.15%
Physical Plant	8,624,687	9.74%
Research	351,315	0.40%
Public Service	1,985,608	2.24%
Scholarships and Fellowships	9,078,686	10.25%
Auxiliary Services	4,942,802	5.58%
Debt Service	816,160	0.92%
Service Clearing	688,971	0.78%
Total Budget	\$ 88,537,879	100.00%

**Emporia State University
Fiscal Year 2015 Budgeted Expenditures
Total Budget by Expenditure Classification**



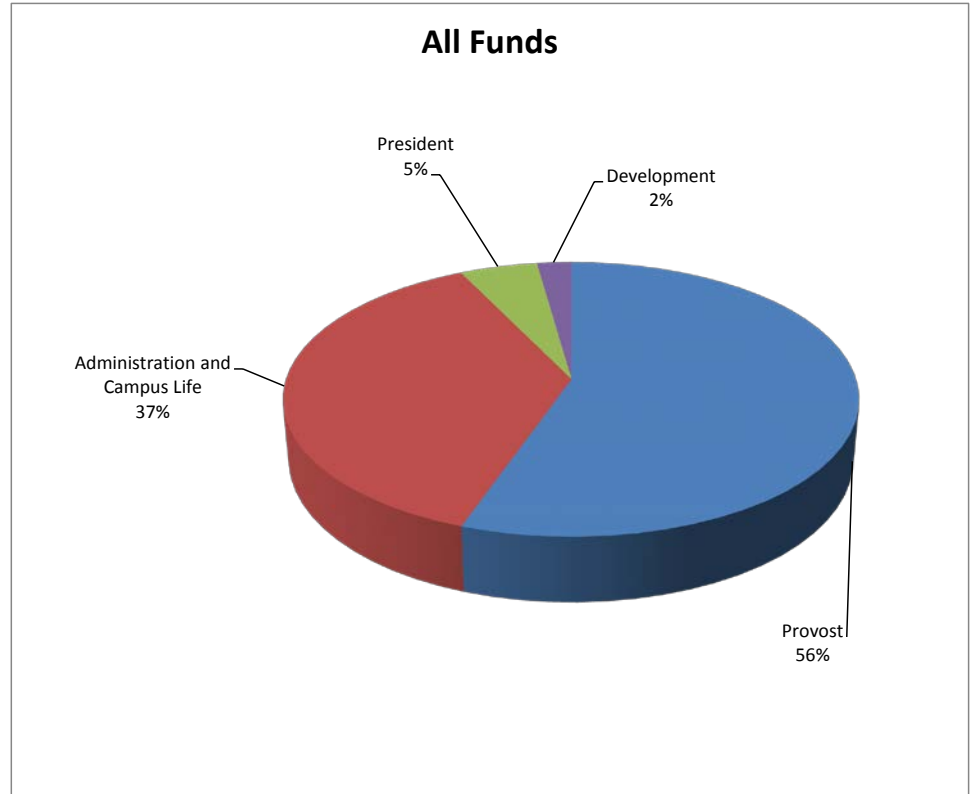
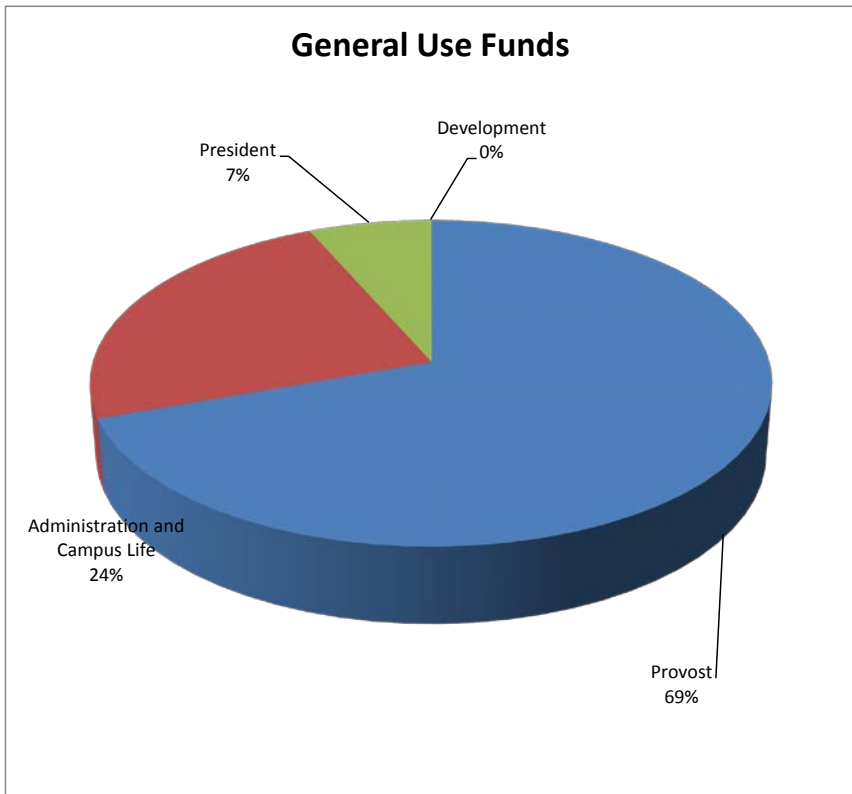
General Use Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 47,325,782	79.69%
Other Operating Expenditures	12,062,116	20.31%
Total Budget	\$ 59,387,898	100.00%

All Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 59,407,728	67.10%
Other Operating Expenditures	29,130,151	32.90%
Total Budget	\$ 88,537,879	100.00%

**Emporia State University
Fiscal Year 2015 Budgeted Expenditures
Total Budget by Division**



General Use Funds

<u>Divisions</u>	<u>Amount</u>	<u>Percent</u>
Provost	\$ 41,293,554	69.53%
Administration and Campus Life	14,167,256	23.86%
President	3,918,348	6.60%
Development	8,740	0.01%
Total Budget	\$ 59,387,898	100.00%

All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
Provost	\$ 49,039,604	55.39%
Administration and Campus Life	33,089,942	37.37%
President	4,441,007	5.02%
Development	1,967,326	2.22%
Total Budget	\$ 88,537,879	100.00%

Kansas Board of Regents
State University FY 2016 & FY 2017 Planning Budget
(assuming stable state funding)

Emporia State University

	FY 2015		FY 2016		FY 2017	
	General Use	Restricted Use ⁵⁾	General Use	Restricted Use ⁵⁾	General Use	Restricted Use ⁵⁾
Estimated Revenue						
FY 2015 State General Fund Appropriations ¹⁾	\$31,592,958		\$31,592,958		\$31,592,958	
FY 2015 General Fees Estimate (Tuition) ²⁾	26,308,383		26,308,383		26,308,383	
Restricted Use ³⁾		\$29,694,981		\$29,694,981		\$29,694,981
Total Estimated Revenue	\$57,901,341	\$29,694,981	\$57,901,341	\$29,694,981	\$57,901,341	\$29,694,981

Anticipated Expenditure Increases

2% Salary Increase	\$0		\$853,024	\$207,852	\$854,888	\$208,398
Servicing of New Buildings	0		0		0	
Group Health Insurance	0		0		109,716	26,766
KPERS and Other Fringe Benefit Rate Increases	0		213,690	52,811	93,684	27,747
Faculty Promotion/Tenure	0		71,729		71,729	
Utilities Rate Increase (Natural Gas)	0		73,802		73,802	
27th Pay Period Expense	0		0		1,184,877	421,445
Additional item	0		0			
Subtotal Anticipated Expenditure Increases	0		1,212,245	260,663	2,388,696	684,356
All Other Expenditures	57,901,341	29,694,981	57,901,341	29,694,981	57,901,341	29,694,981
Total Expenditures	\$57,901,341	\$29,694,981	\$59,113,586	\$29,955,644	\$60,290,037	\$30,379,337

Proposed Institution-Specific State General Fund Operating Enhancements

Proposal #1 - Nursing Program (BSN)	\$0		\$500,000		\$0	
Proposal #2 - MS in Forensics	0		284,300		0	
Proposal #3 - STEM Programming for Kansas Economy	0		0		715,700	
Proposal #4	0		0		0	
Total Proposed SGF Operating Enhancements	\$0		\$784,300		\$715,700	

Proposed Institution-Specific State General Fund Capital Improvement Enhancements

Remodel/raze Stormont Maintenance Center	\$0		\$0		\$4,852,000	
New elevator in Cremer Hall (Home of School of Business)	\$0		\$0		\$1,000,000	

"What If" One Percent Calculations

1% SGF Budget Increase or Decrease	\$315,930		\$315,930		\$315,930	
1% Tuition Increase ⁴⁾	263,084		263,084		263,084	
1% Salary Increase	0		426,512	\$103,926	427,444	\$104,199
1% Salary Increase - All Funds				\$530,438		\$531,643

Notes:

- 1) State General Fund appropriations
- 2) FY 2015 Tuition Proposal, Appendix B-2
- 3) FY 2015 Budget Request Document (DA402 form), less capital improvements
- 4) FY 2015 Tuition Proposal, Appendix B-4, estimated revenue generated from a 1% tuition rate increase
- 5) Restricted Use funds include all revenue from gifts, grants and contracts from federal, state, local, and private sources; student fees other than tuition; all income from the operations of auxiliary enterprises, and all other revenues not designated as general use funds. For planning purposes, it is assumed that any increases/decreases in expenditures will be matched with increases/decreases in revenue.

Item 3. Description of how ESU's planning budget is tied to Foresight 2020 and the University's strategic plan:

Overall, the planning budget is informed by the University's strategic plan. The University's current strategic plan – Engaging Excellence – is wrapping up and will be replaced in Spring 2015 by a new strategic plan – The Adaptive University. Goal 3 of the new strategic plan directly addresses the themes of Foresight 2020.

Attainment is contemplated in maintaining low tuition and fees to allow completion of a post-secondary degree. While maintaining a strong undergraduate population, the University also employs various delivery methods to further enhance accessibility to students off-campus. An example of this is the increasing number of graduate students taking on-line courses. The FY 2015 planning budget includes implementation of a per credit hour technology fee which will be used to support and enhance the technological infrastructure which supports delivery of curriculum to resident and on-line students.

Equally important is the continued alignment of the University's programs with the wants of the students and the needs of the economy. This is achieved through review and resulting decisions to maintain, enhance, minimize or discontinue program offerings. Given the focus on STEM, the planning budget includes implementation of a forensics science program and expansion of the on-line graduate math program. With the increasing need for health professionals, sustaining the nursing program with a different funding model is a priority.

The University budget process continues to focus on opportunities to adapt and meet the expectations of an evolving agenda for higher education and position the University to respond

A variety of budgeting techniques are utilized to finally set the annual budget of various departments. A significant portion of most budgets are base driven, with a major factor being the budget of previous fiscal cycles. The University's strategic plan provides direction for utilization of university resources and various university constituents are continually monitoring progress on the various aspects of the plan. The Budget Development and Tuition Committee issues an annual report regarding intended uses of tuition and fee dollars, providing another benchmark by which use of funds is monitored.

Item 4. Description of the University's resource planning processes:

Emporia State maintains a sound understanding of its current and potential future capacity as part of its planning, whether that planning is strategic or operational in nature. During the most recent decade, the University has experienced considerable fluctuation in both enrollment and availability (generally a reduction of) state funding. These factors have resulted in several base budget rescissions, some of which have occurred in the middle of a fiscal year. As a result, the campus has an acute awareness of the potential for fluctuations in revenue and associated resources.

The University's awareness of enrollment trends – both current and projected – has informed its ongoing enrollment management strategies. Special tuition offerings such as Corky Plus and NEARR programs, have been utilized to stabilize and grow enrollment even in a time of declining high school graduation rates in Kansas. We have engaged Noel Levitz, external consultants, to formulate enrollment management strategies that leverage return-on-investment analyses for recruitment of potential students.

The status of enrollment, financing and the Kansas economy are also routinely reviewed by the Budget Development and Tuition Committee. The Budget Development and Tuition Committee consists of 18 members including leadership from faculty, student government, unclassified staff, university support staff and administration. There were five students on the Committee during the 2013-2014 budget cycle. The Committee has consistently been provided reports from the state's Consensus Revenue Estimating Committee. And throughout the Committee's annual tuition and fee rate recommending process, it receives continuing updates concerning the status of statewide budgetary reviews legislative appropriations.

As the University has engaged in strategic planning efforts over the past decade, it has initiated such efforts with a SWOT analysis. Campus stakeholders articulate their thoughts regarding positive university influences (strengths and opportunities) and constraining influences (weakness and threats). This analysis informs the subsequent planning process, providing participants with familiarity of the university's current and potential capacities.

Promulgation of University data has also been a feature of university planning. During the most recent decade the University has initiated widespread campus distribution of its annual data-book, which includes sections on enrollment and financing by source. This has been an important source of information to the campus community regarding its capacities. Another communication vehicle implemented the past two years to ensure transparency and informed decision-making has been the "Budget Road Show". Diana Kuhlmann, Budget Director, Angela Wolgram, Assistant Budget Director, and periodically the respective Vice Presidents meet with representatives of all campus departments and committees/advisory

(Item 4. Description of the University's resource planning processes, continued:)

councils to discuss the status of the University budget and the outlook for the upcoming year. In FY 2014, 19 such meetings were held involving 197 people.

Our budgeting process is inclusive of all divisions within the university, and its annual review and recommendations for tuition and fees includes representatives from across the university community.

Throughout the six months prior to beginning each new budget year, the University Budget Director meets with the President and various members of the President's Executive Cabinet regarding budget priorities for the upcoming year. These meetings become more technical and include more precision as the time until beginning of the budget year draws closer. The President and Executive Cabinet work with the latest estimates and information regarding: funding availability; action on University appropriations; Regents opinions regarding tuition revenue issues and preliminary information from the Budget and Tuition Committee. This information is used to establish the University's internal operating budget. This internal planning process is concurrent with gubernatorial and legislative consideration of state tax funds and potential allocations to higher education.

The University's Budget and Tuition Committee considers internal budget issues and formulates recommendations for tuition, fees, and charges to university students. The primary function of the Tuition and Budget Committee is formulation of a recommendation regarding tuition and fees. However, the Committee also reviews budget issues and includes some budget recommendations as a part of their annual report regarding the revenue to be raised. Their recommendations are considered by the President and the Executive Cabinet in the process of establishing the annual internal operating budget. The basis for the President's recommendations to the Kansas Board of Regents is the recommendation of the Tuition and Budget Committee.

The detailed impact of preliminary budget decisions is incorporated into budget worksheets, which are reviewed by the Vice-presidents and Deans, providing them an opportunity for reallocation of totals within their respective areas. Once final input is received, the totals are distributed to the respective areas. Additionally, a final detailed operating budget is printed and made available to the entire campus community. When the document is finalized, an email communication is distributed informing the campus community that the document is available electronically on the university's intranet. Hard copies of the document are distributed to the President and all Vice Presidents and Deans and several other department heads. Printed copies are also available for review in the University's library and budget office.

Resource allocations are based on a variety of factors, including, the strategic plan, current needs of students and university community, programmatic shifts, university initiatives, state funding, and current economic conditions, in some cases resulting in the need for budgetary constriction. When reallocations occur, their impact is often the result of normal attrition or changes in productivity, as documented by faculty workload, enrollment, or expenditures reports. Those same mechanisms are utilized to monitor the impact of allocations and reallocations. Many of these reallocations occur based upon recommendations from the program, department, and college level. As budgetary constriction has occurred, program, department, and college input has often driven the final decision-making. An example of this took place in FY 2010 when state allocations were reduced and the individual departments were asked to submit plans to their deans and vice presidents identifying budget lines and respective dollar amounts that would meet the targeted allotments they were given. Similar processes were used to meet budget shortfalls in FY 2013 and FY 2014.

(Item 4. Description of the University's resource planning processes, continued:)

Target reductions were provided to the President and Vice Presidents who in turn worked with their deans and directors to identify expenditure lines that could be reduced or cut altogether to achieve the necessary amounts to balance the University's operating budget.



Item 5. Proposed Enhancement Requests:

FY 2016 LEGISLATIVE REQUEST

■ PRIORITY #1: NEWMAN DIVISION OF NURSING - \$500,000

Emporia State University's Newman Division of Nursing offers a four-year baccalaureate program awarding the Bachelor of Science in Nursing degree, with an RN-to-BSN option available. The program enrolled 268 majors and pre-majors Fall 2013, produces an average of 30 graduates annually, and is staffed by 10 full-time faculty members. The program is approved by the Kansas State Board of Nursing and is accredited by the Accreditation Commission for Education in Nursing (ACEN).

The program has grown steadily, and demand for admission to the program and for its graduates remains high. The pass rate for students taking the NCLEX-RN licensure examination in 2013 was 100%. All graduates in recent years seeking employment in the nursing profession have secured positions. The *CollegeAtlas Encyclopedia of Higher Education* ranked the Newman Division of Nursing #14 nationally in its *A-List Top Nursing School Rankings* for 2014, based on the criteria of Affordability, Academic Quality, Accessibility, and NCLEX-RN board exam pass rates.

Graduates of the Newman Division of Nursing play an essential role in providing quality health care for citizens of Emporia, the surrounding region, and the state of Kansas. Almost 90% of the practicing nurses at Newman Regional Health in Emporia are graduates of the ESU's Newman Division of Nursing. In addition, almost 100% of the program's graduates practice in the state of Kansas upon graduation.

ESU's Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Instead, the program has been sustained by a partnership with Newman Regional Health, an accredited 59-bed facility in Emporia with a history of involvement in nursing education. Newman discontinued its own hospital-based diploma nursing program in 1993, and since that time has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. While the exact amount of annual Medicare pass-through funding has varied considerably, the FY 2013 total was \$459,120. Unfortunately, starting in FY 2015 Newman Regional Health is ineligible for this funding due to changes in the Centers for Medicare & Medicaid Services (CMS) criteria for Medicare pass-through.

The Jones Trust has signaled its intent to provide \$500,000 in FY 2015 to temporarily replace the Medicare pass-through from Newman Regional Health, thus allowing the university some time to secure a permanent alternative funding source. ESU seeks to ensure the nursing program's future viability by replacing the \$500,000 in annual funding from Newman Regional Health with an allocation in the same amount from State General Funds, starting with FY 2016. The summary which follows details the projected expenditures for the nursing program by major expenditure object and source of funding.

See next page ...



FY 2016 LEGISLATIVE REQUEST

■ PRIORITY #1: NEWMAN DIVISION OF NURSING *continued*

FY 2014-2015 Emporia State University Newman Division of Nursing (proposed new name Department of Nursing) Proposed Funding Plan (*Projections based on most recent available Medicare cost reports*)

Full-Time Nurse Administrator & Administrative Assistant	\$170,000 (including fringe benefits)
Faculty Positions <i>Full time= 8</i>	\$610,000 (including fringe benefits)
<i>Part time=1</i>	\$40,000 (including fringe benefits)
Operating Equipment <i>(computers, classroom supplies, advertising, printing, postage, repairs/maintenance)</i>	\$20,000
Operating Supplies <i>(lab, patches, nametags, copying)</i>	\$20,000
Professional Travel <i>(primarily to clinical sites)</i>	\$10,000
Professional Accreditation Dues <i>(ACEN, KSBN)</i>	\$10,000
Nursing Library GTAs/Techs	\$20,000
TOTAL	\$900,000*

**\$400,000 from ESU Tuition/Fees & \$500,000 requested from Jones Trust (FY15)*

Newman Regional Health will continue to provide indirect costs for maintenance, operation of facility, laundry/linen, housekeeping, utilities, etc. for the Cora Miller Hall and Library per new Memorandum of Operation (MOU) between Emporia State University and the Newman Regional Health (approved per NRH Board of Trustees).

Emporia State will continue funding of approximately \$400,000 annually from tuition/fee dollars for an administrative assistant, program director (must be a doctorate-prepared nurse), librarians/techs for the nursing library, operating supplies and equipment, and faculty salaries and supplemented by \$500,000 for FY15 from the request from the Jones Trust.



FY 2016 LEGISLATIVE REQUEST

■ PRIORITY #2: MS IN FORENSICS - \$284,300

In March 2014, the Kansas Board of Regents approved Emporia State University's proposal for a new Master of Science in Forensic Science (MSFS) program. ESU's request for approval indicated a Fall 2015 implementation date, contingent upon the university's ability to identify a source of funding for the program's annual costs. ESU's MSFS program will be the first such program in the state of Kansas.

The workforce implications of this program for the state of Kansas are considerable. The U.S. Bureau of Labor Statistics expects 19% job growth in the area of forensic science between 2010 and 2020. Currently, well over 150 forensic scientists are employed across the state of Kansas in full-service laboratories operated by the Kansas Bureau of Investigation, the Sedgwick County Regional Forensic Science Center, the Johnson County Sheriff's Office, and other agencies. These agencies experience approximately a 10% turnover of scientists each year. In addition, forensic scientists find employment with industrial laboratories such as Quest Diagnostics, Affiliated Medical Service Lab Inc., and Children's Mercy.

Since the MSFS is now the preferred hiring credential for positions with forensic crime labs, the lack of such a program in Kansas forces students to leave the state to complete their training and compels Kansas crime lab directors to seek out-of-state applicants. The proposed MSFS program will allow Kansas residents to train and work in Kansas, and will assist the Kansas crime labs in hiring and retaining Kansas residents for these positions.

ESU developed its MSFS curriculum in consultation with the directors of Kansas's major forensic crime labs, including Gary Howell (Director, Johnson County Sheriff's Criminalistics Laboratory), Linda Netzel (Director, Kansas City Police Crime Lab), Dr. Timothy P. Rohrig (Director, Sedgwick County Regional Forensic Science Center), and Michael J. VanStratton (Director, Kansas Bureau of Investigation Crime Lab). These professionals are unanimous in their conviction that Kansas needs an MSFS program.

ESU has already identified and earmarked \$363,606 in one-time funds to prepare and equip the specialized laboratories required for the program. Of that total, \$302,900 is allocated for equipment purchases and the remaining \$60,706 is available to renovate space in Science Hall. The \$302,900 represents 45% of the \$672,230 salary cap restoration (FY14) allocated for the forensics program and the \$60,706 will be reallocated from the annual university repair and replacement budget.

See next page ...



FY 2016 LEGISLATIVE REQUEST

■ PRIORITY #2: MS IN FORENSICS *continued*

The program's annual costs, most of which are related to personnel, constitute an unmet need and an opportunity to implementation:

Faculty salaries and benefits	\$130,000*
Support staff salaries and benefits	\$ 84,500
Program director's stipend	\$3,000
GTA salaries	\$31,800
Project Funding	\$10,000
OOE	\$25,000
TOTAL	\$284,300

*Most of the faculty expertise required for the program is already in place, including a designated Program Director who holds a Ph.D. in toxicology and an MSFS with a concentration in criminalistics, and who has field experience working as a forensic toxicologist for the Alabama Department of Forensic Sciences. Two additional faculty members are needed, one in the Department of Biological Sciences and one in the Department of Physical Sciences.

ESU seeks to implement its Master of Science in Forensic Science (MSFS) program in Fall 2015 with the help of an allocation of \$284,300 from State General Funds to cover annual costs.



FY 2017 LEGISLATIVE REQUEST

■ PRIORITY #3: STEM PROGRAMMING FOR KANSAS ECONOMY - \$715,700

STEM is a priority for Kansas, and is likely to remain so. ESU is a significant player in this area, offering an array of STEM-related bachelor's and master's programs that traditionally have attracted strong students and have produced successful graduates. However, ESU's STEM-related academic programs occupy outdated facilities, utilize marginally-equipped laboratories, and suffer from a shortage of faculty members. The University's 150th Year Campus Master Plan addresses the facilities issue by proposing a renovation of Science Hall—a major project that will likely be the subject of a request in a future capital improvement cycle. The University's present request is for a \$1.0 million enhancement during FY 2017 to finance a significant ongoing investment in its STEM programs.

ESU completed its 150th Year Campus Master Plan and outlined its Strategic Plan, *The Adaptive University* during FY 2014. As the university proceeds with the development of specific objectives appropriate to the four goals of the Strategic Plan, a convergence between the two planning processes will be sought. This will require analysis of how the university's physical resources will support its strategic goals. Components of that analysis will include (1) opportunities for a more complete integration of the Nursing program into the University's programming overall, given the University's full assumption of its program costs; (2) an analysis of ongoing laboratory equipment needs; and (3) strategic deployment of existing Science Hall space, given a new laboratory addition.

The University believes this enhancement to be highly relevant to the second *Foresight 2020* goal: Improve Alignment of the Kansas Higher Education System with the Needs of the Economy. More specifically, the enhancement addresses the "Aspiration" articulated for that goal: Reduce workforce shortages in selected high demand fields by increasing the number of credentials and degrees awarded, including in STEM fields.

The requested enhancement also directly supports Goal 3 of ESU's Strategic Plan, *The Adaptive University*: Enhance the competitive role of Kansas by achieving the State's goals for public higher education.

A more precise definition of how the requested enhancement will be divided among major expenditure objects will emerge alongside development of the Strategic Plan. However, at this point we expect the major components to be: (1) additional faculty and faculty development in STEM related fields; (2) financing for an ongoing laboratory equipment plan; and (3) preliminary planning for a Laboratory addition to the Science Hall. A proposed annual budget, subject to the aforementioned adjustments resulting from the Strategic Plan is as follows:

Faculty and Staff for STEM related programming (salaries and benefits)	\$200,000
Continuing Upgrade to Laboratory Equipment	\$300,000
Continuing Facilities Improvements (in year one, preliminary planning for laboratory addition)	\$215,700
TOTAL	\$715,700

EMPORIA STATE UNIVERSITY

The Adaptive University Budget

July 22, 2014



July 22, 2014

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Budget Work Session




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Good Fiscal News

- ❖ Increased enrollment for 5 consecutive academic terms - 320 students
- ❖ Partial reinstatement of SGF in FY 2014 and FY 2015 - \$672,320 and \$811,386, respectively
- ❖ SGF allocation to fund Honors College - \$1,000,000
- ❖ FY 2015 “true” balanced budget
 - ✓ 2nd year of 2 year initiative to reduce expenditures by \$2.5 million
 - Actual reduction of \$1.6 million in FY 2014
 - Actual reduction of \$1.0 million in FY 2015
 - ✓ Additionally, reduced \$1.39 million of non-base budget expenditures since FY 2013 through expense elimination and reallocation


Immediate Outlook


- ❖ Fall 2014 preliminary enrollment compared to Fall 2012 is up over 300 students

Total Student Enrollment Headcount (On Campus and Off Campus)			
For Fall Semester	Total Students	Undergraduates	Graduate & Professional
Thru Week of July 7, 2012	4908	3323	1585
Thru Week of July 7, 2013	5090	3396	1694
Thru Week of July 7, 2014	5228	3485	1743
Percent Change 2013-14	 2.7%	 2.6%	 2.9%

Total Student Enrollment Headcount (On Campus Only)			
For Fall Semester	Total Students	Undergraduates	Graduate & Professional
Thru Week of July 7, 2012	3463	3106	357
Thru Week of July 7, 2013	3573	3180	393
Thru Week of July 7, 2014	3653	3281	372
Percent Change 2013-14	 2.2%	 3.1%	 5.3%

Immediate Outlook

Undergraduate Admits	
For Fall Semester	Totals
Thru Week of July 7, 2012	1642
Thru Week of July 7, 2013	1764
Thru Week of July 7, 2014	1842
Percent Change 2013-14	 4.4%

Residence Hall Contracts	
For Fall Semester	Totals
Thru Week of July 7, 2012	685
Thru Week of July 7, 2013	726
Thru Week of July 7, 2014	862
Percent Change 2013-14	 18.7%

Future Outlook

- ❖ Budget decisions
 - ✓ Enrollment-driven/Enrollment-informed
 - ✓ The Adaptive University Strategic Plan 2015 - 2025
 - ✓ Campus Master Plan 2015 - 2025
 - ✓ Foresight 2020

- ❖ Strategic reallocations
 - ✓ Nursing
 - ✓ On-line Graduate Math Program
 - ✓ Athletic Training

- ❖ Development of long-term cash flow model

- ❖ Enrollment growth will help build reserves

Revenue

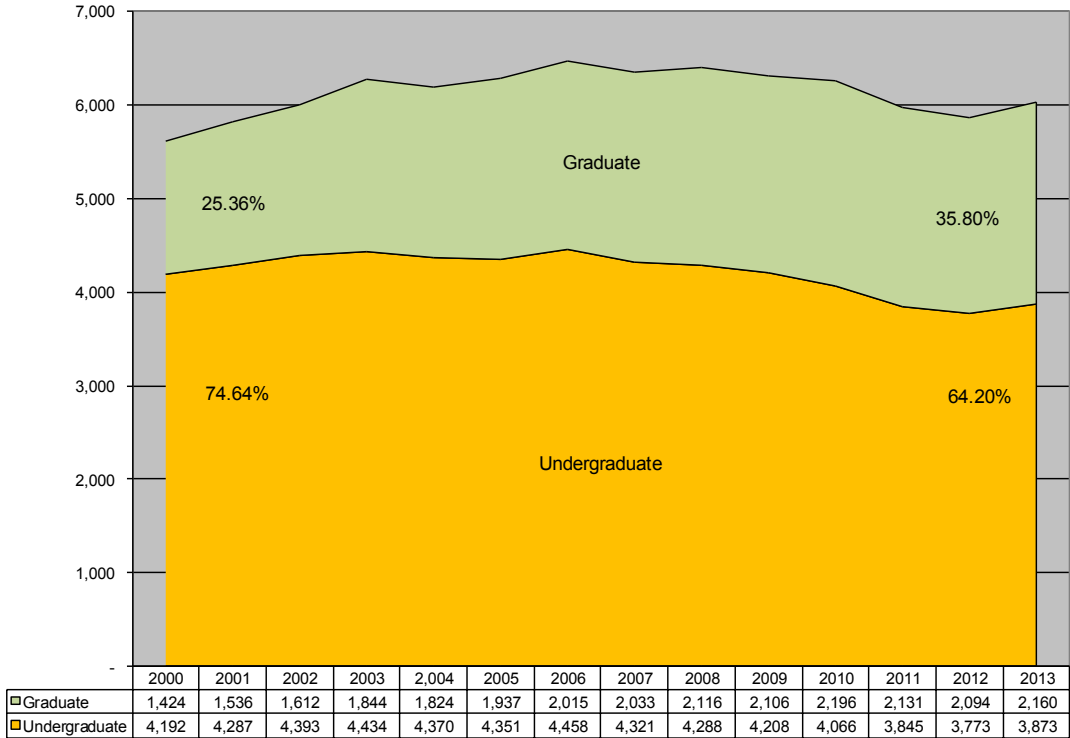
- ❖ Increased SGF allocation used to finance base budget and implement new initiatives
 - ✓ Faculty for growing graduate on-line MS in Mathematics
 - ✓ Faculty for athletic training program
 - ✓ Leverage temporary private funding for Nursing program
 - ✓ Address deferred instructional equipment purchases

- ❖ Tuition
 - ✓ Undergraduate flat rate tuition model
 - ✓ Increase on-campus and residential students
 - ✓ Enrollments different than typical regional university – graduate vs. undergraduate

- ❖ Fees
 - ✓ High percentage of off-campus enrollments
 - ✓ Technology fee to address and sustain infrastructure

Graduate & Undergraduate Enrollments

Total Fall Student Headcount



Graduate Enrollment:

- 36% of total enrollment
- Growth continues to be in on-line and blended programs
- Although headcounts are increasing, mix between full-time and part-time is shifting to more part-time which impacts SCH and ultimately revenue

Expenditures

Anticipated Expenditure (Investments) Increases

- ❖ Salaries and wages for faculty and staff
- ❖ Faculty promotion and tenure
- ❖ KPERS, health insurance and other fringe benefit rates
- ❖ Utility rates (particularly natural gas and electricity)

State General Fund Operating Enhancement Requests

FY 2016 Priorities

- | | | |
|----|--|-----------|
| 1. | Bachelor of Science, Nursing (BSN) Program | \$500,000 |
| 2. | MS in Forensics | \$284,300 |

FY 2017 Priority

- | | | |
|----|-------------------------------------|-----------|
| 1. | STEM Programming for Kansas Economy | \$715,700 |
|----|-------------------------------------|-----------|

State General Fund Capital Improvement Enhancement Requests

FY 2016 Priorities

Projects will be funded with private gifts and fees, including planning for the remodeling/razing of Stormont Maintenance Center and residential life improvements

FY 2017 Priorities

- | | | |
|----|--|-------------|
| 1. | Remodel/raze Stormont Maintenance Center | \$4,852,000 |
| 2. | New elevator in Cremer Hall (Home of School of Business) | \$1,000,000 |

Sustaining The Adaptive University's Future

- ❖ Continued enrollment growth
 - ✓ Maximize undergraduate enrollment while maintaining a high sense of academic and social engagement
 - ✓ Maximize graduate enrollment by strengthening different and appropriate modes of delivery depending upon the program/discipline
 - ✓ Continue to creatively and adaptively build brand identity in Kansas and surrounding states

- ❖ Continued enhancement of campus residential experience

- ❖ Continued and purposeful review and enhancement of curriculum and academic offerings

- ❖ Continued and deliberate investment in human resources

- ❖ Stabilization and annual increases to state funding

- ❖ Continued successful progress on Now and Forever Campaign, largest fund raising campaign in the University's history

- ❖ Positive trending of reserves

Stingers Up!



I'm a Hornet!



FORT HAYS STATE UNIVERSITY

Forward thinking. World ready.

OFFICE OF THE PRESIDENT

July 11, 2014

Dr. Andy Tompkins
Kansas Board of Regents
1000 SW Jackson Street
Topeka, KS 66612-1368

Dear Andy:

The purpose of this letter is to transmit to you FHSU's uniform budget request material for FY2016-17. The first attachment is the power point I will use in the budget presentation July 22. It provides a clear delineation of the University's budget priorities and links them to the KBOR Foresight 2020 Goals.

The second attachment includes the requested charts and budget tables for FY2013 (actual) and FY2015 operating budgets. The third attachment lays out the 2016-17 planning budget, assuming stable state funding. This table also provides the other information requested regarding FY 16-17.

The fourth attachment describes the proposed plan budget request and how it is tied to Foresight 2020 and the University Strategic Plan. And the fifth attachment describes the university resource planning process. As you can see, that process involved a lot of consultation and also used the Deft Technique of Convergence Opinion Methodology.

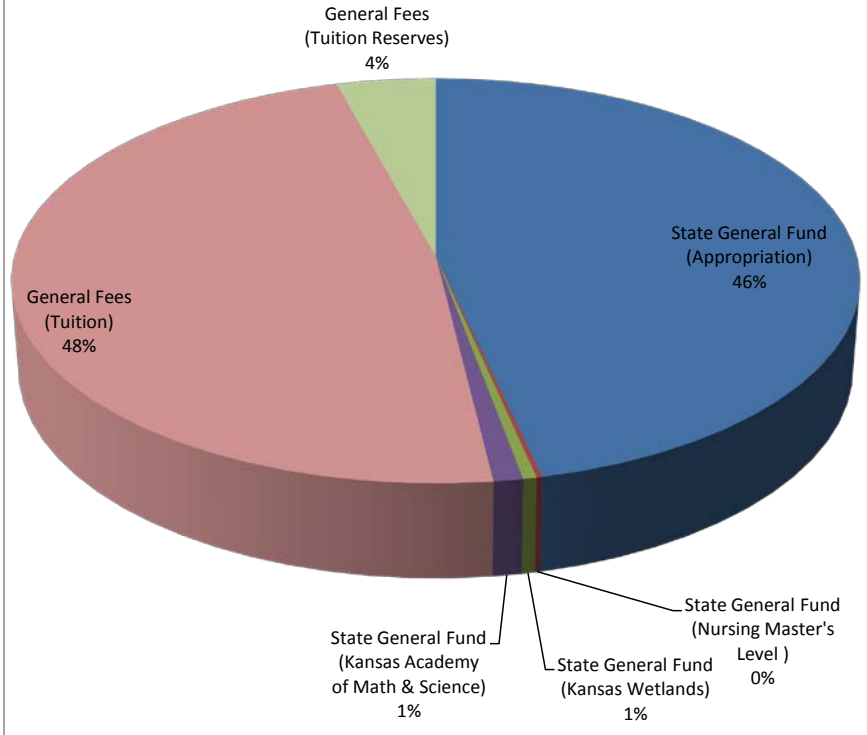
If you are in need of further information or would like our presentation to address any other issues, please give me a call.

Warmest regards,

Mirta M. Martin, PhD
President

July 22, 2014

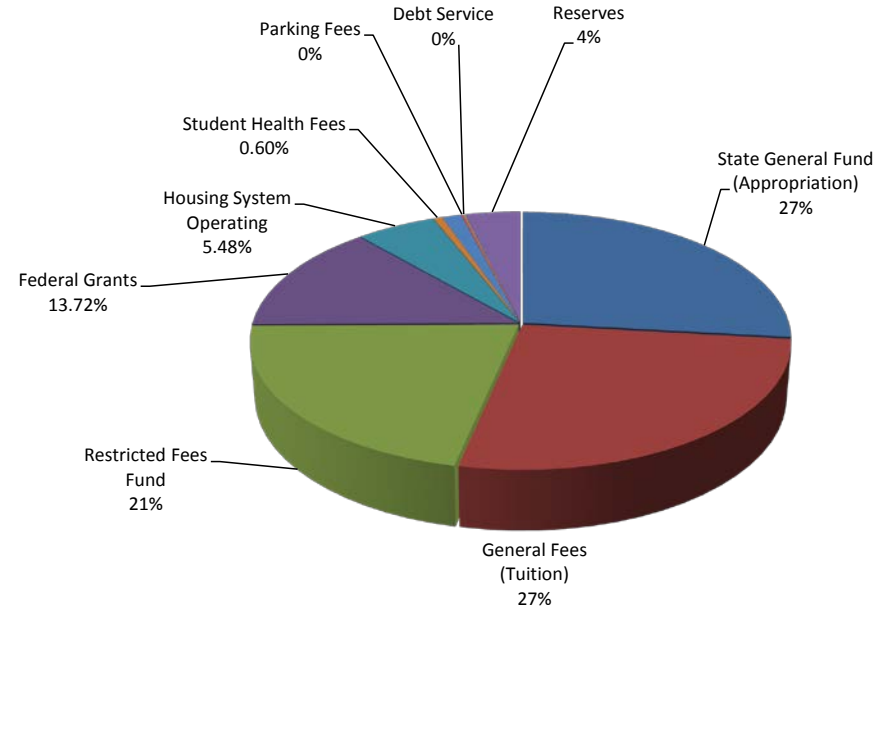
General Use Funds



General Use Funds

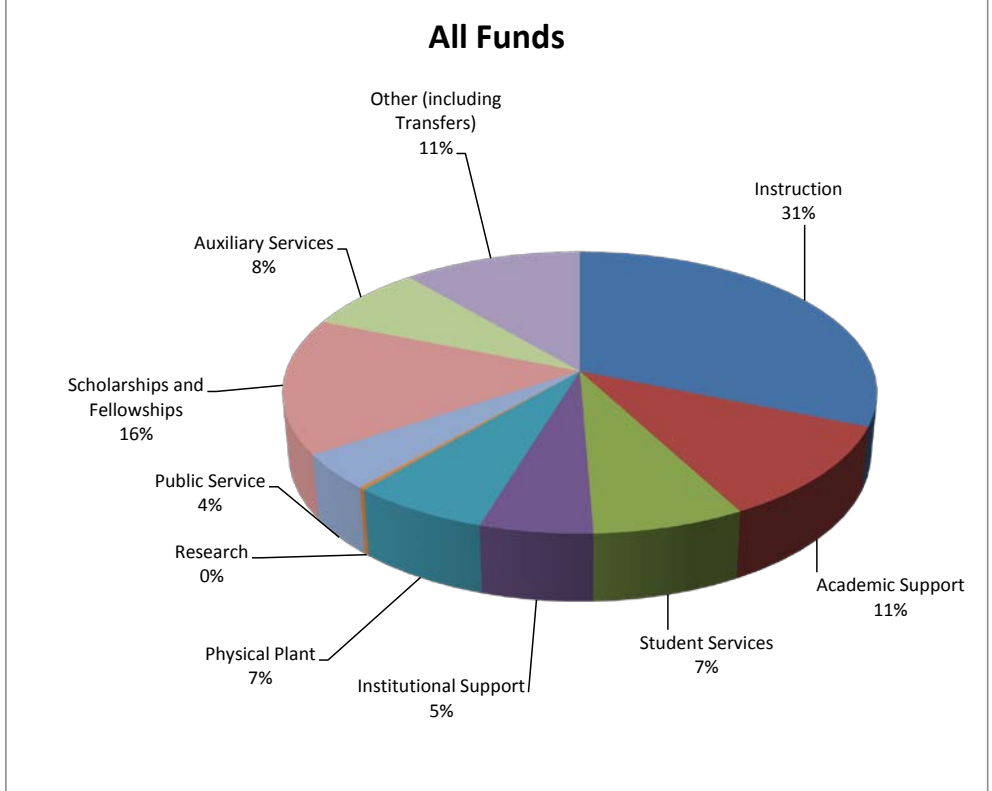
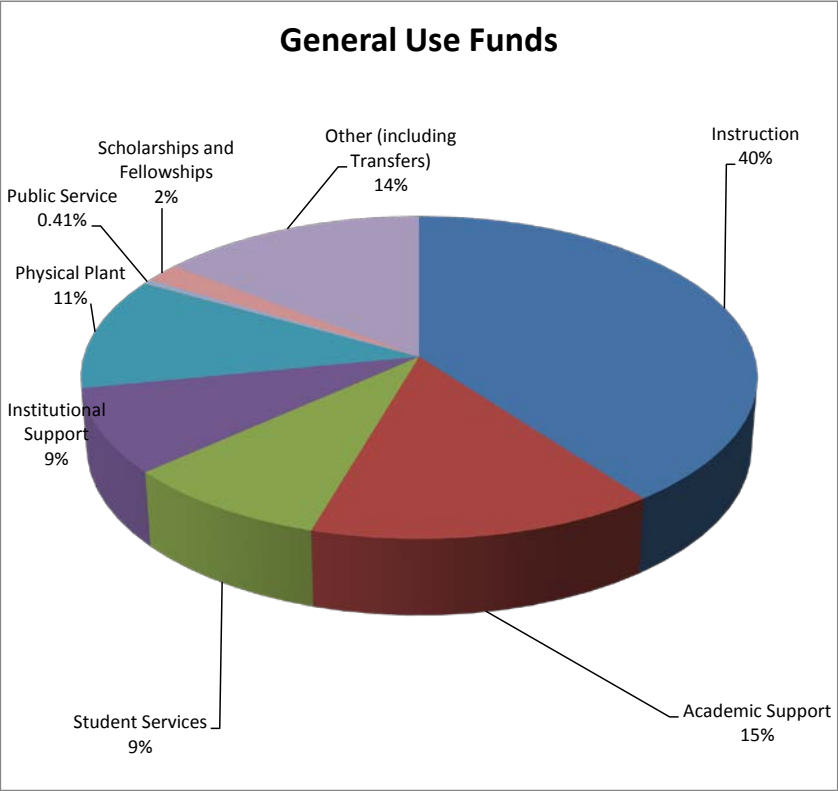
<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 32,280,496	46.42%
State General Fund (Nursing Master's Level)	132,852	0.19%
State General Fund (Kansas Wetlands)	319,324	0.46%
State General Fund (Kansas Academy of Math & Science)	696,547	1.00%
General Fees (Tuition)	33,161,843	47.69%
General Fees (Tuition Reserves)	2,946,722	4.24%
Total Budget	\$ 69,537,784	100.00%

All Funds



All Funds

<u>Funding Source</u>	<u>Amount</u>	<u>Percent</u>
State General Fund (Appropriation)	\$ 33,429,219	26.79%
General Fees (Tuition)	33,161,843	26.58%
Restricted Fees Fund	26,773,404	21.46%
Federal Grants	17,119,611	13.72%
Housing System Operating	6,842,339	5.48%
Student Health Fees	743,404	0.60%
Student Union Operating	1,641,600	1.32%
Parking Fees	220,437	0.18%
Debt Service	92,241	0.07%
Other Funds, Transfers and Reserves	4,744,554	3.80%
Total Budget	\$ 124,768,652	100.00%



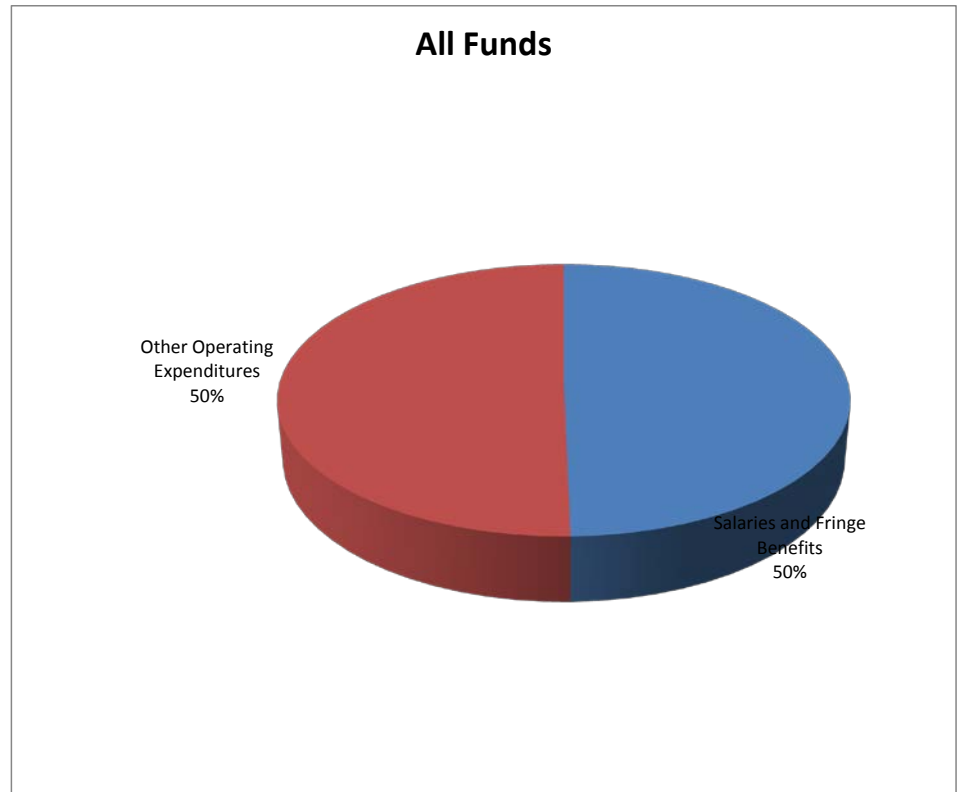
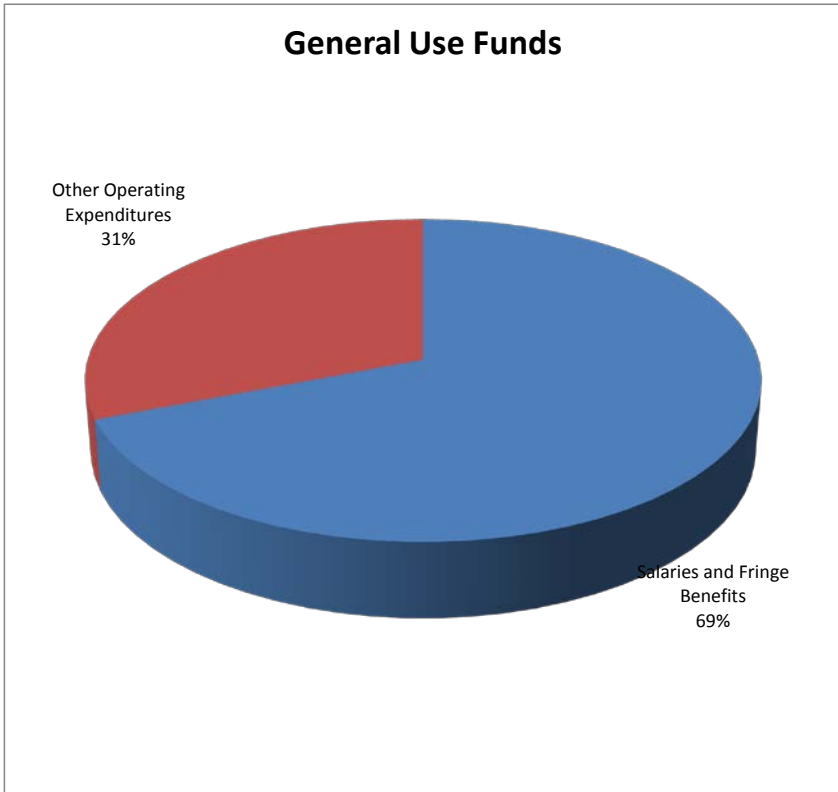
General Use Funds

Budget Program	Amount	Percent
Instruction	\$ 27,656,254	39.77%
Academic Support	10,278,091	14.78%
Student Services	6,153,176	8.85%
Institutional Support	5,923,149	8.52%
Physical Plant	7,817,307	11.24%
Research	23,084	0.03%
Public Service	284,792	0.41%
Scholarships and Fellowships	1,356,559	1.95%
Auxiliary Services	-	0.00%
Other (including Transfers)	10,045,372	14.45%
		0.00%
Total Budget	\$ 69,537,784	100.00%

All Funds

Budget Program	Amount	Percent
Instruction	\$ 38,935,334	31.21%
Academic Support	13,671,317	10.96%
Student Services	8,988,735	7.20%
Institutional Support	6,662,157	5.34%
Physical Plant	8,165,434	6.54%
Research	342,482	0.27%
Public Service	5,106,381	4.09%
Scholarships and Fellowships	19,405,271	15.55%
Auxiliary Services	9,482,096	7.60%
Other (including Transfers)	14,009,445	11.23%
		0.00%
		0.00%
Total Budget	\$ 124,768,652	100.00%

Fort Hays State University
 Fiscal Year 2013 Actual
 Total by Expenditure Classification



General Use Funds

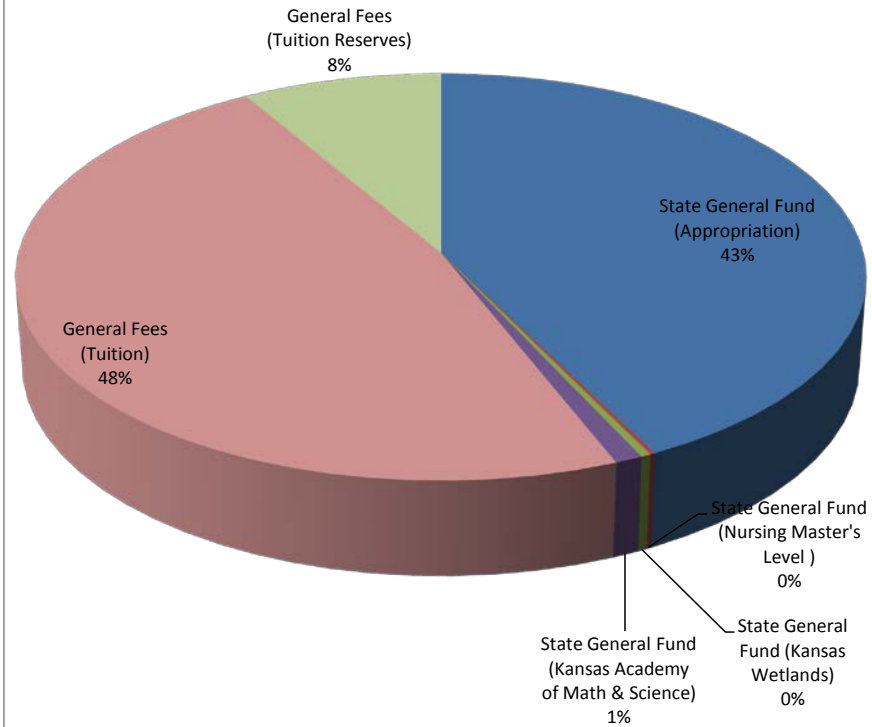
Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 48,074,803	69.13%
Other Operating Expenditures	21,462,981	30.87%
Total Budget	\$ 69,537,784	100.00%

All Funds

Expenditure Classification	Amount	Percent
Salaries and Fringe Benefits	\$ 61,977,378	49.67%
Other Operating Expenditures	62,791,274	50.33%
Total Budget	\$ 124,768,652	100.00%

Fort Hays State University
Fiscal Year 2015
Est. Operating Budget
Total Budget by Funding Source

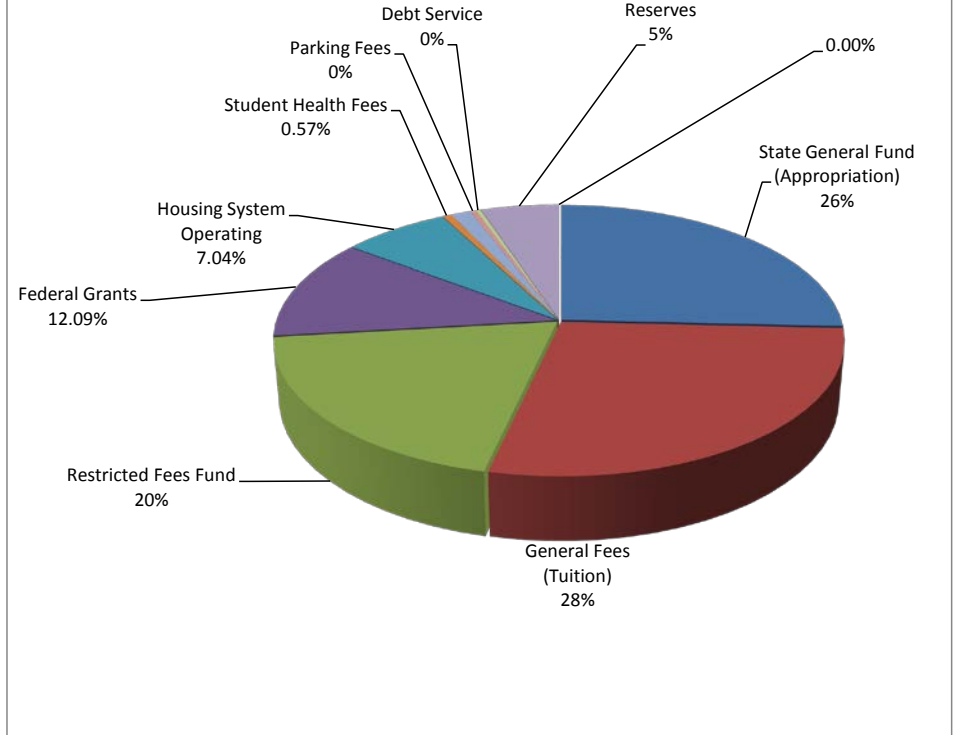
General Use Funds



General Use Funds

Funding Source	Amount	Percent
State General Fund (Appropriation)	\$ 32,799,732	42.53%
State General Fund (Nursing Master's Level)	132,773	0.17%
State General Fund (Kansas Wetlands)	261,883	0.34%
State General Fund (Kansas Academy of Math & Science)	727,340	0.94%
General Fees (Tuition)	36,637,801	47.51%
General Fees (Tuition Reserves)	6,557,246	8.50%
Total Budget	\$ 77,116,775	100.00%

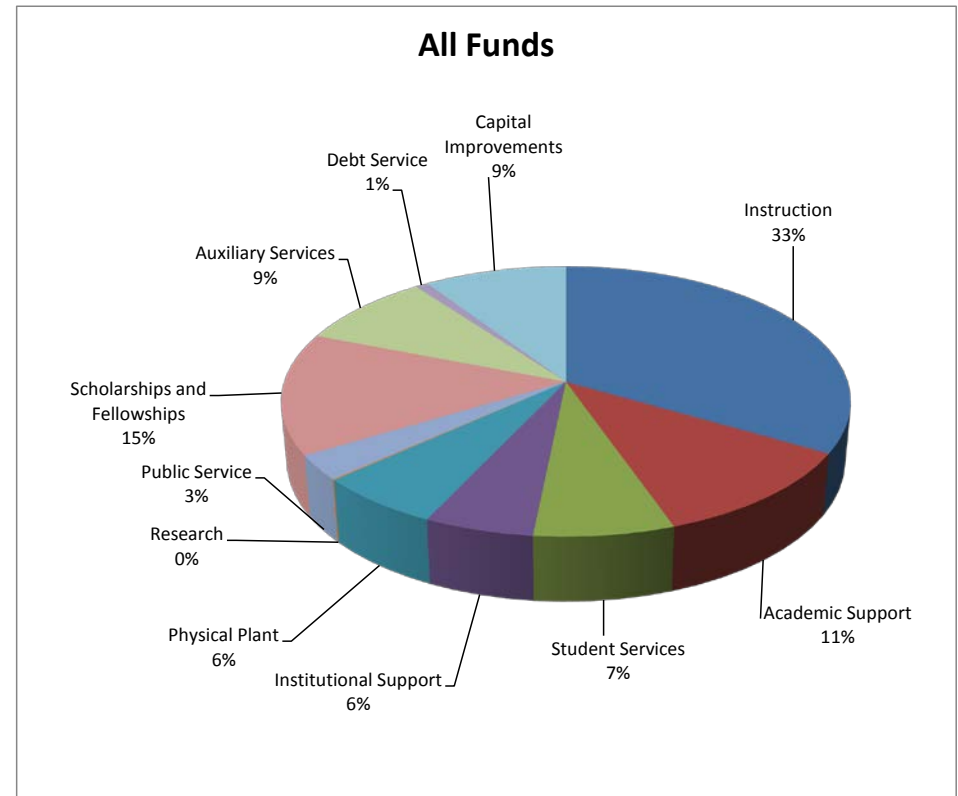
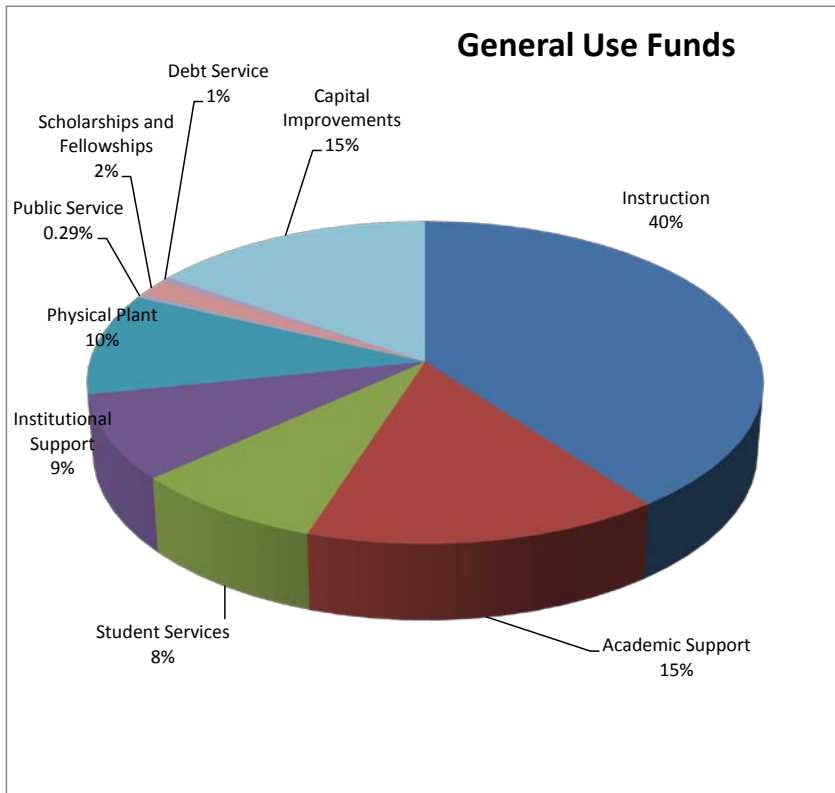
All Funds



All Funds

Funding Source	Amount	Percent
State General Fund (Appropriation)	\$ 33,921,728	25.76%
General Fees (Tuition)	36,637,801	27.82%
Restricted Fees Fund	25,788,386	19.58%
Federal Grants	15,919,461	12.09%
Housing System Operating	9,264,800	7.04%
Student Health Fees	750,734	0.57%
Student Union Operating	1,711,415	1.30%
Parking Fees	510,439	0.39%
Debt Service	411,826	0.31%
Other Funds, Transfers, and Reserves	6,758,084	5.13%
Total Budget	\$ 131,674,674	100.00%

Fort Hays State University
Fiscal Year 2014 Est Operating Budget
Total Budget by Budget Program



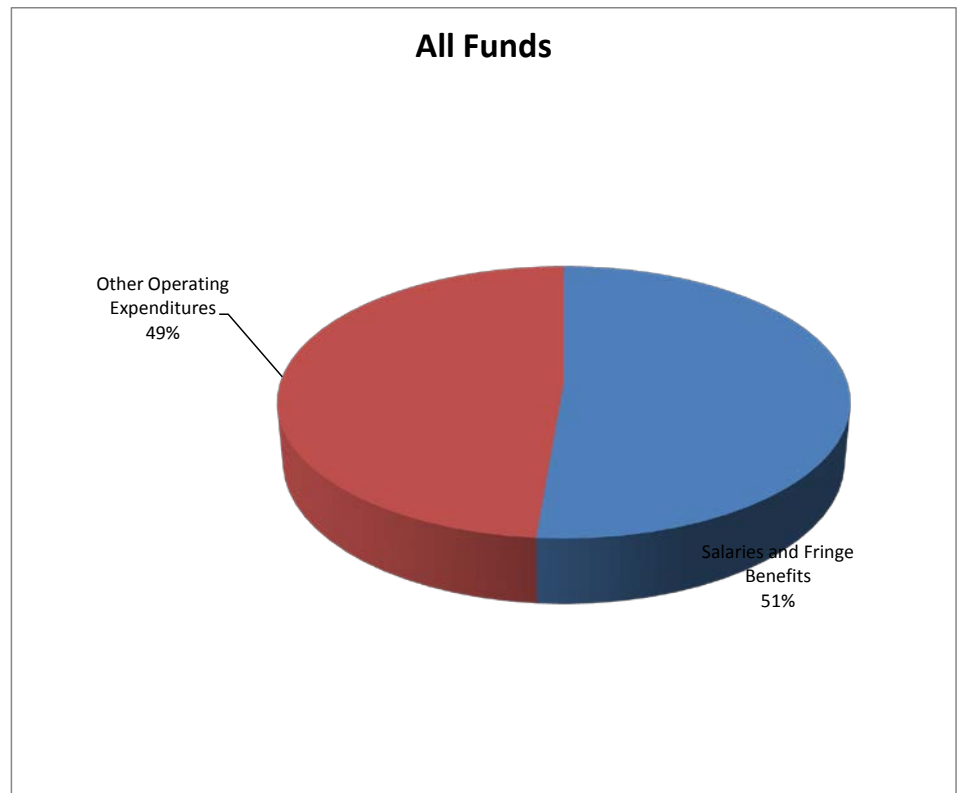
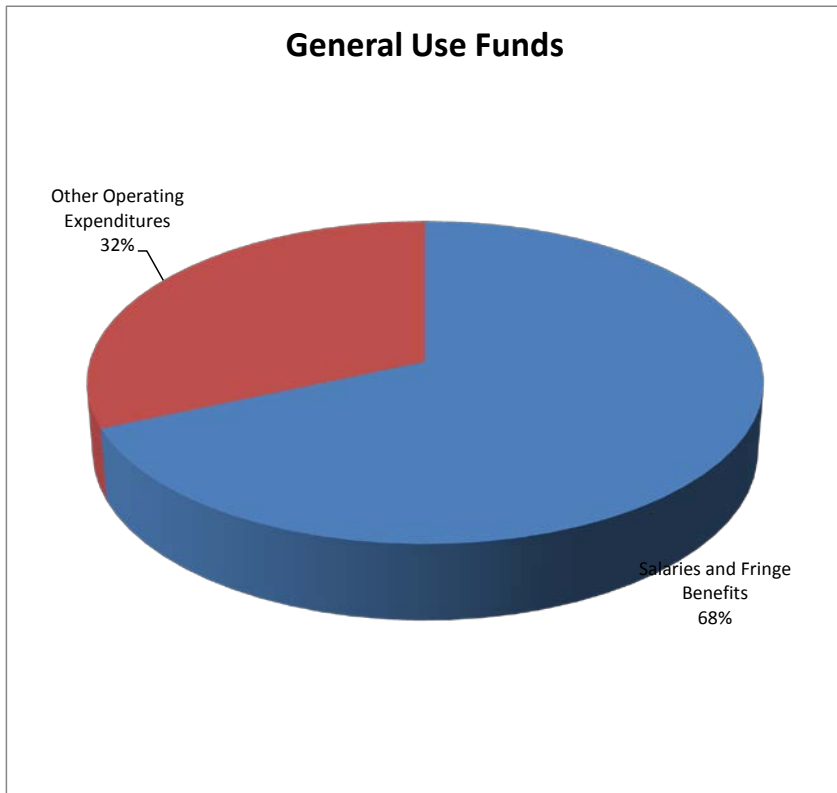
General Use Funds

<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 30,731,554	39.85%
Academic Support	11,671,295	15.13%
Student Services	6,409,137	8.31%
Institutional Support	6,546,925	8.49%
Physical Plant	7,897,345	10.24%
Research	22,084	0.03%
Public Service	220,050	0.29%
Scholarships and Fellowships	1,356,559	1.76%
Auxiliary Services	-	0.00%
Debt Service	411,826	0.53%
Capital Improvements	11,850,000	15.37%
Total Budget	\$ 77,116,775	100.00%

All Funds

<u>Budget Program</u>	<u>Amount</u>	<u>Percent</u>
Instruction	\$ 43,961,419	33.39%
Academic Support	14,808,087	11.25%
Student Services	9,178,257	6.97%
Institutional Support	7,169,213	5.44%
Physical Plant	8,245,267	6.26%
Research	143,357	0.11%
Public Service	3,896,329	2.96%
Scholarships and Fellowships	19,194,564	14.58%
Auxiliary Services	11,726,949	8.91%
Debt Service	1,101,232	0.84%
Capital Improvements	12,250,000	9.30%
Total Budget	\$ 131,674,674	100.00%

Fort Hays State University
Fiscal Year 2014 Est Operating Budget
Total Budget by Expenditure Classification



General Use Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 52,792,452	68.46%
Other Operating Expenditures	24,324,323	31.54%
Total Budget	\$ 77,116,775	100.00%

All Funds

<u>Expenditure Classification</u>	<u>Amount</u>	<u>Percent</u>
Salaries and Fringe Benefits	\$ 67,584,666	51.33%
Other Operating Expenditures	64,090,008	48.67%
Total Budget	\$ 131,674,674	100.00%

Fort Hays State University Resource Planning Process (#4)

Following is a brief summary of the budgeting/resource planning process that takes place at Fort Hays State University on an annual basis. In a typical planning year this process begins in July and proceeds throughout the fiscal year.

- Strategic Plan- each year the strategic plan is updated allowing for changes due to redirection, success and failures, and changes in priorities provided by our governing bodies. This process begins early and is typically completed by January of each year. As a part of the redevelopment of the strategic plan special projects or addition of faculty and staff are submitted through the divisions for consideration by the planning committee for funding. Each project must support the goals of the University and/or the Board to be part of the funding process.
- Position Control- all departments/divisions present changes to staffing that are required or requested for review by the VPs and the President. These may result from attrition and/or be requested to support the growth and other goals of the University. As a result of the process there may be reductions or increases in expenditures which are considered as a part of the budgeting process.
- Compensation- a negotiation process takes place during the early spring concerning changes to the compensation package of faculty represented by AAUP. Discussion includes merit, tenure, promotion, degree completion and any equity or compression issues. At the completion of negotiations the decision is made concerning the overall compensation changes for all faculty and staff. Additionally, changes in benefits costs are discussed and included in the total compensation costs expected for the next fiscal year.
- Other Operating Expenses- the departments make requests for changes in OOE budgets and submit the proposals to the VPs. Each VP will decide what redistributions will take place and will request through the budget office OOE reassignments. If funding increases are necessary the request is made by the VP through the strategic planning process outlined above.
- State General Fund- the university plans for adjustments in available SGF each year finalizing the numbers at the end of the legislative process. Timing of this piece of the budget process is typically early May allowing for inclusion of the SGF results into the tuition planning undertaken by faculty, staff and students and submission of the tuition proposal to the Board.
- Tuition- discussion of tuition changes for the next fiscal year begin in early fall with the return of students and faculty to campus. Early discussions are typically very general and include opinions and expectations of the legislative process, tax revenues and other expected changes. As a result of the processes and decisions outlined above administration determines the tuition change needed to fund the projects and personnel changes and makes a recommendation to student government representatives. SGA executives meet with administration to discuss changes in the tuition structure including student fee changes recommended by SGA and other departments funded by fees. At the conclusion of this process the tuition plan is submitted to the Board for review, discussion and approval.

The budgeting resource development process is typically completed by mid May each year. This timeline assumes approval of the tuition plan submitted to the Board but allows for adjustment resulting for the tuition discussion in May and June.

**FY2016-17 BIENNIUM BUDGET ENHANCEMENT REQUEST
FORT HAYS STATE UNIVERSITY**

Fort Hays State University is submitting this budget request in light of its heavy dependence on tuition dollars. Even though we have the lowest tuition in the Regents' System, 56% of our educational costs are covered by tuition revenues. Only KU and K-State are more dependent on tuition than FHSU.

While growth has produced two-thirds of our new tuition revenue, we have also been working very hard on efficiencies. The latest KBOR data shows that we are the only institution with education expenses per SCH that are below \$200. No other institution is within \$70 of that figure and the Regents' average is \$348.

Because of our heavy dependence on tuition and our leadership in serving more Kansans, it is only appropriate that the state invest more in supplementing our institution and more importantly our educational endeavors.

Foresight 2020 Goal 1: Increase Higher Education Attainment Among Kansans

Enhancement 1.1: Expand Capacity in the Graphic Design BFA

In the early 1990s the University had great foresight in the creation and deployment of a world-class Graphic Design BFA program. The program has consistently met enrollment targets and has been restricted only by the space and faculty talent available. The Graphic Design major is one of the largest completely on-campus major programs and consistently has enrollments of over 120 students. Graduates of the program are in high demand across the region and often command a six figure salary within five years of graduation. Students completing the program are workforce ready even before they complete all the requirements of the program. Additional faculty will double the capacity of this successful program and make a lasting contribution to sales and marketing firms across the Midwest and the nation.

Faculty Salary and Benefits (2 faculty)	\$210,000
Operating Expenses	\$24,000
Computer Laboratory Equipment and Space Repurpose	\$100,000
	\$334,000

Enhancement 1.2: Expand Capacity in the Higher Education Student Affairs MSE program

In the Fall of 2012, the College of Education and Technology expanded their graduate offerings with a new program in Higher Education Student Affairs administration. Over the course of 2 years, the program has grown to 40 students, equally split between on-campus and virtual offerings. The goal of this graduate program has been focused on serving entry level student affairs professionals at the University or community college levels. Currently, the program has scaled to create a capacity issue for the limited pool of adjunct instructors available. Expansion of the HESA program will require additional full-time graduate faculty members to assure continued program success. This enhancement would fund two additional positions focused entirely on program expansion.

Faculty Salary and Benefits (2 faculty)	\$190,000
Operating Expenses	\$24,000
	\$214,000

Enhancement 1.3: Increase Retention/Graduation Rates Through Expansion of a Freshman Seminar Model

Research suggests that first-year seminars with a holistic focus are the most effective type of seminar for promoting student learning-and-development outcomes. Research consistently shows that college transition seminars with a holistic focus were especially more effective than *discipline-based* seminars housed in academic departments and focused exclusively on introducing first-year students to an academic discipline or major field of study. Consistent with these findings is the conclusion reached by Upcraft, Gardner, & Barefoot (2005) upon their national experience with first-year experience courses: the most effective first-year seminars are those that are designed to facilitate first-year student success in both academic and non-academic facets of college life. Fort Hays State University has an opportunity to leverage this research and create a world-class retention seminar designed to dramatically improve the fall-to-fall retention of our freshmen students. Additionally, early alert software adds to the effectiveness by providing detailed tracking of student participation of all students. The following proposal would support such a freshman seminar and integrated persistence strategy.

Faculty Salary and Benefits (40 part-time faculty)	\$80,000
Graduate Teaching Assistants (3)	\$21,000
Operating Expenses and Course Supplies	\$15,000
Starfish Early Alert	\$25,000
TigerConnect	\$25,000
ParentConnect	\$10,000
Operating Expenses	\$24,000
	\$200,000

Foresight 2020 Goal 2: Improve Alignment of the State’s Higher Education System with the Needs of the Economy

Enhancement 2.1: Creation of a Rural Studies Major

As global problems become more apparent and more significant, rural areas and rural populations not only show the symptoms but may also offer the solutions. A rural studies program would consider issues such as world demand and supply and distribution of food as well as environmental limitations that affect the supply of food. Studies about rural development also envelop global problems such as agricultural productivity, resource depletion, energy use and the impact of those problems on ecological and socio-economic systems. Each of these problems and the accompanying solutions has a direct impact on consumer choices and cultural values. As such, the study of past and present rural societies may provide a greater perspective about the future course of American society. Importantly, for Kansas to be successful, the state must develop rural areas through economic stimulation supported with experts in rural demography. Academic offerings in rural studies are sparse and would be well enrolled both on-campus and virtually, if launched.

Building an Institute of Rural Studies aligns with our institutional need to remain mission-centered and market smart. Because of the emphasis on rural studies, the Institute reinforces Fort Hays State

University’s sense of public purpose. Along with this focus on mission, the Institute also allows the University to be more responsive to new markets while attracting scholars and creating new programs. Within academic traditions, the Institute and the University gain another method for responding to external stimuli, changing economies, and new educational challenges.

Faculty Salary and Benefits (1 Director and 1 faculty)	\$180,000
Operating Expenses	\$24,000
Marketing and Recruitment	\$10,000
	\$214,000

Enhancement 2.2: Rural Entrepreneurship

The future of Kansas, and especially western Kansas, is tied to entrepreneurship. The FHSU College of Business and Entrepreneurship has undertaken an aggressive range of activities to boost entrepreneurship. The university is the host of Kansas Small Business Development Center (KSBDC) and NetWork Kansas/Kansas Center for Entrepreneurship. It has offered a minor in entrepreneurship available to students of any major for nearly a decade. It has led Kansas in offering Kauffman Foundation-derived Startup Weekends; hosts entrepreneurs in residence; and offers entrepreneurship internships, international experiences, and the acclaimed “Entrepreneur Direct” Lectures Series. To expand both on-campus and distance entrepreneurship education aimed at Kansans requires expansion of its capacity by adding additional faculty and associated resources. This capacity will allow consistent offering of the undergraduate minor and certificate in entrepreneurship to students of all academic majors.

Economic growth and entrepreneurship in the region’s primary rural industries is dependent on rural banks. The sectors of agriculture, energy, and manufacturing are highly capital-intensive. Rural banks are facing a personnel crisis as they seek to find employees prepared to deal with the regulatory, economic, and business needs of the contemporary banking industry. FHSU has a long-established and well respected banking program within its finance degree and has the opportunity to leverage state funding with private dollars in order to enhance on-campus undergraduate education and to provide unique distance learning to allow current place-bound bank employees in rural areas of Kansas to earn bachelor degrees while continuing in their current employment. The requested positions will be added in Entrepreneurship and Banking.

Faculty Salary and Benefits (2 faculty)	\$224,000
Operating Expenses	\$12,000
	\$236,000

Foresight 2020 Goal 3: Ensure State University Excellence

Enhancement 3.1: Expand Full-time Virtual College Instruction Model

The University has enjoyed great success in our continually expanding Virtual college offerings. Fort Hays has been noted for several special awards and is highly ranked in the USNWR Distance Education report. One of the most important considerations of this ranking process relates to the number of full-time faculty to adjunct part-time faculty. Naturally, FHSU like nearly every other distance education unit relies heavily on adjunct or contingent faculty to staff some of our Virtual College offerings. Last year, FHSU worked on a proposal to jointly expanding our Virtual offerings and to off-set the growing reliance on adjunct faculty through an innovative VC Lecturer model. This proposal asks for 8 full-time lecturer positions to adequately staff courses across 8 high growth programs. These positions will have a dramatic impact on the quality of our offerings, which continue to serve more Kansans than any other online provider across the state.

Faculty Salary and Benefits (8 faculty)	\$640,000
Operating Expenses	\$40,000
	\$680,000



KANSAS BOARD OF REGENTS

Increase State Support for Need-Based Financial Aid for Kansas Students

The Kansas Comprehensive Grant (KCG) is a need-based student financial aid program available to Kansas resident students attending the state's four-year public and independent colleges. This is the largest program of all of the state-funded financial aid programs and the one that reaches the neediest of our Kansas students. The program currently awards grants to less than 1/2 of those students who are eligible for the grant. We are requested a \$2.5 million increase in the KCG program for FY16 and an additional \$2.5 million increase for FY 17 to increase the number of eligible students awarded closer to 2/3.

★ LEADING HIGHER EDUCATION ★

DEVELOPMENTAL EDUCATION WORKING GROUP RECOMMENDATIONS

Working Group Recommendations for State Action

Implementation of Reform Strategies

Two major national initiatives aimed at implementing reform in developmental education have offered fulsome advice about implementing strategies designed to limit the number of students who enter or accelerate student progress through remedial courses. The Developmental Education Initiative (DEI), funded by the Bill and Melinda Gates and Lumina Foundations, included fifteen Achieving the Dream colleges in six states. The initiative aimed to establish and scale-up or just scale-up promising strategies in four categories: avoidance, acceleration, curricular relevance (e.g., contextualization, integrated instruction), and student supports (e.g. supplemental instruction, case management). The second national initiative is the Scaling Innovation project, funded by the William and Flora Hewlett Foundation and coordinated by the Community College Research Center (CCRC) at Teachers College, Columbia University. The project is designed to advance instructional reform by providing information about opportunities and challenges related to implementing developmental education instructional reforms. A study of the DEI (Quint, 2013) and one from the Scaling Innovation project (Edgecombe, 2013), identified factors that constrain the success of implementation efforts.

- Resource limitations
- Reluctance to impose mandates on faculty and students
- Lack of mechanisms for reflecting on and counteracting reform shortcomings
- Perceived need to scale back if strategies appear to be ineffective

The study of the Scaling Innovation project also described factors that limit the overall impact of innovative approaches. The first is adoption of minimally disruptive, small scale approaches which cannot substantially improve college-wide student outcomes. The second is the focus of new approaches solely on the beginning of students' college careers when they are likely to be enrolled in remedial coursework (Edgecombe, 2013).

Together, these two studies also suggested factors that promote successful implementation:

- A systematic approach to the process of innovation that prioritizes reforms to address issues students are confronting and methodically considers how reforms can be modified by institutions
- Adequate resources (e.g., funding, staff, space, technology)
- Strong communication about the initiative, especially from the college president
- Engagement of staff in planning and oversight and professional development, Scaling Innovation particularly recommended putting faculty in the lead at all stages of implementation (development/adoption, execution and refinement)
- Commitment to uniform instructional practices for faculty implementing innovative strategies
- Infrastructure that enables connections among practitioners within and across institutions (Community College Research Center, 2012)

Piloting and adopting innovative developmental education strategies is not without cost. The colleges in the DEI each received a three-year grant of \$743,000 during implementation. Colleges used these funds to support policy changes and other programmatic reforms as well as both offsite conference attendance and on-campus professional development on a broad range of topics related to developmental education.

DEI colleges also received leadership and support, at local and state levels, from the Community College Leadership Program at the University of Texas at Austin, Jobs for the Future, Public Agenda, and MDC. These organizations provided technical assistance to college and state policy teams, supported learning networks and events, developed tools and resources for scaling and sustaining innovations, and disseminated lessons emerging from the participating states and colleges.

Another model for supporting the implementation of innovation in developmental education is offered by the Carnegie Foundation for the Advancement of Teaching which brought together the model of networked communities with Statway™ and Quantway™. Networked communities are structured to promote professional learning through improvement research in order to ensure that educational initiatives are reliably effective at scale. Currently institutions in 14 states participate in networked communities which promote continuous improvement strategies in mathematics teaching and learning at the college-level (Byrk, 2013).

Several states which do not have centralized two-year college governance are using statewide Student Success Centers to support change efforts, including developmental education reform, aimed at increasing student achievement rates. With funding from the Kresge Foundation, these centers have their own budgets, dedicated staff, and advisory boards composed state and college representatives. Their functions reflect several of the factors identified as necessary for successful implementation of developmental education reform.

Bringing colleges together around reform issues, enabling all colleges to be engaged in the conversation about student success

- Improving use of data for decision-making
- Disseminating information about research, college initiatives, and other states' initiatives
- Coordinating and informing campuses about professional development opportunities (Kresge Foundation, 2013)

The Working Group recommends that the Board seek funding to provide the necessary time, resources, and opportunity for institutions to develop, scale, and implement research-based recommendations and best practices. This could include, but not be limited to:

- A formal innovation network coordinated at the state level
- Professional development including consultants and peer mentors
- Supported travel to national and state meetings and conferences
- Grants to institutions for piloting and scaling developmental education reform strategies

Based on an estimate of costs for developmental math redesign in Virginia (Edgecombe, 2014) and the structure of the existing Student Success Centers (Kresge Foundation, 2013), the Working Group proposes a three-year cost of approximately \$2.8 - 3.3 million.



Sustain Data System and Staffing Capacity

The Kansas Board of Regents (KBOR) is responsible for the planning, development, and maintenance of a data and reporting system for postsecondary institutions in the State. This system is used to provide decision-making support to the Board's policy development, system coordination, and quality assurance roles. The system is made of up four primary components, 1) the Kansas Higher Education Data System (KHEDS) used for collecting and managing education data on enrollments, registrations, outcomes, program inventory, and course inventory; 2) the Kansas Higher Education Reporting System (KHERS) which supports web-based, user-friendly, graphical reporting; 3) the statewide Portal for Adult Basic Literacy (PABLO) which is used by state adult basic education centers to track students and comply with federal reporting requirements; and 4) the Kansas Student Aid Application center, a web-based tool for scholarship application, tracking, and awarding of funds.

The core of KBOR's data system, the Kansas Higher Education Data System (KHEDS), was developed in response to the 1999 Kansas Higher Education Coordination Act, charging the Board with collecting and analyzing data and maintaining a uniform postsecondary education database. Prior to 2009, KBOR's staffing capacity was comprised of six full-time staff members with an annual budget of \$506,900. In 2009 and 2010, KBOR and KSDE collaborated on applications for two rounds of federally funded grant initiatives, which focus on Statewide Longitudinal Data Systems (SLDS). KBOR's portion of the first round was relatively small but funded 1 FTE. In the second round, KBOR was awarded \$3,036,873 and expended the federal funds over four years. The federal funding ends June 30, 2014. It was through these grant efforts that KBOR was able to support our data needs. For FY 2015, we have 14.5 budgeted FTE positions (12.5 FTE filled) and an annual staffing budget of \$1,194,234.

KBOR is watchful of possible federal and private funding opportunities and was successful partnering with the Kansas Department of Commerce on a Workforce Data Quality Grant (WDQI) in 2013. The grant will expand the efforts of the SLDS through data exchange between 4 state agencies – Commerce, KBOR, KSDE, and KDOL. The WDQI grant was funded at \$1,156,117 over a 3 year period, but the funding is split between the 4 state agencies. An annual \$131,596 has been allotted for KBOR. Private and federal grant opportunities for state education agencies have dried up, been on hold, or available for a few specific purpose opportunities. Most have been directed to institutions and not state agencies.

KBOR has effectively leveraged its grant funding such that each data grant effort sought to enhance and expand its goals related to support of the core mission. KBOR has a robust and comprehensive data system to maintain. In order to maintain a staffing structure that will sustain these efforts, we respectfully request \$555,738 be included in the FY 16 and 17 budget request.

In summary,

Estimate to Support Existing Data Staff	\$1,194,234
Less US Dept of Education Grant	(687,334)
Plus US Dept of Labor Grant	<u>135,596</u>
REQUEST	<u>\$ 555,738</u>

June 5, 2014

Diane Duffy
Vice-President for Finance & Administration
Kansas Board of Regents
Curtis State Office Building
1000 SW Jackson Street, Suite 520
Topeka, KS 66612-1368

Re: KATC Budget Recommendations for FY 2016-17

Dear Diane:

The Kansas Association of Technical Colleges recommends that the Kansas Board of Regents make the following requests of the 2015 Kansas Legislature regarding funding for FY2016 and FY2017:

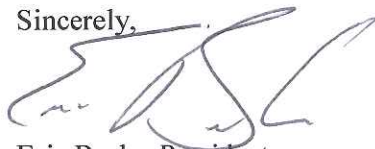
1. Fully-fund the post-secondary tiered technical education cost model; and
2. Maintain full funding for Senate Bill 155.

As part of Foresight 2020, the Kansas Board of Regents has committed to a goal of 60% degree attainment by 2020. With the highest graduation rates in the state, KATC believes our member institutions will play a crucial role in realizing this ambitious objective.

The growth and overall success achieved with secondary students through SB155 has demonstrated what is possible if the post-secondary cost model was also fully-funded. Now is the time for our state to commit to technical education and the future economic development of Kansas.

On behalf of KATC, I want to conclude by extending our appreciation to the Regents and KBOR staff for their past efforts in supporting technical education and the mission of our institutions.

Sincerely,



Eric Burks, President
Kansas Association of Technical Colleges



June 16, 2014

Kansas Board of Regents
1000 SW Jackson Street, Suite 520
Topeka, KS 66612-1368

Dear Regents,

Our community colleges are student centered, locally governed colleges who ask for your support of our vision of affordable, accessible, quality education. We submit the following for the Governor and as legislative requests:

1. Full funding of SB 155 enabling high school students to receive technical courses tuition paid. (Credit hours x cost model formula).
2. Funding for our agreed to technical cost model for post-secondary students.
3. Funding for a performance based developmental education pilot for our colleges. Incentives would be paid for a student's successful completion of developmental courses and for the first college ready course.
4. Removal of the exception from the GED pilot (SB 429) that prohibits Johnson County Community College from participating in the GED Accelerator pilot. (See attached amendment.)

In addition, we ask for your support of *Kansas Connection* ideas that we previously submitted to you that incent results and keep institutions in line with their missions. These ideas include program articulation and two plus two partnerships.

We hope that you will discuss these ideas with us and support them.

Sincerely,


Linda Fund
Executive Director, KACCT


Dr. Carl Heilman
President, KACCT Council of Presidents

Kansas Association of Community College Trustees
700 SW Jackson, Suite 1000, Topeka KS 66603, 785.357.5156

SENATE BILL No. 429

By Committee on Ways and Means

3-10

1 AN ACT concerning postsecondary education; relating to postsecondary
2 career technical education performance-based funding.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. (a) (1) Any eligible postsecondary educational institution
6 may certify to the board of regents:

7 (A) The number of individuals who received a general educational
8 development (GED) credential while enrolled in an eligible career
9 technical education program;

10 (B) the number of individuals who received a career technical
11 education credential from such institution; and

12 (C) the number of individuals who were enrolled in an eligible career
13 technical education program at such institution.

14 (2) Certifications submitted pursuant to this subsection shall be
15 submitted in such form and manner as prescribed by the board of regents,
16 and shall include such other information as required by the board of
17 regents.

18 (b) Each fiscal year, upon receipt of a certification submitted under
19 subsection (a), the board of regents shall authorize payment to such
20 eligible postsecondary educational institution from the postsecondary
21 education performance-based incentives fund. The amount of any such
22 payment shall be calculated based on the following:

23 (1) For each individual who has received a general educational
24 development (GED) credential, \$500;

25 (2) for each individual who has received a career technical education
26 credential, \$1,000; and

27 (3) for each individual enrolled in an eligible career technical
28 education program, \$170.

29 (c) (1) Of that portion of any payment from the postsecondary
30 education performance-based incentives fund that is made based on
31 subsection (b)(3), an amount equal to \$150 for each individual enrolled in
32 an eligible career technical education program shall be expended by the
33 eligible postsecondary educational institution for the general educational
34 development (GED) test.

35 (2) If any individual enrolled in an eligible career technical education
36 program for which an eligible postsecondary educational institution has

1 received a payment under this section fails to take the general educational
2 development (GED) test, then such institution shall remit \$150 to the
3 board of regents. Upon receipt of such remittance, the board of regents
4 shall remit such moneys to the state treasurer in accordance with the
5 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
6 each such remittance, the state treasurer shall deposit the entire amount in
7 the state treasury to the credit of the postsecondary education
8 performance-based incentives fund.

9 (d) All payments authorized by the board of regents pursuant to this
10 section shall be subject to the limits of appropriations made for such
11 purposes. If there are insufficient appropriations for the board of regents to
12 authorize payments in accordance with the amounts set forth in subsection
13 (b), the board of regents shall prorate such amounts in accordance with
14 appropriations made therefor.

15 (e) There is hereby created the postsecondary education performance-
16 based incentives fund. Expenditures from the postsecondary education
17 performance-based incentives fund shall be for the sole purpose of paying
18 payments to eligible postsecondary educational institutions as authorized
19 by the board of regents. All expenditures from the postsecondary education
20 performance-based incentives fund shall be made in accordance with
21 appropriation acts upon warrants of the director of accounts and reports
22 issued pursuant to vouchers approved by the president of the board of
23 regents, or the president's designee.

24 (f) As used in this section:

25 (1) "Board of regents" means the state board of regents provided for
26 in the constitution of this state and established by K.S.A. 74-3202a, and
27 amendments thereto.

28 (2) "Career technical education credential" means any industry-
29 recognized technical certification or credential, other than a general
30 educational development (GED) credential, or any technical certification
31 or credential authorized by a state agency.

32 (3) "Eligible career technical education program" means a program
33 operated by an eligible postsecondary educational institution that is
34 identified by the board of regents as a program that allows an enrollee to
35 obtain both a general educational development (GED) credential and a
36 career technical education credential from the eligible postsecondary
37 educational institution.

38 (4) "Eligible postsecondary educational institution" means any
39 community college, technical college or the institute of technology at
40 Washburn university, ~~except such term shall not include Johnson county~~
41 ~~community college.~~

42 (5) "State agency" means any state office, department, board,
43 commission, institution, bureau or any other state authority.

1 Sec. 2. This act shall take effect and be in force from and after its
2 publication in the statute book.



KANSAS BOARD OF REGENTS

RESTORE FEDERAL/STATE FUNDING CUTS TO SUSTAIN CURRENT SERVICES AND ADD NEW FUNDING TO INCREASE ENROLLMENT FOR ADULT EDUCATION PROGRAMS

The Board asked Adult Education to work on a budget request for FY2015 in order to increase enrollment for Adult Education programs in Kansas which is a critical strategy to achieving the Foresight 2020 goal of achieving 60% educational attainment of Kansans. This document provides details for that budget request.

According to the 2010 Census, 80,590 adults in Kansas, 25 years of age and over have completed less than 9th grade. An additional 156,320 started high school, but did not finish. 60,499 more adults reported that they did not speak English very well. 297,409 Kansans need Adult Education to support their families and their communities.

In FY 2013, 5,374 learners served in Kansas Adult Education programs were 25 years of age or over, about 60% of the 9,345 total participants. These learners did well, earning about one or two outcomes each. The outcomes included substantial gain in reading, writing, listening or math, obtaining or retaining employment, earning a high school credential, or entering higher education. But 5,374 is less than 2% of the 297,409 Kansans who need Adult Education.

The benefits to individuals, families, and the Kansas economy are significant. Increased enrollment in Adult Education would further elements of the Governor's Roadmap for Kansas and support the Kansas economy.

Increase in net personal income:

- While the average unemployment rate in April of 2010 was 9.9 percent, the unemployment rate was 10.6 percent for high school graduates with no college, and 14.7 percent for those with less than a high school diploma.
- Only 15% of job vacancies between now and 2018 are likely to be for those with less than a high school education.

Increase in the percentage of 4th graders reading at grade level:

- A mother's reading skill is the greatest determinant of her children's success in school, outweighing other factors, like neighborhood and family income.

Decrease in the percentage of Kansas' children who live in poverty.

- High school dropouts are more than twice as likely to be living in poverty as high school graduates.

By 2018, 64 percent of jobs in Kansas are likely to require at least some college. For adults who did not finish high school, Adult Education might be the only available access to postsecondary education and

★ LEADING HIGHER EDUCATION ★

training. Currently about 24% of upper level Adult Education students enroll in higher education within three years. We believe we can increase that percentage if we can provide additional instruction and support to our students.

In order to serve more learners and prepare more of them to transition to higher education, ABE/ASE/ESL program capacity would have to grow in terms of schedule, locations, instructors, administration, and instructional materials and equipment. To serve even 3% of adult Kansans without high school credentials or sufficient English would cost about \$1.9 million more per year. We could begin to increase the numbers by serving 1,000 additional Kansans at the current per student cost of \$465.

An even more urgent request is to restore state and federal funding so that we are not forced to reduce students below FY 2013 levels. Due to sequestration, federal funding to Kansas was reduced by about \$157,000. A cut in the state budget further decreased funding for programs by \$29,000. Together, these funding cuts add up to about \$186,000 which will result in 343 fewer students.

Summary: Restore state funding cuts and new state funds to fill federal funding cuts	\$167,000
Request state funding to serve 1,000 new students	465,000
TOTAL	\$632,000

TOM SLOAN
 REPRESENTATIVE, 45TH DISTRICT
 DOUGLAS COUNTY

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772 HWY 40
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 tom.sloan@house.ks.gov



TOPEKA
 HOUSE OF
 REPRESENTATIVES

May 6, 2014

COMMITTEE ASSIGNMENTS
 CHAIRMAN: VISION 2020
 MEMBER: AGRICULTURE AND NATURAL
 RESOURCES
 TRANSPORTATION

RECEIVED

MAY 14 2014

KS BOARD OF REGENTS

Andy Tompkins
 CEO & President, Board of Regents
 Curtis Office Bldg.
 1000 SW Jackson Street, Suite 520
 Topeka, KS 66612-1368

Dear Andy,

As you know, the Vision 2020 Committee is the closest approximation to a long-range planning committee in the Legislature. Over the years, we have spent large amounts of time on water, telemedicine, and other issues with statewide, long-term importance. We seldom "hear" bills, but work with state agencies and private sector interests to achieve mutually identified objectives. During the 2013-14 Sessions, we spent many days exploring Internet connectivity and high performance computing capabilities as they pertain to Regents' institutions.

As you know from our previous conversations, I serve on the FCC Intergovernmental Affairs Committee and have visited the Medical Center, KU computer center, and talked with computer staff at KanRen, KSU, and WSU. I have learned that Kansas university faculty members are unable to apply, much less successfully compete, for some research grants because of the lack of high performance computing capabilities. I recognize that Kansas receives EPSCoR funds, part of which has been used for computing capabilities, but we receive those funds because we are not getting our "share" of federal grant money.

While the Vision 2020 Committee members have made clear statements that increasing connectivity between and within campuses (research centers, and regional institutions as the need arises) should be a priority for the state, this has not been a high priority for any of the institutions individually. Similarly, you know that when I earned my PhD from the University of North Carolina-Chapel Hill my quantitative research was done on a computer system jointly owned/operated by UNC, Duke University, and North Carolina State University. Together, they could and can today afford more computing and connectivity than any one school could individually. That collaborative relationship has enabled faculty/researchers at all three institutions to be extremely competitive for federal grants and to advance mankind's knowledge.

Because the Board of Regents' responsibilities include providing direction for the system as a whole, on behalf of the Vision 2020 Committee members, I request that the Board examine the benefits over the

next 5, 10, 20 years of: a) significantly enhancing connectivity on and between campuses through KanRen's partnerships and investments; and b) examine the benefits of significantly increasing the high performance computing capabilities of the universities/Regents' system so that Kansas has at least a top 100 capability in the world AND maintains that status through annual investments. A Lawrence firm that makes "super computers" sold a top 50 in the world computer to Louisiana State University. LSU subsequently lured an entire West German research team to Baton Rouge, used the computer's capabilities to attract other researchers, and quadrupled their federal grant monies. At the request of the Committee, Regents staff and the Kansas Dept. of Commerce contacted faculty and private sector people about the value of a "super computer" in our state accessible to university and private sector researchers. There is great interest among university researchers and interest in the private sector if assistance is provided the private sector to understand how best to use such capabilities (clearly an outreach opportunity).

Based on the Committee's hearings, we can provide estimated costs for a robust connectivity system and the development and ongoing O & M and annual upgrades to a high performance computing system. However, it probably is more appropriate for the Board of Regents to solicit that information so that it is not "tainted" by Committee members' conclusions or preferences. We do request that the Board examine the long-term, system-wide benefits of both proposals.

Thank you for considering our request. Committee members could discuss these suggestions in person if the Board or you so desire.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Sloan". The signature is stylized with a large, sweeping initial "T" and a cursive "Sloan".

Tom Sloan, Chairman
Vision 2020 Committee
45th District Representative