

UNIVERSITY BUDGET COMMITTEE

MINUTES OF JULY 23, 2009 MEETING

I. Time, Location and Attendance:

- 3:00PM, Focus Room in Administrative Center
- UBC members present: Gail Hackett (Chair), Curt Crespino, Lawrence Dreyfus, Gary Ebersole, Laura Gayle Green, Tony Luppino, Lanny Solomon, Mel Tyler and Karen Vorst. Absent: Betty Drees.
- Others present: Leo Morton (during Focus Room overview segment), Rick Anderson, Larry Bunce, Andrew Draker and Karen Wilkerson.

II. Overview of Purposes and Functionalities of Focus Room

- Andrew Draker provided the Committee with a demonstration of the technology available in the Focus Room and an overview of the existing data content, future plans and potential functionalities.
- Chancellor Morton then described the purposes of the Focus Room and provided some examples of uses of particular interest to the Committee, including the value of the room and its technology as a tool in studying various financial trends of UMKC units, developing expense management plans, and displaying progress on Presidential Measures.
- The Committee joined the Chancellor in commending and thanking Andrew and others who worked with him in the development of the Focus Room on their excellent work.

III. Plan for Fall Semester Use of SCRC and FSBC in Support Costs Study

- Tony Luppino, as Co-Chair of the Support Costs Review Committee and Chair of the Faculty Senate Budget Committee, circulated and discussed the proposed plan (attached hereto as Appendix A) for use of those two groups to assist the Committee in studying and making recommendations to the Chancellor regarding administrative and support costs. He also requested suggestions on identifying a new member of the SCRC to replace a member who has left that committee.
- The Committee discussed the proposed plan, generally approving it, and offered some suggestions on its implementation and on the replacement member. Tony indicated that he will follow up with SCRC co-chair Paris Saunders and the members of the SCRC and FSBC on such suggestions.

IV. Information Requested for Meeting with Facilities Advisory Committee

- The Committee addressed the types of information it would like presented at the August 14 joint meeting of the UBC and the Facilities Advisory Committee. It decided such information should include:
 - Description of each major UMKC new construction or renovation project currently ongoing or contemplated, along with details on (i) how each is being financed and (ii) the projected effects of associated debt service and operating expenses for each on the annual budgets of applicable Auxiliaries and on the Operating Fund (including any projected increase in the dollar amount of the General Overhead Assessment imposed on the Schools/College).
 - Description of the decision-making processes for setting new construction and renovation priorities and approving projects.
- Vice Chancellor of Administration Rick Anderson provided some preliminary information in those areas and agreed to coordinate the assembly and presentation of detailed information for the August 14 meeting with Bob Simmons, Assistant Vice Chancellor-Campus Facilities Management.

V. Discussion of Development of Revised Budget Model Phase-In Plan

- Provost Gail Hackett, Committee Chair, noted that with the Committee having recommended at its July 6 meeting that the School of Medicine not be excluded from the budget model, attention must be turned to developing a revised model phase-in plan that works for all of the Schools/College and provides the deans with sufficient time to plan their budgets well in advance of each fiscal year and to make related decisions.
- The Committee embraced the goal of getting a projection of the next few years of GRA to the deans by mid-Fall 2009, but with appropriate “no guarantee” caveats, particularly with respect to two large variables outside of UMKC’s control—the amount of the State Appropriation and the allowable tuition rates. The following were identified as the major tasks to be accomplished to get such mid-Fall future GRA approximations to the deans:
 - Incorporation of the work of the Support Costs Review and Faculty Senate Budget Committees, and the August 14 report of the Facilities Advisory Committee, into a UBC recommendation to the Chancellor as to the dollar amount of the General Overhead Assessment under Appendix 5 of the budget model.
 - Incorporation of the results of the ongoing enrollment planning collaboration among the Provost, consultant Bruce Bublitz, Vice

Chancellor of Student Affairs Mel Tyler, Director of Planning and Budgeting Karen Wilkerson, and the deans, into realistic estimates of the student credit hours and net tuition revenues to be generated by each academic unit over the next several years.

- Identification of any modifications to the budget model the Committee might recommend to the Chancellor in keeping with its commitment to constantly study and improve the operation of the model, but with the understandings that the Committee (i) continues to recommend retention of the model's core elements and (ii) views development of a revised transition plan, rather than modification of the model itself, as the most appropriate means to address the financial pressures on units occasioned by the current circumstances regarding the economy, the State Appropriation and tuition rates.
- Careful study of the particular financial needs of each School/College to facilitate the development of an individualized transition plan for the remaining phase-in of the budget model, taking into account all of the sources of revenue, all of the fund balances, and all of the expenditure categories of each academic unit. In this connection, it was observed that the large increase in GRA due the Medical School under the budget model may have to be spread out over several years, and coordinated with circumstances surrounding the ability to construct research facilities, and that, in general, each school must be studied carefully and it should not be assumed that the transition plan is a "one size fits all" proposition.

VI. Administrative Matters

- The minutes of the July 6 Committee meeting, in the form of the draft last presented to the Committee members, were approved.
- Provost Hackett reported that the System has directed that for the time being the "1 % salary pool" holdback be retained as a reserve.
- Karen Wilkerson and Rick Anderson will prepare for the first Fall semester Committee meeting a report on the Caring for Missourians funding, identifying the amount of funds going to each applicable UMKC academic unit, describing the restrictions to which they are subject, and summarizing the current plans of each such unit for use of its share of such funds.
- The Agenda for the first or second Fall semester Committee meeting will include discussion of implementation of the Summer School enrollment incentive plan described in the minutes of the May 7 Committee meeting.¹

¹ Pertinent excerpts from the May 7 meeting are attached hereto as Appendix B.

APPENDIX A

OUTLINE OF PROPOSED PLAN FOR FALL SEMESTER USE OF SCRC AND FSBC TO ASSIST WITH UMKC STUDY OF FINANCES OF ADMINISTRATIVE & SUPPORT UNITS/FUNCTIONS

July 23, 2009

Task One: Report on “Charge-backs” Imposed by UMKC Units

- Make minor additions to previous compilation during August
- Circulate revised compilation to all unit leaders and fiscal officers by 9-15-09
- Review input from unit leaders/fiscal officers; submit final report to UBC by 10-15-09

***Task Two: Develop Detailed Understanding of Revenues, Expenses and Reserves of
Key Support Units/Functions***

- SCRC co-chairs and staff support member Cindy Harrison meet with Karen Wilkerson and Andrew Draker in data/focus room by August 12 to review data gathered to date by SCRC and Finance Office on recent and projected revenues, expenses and reserves of key support units/functions (including both central support operations and administrative operations within academic units).
- SCRC co-chairs provide instructions to SCRC members describing to them how to access that collective data and assigning them task of completing and submitting to the SRCR by October 1 an “Existing Operations Observations Report” identifying any observations they would like to highlight and questions they would ask about trends in revenues, expenses and reserves of the respective support functions assigned to them.
- Under supervision of SCRC co-chairs, and in consultation with Finance Office, SCRC delivers comprehensive Existing Operations Observations Report to UBC by October 31.

Task Three: Benchmarking Study

- Renew requests to unit leaders for information on available benchmarking reports specific to their respective areas and compile list of same with access instructions by August 24.
- Provide Faculty Senate Budget Committee with such list, along with all survey information collected from schools within “Urban 21” compiled by Larry Bunce, by September 1.
- Assign FSBC members specific key support functions for them to study for supportable benchmarking observations, and direct them to, taking into account their previous research and the information gleaned from the two above-referenced sources, provide the SCRC and UBC with reports on benchmarking observations by October 15.

APPENDIX B

EXCERPTS FROM MAY 7 UBC MINUTES RE: SUMMER SCHOOL

- In late September or early October the Finance Office will use actual figures from the Summer and run the “two model system” previously proposed by Provost Hackett and recommended by the UBC—i.e., one model assigning GRA exclusive of net tuition from the Summer (with the summer SCH being backed out of Appendix 2 and Appendix 4), and the other the 50/50 net profits sharing formula as previously outlined. At that point the per unit GRA results of the May 2009 GRA assignments will be compared to the two model results from the September/October computations. Equitable adjustments will then be made in accordance with the intent that units meriting increased GRA under the two model system would be given such increase to the extent that can be done without taking back any May-assigned GRA from any units (unless the Chancellor and Provost determine, with UBC input, that one or more units should suffer a decrease by reason of running a deficit summer program)
- The Committee reiterated its understanding from prior meetings that the two model system was a temporary measure that would terminate upon full phase-in of the 12-month budget model. However, there was also some discussion of perhaps in the future, after studying experience with the two model approach, thoroughly exploring the pros and cons of having on a permanent basis one model for Fall/Winter-Spring and a separate one for Summer.