

NOTES FROM PROVOST'S BUDGET HEARINGS

These notes were taken by University Senate Planning and Resources committee members during the Provost's Budget compact hearings that were conducted between June 4 -21, 2018. Any questions can be directed to Scott McEathron, Chair, University Senate Planning and Resources Committee; macmap68@ku.edu).

LAW

Budget Issues and Challenges

For the period 2010-2017, applications to the Law School were down 50%. This is consistent with national trends. The Law School made a conscious decision to limit the size of each class. An agreement was made to “hold the University harmless”—in other words, transfer money to the Provost office to make up for the “lost revenue” (cut to line 099 \$400,000 in FY18; and \$500,000 in FY 19). For the 2010-2017 period, the Law School has reduced Law library staff from 12 to 6 and has lost 11 faculty -- only replacing 5.

- The “LEAD program” (3 years undergraduate + 3 years School of Law) has 8 incoming students.
- Masters of Law program in Homeland Security is moving online.
- A new 12 credit online certificate program is aimed at military service members.
- Law School plans on providing post-graduation Bar exam preparation.
- Unrestricted carryforward funds could be used for scholarship shortfalls and Green Hall maintenance.

Preliminary Plans to meet Budget Cut

- For \$467,800 cut they would like \$400,000 that they have already have transferred (cut) to count toward the cut.

SOCIAL WELFARE

Budget Issues and Challenges

- Would like to pay a large one-time lump sum to reduce the \$260K annual KUEA loan payment to \$85K annually for 5 years. Would use \$800,000 of carryforward to pay it down.
- Three new faculty beginning Fall 18.
- Challenges of accreditation due to loss of faculty.

Probably will not be able to hire any new faculty in FY19—Provost would like them to make at least two hires if possible.

- Online program possibilities:
 - MSW/DSW online program.
 - Would like to get the micro program online in Fall 2020.

Preliminary Plans to meet Budget Cut

- Use salary savings from faculty open positions (9).

SCHOOL OF PHARMACY

Budget Issues and Challenges

- Connectivity with KU Med, Kansas City, & PharmD program.
- Technology is becoming dated – “new” building is now 8 years old.
- Union provides limited food service in Pharmacy building.
- Down 10.5 positions, 8.5 are “basic scientists” (3 in PharmD –they have smaller startup costs).
- Tried to hire three faculty last year—but only successfully hired one.
- Need at least \$1 million dollars for start-up costs for basic science programs in Pharmacy.
- Challenge of not posting positions at Med Center.
- Should be able to fill the 3 PharmD positions (clinical faculty, practicing Pharmacist).
- Accreditation every 8 years.

Preliminary Plans to meet Budget Cut

- Become smaller (fewer faculty) or use more split appointments.

JOURNALISM

Budget Issues and Challenges

- Consulting with Jim Modig regarding building improvements to Stouffer-Flint Hall (elevator and HVAC).
- Creating more flex space for students and faculty/student meeting place.
- New general manager for UDK (last year of student senate money).
- New endowment officer.

Preliminary Plans to meet Budget Cut

- Just shut down search for professor of practice to pay 1st installment (August 1).
- Uncertain for later installments; no known retirements pending.

SCHOOL OF EDUCATION

Budget Issues and Challenges

- Base cut includes online courses...question: is that fair to units that are successful with online programs?
 - Generated dollars via the vendor (EverSpring) verses tuition generated.
 - Question of fairness regarding differential tuition not being included with base when determining cuts.
- Special Ed makes 12 month adjunct appointments.
- The school funds all start-ups for new faculty.
- In coming years, the Dean wishes to build a community center within JRP with Donor support

Preliminary Plans to meet Budget Cut

- Use carry forward funds for initial requirement.

- Use open positions to meet initial requirements (400K-500K).
- Two faculty recently resigned.
- Two searches late year that were not successful.
- May have several retirements in Dec. 2018, Jan. 2019 and 2020.

CLAS -- COLLEGE OF LIBERAL ARTS & SCIENCES

Budget Issues and Challenges

- 6.6 million budget cut to base.
- Fund 905 –Physics and Math have new royalty streams.
- Decline in restricted Endowment funds represents CLAS obligations to fund Earth, Energy & Environment Center.
- Departments will be asked to help generate the base cut.
- 2/3 of the current budget is for faculty salaries/fringe.

Preliminary Plans to meet Budget Cut

- Ideas for FY20 budget cuts include:
 - “right sizing” graduate programs,
 - Department consolidations,
 - Circa 130 retirement eligible faculty; would need 49 to resign/retire to meet base cut,
 - Over the last three years, CLAS has already had a net decline of 33 faculty.
- Has 3 million in reserve (carry forward) to apply toward this year.
- Shrinkage in positions (probably faculty).
- Staff, GTA, and lecturer positions had already been reduced to a great extent with previous budget cuts—so there are small margins for any additional cuts in these areas.
- Base cuts will also be passed on to Departments.

Some growth areas:

- New faculty hires in Chemistry and English.
- Some units will fundraise enough to fund a position.
- COMS online degree.

EDWARDS CAMPUS

Budget Issues and Challenges

- Confucius Institute leaving Edwards campus. (transferring to the School of Education)
- Integrate continuing education and Edwards campus.

Focused most of the meeting on Professional & Continuing Education:

- State Leg. monies represent a share of fire insurance tax.
- 80 percent of Fire fighters in Kansas are volunteers—need a structure to house the fire and training equipment; need a new confined space trailer –cost circa 400K.

- Hutchison Law enforcement training center is funded from docket fees and vehicle registrations; need money within carryforward for parking lot resurfacing on driving course and other deferred maintenance.
- Ending with \$1.9 to \$1.7 million balance; merging many admin functions with Edwards (e.g. marketing).
- Edwards flipping faculty payments to schools who were being paid from Edward differential tuition.

Preliminary Plans to meet Budget Cut

ENGINEERING

Budget Issues and Challenges

- Endowment accounts, next year will be used for financial aid, start-up packages, possibly summer salaries in the future.
- Spahr accounts (2 accounts):
 - “Rising scholars.”
 - New 12 million infusion—will generate 1 million a year.
- State of Kansas Engineer Initiative continues thru 2021 (10 million per year state appropriation). This money is split between KU, KSU and WSU.
 - Continued political support needed from Garmin, Black & Veatch, Koch, etc. (companies benefiting from KU engineering graduates).
- Hiring/retention challenges;
 - Self Program, endowment used for scholarships and faculty support, can now be used for complete cost of recruitment process.

Preliminary Plans to meet Budget Cut

- Akers account: may be able to move some faculty to endowment accounts to free up money in unrestricted funds to give back.

STUDENT AFFAIRS

Budget Issues and Challenges

- Housing Needs to reach 95% capacity to be profitable?—however they have significant reserves.

Preliminary Plans to meet Budget Cut

- FY19, use carryforward to meet cash requirement.
- FY20 base, tax Fee For Service (FFS) units.

BUSINESS

Budget Issues and Challenges

- Will be reviewing all of the centers (consulting, access to faculty, some endowed).

Preliminary Plans to meet Budget Cut

ADMIN. FINANCE, IT, & OPERATIONS

Budget Issues and Challenges

- Major future expenditures for Public Safety Office, cameras on campus and two card locks on each building to remote lock/unlock campus buildings.
- Tuition enhancement classroom improvement money may be used toward the cut.
- Challenge of aging classrooms. How many centrally managed classrooms? IT and structure integrated (over 300 about 20% are “up to speed”).
- IT had been overspending (expectation is to be underspent going forward).
- When units were combined (Diane swept all the vacant positions) (1.2 million)
The idea was, in part, to use the money for preventative maintenance (*DM 150 –deferred maintenance 150 plan*).

Preliminary Plans to meet Budget Cut

- IT (has shrank 22 positions in the last several years)
 - Reduce software costs (9 million) we can afford 6.5 million the rest they have made up in salary and reserve funds (example: online education, use cultura v. ehco 360).
 - Reduce hours on 24/7 support.
 - Review warehouse distribution costs.
 - Review open positions.
- Operations.
 - Reduce the costs of utilities.
 - Not filling open positions (Retirements).
 - “flattening HR”--will consider not replacing HR director upon retirement.
- Finance
 - Consider increasing the span of control of managers.
 - Consider reducing the number 4 shared service centers instead of 5.
 - Consider auditing fewer transactions.

ARCHITECTURE

Budget Issues and Challenges

Preliminary Plans to meet Budget Cut

- One faculty line open; 2 open staff--move two staff to differential tuition.
- Reduce travel.
- Plans on doing everything this year.

ACADEMIC AFFAIRS (DISBANDED)

GRADUATE STUDIES

Budget Issues and Challenges

- Challenge of recruitment of graduate students in a period of declining support.

Preliminary Plans to meet Budget Cut

- Consider leaving one unallocated University Graduate Fellowships.
- Consider reducing/eliminating summer graduate research funds/fellowships.
- Consider using F&A funds for grad. Mil., share fund.
- Consider putting one salary on endowment funds.
- Have fewer recruitment events.
- Reduce travel funds for graduate students.

OFFICE OF RESEARCH

Budget Issues and Challenges

The Office of Research has reduced their indirect costs, however, there are new budget demands due to the University's new financial systems; there is increased debt with the School of Social Welfare fund repayment. The unit has revised its matching policies and have cut costs that are not a part of the University's core mission and have reorganized some of the units within the Office of Research.

Please note: incoming grants and contracts come in as "restricted," i.e., they can only be spent on specific items/areas.

Preliminary Plans to address Budget cut

- The Office of Research costs are divided into two sides: the "corporate side" and the "State side" with funds coming from both.
- Cuts are applied to all units and are not done across the board but strategically.
- There will be a \$2 million cut to Office of Research F&A.
- Center directors are being asked for new ideas to absorb the cuts.
- On the State side positions will not be filled which may lead to cuts on the corporate side.

MUSIC

Budget Issues and Challenges

- Department of Music had spending limits in academic year 2017 and did not spend any of their carryforward; spent those monies in 2018. By doing this, they were able to achieve a lot for their faculty, students, and staff.
- Experienced infrastructure issues with the older sections of Murphy Hall.
- Would like assistance with salaries as this has become an issue.

Preliminary Plans to address Budget Cut

- Move unit funding of salaries and appointments to other sources; some of these will be picked up by other departments such as Band, this includes student workers and the Orchestra Library.
- Savings may come from possible retirements; there will be repercussions of retirements such as the loss of students (due to prominence of current faculty). There may be staff reductions as well.
- Have lost a number of junior faculty over the past three years and this trend will continue which will have an effect on the entire Department.
- Some of the salaries will be absorbed by other funds and units.

ENROLLMENT MANAGEMENT

Budget Issues and Challenges

- KU has experienced an increase in the quantity of qualified potential students in the inquiry pool. There has also been an increase in the number of students in the 1st year class while maintaining the quality of the class; KU has enhanced the diversity of the freshman class and increased the 1st year progression rate. Doing this while trying to keep KU affordable.
- Joining a common application process for the Fall of 2019 (one application can be submitted to multiple schools).
- Continued exploration of student experience management systems.

Preliminary Plans to address Budget Cut

- Leave unfilled vacancy lines open and some positions will remain unfilled; some positions are difficult not to replace.
- Cutting back some outreach: off-campus programming such as Jayhawk Night, Rock Chalk Road Show; publications, mailings, and professional development reduced.
- Technology Roadmap: Looking for a more integrated solution than the multiple platforms currently in use. Would like to move to a more “sales force platform.” Still looking for funding sources for some platforms.
- Scholarship/scholarship Management:
 - KU tuition grants provides funds for Study Abroad, Graduate/Law/Pharmacy and Rising Student Scholars--making policy decisions about Rising Students but still needs broad institutional support.
 - KUEA in the 3rd year of 4th of unrestricted ramp-up (provides funds for in-state Kansans); including study abroad—may need to start charging tuition for this program.
- Pain Points: Tuition and Fee Assessment (multiple rates: in-class, online), issues associated 3rd party vendors, changes to the Course Catalog/Course Curriculum tools.
- Moving forward: eliminate ground forces in Los Angeles market, eliminate Lawrence-based admissions rep., eliminate presence in Strong Hall, examine increasing application fee.

LIBRARIES

Budget Issues and Challenges

- Pre-paid the \$913,989 payback in lump sum, giving Libraries time to determine permanent base cuts moving forward.
- Flat content budget of the last 10 years will necessitate large cuts to journal packages in the coming years; three major journal packages up for renewal in FY19, one will likely need to be eliminated. Vacant positions will remain unfilled.

Preliminary Plans to address Budget Cut

- Two vacant Associate Dean positions will remain unfilled and possibly other positions.
- Cutting the monographs budget by 5% across the board to address inflation.
- Will need the support of the Provost's office to explain these cuts to the rest of campus.

UNDERGRADUATE STUDIES

Budget Issues and Challenges

- Strategic realignment of staffing
- Reinvestment of funds to campus wide retention efforts.
- Continued University Innovation Alliance, launched Jayhawk Completion Grants, created Financial Retention Coordinator to assist with grants and coordinate student retention efforts.
- Retention and Progression: increase in 1st year retention and sophomore progression growth.

Preliminary Plans to address Budget Cut

- Planning meeting with unit leadership identified strategic priorities:
 - Identified potential cash for FY19.
 - Identified potential base reductions for FY19/FY20: positions (filled and vacant), student hourly employees and OOE for travel and programming.
 - Larger Strategic Conversation: combining/coordination career services across campus, combining/collaborating accommodations testing with CAPS testing services, increasing enrollment deposit, increasing career fair employer fees, streamlining duplicate technologies.

INTERNATIONAL PROGRAMS (see handout: "Budget Compact for International Programs" by C. Bankart and K. Booth, June 21, 2018.)

C. Bankart & K. Booth

OVERALL BUDGET CONTEXT

- Adjusting the budget compact report to reflect the \$233,002 in summer revenue that just credited this week and for the remaining OOE encumbrances that we will not need, we end with a positive balance of \$201,614.97
- New revenue measures and adjusting current revenue streams are essential, however, toward reducing International Programs' reliance on the AEC's revenue generation.
- A restoration of the AEC's base tuition rate is critical to IP's underlying financial solvency.
- International Programs has three financial goals:
 1. Develop and adjust revenues and align them more appropriately with the functions and personnel related to that revenue generation.
 2. Invest a percentage of new revenues realized by international student growth (5% per annum over 5 years) back into KU's direct recruitment efforts to continue KU's growth in this sector.
 3. Generate revenue to the University of Kansas to enhance the educational quality and experience of all students and continually invest in KU's future.

BUDGET REDUCTION

- IP's reduction total is \$33,974. We will budget this permanent reduction over two offices:
 - \$6,915.31 from International Programs operating budget
 - \$27,060.00 from the International Student Services OOE and Student Hourly line
- Taking the cuts here preserves the budget for the Office of Study Abroad so that program fees can be held constant for outbound students. With the implementation of a fee structure for immigration services at KU, IP should be able to both incur this cut in state support and reduce our reliance upon the AEC cost center at the same time.
- Holding revenue constant and expenditures constant across 700 areas, IP would need to reduce expenditures by 14% if conservative enrollment projections hold. A goal should be to have balance within the 700 fund area to reduce and then fully eliminate reliance upon other cost centers (906 Fund (grant-related earnings), for example).

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INTERNATIONAL PROGRAMS CHALLENGES

AEC Tuition Reduction too Early

- 25% tuition reduction for AEC (\$620/credit hour) w/o assured Shorelight growth. Intensive English numbers from Shorelight continue to decline and Net 14 scholarship model leading to further declines. Tuition reduction has eroded IP's financial base and we haven't hit a price sensitivity point that makes a difference. We need to diversify IP's financial foundation first. For an academic year yielding a lower-than-typical SCH of 1090, forgone tuition is \$253,806.

Shorelight Section Reimbursement Undercuts AEC Revenue Too Deeply

- English for Academic Purposes (EAP) section reimbursement model represents significant tuition loss for AEC at Levels 4 and 5. Base established at \$2,297.67/credit hour. For a three-credit hour course this means revenue of \$6,893 for a class of 15 students, rather than \$27,900 at the \$620/credit hour base. The revenue loss is \$21,007 for each 3-credit course.

Commissions Paid to Shorelight by AEC are too High

- Higher-than-industry norm (typically 10-15% - see Redden, June 20, 2018) commission of 20% paid by AEC for Shorelight-recruited students. We pay \$1,860 / semester every term of enrollment for every 15 credit hours. These students go on to the accelerator program and generate additional revenue to KU, Shorelight, and the partnership entity as participants in the full 3-term accelerator program. These students' enrollment in the AEC is a mechanism for developing their eligibility for AAP program participation, not an exclusive benefit to the AEC that would warrant such a high commission. As part of the University of Kansas, the AEC's enabling role should be taken into account by the partnership.

International Enrollment Driving Tuition and Fee Generation Declining Nationally

- Enrollment declining in Intensive English Programs (IEP) nationally, with International Programs financial foundation resting significantly on IEP enrollment due to prior rescission.
- New international enrollment overall across the Midwest is declining, and while KU's continuing number is improving, the overall number is likely to decline a bit in the next two years as our growth year student cohorts (2016 AY and 2017 AY) start to graduate. The fee-based revenue from those students will decline.

Fall 2019 } 14% growth in direct admits ~\$100,000 invested.
2018 } 20-28% increase international students this fall, 2018

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ACTION STEPS

Priority 1: Expand Matriculation Incentives to High Merit International Students

- Expand scholarship model to international out-of-state first-year students so that KU International Admissions can compete like the KU-AAP for highly talented international students. KU lost half of its freshmen direct admits from India for Fall 2018 due to lack of competing merit-based scholarship funds.
- Define “national fellowship” as decoupled from national origin and make us the go-to university for international graduate U.S. national fellowship recipients (USAID, State Dept).

Priority 2: Correct for Disadvantageous Financial Arrangements Related to Shorelight

- Temporarily re-couple AEC’s tuition to the standard non-resident rate until we have firm financial footing for international programs and diversified revenue streams (on-line course modules for the AEC and new fee structures to cover central services).
- Increase the section reimbursement rate for the Shorelight English classes to \$3,000/credit hour. This would bring an additional \$73,744 in revenue to support quality instruction.
- Adjust the commission charged of the AEC to resemble industry standard commission models (Redden, June 19, 2018) of 10 to 15% over the course of a maximum of two semesters.

Priority 3: Fee Adjustments and New Fee Implementation for Core Immigration Services

- ISS fees were adjusted this month going into the fall term. The \$10 increase to the international student fee will generate an additional \$20,000 in revenue per term, enabling us to decrease our reliance upon the AEC and on state 099 funds.
- Implement new fee structure for un-supported immigration work for international hires and permanent residency cases to decouple these core operations from volatility associated with AEC enrollments. Estimates of revenue raising of \$125,000.
 - J Processing: \$200 initial & \$100 extension (\$20,000)
 - H Processing: \$1000 initial & \$1000 extension (\$30,000)
 - TN Processing: \$500 initial & \$250 extension (\$2,000)
 - O-1 Processing: \$1000 initial & \$500 extension (\$2,000)
 - Special Handling Labor Certification Processing – All Institutional Steps: \$2500 (\$62,500)
 - Outstanding Researcher Petitions: \$2000 (\$10,000)

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Priority 4: Expand KU's Direct Recruitment Capacity through Agency Collaboration

- Consider partnership with Study Portals to diversity international student representation, provide focus for AEC-related recruitment, and strategically boost KU's numbers on a 'pay-as-you-enroll model' that is sustainable over time. StudyPortals charges 10-15% commission on the first two terms only – so the commission on an AEC student enrolled for the AY at our current rate would be \$1,860 - \$2,790 (they indicated they would consider 10% to land a two-year contract with KU). By way of comparison, the AEC pays Shorelight \$3,720 in commissions for the equivalent period of time (and we don't get the full tuition upon matriculation due to the revenue sharing).
 - *An increase of 10 students in the AEC through this mechanism at the current tuition rate of \$620 would bring in \$83,700/semester after paying the 10% commission (average of 15 credit hours).*
 - *An increase of 10 students to the College at the tuition rate of \$852.95 would bring in \$92,119 after paying the 10% commission (average of 12 credit hours).*
- Continue with KU's India strategy by continuing to employ a full-time KU representative in India through KIC UnivAssist and explore opportunities for similar representation and engagement in China.

Priority 5: Diversity and Expand IP's Revenue Stream

- Align professional staff across the international division who are engaged in securing competitively awarded short-term program awards from partner agencies, government entities and university partners abroad to expand the volume, reach, depth, and diversity of our externally funded educational initiatives. Our strong track record in English language and acculturation programming can be expanded through new campus partnerships to include academic content from across the university.
- Develop on-line AEC English modules as a new source of tuition revenue for the AEC.
- Develop professionally-oriented intercultural skills building on-line workshops from the curriculum we have developed for KU staff and student hourly employees.