

UNIVERSITY BUDGET COMMITTEE

MINUTES OF SEPTEMBER 10, 2009 MEETING

I. Time, Location and Attendance:

- 1:00 PM, Brookside Room in Administrative Center
- UBC members present: Gail Hackett (Chair), Curt Crespino, Betty Drees, Gary Ebersole, Laura Gayle Green, Tony Luppino, Lanny Solomon, Mel Tyler, and Karen Vorst. Absent: Lawrence Dreyfus
- Others present: Rick Anderson, Margaret Brommelsiek, Larry Bunce, John Morrissey and Karen Wilkerson.

II. Preliminary Matters

- The UBC approved the minutes of its August 14, 2009 meeting (a joint session with the Facilities Advisory Committee) in the form last circulated by UBC Secretary Tony Luppino.
- Chancellor Morton and others commended Karen Wilkerson on the outstanding quality and quantity of work her office has been producing in support of the UBC and many other UMKC initiatives, and expressed interest in adding more personnel to the Finance Office to help make its workload more manageable.

III. Update Re: Ongoing Summer School and Enrollment Projection Projects

- Karen Wilkerson reported that her office is working diligently on the follow-up on Summer 2009 revenues recommended by the Committee, as reflected in the minutes of its May 7, 2009 meeting.
- Karen Wilkerson also reported on her office's ongoing work with Bruce Bublitz, under the supervision of Provost Hackett, and in consultation with the deans and fiscal officers in the various academic units, to project enrollment, prospects for enrollment increases, and incremental costs associated with enrollment increases on a unit-by-unit basis. The ensuing discussion reflected general consensus on the following:
 - The costs associated with increasing enrollment appear to vary significantly from school to school, and among disciplines within schools, and it makes sense to take that into account in projections.
 - In order to better position the deans and other unit leaders to do long-term planning, the UBC should continue to move toward producing a

projection this semester that runs the budget model out at least three years, incorporating the enrollment and associated costs projections described above (when they are completed), along with a conservative assumption on the State Appropriation and an updated assumption on the General Overhead Assessment (for central administration and support costs). In this connection, UBC member Tony Luppino suggested that the Committee should have a three year projection run that incrementally phases in the budget model as is (perhaps up to 40% for FYE 2011, 70% for FYE 2012 and 100% for FYE 2012) as a starting place for illustration and discussion only, and that the projected results then be studied to see if any units would be treated too harshly under that scenario—in which latter case we would seek to do individually tailored transition plans along the lines previously discussed in Committee meetings. He also suggested that any such transition plan should take into account not only enrollment increase potential, but also any possible expense reductions; possible use of fund balances; and potential assistance from the Caring for Missourians or other non-regular sources of revenue. No objection to this suggestion was expressed.

IV. Major Capital Projects Discussion Proposal Procedure

- Tony Luppino presented a proposal for a Major Projects Discussion Proposal Procedure as described in Appendix A to the minutes of the August 14, 2009 Committee meeting (the “Draft Proposal”).
- The Committee, with support from the Chancellor, agreed to send to the Facilities Advisory Committee (FAC) the Draft Proposal, asking the FAC to (i) develop a reasonable definition of “major project” for purposes of triggering the circulation of such a written proposal to the various constituencies referred to in the Draft Proposal, and (ii) offer any other suggestions the FAC may have regarding the form, and to report back to the Committee regarding those matters.
- The Committee, following a suggestion offered by the Chancellor, also approved asking the FAC to work with Administration to issue an annual report providing pertinent information on all material capital projects.

V. Update Re: Support Costs Review Committee

- Tony Luppino reported on the follow-up on the plan for Fall semester work of the Support Costs Review Committee (SCRC) he presented at the July 23, 2009 Committee meeting. This included description of the August 13 meeting the Co-Chairs of the SCRC had with Karen Wilkerson and Larry Bunce in the Data room and plans for an SCRC meeting the week of September 21. He explained that the plan is to by October 15 (i) have the

SCRC members focus on noting trends and identifying questions for further study after reviewing updated detailed financial reports on the key support functions assigned to them, (ii) have the members of the Faculty Senate Budget Committee (FSBC) review the data obtained by Larry Bunce from several Urban 21 schools and other benchmarking data on budgets of key support functions obtained from other sources and make preliminary observations regarding typical costs of such functions.

- In response to questions from the Chancellor, Tony explained that (i) the SCRC is also looking at administrative costs within academic units, and is working with Karen Wilkerson on reports in that regard, particularly with regard to salaries and benefits of non-instructional personnel as compared to instructional personnel, and (ii) he feels the members of the SCRC and FSBC represent a cross-section of perspectives and are well-qualified to do a good and balanced job on the work they are being asked to do.
- The Chancellor noted that there is talk of the possibility of the UM System engaging consultants to study support costs and perhaps explore more centralization in Columbia of some administrative/support functions. He also suggested that we explore the possibility of bringing in some additional help from Bloch School personnel to assist the SCRC and UBC. The Committee supported those suggestions, and at the same time agreed that the SCRC should proceed as planned, with the assistance of any consultants who may be brought in being in addition to, not in lieu of, the above-described work of the SCRC and FSBC.

VI. Chancellor's Comments Re: Budget Planning

- The Chancellor presented some observations and suggestions to guide the Committee in its approach to UMKC budgeting going forward. He stressed the importance of improving the management of expenses and of seeking sources of increased revenue that are not dependent on State funding or increases in tuition rates. He noted the critical importance of establishing baselines to assist with both short-term and long-term comparisons and progress measures, and supported the generation of three-year projections.
- The Committee was in agreement with the Chancellor's observations and suggestions, and reiterated its strong support of a rigorous, detailed approach to revenue maximization and management and control of expenses.

VII. Administrative Matters

- The next UBC meeting is scheduled for 10:00AM-11:30AM on Thursday, September 24, in the Provost's Conference Room.