

## **Faculty Senate Budget Committee**

Report to Faculty Senate on HelioCampus “FY20 Staffing Intensity Benchmark Analysis” for UMKC<sup>1</sup>

April 29, 2022

HelioCampus consultants produced “FY20 Staffing Intensity Benchmark Analysis” for UMKC as an external review of administrative spending at UMKC. This document analyzes both the overall level of administrative spending at UMKC and the allocation of spending for various administrative functions at the university. It addresses the related questions of whether UMKC’s total administrative spending is similar to selected peer institutions, and whether this spending is allocated similarly with these peer institutions.

During the Fall 2021 semester some of the results of this analysis were presented to different campus stakeholders, including the Faculty Senate, and the complete analysis was provided to the Chair of the Faculty Senate in December 2021. The Faculty Senate Budget Committee (FSBC) then reviewed this analysis during the Spring 2022 semester. This report contains the findings of our review. We have five primary conclusions, which are discussed on pp. 2-3 of this report.

It is important to note that HelioCampus conducted a “benchmark analysis.” UMKC’s administrative spending is compared with four “benchmark” institutions, and thus the results depend fundamentally on the choice of benchmarks. Because the benchmarks are central to the analysis, the criteria and methodology for selecting these institutions should be clearly and completely described.

Unfortunately, this information is not provided. HelioCampus does provide an extensive description of its methodology for documenting and classifying expenditures, but there is little description of how the benchmarks that this spending is compared against are chosen. The absence of a clear description of how the benchmark institutions are selected is a significant omission, and this adversely affects our confidence in the accuracy of HelioCampus’s analysis.

Furthermore, HelioCampus’s calculation of administrative spending excludes services provided to UMKC by the University of Missouri System. This significant omission leads us to further question the accuracy of the analysis.

We also wish to register our concern that only UMKC administrators worked with HelioCampus to conduct this review of administrative spending, and no faculty representatives were included. The working groups convened to comprehensively examine university activities as part of UMKC Forward were notable for including administrators, faculty, staff, and student representatives, but this review of administrative spending was not similarly inclusive. We believe faculty representatives should be included in important assessments of university activities like the HelioCampus review.

Finally, while the HelioCampus analysis finds that UMKC’s total administrative spending is below the selected benchmark institutions (p. 20), it also identifies areas where our administrative spending significantly exceeds these benchmarks. Despite our concerns about the accuracy of the analysis, this information should be further considered by the Senate and the UMKC administration.

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<sup>1</sup> Approved unanimously at the Faculty Senate Budget Committee meeting on April 29, 2022.

We also recommend the Senate request that the Chancellor brief the Senate on any actions taken pursuant to the HelioCampus analysis.

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**1. UMKC’s administrative spending is below that of the benchmark peers, but it is significantly underestimated in the HelioCampus analysis.**

The HelioCampus analysis states that the Administrative Intensity Measure (AIM) calculated for UMKC “Does not include system costs. AIM will increase when these are included in analysis (p. 20).” In FY20 the University of Missouri System expenditure for salary and wages was \$34.6 million dollars.<sup>2</sup> If this were apportioned on a per-campus basis, it would increase UMKC’s administrative spending by \$8.65 million. Administrative spending at UMKC would rise from \$60.4 to \$69.05 million, or from 31.3% to 34.2% of total spending. This would still put UMKC below the benchmark average of 38.9% estimated by HelioCampus, but the omission of System costs in the current analysis results in a significant underestimate of UMKC’s administrative spending. Page 28 of the analysis lists the top 20 areas where UMKC had lower comparative staffing intensity compared to benchmarks, but nine of these areas are identified as containing “system labor that is not captured here.” This further calls the estimated AIM and comparative analysis into question.

**2. The HelioCampus methodology is based entirely on benchmarking, but the selection criteria of benchmark universities is not adequately described. This significantly undermines our confidence in this analysis.**

The HelioCampus analysis is referred to as a “Benchmark Analysis”, and their methodology for assessing spending depends fundamentally on the selection of benchmarks. Indeed, all of the results of this analysis depend on the selection of benchmark institutions, but the methodology for the selection of benchmark institutions is not described in any detail. Given the importance of the choice of benchmark institutions, the selection criteria for choosing them needs to be adequately described. The only description of the selection criteria is contained in the title for slide 19: “Our selected benchmarks for this analysis are based on operating expenses, Employees, Student Fall Headcount, Research Expenses, and Sq. Feet Cleaned.” But no explanation of how these criteria were used to identify the benchmark institutions is provided. How are the five different criteria weighted? Are the institutions chosen the most similar to UMKC out of the seventy plus institutions that provide data to Helocampus (p. 6)? If so, how is this similarity determined? How many of seventy institutions with HelioCampus membership might be considered reasonable benchmarks for UMKC? If other institutions are also similar to UMKC, how were these four institutions ultimately selected? Without an adequate description of the selection criteria, both the quality of the benchmarking exercise and the conclusions drawn from it are in question.

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<sup>2</sup> See 2020 Financial Report and Supplemental Schedules, p. 398. Available at: <https://collaborate.umsystem.edu/sites/controller/public/Accounting%20Services/system20.pdf>

**3. Faculty were not included in the review process of the draft HelioCampus analysis. Faculty must be allowed to meaningfully participate in decisions about the allocation of resources at the university, including reviews like that carried out by HelioCampus.**

The UMKC administration is required to collaborate with faculty on financial planning, consistent with UM System Collected Rules & Regulations (CRR 140.020), which require that faculty are to be “meaningfully involved through regular on-going mechanisms with the total university fiscal situation.” This did not occur in relation to the HelioCampus analysis. The consultant sent a draft analysis to UMKC for comment prior to preparing the final analysis, but this draft analysis was not provided to the Faculty Senate, the Faculty Senate Executive Committee, or the Faculty Senate Budget Committee for review and comment. The quality of the HelioCampus analysis, and its usefulness for planning purposes, would have been improved if faculty were allowed to review and comment on this draft. Had we been provided the draft of this document, we could have registered our concerns about the first two items above so that the consultants could have adequately addressed them in the final document. More generally, faculty are partners in the governance of the university, and our participation in financial planning matters facilitates the achievement of the campus goals. Faculty Senate should be included in important financial planning matter such as the HelioCampus study. This did not occur, and the Senate should register its disapproval at being excluded from this process.

**4. The analysis identifies areas where UMKC overspends relative to the selected benchmarks. This spending should undergo further review to determine if budget reallocations are warranted.**

Slide 32 of the HelioCampus analysis identifies the top ten areas where UMKC had higher administrative investment compared to benchmarks and identifies several million dollars in opportunities for budget reallocations. Only one of these (Communication – Other) can easily be explained. Three of the top five (Student Services – Academic Advising, Student Services - Admissions, and General Administration – Executive Leadership) have “opportunity” identified that is close to one million dollars. Further attention to spending in these areas seems warranted.

**5. UMKC has many more Vice Chancellors and Deans than benchmark institutions.**

Slides 53 and 54 compare Executive Leadership and Deans at UMKC with the benchmark institutions. This comparison indicates that UMKC has seven Vice Chancellors while the none of the benchmark institutions have a comparable number of executive-level positions. Because titles are typically correlated with compensation rates, this provides a *prima facie* explanation for why General Administration – Executive Leadership is identified as one of the areas that UMKC overspends relative to benchmarks. UMKC also has many more deans compared with benchmark institutions. This is another indication that the selection of benchmark institutions is questionable.