

UNIVERSITY BUDGET COMMITTEE

MINUTES OF MARCH 20, 2008 MEETING

I. Time, Location and Attendance:

- 10:00AM, Provost's Conference Room at Administrative Center
- UBC members present: Betty Drees (by telephone), Lawrence Dreyfus, Gary Ebersole, Laura Gayle Green, Tony Luppino, Paris Saunders, Lanny Solomon and Karen Vorst. Absent: Curt Crespino
- Others present: Provost Gail Hackett, Valerie Bennett, Bruce Bublitz, Larry Bunce, John Morrissey and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the March 13, 2008 meeting of the Committee, in the final form circulated on March 20, 2008, were approved with one minor change.

III. FY09 GRA and New Budget Model Transition Plan:

- ***FY09 GRA.*** Following brief discussion of a presentation made to the Deans' Council after the last UBC meeting, and related discussion of the Committee's discussion with the Chancellor at its March 13 meeting, the Committee decided to recommend to the Chancellor the following proposal for the setting of FY09 GRA:
 - The projection of General Revenues presented to the Committee by Karen Wilkerson at the March 20 meeting should be the basis for FY09 "hold harmless" GRA allocations, but with correction throughout to reflect that the full model illustration for FY09 should show a \$700,000 special off-the-top (of State Appropriation) allocation to the Bloch School for the Institute for Entrepreneurship & Innovation (as \$300,000 of the target \$1,000,000 was already added to the Bloch School's GRA in FY08).
 - Each academic unit will be told as soon as possible that it is being assured for FY09 a "hold harmless" GRA equal to its FY08 GRA plus its pro rata share (based on the relative salary budgets of administrative/support and academic units) of a 3% pool for salary increases; provided that such 3% pool is based on the Curators mandating a total campus-wide salary increase of 5%. If the

Curators reduce that mandate, the salary pool component of the FY09 hold harmless GRA would reduce—for example, if the Curators reduce the overall mandated increase to 4% then the academic units would add only their shares of a 2% salary pool to their FY08 GRA in arriving at their FY09 hold harmless GRA (and if the overall were reduced to 3%, then the FY09 hold harmless GRA would be FY08 GRA plus share of 1% salary pool). **Secretary's Note:** Though not expressly discussed, it seems implicit that the Committee would apply this FY09 hold harmless formula to the GRA subsidy amounts going to administrative/support units as well as academic units.

- As discussed with the Chancellor at the March 13 UBC meeting, if it turns out that UMKC's actual General Revenues for FY09 are in excess of the total General Revenue assumed in above-referenced corrected March 20 projection, 100% of such excess shall be allocated to just the academic units with "positive variances" under a full implementation illustration of the new budget model, in the ratio of their respective positive variances.
- The pattern of "off budget" transfers from other units to the Conservatory that has apparently been recurring from year to year outside of the GRA budgeting process should be made again, from the same sources, in FY09, but should not decrease the FY09 GRA (as determined pursuant to the foregoing recommendation) of units uninvolved in those pre-existing arrangements, but should be made transparent now and should be dealt with in a more "in budget" manner in future years.
- ***New Budget Model Transition Plan.*** The Committee discussed the concern, expressed by several Committee members and other interested parties, that the FY09 hold harmless GRA approach being recommended, which involves significant increases in every unit's FY08 GRA, might create in the minds of leaders of units with "negative variances" under the new model the impression that they will not have to plan for GRA cuts in upcoming fiscal years. While there is consensus to try to maximize the ability of "negative variance" units to deal with phase-in of the new model with new revenue growth, the Committee acknowledged that the numbers are such that at least some units may need to implement some significant budget cuts, starting in FY10, as the model is to be fully implemented by FY12. The Committee also acknowledged that there could be reasonably differing opinions as to whether deans of "negative variance" academic units had adequate notice to plan for some cuts in FY09, but that the Committee, with guidance from the Chancellor, had decided to give them the benefit of any doubt on that in setting the FY09 GRA at FY08 plus a share of a salary increases pool. At the same time, the Committee was in consensus that, with input from the

Provost and Bruce Bublitz, the Committee should work with the Chancellor on a comprehensive transition plan, to be presented to all units leaders before the end of this summer, that would project full implementation of the model by showing significant percentage phase-in of positive and negative variances in FY10 and FY11, and full phase-in by FY12. As examples, the Committee discussed the possibility of illustrating, alternatively, 33% or 40% phase-in by FY10, using a flat General Revenue assumption. These were just preliminary thoughts, as the gist of the Committee's recommendation is that the Committee, the Provost and Bruce Bublitz work together to determine what types of illustrations would best support transparency and provide clear indication of growth needs, and take into account, among other things, the non-GRA resources and individual capacities for growth of the various units.

IV. Other Matters

- ***List of Obligations to Academic Units.*** UBC Chair Betty Drees walked the Committee through a list of obligations to academic units that had been targeted for pay-off. The list is attached to these minutes as Exhibit A. It was agreed that the approximately \$663,000 item owed to the Law School was still to be paid during FY08 out of the approximately \$1.4 of revenues from unallocated CE and a portion of summer school previously identified by the Committee, and expected that the other items shown on the list could also be paid out of those revenues, with the exception of the substantial amounts owing to the Medical School. The latter amounts represent the difference between the Medical School's net tuition and GRA from FY2007 forward and are based on written agreements with then President Elson Floyd and Provost William Osborne. A plan to address the obligation to the Medical School is yet to be developed.
- ***Recovery F & A.*** The Committee revisited its concern that UMKC resource allocations adequately address the needs of research faculty and research initiatives. It was noted that this concern had been reiterated at the last Deans' Council meeting, and that the Committee was still awaiting a proposal from the Chancellor and Provost on the Recovery F & A allocation component of the new budget model. UBC Chair Drees reminded the Committee that the decision had been made that for FY09 UMKC would continue its practice of assigning 50% of Recovery F & A from each applicable research grant to the unit generating the grant. The Chancellor and Provost Hackett will be working on this issue, and a proposal for post-FY09 handling of Recovery F & A will be presented to the Committee for comment in due course.
- ***Guidelines for Assigning Salary Increases.*** The Committee and Provost Hackett reiterated their intention to collaborate on some central guidelines

that could then help shape unit-specific guidelines on the assignment of salary increases, continuing the spirit of shared governance that helped shape the development of guidelines for last year's 1% market adjustments pool.

- ***Updating UBC Website.*** The Committee agreed that we should update the UBC-recommended budget model text and appendices to reflect all recent changes and post the updated documents on the UBC website.

V. Administrative and Procedural Matters Going Forward

- The next meeting of the Committee will be sometime near the end of April (unless the need for a special meeting arises before then).
- At the contemplated later April meeting the Committee will address: (1) further definition of a comprehensive plan to complete the new budget model transition through significant implementation of "variances" in FY10, FY11 and FY12; (2) guidelines for assigning salary increases; and (3) the then current thinking of the Chancellor and Provost on Recovery F & A.