

UNIVERSITY BUDGET COMMITTEE

MINUTES OF JANUARY 21 , 2009 MEETING

I. Time, Location and Attendance:

- 1:00PM, Provost's Conference Room at Administrative Center
- UBC members present: Gail Hackett (Chair), Betty Drees, Curt Crespino, Lawrence Dreyfus, Gary Ebersole, Tony Luppino, Paris Saunders, Lanny Solomon and Karen Vorst. Absent: Laura Gayle Green.
- Others present: Margaret Brommelsiek, Rick Anderson, Karen Wilkerson and John Morrissey, and, for part, Mel Tyler.

II. Approval of Minutes of Prior Meetings

- The minutes of the January 9, 2009 meeting, in the form last circulated for the meeting, were approved.

III. Update by Provost on State Appropriation

- Provost Hackett reported that Governor Nixon would be visiting UMKC on January 22 to make a budget-related announcement. While she was not in a position to provide details of the impending announcement, she reported that it was expected to be in support of higher education and advocate for FYE 2010 avoidance of significant cuts to the State Appropriation to the UMKC System in return for refraining from increasing FYE 2010 rates of tuition and student fees.
- The Committee agreed that we should, in any event, continue proceeding on the assumption that there may still be a mid-year FYE 2009 cut in the State funding to UMKC, and that upcoming years will be financially challenging in any event.

IV. Report on Tuition Decoupling Position Paper

- Vice Chancellor Mel Tyler gave a report on the finalization by the applicable UMKC task force of the UMKC position paper on decoupling the setting of tuition rates from the other UM System campuses.
- The Committee expressed its approval of the delivery of that position paper to the UM-System.

V. **Report from Small Working Group on its Study of the Targeted Obligations List**

- The small working group reported on its special meeting to study the Targeted Obligations List and make related recommendation to the Committee. In this connection, UBC Secretary Tony Luppino circulated a 1-page schedule highlighting some of the more significant positive and negative Current Unrestricted Fund Balances as of the beginning of the current fiscal year. Several members of the small working group suggested that the Committee recommend specific plans to eliminate significant negative balances in accounts that do not have recurring sources of income to repay those balances (e.g., Scholarships/Waivers and the Campuswide Account for Bad Debts).
- The Committee discussed the observations and suggestions made by the small working group, and agreed as follows:
 - The Finance Office should prepare for Committee review a schedule showing the effect on projected year-end fund balances if an amount equal to the sum of (i) the negative balance in the Scholarships/Waivers account at 6-30-08 plus (ii) the estimated increase in the amount of that deficit for FYE 2009 were charged to all units (other than Scholarships/Waivers and Campuswide Account for Bad Debts) that received General Revenue Allocations from FYE 2006 through FYE 2009 (the years during which the bulk of such deficit will have accumulated) in the ratio of their respective amounts of aggregate GRA for that four-year period.
 - The UBC recommends to the Chancellor that he consider slowing down the previously contemplated voluntary prepayment of the Twin Oaks bonds in order to free up some funds to address other targeted obligations over the next few years.
 - The issue of how to address the Campuswide Account for Bad Debts should be revisited after a rigorous inspection of the existing positive fund balances of all units (academic, administrative/support and auxiliaries) that have positive balances. The small working group will work on a report form for unit leaders to submit to the UBC (and, for administrative/support units, to the Support Costs Review Committee as well) and circulate it to the Committee as a whole for review and comment.
 - The deficit in the “Housing” sub-account attributable to prior Twin Oaks operating expenses should be netted against positive balances in the sub-accounts for other Housing operations. As Housing seems to be doing increasingly well and may be able to eliminate at least

some of its deficit on its own. However, the Committee acknowledged that there are pertinent debt service coverage ratios to be maintained and recommended a careful review of those requirements in order to help establish the reasonable reserves needs of Housing..

- The Committee recommended that the Provost address the negative balance in the Bloch School's Operating Fund in discussions with whoever is selected as new Dean of that School when the existing search reaches that point, giving due regard to reasonable opportunities for the School to generate increased revenues or otherwise reduce its negative balance.
- As for items other than significant deficit fund balances, the Committee agreed that only preliminary discussion is possible until we have more concrete information on the State Appropriation issues. The UBC will continue its efforts to identify and address high priority items. In this connection, the Committee reiterated its recommendation that UMKC provide significant incremental funding to Athletics along the lines previously discussed. In view of present financial circumstances, the Committee recommended that the Chancellor ask Athletics Director Tim Hall, who recently made an excellent overview presentation to the Committee on the background of UMKC Athletics, its current strategic planning, and its overall funding as compared to intercollegiate athletics programs at comparable institutions, to make a more detailed presentation to the Committee. Such a presentation would include his forecast of expenses and revenues of Athletics for the next three or four years to help the Committee and the Chancellor determine if the previously discussed levels of funding are still deemed appropriate.

VI. Study of Possible Separation of Medical School from Budget Model

- Several committee members cited reasons why it might be desirable to explore the possibility of handling resource allocations to the School of Medicine, which has some unique operational characteristics, in a manner detached from the generally applicable budget model.
- The Committee suggested that the Chancellor and Provost have preliminary discussions with Dean Drees regarding possible elements of such a plan that could work well for UMKC as a whole, and then share those preliminary ideas with the UBC for its consideration and input.

VII. Administrative Matters Going Forward

- The next Committee meeting is scheduled to be held in the Provost's Conference room at 10:00-11:30AM on Thursday, February 12.