

# **Where's the Funding!? Implementing a New Budget Framework in Response to Changes in Federal Research Funding**

**Hans Coetzee**

Vice President for Research

Kansas State University

[jcoetzee@ksu.edu](mailto:jcoetzee@ksu.edu)

## **Background and Problem Identification**

In 2025, universities across the United States encountered a rapid shift in the federal research funding environment that posed immediate risks to their research enterprise. Recent federal measures, especially the August 7, 2025, Executive Order on Improving Oversight of Federal Grantmaking, coincided with declining new awards, increased scrutiny of facilities and administrative costs, reduced faculty participation in grant submissions, and a significant drop in incoming grants, contracts, and funded agreements. These changes collectively lowered projected Facility and Administration (F&A) cost recovery and limited support for core research operations.

These external pressures were rapidly reflected in institutional signals at K-State. Faculty-initiated competitive proposals in FY25 declined by 24 percent, faculty-initiated competitive awards in FY26 decreased by 28 percent, and facilities and administrative cost recovery in FY26 fell by 7 percent, indicating stress in both the proposal pipeline and actual awards.

Against this backdrop, a key leadership question emerged: how to preserve mission-critical research functions while quickly redesigning the Facilities and Administration cost distribution model to adapt to deteriorating funding conditions. The project goal was not just to manage a budget cut but to stabilize the research enterprise, safeguard essential capabilities, and develop a reserve buffer to protect the university against further declines in F&A receipts.

## **The Project**

The project implemented a revised F&A distribution and budget framework for Kansas State University in response to declining federal research support. Effective November 1, 2025, F&A distributions to colleges and departments were reduced from 41.5 percent to 20 percent, with each College Dean receiving the 20 percent allocation in a new college F&A account based on existing project credit allocations and with authority to direct those funds toward the most critical research needs in the college.

The remaining 21.5 percent that had previously flowed to colleges and departments was retained in a central reserve account to protect against a deeper deterioration in F&A revenue. This reserve

was intended for strategic use to sustain research capacity, and, if conditions and actual receipts improved, the withheld funds could be reconciled and potentially distributed later.

At the same time, central units funded by F&A implemented immediate budget reductions. The Office of the Vice President for Research (OVPR) and other centrally supported units instituted a 15 percent budget cut, with the OVPR reduction totaling approximately \$1 million in its operating budget. Together, these actions created an institution-wide framework that combined immediate expenditure reductions, a simplified dean-level F&A distribution, and a strategic reserve.

## **Obstacles That Affected the Project**

The first obstacle was the inconsistent way colleges traditionally handled F&A distributions. Different units used various approaches, including variations in retained shares, departmental, and faculty allocations. This meant that any institutional redesign would be experienced differently across colleges and would need customized communication and transition strategies.

The second obstacle was the rapid pace and unpredictability of the external environment. Federal actions, proposed agency-specific facilities, administrative cost caps, and related litigation left research universities unsure about the longevity of funding and overhead recovery, complicating decisions on whether institutional changes should be temporary measures or early steps toward a longer-term structural adjustment.

The third obstacle involved the real operational consequences of declining F&A revenue. The drop in projected indirect cost recovery immediately affected both central units and colleges, and the internal response included “frosted” positions, restricted travel to mission-critical activities, and some staff contracts not being renewed. These realities underscored the human and organizational costs of the adjustment.

## **Outcomes and Future Plans**

The project resulted in an immediate reorganization of F&A allocation and management. Moving from many smaller downstream allocations to a dean-centered 20 percent distribution simplified the process and focused resources at a leadership level where funds could be purposefully directed toward mission-critical priorities.

The revised model also changed how distributions were made. From July through October 2025, F&A funds were spread across more than 100 accounts each month. After the new model was implemented, the November distribution was split among 22 accounts, and the average amount given increased significantly. This showed a more centralized approach with larger amounts of accessible funds allocated to each account.

Substantively, the revised framework was designed to preserve essential research functions during a period of financial contraction. The approach aimed to minimize disruption to graduate student support, grant administration, compliance functions, laboratory personnel, and other infrastructure necessary to maintain research continuity. The reserve mechanism also created the possibility of a one-time, year-end distribution of withheld funds if F&A receipts, federal conditions, and award activity improved sufficiently.

Looking ahead, OVPR committed to providing monthly reports on F&A receipts and reserves to support college-level contingency planning and to restoring the prior F&A distribution model as soon as conditions allow. The project also pointed toward a longer-term budget framework that more fully captures the true cost of research, including salaries of all personnel engaged in research, and aligns institutional incentives with sustainable federal funding realities.

### **What I Gained from FSLI**

Effective communication skills and strategies have been among the most important leadership lessons I've learned from the FSLI experience. The project depended on a sustained communication approach that included meetings with university leadership and deans, leadership retreats, engagement with department heads, faculty town hall meetings, and multiple written communications and memos—all aimed at explaining the rationale, acknowledging impacts, and maintaining trust during a period of rapid change.

The experience also reinforced for me the importance of knowing when to deliver the key message and when to explain the full complexity behind a decision. I found this framing especially helpful because it required balancing transparency about a complex institutional budget shift with the need for clear, concise messages tailored to different audiences.

In that sense, my FSLI experience strengthened my skills in strategic communication, adaptive leadership, and translating a complicated institutional finance challenge into a focused, actionable plan. These lessons helped me shape a response that was operationally feasible, strategically sound, and aligned with my broader goal of protecting Kansas State University's research mission during a period of significant disruption to federal funding.