

UNIVERSITY BUDGET COMMITTEE

MINUTES OF APRIL 9 , 2009 MEETING

I. Time, Location and Attendance:

- 10:00AM, Provost's Conference Room at Administrative Center
- UBC members present: Gail Hackett (Chair), Betty Drees, Curt Crespino, Lawrence Dreyfus, Gary Ebersole, Laura Gayle Green, Tony Luppino, Paris Saunders, Lanny Solomon and Karen Vorst.
- Others present: Chancellor Leo Morton, Rick Anderson, Larry Bunce, Margaret Brommelsiek, John Morrissey and Karen Wilkerson.

II. Approval of Minutes of Prior Meetings

- The minutes of the February 25, 2009 meeting, in the form last circulated for the meeting, were approved.

III. Update by Chancellor on Budget-Related Matters

- Chancellor Morton updated the Committee on (1) the status of State money withholding decisions; (2) various Federal and State programs, proposals and discussions that could result in funding for UMKC to assist with health sciences initiatives and construction projects; and (3) System-level matters affecting UMKC budgeting. In summary:
 - There is a short list of specific projects/programs for which it appears there will be a withholding of State money within FYE 2009 (see Appendix A). Apart from that, the current working assumption is there will be no general operating fund/General Revenues State withholding in FYE 2009. While this means that our best current assumption is the FYE 2010 State Appropriation to our General Revenues will equal 100% of the FYE 2009 State Appropriation, the Committee agreed that we should continue to vigorously pursue our expense reduction and cash conservation efforts as if a 5% reduction in the State funding were to occur.
 - As currently proposed, the stimulus funds for health professional education growth would be insufficient to sustain long term the increase in faculty and other costs associated with increased enrollment and graduation rates. Further discussions and

negotiations will be conducted. In general it was observed that one and two year funding from stimulus money may fit better with scholarship funding and construction projects we are pursuing.

- The Curators have, as expected, voted to keep tuition rates for FYE 2010 the same as the FYE 2009 rates (in accordance with the Governor's proposal on the budget). It appears the System will still mandate an unfunded 1% salary increases pool (presumably to be allocated off the top of each campus' State Appropriation), but specifics on the intended use of that pool have not been decided. It was noted that the Committee had previously expressed its suggestion that it be earmarked for personnel at the lowest levels of the System's pay scale.

IV. Starting Place Runs of Budget Model for FYE 2010

- UBC Secretary Tony Luppino explained the working assumptions made in the starting place alternative runs of the budget model GRA apportionment for FYE 2010 circulated by Karen Wilkerson to the Committee members in preparation for the meeting.
- The Committee then walked through most of the items listed on Appendix B hereto as "Threshold Issues to Be Resolved Prior to FYE 2010 GRA Apportionment" (which had been appended to the Agenda for the meeting). This included discussion of several items on the Targeted Obligations List. The discussion produced the following results regarding the preparation of the next set of projections:
 - Assume State Appropriation for FYE 2010 General Revenues is same as in FYE 2009 (which was the "Scenario B" assumption in the starting place runs prepared for the meeting), and retain the other Scenario B assumptions, but with the modifications set forth below.
 - Add to Provost Office piece of general overhead assessment (Budget Model Appendix 5):
 - Promotion & Tenure increase (\$50,000)
 - Provost/Academic Affairs ongoing funding needs (\$102,000)
 - IR & Planning ongoing funding needs (\$181,000)
 - FACET (\$40,000)
 - SEARCH (\$43,000)
 - Mock Trial (\$10,000)
 - Debate amount in excess of A & S/Student Affairs funded (\$42,500)
 - Faculty Senate (\$15,000)

- For Northland Facility to extent the \$315,000 on Targeted Obligations List is attributable to School of Education (as opposed to IHD)¹
 - Add the rent to the facilities costs for unassigned space in the Appendix 5 assessments or take off the top of the State Appropriation.²
 - Add the operating/maintenance expenses to the Appendix 5 expenses calculated on an assigned space basis
- Add the \$315,000 for HSB Pharmacy/Nursing operating/maintenance expenses to Appendix 5 unassigned space assessments
- Get a revised (lesser) figure from Rick Anderson (who will discuss with Bob Simmons) on the combined \$750,000 (M&R) and \$500,000 Campuswide Renewal/Renovation items from Targeted Obligations List and add that figure to Appendix 5 unassigned space M&R assessments
- Have the small working group study the discussions and projections to date re: the Bloch School, Medical School and Summer School issues as soon as possible and report to the Committee with its suggestions
- Table issue of determining a hold harmless amount for each unit faced with a cut under the second year of phase-in of the budget model for further discussion after other issues are resolved and more information is available about potential enrollment growth targets for academic units (on which the Finance Office is working with Bruce Bublitz and the Provost). On a related matter it was agreed that there will have to be discussion of how best to get a good projection of increase or decrease in net tuition of each academic unit for FYE 2010 and how to allocate any increases above projections. At the same time it was noted that the Targeted Obligations List has an I.O.U. to the five schools with “positive variances” under the FYE 2009 budget model (and that in due course that figure will have to be double-checked and addressed).

V. Update on Support Costs Review Committee Work

- Tony Luppino circulated at the meeting the update on Support Costs Review Committee work attached hereto as Appendix C.
- There was brief discussion of the alternatives of (A) working through detailed study of line item expenses of administrative/support costs (both centrally and within academic units) to foster an efficient re-engineering of such operations or (B) imposing a specified percentage of administrative/support expense reduction without any specific streamlining plan (leaving it to units to decide where to cut). The meeting time expired without any specific recommendation on this (though pros and cons of both alternatives were discussed), and it was agreed that the Support Costs

¹ The rent and operating/maintenance expenses allocable to IHD are to be borne by IHD.

² The Committee discussed both possibilities and was leaning toward the latter.

Review Committee would endeavor to step up the pace of its work, and coordinate with the Finance Office in terms of shared study of the latest expense side budget of the various UMKC units that were scheduled to be provided by unit leaders by April 15 before any decision is made as to the general overhead assessment amount for FYE 2010.

VI. Administrative Matters Going Forward

- The next Committee meeting is tentatively scheduled to be held in the Provost’s Conference room at 10:00-11:30AM on Tuesday, April 21.

APPENDIX A

FYE 2009 STATE WITHHOLDINGS

			FY 2009	FY 2009	FY 2009
			Appropriation	Expenditure	%
Appropriation	Appropriation Name	Fund	Amount	Reduction Plan*	Withhold over 3%
3775	UMC Telemedicine	0101	420,000	(32,970)	4.85%
1038	Univ of MO MOREnet	0101	12,754,612	(1,001,237)	4.85%
2305	Hospital and Clinics	0101	13,185,079	(1,035,028)	4.85%
2691	MO Rehabilitation Center	0101	11,651,691	(914,658)	4.85%
0644	Institute of Mental Health	0101	1,839,880	(144,430)	4.85%
0632	MO Kidney Program	0101	4,016,774	(315,317)	4.85%
0643	State Historical Society	0101	1,619,561	(127,136)	4.85%

*Includes 3% reserve.

APPENDIX B

THRESHOLD ISSUES TO BE RESOLVED PRIOR TO FYE 2010 GRA ASSIGNMENTS

1. What is the best assumption as to the FYE 2010 State Appropriation?

2. Is the System requiring the additional 1% salary adjustment pool or mandating any other unfunded salary adjustments initiative?
3. Will we need to essentially assign the contemplated \$1.78 million contingency pool to the previously discussed commitment to Athletics?
4. What will we be required to do for the Bloch School in view of the endowment terms with the Bloch Foundation and/or negotiations with candidates for the Bloch School deanship?
5. Will there be any special subsidy to SBS in view of its infrastructure arguments?
6. Are there any items from the Targeted Obligations List not addressed above for which a special allocation off-the-top of the State Appropriation will be needed?
7. Based on our recent expense reduction initiatives, is it possible to reduce the GRA subsidy to the central administrative/support units by some significant amount (whether or not there is a reduction in the State Appropriation)?
8. Based on the best current information, are we likely to have an increase or decrease in actual net tuition and supplemental fees as compared to FYE 2009?
9. Can we get decent information from Deans as to their units' reasonable expense needs for FYE 2010 prior to determining GRA apportionment?
10. Should we determine a minimum level of GRA for each academic unit on either a "one size fits all" maximum percentage reduction from prior year basis or on a case-by-case basis?

APPENDIX C

SUPPORT COSTS REVIEW COMMITTEE STATUS 4-9-09

- *Chargebacks.*
 - We received only a few "what about this?" comments from unit leaders when we circulated the inventory we took. We are following up on those, but see no really significant issues in terms of knowing what's being charged and at what rates.

- We have not yet done a study of whether outsourcing any of the services subject to chargebacks would save any material amount of money.
- ***Review of Budget Detail of Central Support Units***
 - For the most part we obtained detailed revenue and expense information from the key units and our Principal Reporters have been reviewing that.
 - The next step is to turn over to the Principal Reporters the FYE 2010 budget information Karen Wilkerson is supposed to receive from the units about April 15 so they can look at trends and raise questions about possible reductions in expenses.
- ***Review of Administrative Costs Within Academic Units***
 - We worked out a “high level” report template with Karen Wilkerson and she is running that for all 11 schools.
 - We will then send each Dean a draft of that for verification.
 - We study the relative levels of administrative overhead per numbers of faculty, staff and students in each unit to see if we have any unusually high percentages of administrative overhead anywhere (and then explore whether there are good reasons for that or whether some streamlining is in order.
- ***Benchmarking***
 - IR is running a study of the Urban 21 based on a template developed by the SCRC to try to assess the relationship between the cost of various key support functions and the numbers of faculty, staff and students at the institutions in question. Larry Bunce hopes to have that for us within the next two weeks.
 - We have asked the UMKC keys support units to provide us with national benchmark data on the budget of their types of operations. We plan to collect this within the next two weeks as well.
 - The Faculty Senate Budget Committee members have had a tough time getting useful information on the dozen or so schools re targeted for individualized study. They are finding limited information on websites and difficulty getting the attention of the key people at the subject schools. Per discussions earlier this semester, we are making this a long-term project and focusing right now on the high-level benchmarks.