

## **UNIVERSITY BUDGET COMMITTEE**

### **MINUTES OF JUNE 9, 2008 MEETING**

#### **I. Time, Location and Attendance:**

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

#### **II. Preliminary Administrative Matters:**

- The minutes of the April 30 2008 meeting of the Committee, in the final form circulated on May 18, 2008 and again on June 9, 2008, were approved.
- UBC Chair Drees explained that she would be chairing this meeting and any other Committee meetings in June, and that Provost Hackett would commence chairing Committee meetings in July.

#### **III. Developments in FY 09 Budgeting**

##### **A. Faculty "Market Salaries" Initiative**

###### *Discussion:*

- Karen Wilkerson reported on the recent Curators' mandate regarding use of cost savings form a 0.9% decrease in the System-wide benefits rate to fund salary increases to faculty to close market gaps. It is in addition to the general 4% salary increase mandate for UMKC's overall workforce. Others familiar with the recent Curators action (including Provost Hackett and UBC Member and Faculty Senate Chair Gary Ebersole) provided supplementary information in this regard.
- The Committee engaged in extended discussion of the salary increase mandates and their relationship to phase-in of UMKC's new budget model. Issues addressed included:
  - Fairness to all academic units, taking into account both historical context and present circumstances

- Potentially conflicting views on the quality of existing data regarding “market gaps” in salaries in the various units
- Time pressures to make salary decisions
- The need to for the UMKC budget office to confirm with the System budget office various figures regarding the overall and per unit saving from the benefits rate decrease
- The pros and cons of applying cost savings experienced by auxiliaries and sales/services operations from the benefits rate decrease toward the faculty market salaries initiative (the understanding being that the System has made this step optional)
- The implications of the FY09 salary increase mandates on a three-year plan to close market gaps in faculty salaries, and the desire to also look at fair compensation for personnel in all UMKC units
- The pressing need to provide instructions and guidelines to unit leaders regarding salary increase decisions and related reporting

***Actions:***

Following the above-described discussion, the Committee decided to recommend to the Chancellor that UMKC take the following actions:

- The UMKC budget office will work with the UMKC Human Resources office to verify the FY09 costs savings from the benefits rate reduction for each UMKC unit as soon as possible and then share and confirm that information with the System budget office
- Each academic unit will be required to apply its FY09 benefits costs savings amount to close “market gaps” in faculty salaries within that unit
- The FY09 cost savings of administrative/support units will be redirected to the five academic units with “positive variances” under the new model, in the previously established ratio for their sharing of increases in general revenues above the March, 2008 projections for FY09. Each of those five units will add its share of the administrative/support unit benefits savings to its own benefits savings and be required to apply these combined funds solely to close market gaps in faculty salaries within that unit.
- In the unlikely event that an academic unit receives an aggregate amount of cost savings from the benefits rate reduction in excess of its aggregate market gap for faculty salaries, it will be required to release such excess

amount back to a pool to be utilized to address market gaps in faculty salaries in other units (under procedures that would be established by the Provost with input from the UBC).

- In view of the fact that they are facing the general 4% salary increase mandate without the 3% off the top (of State Appropriation) funding provided to academic and administrative/support units to help in that regard, auxiliaries and sales/services operations will be allowed to retain their own cost savings from the benefits rate reduction.
- Clarification will be sought as to exactly which types of faculty are eligible for the market adjustments from the benefits savings funds. The Committee agreed that it should at least include all tenured and tenure-track faculty (including librarians).
- The UBC will send to the Provost and the Vice Chancellor of Administrative Services a suggested form of memorandum for them to send to unit leaders with instructions on FY09 salary increases, including: (1) reflection of the UBC recommendations described above; (2) rules and guidelines on making discretionary decisions to implement the salary increase mandates (incorporating where appropriate themes from the memo then Interim Budget Director Terry Wilson sent out last summer in connection with a 1% salary pool); and (3) a description of associated reporting requirements. UBC Secretary Tony Luppino was assigned the task of preparing a first draft of this memorandum for review and comment by the Committee.

## **B. Other Matters Affecting FY09 Budgeting**

- ***Items for Updated Projection.*** The Committee asked Karen Wilkerson to update the FY09 budget projections as soon as possible to (1) reflect the benefits savings development and the related plan described above; (2) reflect the increase in approved tuition rate; and (3) reflect updated enrollment figures.
- ***Allocation of Increase to the Five “Positive Variance” Schools.***

### ***Discussion:***

- The UBC discussed the circumstances that: (1) the March, 2008 projections showed that the five schools due “positive variances” under the new model had in the March GRA apportionment been allocated only about 7% of those variances (after taking into account the “hold harmless” amount for all academic units for FY09); and (2) the UBC had recommended, and been informed that the Chancellor had approved, assigning any increases in FY09 general revenues

above the March projections to the five positive variance schools in the ratio of their unrealized variances. It was reported that the no such assignment of the increase in general revenues from approval of a tuition rate higher than that assumed in March has yet been made because the Chancellor wanted to make sure the State Appropriation would not be less than assumed in March.

***Action:***

- The UBC decided to recommended to the Chancellor that as soon as the updated projections for FY09 have been completed as described above, the increase in general revenues from the March projections be assigned to the five positive variance schools so that their Deans can incorporate those funds in their budget planning and related decisions. It was noted there is always a chance of mid-year adjustments in the State funding (as has happened sometimes in the past). The Committee viewed that scenario as something to be addressed from a UMKC-wide perspective if and when it occurs, and not as an impediment to following through on the commitment to assign the increased revenues to the five positive variance schools.
- ***Funding of Cultural Events/Rep.*** Dean Karen Vorst raised a question about the FY09 funding of the portion of “The Rep” expense that in previous years was a GRA item for Cultural Events. UBC Secretary Luppino expressed his opinion that there was no mistake or oversight in the Finance Office’s accounting for the treatment of the approximately \$1 million expense in question. He said he would circulate to the Committee a summary of the UBC deliberations to date on this issue and the arrangement on it reached in January, 2008 after Dean Vorst had questioned the previously proposed handling of The Rep in the new budget model recommendation and addressed it in a meeting with the Chancellor and Interim Provost.. At the same time, Secretary Luppino noted that if recently-changed circumstances regarding the governance of The Rep have significantly altered the previously contemplated A & S role, then revisiting the treatment adopted in January would be in order. The Committee agreed that the summary of the history of this issue should be circulated and then the Provost and Dean Vorst can revisit the matter, taking into account all recent developments, and present any proposed modification to the Committee for its advisory input.

**III. FY09-FY12 Transition Planning**

- The Committee agreed that the May 19 “new budget model roll-out session” with the Deans’ Council and Faculty Senate Budget Committee<sup>1</sup> reinforced

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<sup>1</sup> That session was not in the nature of a formal UBC meeting, but rather an informational session for the Deans’ Council and FSBC. So, there are no separate minutes from that session. The presentation slides from the May 19 session will, however, be posted on the UBC website.

the need to continue to seek to develop a transition plan by June 30, 2008 showing all unit leaders how the new budget model will be fully implemented by FY12.

- The Committee directed the “small working group” to continue to collaborate with Karen Wilkerson on the preparation of data and the formulation of phase-in suggestions to be considered by the UBC.

#### **IV. Administrative Matters Going Forward**

- The next meeting of the Committee has not yet been scheduled. The small working group is to make recommendations to the Committee as to an agenda and timetable for its development of a recommended plan to be presented to the Chancellor in time for adoption on or before June 30, 2008. UBC meetings will be scheduled as the need to consider reports and suggestions from the small working group arises..