

UNIVERSITY BUDGET COMMITTEE

MINUTES OF MARCH 10, 2008 MEETING

I. Time, Location and Attendance:

- 8:00AM, Provost's Conference Room at Administrative Center
- UBC members present: Curt Crespino, Betty Drees, Lawrence Dreyfus, Gary Ebersole, Tony Luppino, Lanny Solomon and Karen Vorst. UBC members absent: Laura Gayle Green and Paris Saunders
- Others present: Provost Gail Hackett, John Morrissey and Karen Wilkerson

II. Preliminary Administrative Matters:

- The minutes of the February 7, 2008 and February 21, 2008 meetings of the Committee, in the final forms circulated on March 7, 2008, were approved.

II. FY09 Budgeting and New Budget Model Transition Plan:

- ***Chair Report on State and System Level Developments.*** UBC Chair Betty Drees reported on some key developments at the State and System level that may affect FY09 budgeting. This report included the fact that the House Budget Committee voted out a State Appropriation increase for the UM System at 4.0% rather than the previously anticipated 4.2%; the Prepare to Care Initiative was also not included in the latest House Bill. The System is taking steps to push for return to the 4.2% increase in the State funding, and the Prepare to Care Initiative may also come back into the legislative process, though economic conditions could make that difficult for FY09.
- ***Report from Small Working Group.*** The small working group reported on its work since being assigned by the Committee on February 21 tasks relating to FY09 budget projections and development of elements of a transition plan for the new budget model. This report, presented principally by UBC and small working group members Tony Luppino and Lanny Solomon, included:
 - Explanation that the group met on February 25 and asked Karen Wilkerson and John Morrissey to prepare six sets of FY09 current funds revenues projections based on the following variables: (1) flat enrollment growth vs. 1% increase; (2) 3% tuition rate increase vs. 4.1% increase (but with Medicine at 2% in both instances); and (3) 3% off the top of State Appropriation to fund salary increases vs. 5%.

- Explanation that the group (minus UBC Chair Drees) met again on March 7 and decided to recommend to the UBC that for current planning purposes we focus on the projection based on the assumptions of (1) flat enrollment; (2) 3% tuition rate increase (except for Medicine at 2%); and (3) 3% off the top of State Appropriation for salary increases pools (a 1% “market adjustments” pool to be held back centrally and allocated later this semester or during the summer, and a 2% additional salary increases pool to be allocated to units, based on relative salary budgets, as part of their FY09 GRA). A projection based on those assumptions (and with the State Appropriation increase still at 4.2%) was circulated to the Committee members.
- Work on the “minimum GRA” issue on which the small working group was asked to make a recommendation initially produced a suggestion that no unit should be assigned a FY09 GRA that is less than the sum of (1) 90% of its FY08 GRA and (2) its share of the 2% part of the salary adjustments pool.
- Tony Luppino expressed concern that while establishing minimums for each unit along those lines would serve the purpose, contemplated by the UBC on February 21, of giving the deans of units facing GRA reduction under the new model some “worst case” assurance, it would not provide much planning guidance to the several units projected to receive GRA increases under the new model (or to many of the other units as well). He presented a proposal illustrating a two part modified approach. Under part one, each unit would be told soon of its “Base FY09 GRA,” which would be the greater of (a) the unit’s FY08 GRA adjusted by 25% of the “variance” if there were full implementation of the model for FY09 (i.e., if base approach were straight-line phase-in over 4 years) or (b) the minimum GRA comprised of the sum of (i) 90% of the unit’s FY08 GRA and (ii) its share (based on relative salary budgets of UMKC units) of the 2% salary adjustments pool. Under part two, a Transition Pool would be established for individualized unit increases to take into account the specific plans, financial needs and other financial resources of each unit. He noted that if the size of the Transition Pool based on 25% phase-in (estimated at about \$2.1 million dollars based on the latest projection) seemed insufficient to make such tailored adjustments in a manner which avoids inflicting severe financial pain on any unit in FY09, a larger pool could be created by reducing the first year phase-in percentage.
- Background was presented on the suggested creation of unit-by-unit current funds resources reports with respect to each School/College showing the computation of the unit’s GRA if the new budget model

were being fully implemented for FY09, and also showing information on other projected sources of current funds resources for FY09 (hereinafter, “Academic Unit Current Funds Reports”). The small working group recommended that such unit-specific reports, illustrations of which were circulated at the meeting, be taken into account in discretionary resource allocation decisions to be made in transitioning UMKC current funds budgeting to the new model.

- The small working group also reported its recommendation that numbers analysis be supplemented with strategic planning considerations, so that discretionary decisions in transition planning would take into account the individualized plans, particular financial needs and financial circumstance of each unit. Lanny Solomon presented a first draft of a “Transition Questionnaire” for the Committee to consider in this regard.
- ***Committee Discussion and Actions.*** The Committee then discussed the small working group’s report, took into account the shared desire to be fair to all units and related issues, and reached the following decisions:
 - For current planning we will focus on the projection scenario the small working group recommended (i.e., flat enrollment, 3% tuition rate increase generally, but 2% for Medicine, and 3% off the top of State Appropriation for salary increase funding), but with one adjustment: the 1% “market adjustments” pool will be included in the Base FY09 GRA—which means that Column Q in the projection given to the Committee will now reflect the share of each School/College of the total 3% off-the-top salary increases pools. The Committee will also put on its agenda for future discussion (starting on March 13) the development of general guidelines for unit allocations of shares of the 3% (combined) salary increases pools and the encouragement of the development at the unit level of unit-specific guidelines in that regard that are consistent with the general guidelines.
 - Projections will be run illustrating the Base FY09 GRA/Transition Pool approach at, alternatively, 20% and 25% phase-in for FY09, with the notion being that FY10 would get to 50% either way, FY11 to 75% and the model would be fully implemented by FY12. **Note:** while not expressly discussed at the meeting, the UBC Secretary suggests it was implicit, in view of the one change noted immediately above, that the “minimum” FY09 GRA part of the Base FY09 GRA formula (i.e., the “b” of the greater of “a” and “b” described above) would be modified to now be 90% of the FY08 GRA plus the unit’s share of the 3% salary increase pool.

- Subject to further discussion/refinement of details, there was a sentiment that if units “borrow from the system” (i.e., get more GRA than the phase-in of the model would otherwise contemplate), UMKC should keep track of those “loans” for future repayment.
- The Academic Unit Current Funds Reports will be generated, but with the figure from Column Q (share of 3% of off-the-top salary pools) added as part of the GRA computation under the model. There will also be study of these reports for accuracy as, for example, it seemed to Dean Vorst that the A & S figures might have some inaccuracies.
- Input will be gathered from UBC members and members of the Faculty Senate Budget Committee on the draft Transition Questionnaire. Input will also be gathered from Bruce Bublitz on the draft Transition Questionnaire and on all other aspects of the UBC’s recommendations including coordination with his work with deans on plans for revenue growth and expense management over the entire phase-in period.
- The UBC will meet this Thursday and endeavor to reach a recommendation to the Provost and Chancellor on packages of documents/presentations to be delivered as soon as possible to the deans of the Schools/College (Deans’ GRA Planning Package”) that would include in each case: (1) the applicable unit’s Base FY09 GRA; (2) identification of the amount of the Transition Pool available to the Schools/College under current projections (and a statement of contingencies that could affect the size of that pool and criteria for allocations from it); (3) the unit’s Academic Unit Current Funds Report; (4) the Transition Questionnaire; and (5) a cover letter/memo describing how final FY09 GRA will be determined (Base FY09 GRA plus shares of the Transition Pool based on unit specific plans, financial needs and financial circumstances) and other aspects of the intended implementation of the 4-year transition plan.

IV. Administrative and Procedural Matters Going Forward

- The next meeting of the Committee will be at 10:00AM on Thursday, March 13.
- At the March 13 meeting the Committee will address: (1) the finalization of its recommendation to the Provost and Chancellor as to the Deans’ GRA Planning Packages described in the foregoing minutes; (2) guidelines for unit allocations of shares of the 3% salary increases pools; and (3) its agenda and meetings schedule for the rest of the semester.