University Finance 101

Board of Trustees

Interim President Richard B. Myers
Syllabus

• Course Content
  • Budget terms and definitions.
  • Funding trends.
  • Enrollment trends.
  • Expenses and cost management.

• Grading
  • A=90+, B=80-89, C=70-79.
  • No curve, no appeals.
BUDGET TERMS AND DEFINITIONS
# University Finance 101

**Kansas State University – FY 2017 All Campuses**

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations (Main Campus, R &amp; E, Vet Med)</td>
<td>$158.2</td>
</tr>
<tr>
<td>Student Tuition (Main Campus, Vet Med)</td>
<td>240.2</td>
</tr>
<tr>
<td>Hospital and Diagnostic Lab (Vet Med)</td>
<td>8.0</td>
</tr>
<tr>
<td>Federal Land Grant Funds (R &amp; E)</td>
<td>9.9</td>
</tr>
<tr>
<td>Gifts, Grants &amp; Contracts</td>
<td>292.4</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>60.4</td>
</tr>
<tr>
<td>Service Clearing</td>
<td>24.7</td>
</tr>
<tr>
<td>Local Agencies</td>
<td>74.9</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$ 868.7</strong></td>
</tr>
</tbody>
</table>
University Finance 101

Kansas State University – FY 2017 All Campuses

- $398.4 State General Fund & Tuition
- $292.4 Gifts, Grants, Research
- $74.9 Federal Land Grant
- $60.4 Hospital and Diagnostic
- $24.7 Auxiliary Enterprises
- $8.0 Local Agencies
- $9.9 Service Clearing
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• State General Fund (SGF):
  • Funds appropriated by the Kansas Legislature on an annual basis.

• Student Tuition:
  • Funds paid by students based on charges per credit hour.
• General Use Funds (GU):
  • Funds that comprise K-State’s operating base, including state general funds, student tuition and Vet Med hospital revenue.

FORMULA: $SGF + Fees + VM = GU$
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• Federal Land-Grant Funds:
  • Funds provided by the federal government to support K-State Research and Extension.
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• **Auxiliary Funds:**
  - Housing and dining, parking and student health.

• **Local Agencies:**
  - K-State Athletics, the Student Union and Student Publications.

• **Service Clearing Fund:**
  - Information technology, Manhattan and Polytechnic facilities and police.
• **Fiscal Year:**
  - 12-month period beginning July 1 and ending June 30 of following year.
  - Legislature currently budgets for two-year cycle.
  - Currently in FY 2017 (July 1, 2016–June 30, 2017).
Extra Credit Terms:

• Restricted Use Funds (RU):
  • Revenue dedicated for specific purposes, i.e., grants and contracts, gift income, and sales and service.

• Sponsored Research Overhead (SRO):
  • Income received from sponsored programs (such as federal grants) for indirect costs recovery.
End of Section — Pop Quiz

Q: Can funds from other sources such as grants and restricted fees be used to cover shortfalls in general use budgets?
Q: Can funds from other sources such as grants and restricted fees be used to cover shortfalls in general use budgets?

A: Not for grants. For other funds, it depends on where the restriction originates.
FUNDING TRENDS
### Total Operating Budget

(*Adjusted for Inflation)

<table>
<thead>
<tr>
<th>Funding Source (in Millions)</th>
<th>FY 2006*</th>
<th>FY 2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations (SGF)</td>
<td>$221.1</td>
<td>$156.9</td>
<td>-29.03%</td>
</tr>
<tr>
<td>Student Tuition</td>
<td>$142.8</td>
<td>$230.4</td>
<td>61.31%</td>
</tr>
<tr>
<td>Hospital and Diagnostic Fees (Vet Med)</td>
<td>$8.9</td>
<td>$7.0</td>
<td>-21.30%</td>
</tr>
<tr>
<td>Federal Land-Grant Funds (Research and Ext.)</td>
<td>$10.6</td>
<td>$9.9</td>
<td>-6.34%</td>
</tr>
<tr>
<td>Gifts, Grants, Research Contracts and Other</td>
<td>$258.9</td>
<td>$279.0</td>
<td>7.78%</td>
</tr>
<tr>
<td>Auxiliary Enterprises (Housing and Dining)</td>
<td>$39.3</td>
<td>$50.3</td>
<td>27.93%</td>
</tr>
<tr>
<td>Service Clearing (Facilities and Telecom)</td>
<td>$23.3</td>
<td>$23.5</td>
<td>0.72%</td>
</tr>
<tr>
<td>Local Agencies (Athletics and Student Union)</td>
<td>$38.3</td>
<td>$71.4</td>
<td>86.42%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$743.2</strong></td>
<td><strong>$828.4</strong></td>
<td><strong>11.46%</strong></td>
</tr>
</tbody>
</table>

Information from K-State Budget Fact cards.
State appropriations excludes special allocations.
## Total Operating Budget

### Funding Source (in Millions)

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<td>743.2</td>
<td>808.4</td>
<td><strong>8.78%</strong></td>
</tr>
</tbody>
</table>

* Adjusted for inflation

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### 10-Year Change*

- 11.5% increase in overall budget.
- General use budget increased by 5%.
- Restricted use budget increased by 18%.

Information from K-State Budget Fact cards.

State appropriations exclude special allocations.
* Includes Main, Polytechnic, VMC and Olathe campuses; excludes state appropriation special allocations.
Tuition Trend
(Adjusted for inflation)

* Includes Main, Polytechnic, VMC and Olathe budgeted tuition revenue.
General Use Budget Trend
(Adjusted for inflation)

- 60% of budget
- 40% of budget

* Excludes state appropriation special allocations and VMC Hospital revenue.
10-Year Change*

- 29% decline in state funding.
- 61% increase in tuition revenue, including tuition growth and rate increases.

* Adjusted for inflation

* Excludes state appropriation special allocations and VMC Hospital revenue.
Federal Funding Trends

Research Awards

FY 2012: $135.2 M
FY 2013: $151.3 M
FY 2014: $139.9 M
FY 2015: $135.6 M
FY 2016: $129.2 M

FY 2015: 1,336 Total Awards
FY 2016: 913 Total Awards
Q: Why have tuition rates increased so much?
End of Section — Pop Quiz

Q: Why have tuition rates increased so much?

A: Primarily because of state general fund reductions, increased costs in employee benefits and utility rate increases.
ENROLLMENT TRENDS
FALL HEADCOUNT

Total: All Students

2006: 23,141
2007: 23,332
2008: 23,250
2009: 23,581
2010: 23,588
2011: 23,863
2012: 24,378
2013: 24,581
2014: 24,766
2015: 24,146
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Enrollment: In-State vs. Out-of-State

**In-State**
- 2006: 18,428
- 2007: 18,253
- 2008: 17,957
- 2009: 17,451
- 2010: 17,170
- 2011: 17,154
- 2012: 17,327
- 2013: 17,356
- 2014: 17,251
- 2015: 16,924

**Out-of-State**
- 2006: 4,713
- 2007: 5,079
- 2008: 5,563
- 2009: 6,130
- 2010: 6,418
- 2011: 6,709
- 2012: 7,051
- 2013: 7,225
- 2014: 7,515
- 2015: 7,222
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Demographics Trends
Fall Enrollment

- White
- Multiracial
- Other
- Hispanic
- African American

Year: 2008 to 2015

- Enrollment range: 1,000 to 20,000
• Enrollment trends
  • Flat high school graduate rates in Kansas.
  • Increased diversity within state.
  • Greater need for financial aid.
  • Increased competition between states.
End of Section — Pop Quiz

Q: Which matters more: student head count or credit hours generated?

Is this a trick question?
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End of Section — Pop Quiz

Q: Which matters more: student head count or credit hours generated?

A: Neither; they are both important metrics.
24,146 Students
Produced 618,000 Credit Hours
EXPENSES AND COST MANAGEMENT
University Finance 101

- 863 acres
- 211 buildings
- 26 acres of streets
- 127 acres of sidewalks
- 134 acres of parking

Manhattan core campus data does not include north agricultural farm.
## Total Operating Budget

(*Adjusted for inflation)

<table>
<thead>
<tr>
<th>Expenditure Program (in Millions)</th>
<th>FY 2006*</th>
<th>FY 2016</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education and General:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$204.2</td>
<td>$232.4</td>
<td>13.81%</td>
</tr>
<tr>
<td>Research</td>
<td>$173.6</td>
<td>$160.1</td>
<td>-7.80%</td>
</tr>
<tr>
<td>Public Service</td>
<td>$72.6</td>
<td>$70.2</td>
<td>-3.27%</td>
</tr>
<tr>
<td>Academic Support (Library and Dean's Offices)</td>
<td>$59.0</td>
<td>$50.8</td>
<td>-13.96%</td>
</tr>
<tr>
<td>Student Service</td>
<td>$22.8</td>
<td>$26.9</td>
<td>17.89%</td>
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<td>Institutional Support (Central Administration)</td>
<td>$34.5</td>
<td>$38.1</td>
<td>10.28%</td>
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<tr>
<td>Physical Plant</td>
<td>$37.3</td>
<td>$42.9</td>
<td>15.15%</td>
</tr>
<tr>
<td><strong>Subtotal Education and General</strong></td>
<td>$604.1</td>
<td>$621.4</td>
<td>2.87%</td>
</tr>
<tr>
<td><strong>Other:</strong> Student Grants and Loans</td>
<td></td>
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<td></td>
<td>$38.7</td>
<td>$60.1</td>
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</tr>
</tbody>
</table>

Information from K-State Budget Fact cards.

State appropriations excludes special allocations.

**10-Year Change***

- 55% increase in student grants and loans.
- 46% increase in auxiliary, local agencies.
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Main Campus GU Expenses Per Student FTE

(Adjusted for inflation)

<table>
<thead>
<tr>
<th>Year</th>
<th>SGF Exp. per Fall FTE Student</th>
<th>Tuition Exp. per Fall FTE Student</th>
<th>Tuition + SGF Exp. per Fall FTE Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$7,280</td>
<td>$6,915</td>
<td>$14,195</td>
</tr>
<tr>
<td>2007</td>
<td>$7,280</td>
<td>$6,915</td>
<td>$14,195</td>
</tr>
<tr>
<td>2008</td>
<td>$8,073</td>
<td>$7,280</td>
<td>$15,353</td>
</tr>
<tr>
<td>2009</td>
<td>$8,073</td>
<td>$7,280</td>
<td>$15,353</td>
</tr>
<tr>
<td>2010</td>
<td>$8,073</td>
<td>$7,280</td>
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<td>2011</td>
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<tr>
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<td>$7,280</td>
<td>$15,353</td>
</tr>
<tr>
<td>2015</td>
<td>$8,073</td>
<td>$7,280</td>
<td>$15,353</td>
</tr>
<tr>
<td>2016</td>
<td>$8,073</td>
<td>$7,280</td>
<td>$15,353</td>
</tr>
</tbody>
</table>

- Main Campus general use expenses only, excluding state appropriation special allocations.
University Finance 101

Major Budget Categories

(*Adjusted for inflation)

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2006*</th>
<th>FY 2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$ 451.7</td>
<td>$ 500.1</td>
<td>10.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>$ 14.4</td>
<td>$ 21.5</td>
<td>48.9%</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$ 38.7</td>
<td>$ 60.1</td>
<td>55.4%</td>
</tr>
<tr>
<td>Other Operating Expense</td>
<td>$ 238.4</td>
<td>$ 246.7</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Total Operating Budget</strong></td>
<td><strong>$ 743.2</strong></td>
<td><strong>$ 828.4</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Budgeted Positions**

5,130.10 5,489.24 7.0%

Faculty increase of 280 FTE and staff increase of 79 FTE
University Finance 101

Kansas State University Institutional Scholarships

Financial Aid in Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$47.8 M</td>
</tr>
<tr>
<td>2007</td>
<td>$49.2 M</td>
</tr>
<tr>
<td>2008</td>
<td>$62.2 M</td>
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</tr>
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</tr>
<tr>
<td>2013</td>
<td>$69.8 M</td>
</tr>
<tr>
<td>2014</td>
<td>$71.8 M</td>
</tr>
<tr>
<td>2015</td>
<td>$69.0 M</td>
</tr>
</tbody>
</table>

(Adjusted for inflation)
Since academic year 2006-07, institutional scholarships have grown 44%.
University Finance 101

• Operational Efficiencies
  • Increased paperless processing.
  • Increased use of business procurement card.
  • Purchasing collaboration with Regents universities.
  • Implemented maintenance zone teams.
• Information Technology
  • Migrated to converged hardware architecture.
    o Faster response time.
    o Utility savings.
  • Converted computer labs to virtual desktop environment.
    o Reduced hardware costs.
• **Sustainability**
  • Energy conservation projects.
    o Conversion to fluorescent lighting.
    o Installation of building controls.
    o Removal of stand-alone chilled water systems.
  • Increased recycling.
    o RecycleMania, second in Big 12.
• We’re not done…
  • Board of Regents FY 2017 goal:
    • Examine ways to enhance innovation and gain greater administrative efficiency.
  • K-State establishing an efficiencies committee.
    • Enhance administrative processes.
Final Exam — Multiple Choice

Which of the following can trustees do to assist?

A. Hire interns and graduates.
B. Support endowed faculty positions.
C. Fund scholarships for first-generation students.
D. All of the above.
Final Exam — Multiple Choice

Which of the following can trustees do to assist?

A. Hire interns and graduates.
B. Support endowed faculty positions.
C. Fund scholarships for first-generation students.
D. All of the above.
In FY 16, $72.2 million was provided to support students, faculty, facilities and programs through the KSU Foundation.

Final Grade: A+
THANK YOU! QUESTIONS?