

UMKC Faculty Senate Meeting
December 16, 2008

Present: G. Ebersole, S. Alleman, C. Beard, S. Sykes Berry, C. Davies, R. Gardner, J. George, A. Holsinger, S. Honigberg, A. Luppino, J. Price, B. Schubert, N. Stancel, L. Stanley, B. Yang

Excused: C. McArthur, D. Hopkins, A. Humrichouser, K. Williams

Absent: B. Butner, R. Downs, J. Foxworth, W. Gutheil, H. Fieldman, J. Knopp, S. Madison-Cannon, T. Marken, L. Potts, J. Sheppard, M. Taylor, P. Ward-Smith, C. Whitt, R. Ziskin

Guests: Leo Morton, Chancellor; Richard Anderson, Administrative Services

Chair Ebersole convened the meeting at 3:04 p.m.

Chancellor Appointment

Chair Ebersole discussed briefly the appointment of Leo Morton as permanent UMKC Chancellor and the announcement that Dr. Gail Hackett, Provost and Vice Chancellor for Academic Affairs, will be staying at UMKC. Chair Ebersole reminded everyone that Provost Hackett had been recruited by Texas Tech University to serve as their Provost. Chair Ebersole reported that the Chancellor Search Committee was unanimous in their support for both Chancellor Morton and Provost Hackett, pointing out the importance of maintaining continuity and stability, especially given the current budget challenges facing the university and the reaccreditation review scheduled for 2009.

Senator Beard asked if the appointment of Chancellor Morton might be setting a precedent. Chair Ebersole stated that while he holds to the idea that it is preferable to have an academic as head of the institution, he and others are willing to make an exception in the case of Chancellor Morton. Chair Ebersole reported that President Forsee had talked with faculty from across the schools and had met with the Chancellor Search Committee, and the consensus was that Chancellor Morton and Provost Hackett have provided outstanding leadership and will continue to do so. Chair Ebersole pointed out that Chancellor Morton and Provost Hackett have worked together remarkably well. He extended his thanks to faculty who wrote to Provost Hackett in support of her remaining at UMKC.

Senator Alleman asked about the title change for Provost Hackett and what, if anything, about the position will change. Chair Ebersole stated that the title change to Executive Vice Chancellor for Academic Affairs and Provost will not change the Provost's responsibilities, but that the change in title signals a strong Provost model. Chancellor Morton stated there will be no changes in who reports to Provost Hackett.

Senator Sykes Berry asked if Chancellor Morton agreed to serve as Chancellor for a certain time limit. Chancellor Morton responded that no timeframe was agreed to, and that he plans on being at UMKC for the next few years.

Chancellor Morton reported that Tim Hall will stay with UMKC as Director of Athletics. Chancellor Morton talked briefly about the exceptional academic records of UMKC student athletes.

Budget Update

Chair Ebersole reported that the State of Missouri is forecasting a \$342 million projected shortfall for this fiscal year, and that amount could go up. He also pointed out that most of the State's budget is locked in for FY09. He noted that the university should know what kinds of cuts it will be facing by mid-January when newly-elected Governor Nixon addresses the State legislature. Chair Ebersole stated there is a possibility of a withholding from the State in the 5% range although that figure could be higher. He noted that the university is not planning to make any across-the-board cuts. He also pointed out the message is cut expenses before people. Chair Ebersole stated that early retirement options are not being discussed because the last time the university went with an early retirement plan the costs to the university were too high and there were no savings.

Senator Luppino, chair of the UMKC Faculty Senate Budget Committee, distributed an information sheet on hypothetical reduction in State appropriations. Chancellor Morton reported that he has consulted with deans and other academic administrators about what the potential impact might be with anywhere from a 7% reduction to a 12% reduction in our discretionary budget. He emphasized that no final decisions about budget cuts have been made.

Chancellor Morton noted the importance of monetary support over and beyond what is appropriated by the State and by the Board of Curators. For example, revenues coming in from private donors should not be considered as taking the place of budget cuts. Chancellor Morton announced that a local foundation recently gave UMKC a contribution of one million dollars for the Miller Nichols Library project, and that a number of monetary gifts have been coming in. Chancellor Morton briefly mentioned four top priority projects currently underway: the Kaufmann match for the Institute for Entrepreneurship and Innovation; the Institute for Urban Education; the Miller Nichols Library renovation, Phase Two; and the Conservatory of Music expansion. The Chancellor stressed the importance of keeping the community informed about the university's goals and accomplishments and tying this to UMKC's strategic plan. He noted that one way to achieve this is by working closely with the media.

Chair Ebersole reported that the deans were asked to prepare an impact study showing where cuts might be made given a hypothetical budget reduction of 15%, 20%, and 25%. He emphasized that these are scenarios only.

Senator Stancel asked about the plans for the Decision Theater. Chancellor Morton reported that Provost Hackett and her team will be working on this. He also noted that the Decision Theater would be an asset not only for the university but for Kansas City and the region as well, but we would not solicit any funds for this that would detract from our four major projects.

Chair Ebersole stated that an important criterion is to not damage the university's primary mission of teaching and research. He stated that a major focus should be the university's ability to generate new dollars by marketing itself and reaching out to potential students.

Senator Schubert noted a lack of effective communication strategies for both faculty and staff and questioned how campus-wide communication might be better facilitated. Chancellor Morton reported that he has called for a broad communication system, both internal and external. Chair Ebersole noted that he has increased his efforts to communicate with staff as well as faculty.

Senator Beard asked about changes in tuition. Chair Ebersole stated that the UM system was handcuffed by State legislation. The Hancock Amendment mandates that the state budget be balanced, while Senate Bill 389 mandates a tuition cap. However, the university does have mechanisms for receiving exceptions. Chair Ebersole noted that while UMKC may receive an exception for FY10, the university cannot count on an exception each year. Chancellor Morton noted that SB 389 does not apply to fees. The Chancellor also noted that enrollment figures are up for the university. He reported that Chancellor Brady Deaton has prepared a study looking at tuition and enrollment at UMKC and UMSL, and also for UMR and MU, pointing out that not all campuses may be able to tolerate the same tuition increase.

Senator Schubert briefly raised the possibility of adding an enhanced continuing education option for UMKC.

Senator Luppino referenced the handout, noting that FY09 State appropriation was \$84 million with hypothetical cuts for FY10 at between \$13 and \$22 million. The FY09 total gross operating revenue of \$246.5 million, minus medical residents reimbursement, minus budgeted unfunded scholarships/waivers, minus additional unfunded scholarships/waivers, leaves an adjusted operating revenue of \$200 million. The estimated discretionary operating revenue for FY10 is \$185 million. Hypothetical State appropriation reduction as % of \$185 million:

- At \$13 million = 7.0%
- At \$17.5 million = 9.5%
- At \$22 million = 11.9%

Chair Ebersole stated that the university is committed to addressing budget issues head on, making sure that the university system's core mission is not damaged.

Senator Beard inquired about how faculty salaries might be affected. Chair Ebersole stated that this is something the University Budget Committee will have to address. He pointed out that a freeze on salaries is a possibility. Senator Luppino reported that the committee looking at exceptions to the hiring freeze has recently begun to meet.

Senator Honigberg asked about turnover rate, and Mr. Anderson responded that the faculty and staff turnover rate is normally about 11%, but in tough economic times fewer people than normal may leave a position or retire.

Senator Luppino pointed out that the estimated non-general discretionary operating revenue figure of \$10 million is under study. According to the report prepared by Senator Luppino, adjusted operating revenues apart from "General Revenue" include student fees (\$10 million), research overhead (\$5 million), and a variety of miscellaneous sources of revenue (\$10 million).

Chair Ebersole stated that budgetary challenges can be addressed three ways: immediate, short-term, and long-term. He noted that the university will be looking at ways to save money and to generate additional revenues. He reported that President Forsee has recommended that an electronic suggestion box be implemented. Chancellor Morton stated that persons or groups submitting serious suggestions requiring further attention could be invited to meet with university officials and present their idea(s) in person. Chair Ebersole pointed out that last year the decision had been made to accelerate the payment on the Twin Oaks debt in order to save a significant amount of interest; however, that action may now have to be revisited. Chair Ebersole stated that other decisions concerning the budget may also need to be revisited. Senator Price stated that units may have to deviate from the formulaic approach and look beyond what has been envisioned. Chair Ebersole pointed out the importance of providing enough funding for schools so those that can grow will grow.

Mr. Anderson reported that his office is conducting an analysis of the university's overall financial health in relation to the entire University of Missouri system and other AA-rated institutions. His office will be looking at the university's return on assets, return on equity, what debt UMKC currently has as well as future debt. Mr. Anderson pointed out that the debt is serviced by auxiliary enterprises. The primary debt taken on this past year is the chiller plant project; savings in the utility budget are funding that. Mr. Anderson reported that money used for utilities was shifted to replace a chiller that was on the point of failing.

Mr. Anderson noted that UMKC is in the process of setting up an external development Foundation, using a model found in other benchmark universities.

Senator Luppino stated that questions regarding the handout should be addressed to him or the Chair. The Chair will send the handout to all members of the Faculty Senate in electronic form.

The meeting adjourned at 4:50 p.m.