

KU Lawrence

Budget Conversation #2 of ∞

Kansas Room | Kansas Union
September 26, 2018 | 12:30 – 1:30 pm

Carl W. Lejuez
Interim Provost & Executive Vice Chancellor

Agenda

Discussed Today

- 1) Current Cash rescission
- 2) Voluntary Retirement Program (VSIP)
- 3) Development of New Budget Allocation Model
- 4) Q&A

If there is time, otherwise available online

- 1) Clarifications from Past Presentations
- 2) Updated List of Provost Commitments since May 2018

Current Cash Rescission

FY19 Cash Reduction – Schools/College

Unit	Reduction	% done	CF Use	Primary Impact	Secondary Impact	Maybe/Maybe Not
Architecture	\$361,048	100%	Mostly	1	2 / 5 / 18	3 / 6
Business	\$770,687	25%	Mostly	1 / 4 / 13 1	2 / 5 / 7 / 9 / 15	3 / 14 / 16 / 17
College	\$6,292,191	25%	Some	1	3 / 5 / 9 / 11 / 12	4 / 6 / 15
Education	\$856,676	25%	Some	1	2 / 3 / 12	6 / 11 / 15 / 18
Engineering	\$1,395,636	50%	All	1	3 / 7 / 18	4 / 8 / 11
Journalism	\$283,049	25%	Some	1	3 / 5 / 7 / 11 / 16	12 / 13
Law	\$467,800	89%	All	1		3 / 5 / 12
Music	\$437,732	100%	All	1	2 / 3 / 5 / 6 / 9 / 18	4 / 12 / 15 / 17
Pharmacy	\$485,902	100%	All	1	3 / 5 / 11	6 / 8 / 17
Social Welfare	\$271,413	100%	None	1	7 / 10 / 11 / 17	

1 = Unfilled Faculty Line

4 = Reduction in extra GTAs

7 = UG class consolidation

10 = Grad Recruitment Events

13 = UG Hourly

16 = Conserve Supplies

2 = Unfilled Staff Line

5 = Faculty Travel Funds

8 = Faculty Start Up Funds

11 = Tech for Research/Class

14 = UG Advising

17 = Student Programming

3 = Delay in Renovations

6 = Faculty Research Funds

9 = OOE from Departments

12 = Repurpose of KUEA Funds

15 = Faculty Retention

18 = Unfilled Admin Role

FY19 Cash Reduction – Academic Service Units

Unit	Reduction	% done	CF Use	Primary Impact	Secondary Impact(s)	Maybe/Maybe Not
Operations	\$1,441,909	25%	Some	2	3	4 / 6 / 12
Faculty Dev	\$28,471	100%	All	10	6	5
Int'l Programs	\$33,976	100%	None	1	2 / 8	14
Provost +AA	\$511,893	100%+	Some	2 / 3	7 / 9	12 / 15
Chancellor +\$&PA	\$704,709	100%+	Some	3	7 / 15	14
Libraries	\$759,093	25%	None	1	15	6
Diversity & Equity	\$78,700	100%	All	10 / 11 / 12 / 15	1 / 2 / 3 / 4 / 7 / 8	14
UG Studies	\$309,992	0%	Most	1 / 2	3 / 5 / 6	8
Grad Studies	\$114,198	100%	All	5	15	2 / 13
Enrollment Mgt	\$436,979	25%	None	1 / 2 / 13 / 15	4 / 5	3 / 6 / 14
Finance	\$1,526,980	64%	Some	2	4 / 5 / 6 / 8	
Student Affairs	\$126,889	100%	Most	1 / 5 / 7	12	?
Office of Research	\$755,606	25%	Some	5	2 / 9	1 / 14
Information Tech	\$1,494,349	100%	All	1 / 2	4 / 5 / 8	14 / 15

- | | | | |
|------------------------------------|---------------------------------------|---|-------------------------------|
| 1 = OOE | 2 = Unfilled Staff Line | 3 = Elimination of a filled staff position | 4 = Technology Updates |
| 5 = Travel/Research Funding | 6 = Conserve Supplies | 7 = Repurpose of KUEA Funds | 8 = Student Hourly |
| 9 = Faculty/Staff Retention | 10 = Faculty/Staff Programming | 11 = UG Programming | 12 = Grad Programming |
| 13 = Student Recruitment | 14 = Strategic Growth | 15 = Service Delivery / User Experience | 16 = Delay Renovations |

Voluntary Retirement Program (VSIP)

Details on Voluntary Retirement Program Per Case

- Program started August 6, 2018 and open until October 5, 2018
 - **45+** have applied and we expect a bump near Oct. 5
- School/College keeps and controls faculty line going forward
 - School/College keeps savings and refills line strategically based on needs
 - OR**
 - School/College can eliminate line to cover part of their base budget cut
- Several who started phased retirement process before Aug 6, but didn't complete the paperwork before VSIP, still choose phased

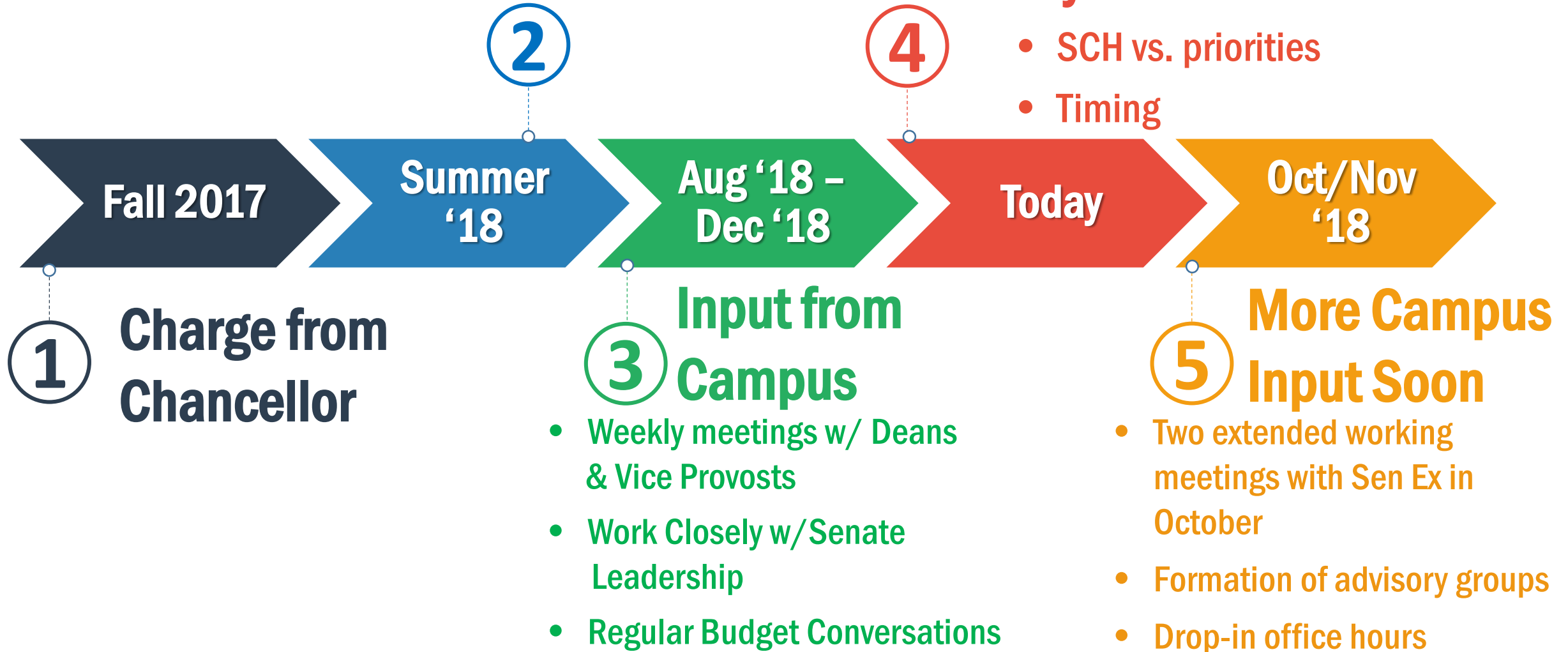
Savings on Voluntary Retirement Program

- **Primary Savings (CASH & BASE)**
 - Year 1: Fringe savings (CASH)
 - Year 2: Salary and fringe savings (CASH)
 - Year 3 and beyond: Salary difference between new hire and retiree (BASE)
- **Additional Savings (CASH)**
 - Smaller payout for those choosing a later retirement date (~33% currently)
 - Savings from positions open longer than 2 years
- **Costs (CASH)**
 - Positions filled in less than 2 years
 - Course replacement funds needed with open positions
 - Start-up costs
- **Estimate of savings in 3 years across College/Schools for 50 cases**
 - \$5M CASH
 - \$2M BASE for hires beyond replacements OR to meet base cuts

Development of New Budget Allocation Model

Budget Model Planning Status

Kickoff



Student Credit Hour (SCH) vs. Priorities




- Some part of the budget model needs to be tied to **SCH** but by no means all of it – We are not moving to a Full RCM

The model will be simple and today we will focus on:

SCH AND Outcomes across Priorities

How do you incorporate priorities?

- **For the parts not SCH, should the budget be determined by:**

- Historical amounts based on previous budgets 
- Lets put it in a black box and let the Provost decide  
- **Evaluation of each units success in accomplishing its priorities**



How much of the budget model is dependent on SCH vs priorities

- If we evaluate each unit's success in accomplishing its priorities then who does the initial evaluation? 

- Let the provost decide 

- Bring in high paid outside consultants  

- **Develop Plan where our people evaluate & make recommendations** 

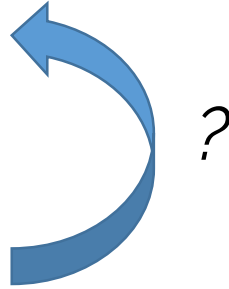
- a) Internal Review Committee: Deans, VPs, & Directors with a budget; OR
- b) Campus Review Committee: Campus faculty, staff, & students; OR
- c) Mix of a) and b)

Timing of the New Budget Model (Generalities)

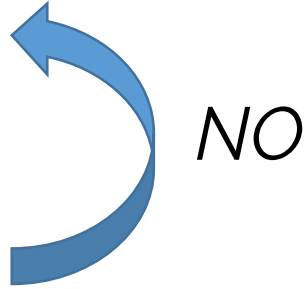
Budget in a given year is determined by:

- **Base budget for an upcoming year is determined by:**

Budget in a given year is determined by:

- **Upcoming year budget is determined by:**
 - **Outcomes from the current year**
- 

Budget in a given year is determined by:

- **Upcoming year budget is determined by:**
 - **Outcomes from the current year**
- 
- NO*

Budget in a given year is determined by:

- **Upcoming year budget is determined by:**
- Outcomes from the current year
- **Outcomes from the previous year**



Maybe?

Budget in a given year is determined by:

- **Upcoming year budget is determined by:**
- Outcomes from the current year
- **Average of outcomes from past 2 years**



Even Better?

Budget in a given year is determined by:

- **Upcoming year budget is determined by:**

- Outcomes from the current year
delay?

- **Average of outcomes from past 3 years**



Too much

Timing of the New Budget Model (Details)

	FY17 (AY16-17)	FY18 (AY17-18)	FY19 (AY18-19)	FY20 (AY19-20)	FY21 (AY20-21)	FY22 (AY21-22)
FY20 Budget (Starts 7/1/19)	FY17 Budget*	FY18 Budget*				
	 AVERAGE					
FY21 Budget (Starts 7/1/20)			FY18 Budget*	FY19 Outcomes		
			 AVERAGE			
FY22 Budget (Starts 7/1/21)				FY19 Outcomes	FY20 Outcomes	
				 AVERAGE		

*FY17 & FY18 outcomes not available so old budget carried forward,
but adjusted for budget increases & the 5.8% cut

Q&A Ground Rules

- **One minute** maximum for each question
- **One question** at a time before moving to next person
- I will limit my **answers** to under **90sec**
- If we run out of time before you're able to ask your question:
Please email remaining questions to provost@ku.edu

Clarifications from Previous Presentations

- 1) Confusion regarding budget pie chart
 - The research category needs further clarification
 - If our cut is ~6% from our budget, how does that = \$20M on a \$400M+ budget?
- 2) Do we have 100+ administrators at KU who make \$200K?
- 3) Does Athletics does pay its utility and maintenance costs?
 - Its paid centrally and then billed to athletics (100% paid)
- 4) Is there anything KUEA can do to help?
- 5) What is the status of the KU airplane?

Confusion Regarding Budget Pie Chart (see next slide for pie chart)

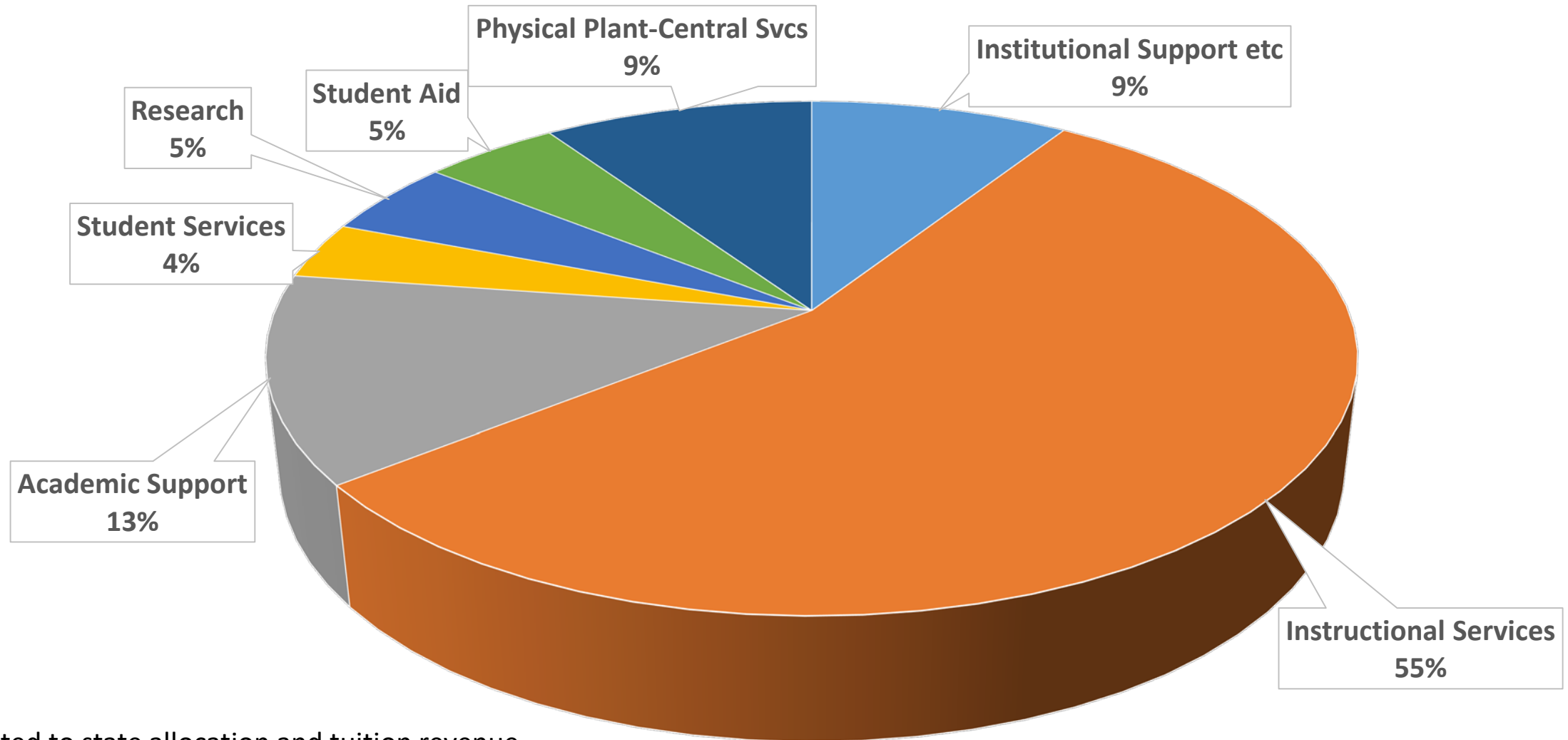
A) The research category needs further clarification

- Research category includes funding to KUCR in the amount of \$12.8M
- Research category also includes other research costs from the Provost's Office and within units

B) If our cut is ~6% from our budget, how does that = \$20M on a \$400M+ budget?

- There are several items that cannot be assessed a cut, key examples include:
 - Academic Reserve budget: includes items like the GTA tuition and health insurance budget, faculty start up, administrator vice lines, EEEEC & ISB payments, etc. These budgeted items = \$33M
 - Summer Session – we set aside funds we use to pay for summer session instruction = \$3.6M
 - Library Acquisition Budget = \$7.4M
 - Student Financial Aid = \$11.5M
 - Utilities budget – this is the central fund we use to pay campus utilities = \$13.9M
 - Debt Service – funds used to make bond debt service payments = \$6.7M
 - Most of Edwards is on a separate budget model

Expense Categories Supported by General Use Base Funding*



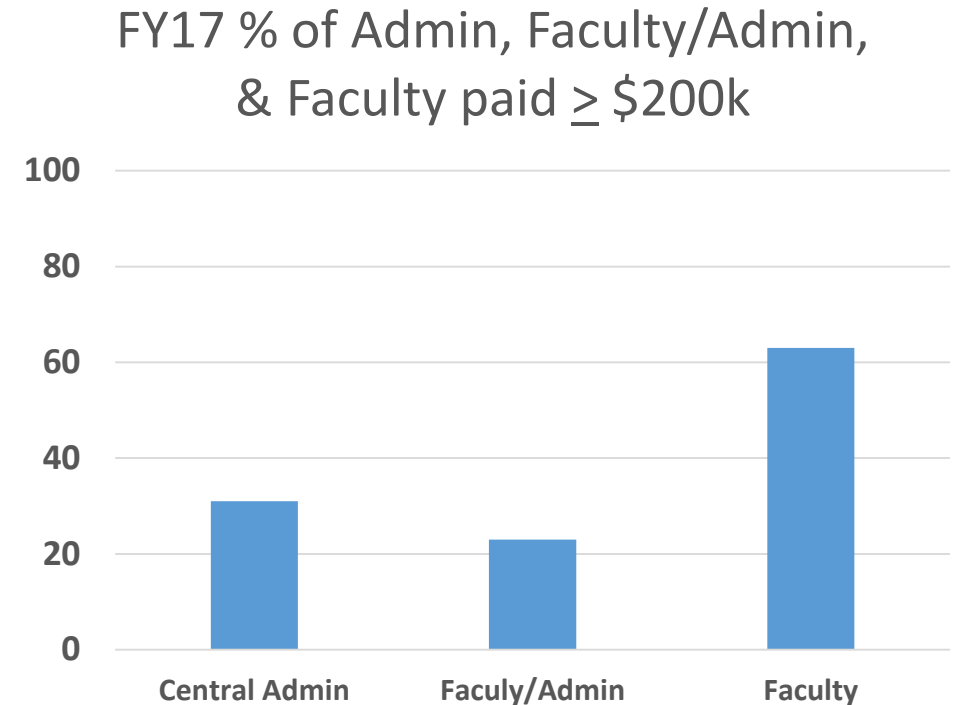
*Limited to state allocation and tuition revenue

Who makes up the top paid at KU and other relevant data

- **For FY17, 115 KU employees paid \geq \$200K/Yr**
 - 31 faculty/staff central admin*
 - 23 faculty with \leq 50% admin role (e.g., chair)
 - 61 Faculty with no admin role

* Primarily Deans, VPs and VCs

- **Salaries for FY17 compared to AAU peers**
 - 8 of 9 deans < peers (median = 83%)
 - 12 of 13 KU VP administrators < peers (median = 80%)



Central Spending/Provost Commitments Since May 2018

Provost Office Commitments (new since May 1, 2018)

Description	Category	Amount	Notes	Date Committed
Campus Compact for the Greater Plains	Academic support	TBD	Placeholder for Campus Compact proposal, Chancellor's Office	6/14/2018
Faculty Development - computer & conf rm technology	Technology	10,000	Reception computers and shared conference room set up	6/26/2018
Diversity & Equity staff support	Staffing	13,500	Fund increase for staffing for VP Diversity & Equity	6/21/2018
Diversity Officer conference	Staffing	5,000	Big XII conference	7/16/2018
Diversity & Equity - SGD Coordinator	Staffing	13,000		7/16/2018
College - spousal accommodation	Staffing	TBD	1/3 salary for 3 yrs, Engineering.	6/26/2018
HR/Pay system tax updates for 2018	Technology	37,500	split with KUMC for new tax code tables. 37,500 each	5/8/2018
College - Physics & Astronomy	Academic support	1,000	Support of installation of solar panel on car	5/4/2018
Heartland Sexual Assault Prevention Conf	Academic support	250	Support of the Heartland Sexual Assault Policies & Prevention on Campuses project.	6/12/2018
College - Bill Tuttle Distinguished Lecture	Academic support	250		6/13/2018
BICS software, Oracle Data Integrator	Technology	25,410	Ongoing cost of \$25,410, rate will increase 2-3% annually	6/10/2018
MyMajors software for student recruitment	Technology	8,500	Enrollment Management	8/10/2018
Engineering – XX	Staffing	7,333	XX returning from leadership to Engineering	9/24/2018
College – Research Support for faculty member	Staffing	1,000	Up to \$1,000 for immigration related legal expenses.	9/6/2018
	Total	\$ 122,743		

THE END