

## **UNIVERSITY BUDGET COMMITTEE**

### **MINUTES OF AUGUST 14, 2009 MEETING** **(Joint Meeting with Facilities Advisory Committee)**

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

- 10:00AM, Law School Room 2-101B
- UBC members present: Gail Hackett (Chair), Curt Crespino, Lawrence Dreyfus, Laura Gayle Green, Tony Luppino, and Karen Vorst. Absent: Betty Drees, Gary Ebersole, Mel Tyler, and Lanny Solomon.
- Others present: Rick Anderson, Valerie Bennett, Larry Bunce, John Morrissey and Karen Wilkerson, along with Facilities Advisory Committee (FAC) Chair Bob Simmons and various members of the FAC.

#### **II. Preliminary Matters**

- Vice Chancellor of Administration Rick Anderson described this special joint session of the UBC and FAC as the first of what he hoped would be at least once a year, and preferably twice a year, combined meeting of these two committees.
- Bob Simmons, as Chair of the FAC, then led the FAC in its consideration of a specific item concerning the Applied Language Institute moving into the UMKC-owned residence at 5310 Harrison vacated by another UMKC unit.
- The UBC approved the minutes of its July 23, 2009 meeting in the form last circulated by UBC Secretary Tony Luppino.

#### **III. Capital Projects Planning**

- Bob Simmons then made a very informative and helpful presentation regarding the capital projects planning process, addressing, among other things, interactions with the UM System and its Capital Projects Submittal Schedule, Capital Project Priority Criteria, and coordination with UMKC Strategic Planning.
- He also provided information about the following four major categories of projects currently deemed high priorities at UMKC: the Miller Nichols Library Interactive Learning Center; Health Sciences projects involving renovation of the School of Medicine building, improvements to the Health Science Building and an addition to the School of Dentistry building; plans for a new Conservatory of Music and Dance building; and a two-staged Hospital Hill Housing proposal.

- In the question and answer period following this capital projects presentation, Tony Luppino noted that the Faculty Senate has urged the UBC to engage in more active study of the financial implications and decision-making processes for UMKC major capital projects, reporting that the Faculty Senate in essence suggested that the UBC determine with respect to proposals for major new construction or renovation: (1) how much the project will cost and how it will be financed; (2) what effect associated annual debt service and operating costs will have on the budgets of particular units or on the overhead assessment imposed on the Schools/College under Appendix 5 of the budget model; and (3) what sequence of events governs the process from inception of an idea for a major capital project to presentation of a proposal to the Chancellor for approval.
- Rick Anderson explained that much of the information of the types described in (1) and (2) with respect to recent and currently contemplated projects appears on a detailed spreadsheet handed out at the meeting. He said that he and Bob Simmons will work with the Finance Office to develop a projection of such financial implications of capital projects for the next three years to assist the UBC in its efforts to develop a three-year projection of GRA for the deans and other unit leaders to use in planning.
- With regard to the decision-making process, Bob Simmons explained that new construction and renovation proposals typically start at the unit level (e.g., the Dean of a School), then go to his office for some initial feasibility study and development of a possible plan, in consultation with Administration, and, in our evolving plans to make the FAC a vibrant committee, will now go to the FAC for due diligence and a recommendation to the Chancellor as to whether or not to proceed with the project.
- Tony Luppino observed that the Faculty Senate, as a matter of shared governance, should be in the loop at some juncture in the process. He noted that in the past many time-consuming misunderstandings have occurred when projects were brought to the attention of the Senate after having been approved and begun. He suggested that consideration be given to having the FAC deliver a report of proposals for major projects to the UBC, Faculty Senate, Deans' Council and Staff Council, and perhaps other bodies, after the FAC's due diligence and prior to its making a recommendation to the Chancellor, giving those bodies a reasonable period of time to provide input on the proposal.
- Comments from UBC and FAC members, as well as Bob Simmons, suggested that circulating Major Projects Discussion Proposals for comment could have the dual benefits of (i) getting valuable input from interested constituencies and providing transparency and (ii) avoiding some of the misconceptions that have caused controversy in the past.

- It was observed that to make the suggested process manageable the UBC and FAC should collaborate on a sensible definition of “Major Project” triggering the obligation to circulate a formal Discussion Proposal, with the focus being on large projects and projects that could have a significant effect on UMKC resource allocations for other purposes. Another sentiment on which there appeared to be consensus was that each such Discussion Proposal should include information regarding the extent of consistency of the proposal with UMKC Strategic Planning and its Master Plan for Facilities.
- Appendix A contains what UBC Secretary Tony Luppino believes reflects a reasonable synthesis of the suggestions made at the meeting regarding how an FAC discussion proposal report might work. Appendix A was not a document presented at the meeting, but instead is an outline he prepared as UBC Secretary based on the elements of the proposal he presented verbally at the meeting and observations and suggestions made by members of the UBC and FAC who voiced comments on the proposal at the meeting. It was not voted on by either the UBC or the FAC at the meeting; but it was presented as something to consider going forward, and was endorsed as such by several participants in the meeting.

#### **IV. Maintenance & Repair and “Return on Physical Assets”**

- Bob Simmons and Rick Anderson made a similarly informative and helpful presentation regarding the amount of money UMKC allocates to “M & R” annually, discussing how its current practices measure up in comparison to System guidelines, consultants’ recommendations, and M & R spending at a variety of other universities. This included reporting that we are not spending as much as would be desirable, but are managing the facilities we have rather well considering existing financial circumstances.
- In the question and answer period following this presentation it was clarified that: (i) emergencies relating to facilities (such as flooding) are currently paid out of the approximately \$6 million allocated to M & R annually (i.e., those funds get used for planned repairs and maintenance and emergency repairs); (ii) the entire annual allocation gets spent each year (so no UMKC-level M & R reserve is accumulating); (iii) if there were a very large facilities problem we might have to take funds from the positive fund balances of various UMKC units to correct it (the budget model anticipates the possibility of re-allocating fund balances in times of financial emergency); and (iv) the budget model has been designed to allocated space costs across the Schools/College in a manner that does not penalize any academic unit for being placed in a building that due to age or condition is more difficult than others to cool/heat, etc..

## VI. Administrative Matters

- The next UBC meeting is scheduled for 10:00AM-11:30AM on Thursday, September 3, in the Provost's Conference Room.

### APPENDIX A

#### OUTLINE OF SUGGESTED "MAJOR PROJECT DISCUSSION PROPOSAL"

**Note:** This document would be prepared by the Facilities Advisory Committee after it has done due diligence, but before it makes a recommendation to the Chancellor regarding a Major Project proposal. It would be sent to the University Budget Committee, Faculty Senate, Deans' Council and Staff Council, and any other governance body (including student governance bodies) the Chancellor and Provost deem appropriate, providing each with a reasonable time for comment.

1. **Need Identification.** Explain the need(s) giving rise to the proposed project.
2. **Impact.** Explain the extent to which completion of the project would fulfill the targeted need(s).
3. **Due Diligence.** Summarize the study/due diligence conducted to date in connection with the development of the proposal.
4. **Relationship to UMKC Strategic Planning.** Explain the degree of consistency of the proposed project with priorities in UMKC's Strategic Planning.
5. **Relationship to Master Plan.** Explain the degree of consistency of the proposed project with UMKC's Master Plan for Facilities.
6. **Project Cost and Source of Funding.** Describe major categories of proposed expenditure and source(s) of funding of overall costs to complete the project.
7. **Projected Effect on Operating Budgets.** Describe the projected annual effect of debt service and operating costs of the proposed facility on the budgets of any affected UMKC unit, including any associated increase in the General Overhead Assessment imposed on the General Revenues of the Schools/College under the budget model.
8. **Degree of Prioritization.** Explain the extent (if any) to which allocating UMKC resources to this project would utilize funds that would otherwise be available for other UMKC capital projects.
9. **Issues for Special Consideration.** Describe any specific issues on which the FAC is seeking input in connection with the proposed project.
10. **Other Information.** Provide any other information regarding the project that the FAC deems appropriate.