

The
UMKC
Faculty
Senate

Report

The Voice of the U.M.K.C. Faculty

Jan. 15, Jan 29, and Feb. 5, 2002

Secretary's note: The Senate met on January 15th and had a long discussion of the budget. Many parts of the discussion are now out-of-date. We had a special meeting on the budget on Jan 29th and a regular Senate meeting on February 5th. The ice storm prevented timely writing of the Reports, since I write the Reports at night, and my house was without electricity until Thursday, February 8th. Rather than rehash things that have subsequently become common knowledge about the budget this Report attempts to highlight the important issues and clarify some ambiguous areas. It combines information from all the meetings. More information is available at the Faculty Senate Web Site (www.UMKC.edu/fenate)

BUDGET BLUES

Some items to put the budget issues in context:

- * The Governor withholds 3% of the budget amount allocated to the University by the Legislature. This policy was started by Ashcroft when he was governor and, with rare exceptions, has been followed since then. The money is not returned to the university, so our budget is always 3% less than the legislative figure.
- * Last summer the university had a \$3.5 million (5%) reduction in allocation. That combined with the 4% pay increase strained resources and used almost all the reserves.
- * Each year there have been items that were not budgeted for, but were funded out of money recaptured from the units at the end of the year. These are called *off-budget* items and include things like the commencements, and the writing lab. The administration's goal is to get rid of off-budget items, and have them in the regular budget.
- * In the middle of the year, an additional \$1.65 million rescission was mandated. Including this amount, the University has a deficit of \$7.61 million for Fiscal Year (FY) 2002.¹ To meet the shortfall each division was asked to reduce its budget by 3.6%. Provost Ballard could cover some of the academic reductions out of his office, and each unit now has to reduce its adjusted rate

BUDGET COMMITTEE VOLUNTEERS NEEDED.

Current problems largely center on budget, and the committee has a crucial role. You don't need to be a member of the Senate to serve on the Budget Committee. Members of unit budget committees would be especially helpful.

Contact Mike Golden (Library - 1508) if you are willing to help.

¹There is some confusion about the components of this deficit, and your reporter is not in a position to resolve the issues. The administration says that the deficit is a result of state cutbacks, the need to ensure a fund balance of 5.5% at the end of FY 02 and the decision to put off-budget items on-budget. But even the off-budget items were apparently planned for, and some money for these (about 3% of the budget) was held back at the beginning of the year. The Chancellor, in a meeting with the College faculty, said that there simply was not adequate revenue to meet all of the commitments that were made -- some plans had been formulated and approved without adequate revenue to support them.

budget by 3.03%. The library's reduction was lowered to 1.5%. Next year the budget will be 10% less than the *starting amount* of this year's.² The state funds about half of the university's operating budget, so a 10% reduction is a 5% reduction in our operating budget. These are cuts in continuing (*rate*) funds, though the current mid-year cuts will probably be made largely from scattered pots of unspent *cost* (one time) money currently available. Since over 85% of the university's budget is used for salaries, in the future there will have to be a reduction in salary expenses or an increase in revenue. Tuition revenue (which accounts for most of University's non-state funded income) can be increased through higher fees (that has the danger of reducing enrollment) or increased enrollment. Gift money can meet some of the shortfall, but gifts are usually for one time expenses (like books for the library or scholarships) and don't translate into rate money that can be used for the salaries of regular faculty and staff. Endowment income, in which the interest of a gift is spent but the capital is retained or enhanced, does translate into rate money and can be used for things like endowed chairs. Grants can also meet some of the shortfall, but grants can only be used for specific projects. These funds do not translate into rate money, even though grants can be used to hire people to assist with specific projects. Continuing Education money is a source of revenue, but the present formula in the UM system skews that source of income towards UMC.

* We have to end the year with a 5% reserve, though the Chancellor would prefer 6%.³ The reserve is a rolling fund -- it is like the money that you (hopefully) have in the bank at the end of the month. It can be spent during the month, but needs to be replenished. It is used to meet short-term emergencies. The university has traditionally spent the reserve during the year and made it up at the end. This year the central administration has transferred much of the budget responsibility and funds to the units, and said that when the money was transferred it included the 5% reserve. That apparently wasn't made clear to the deans, and some spent the reserve funds. They need to replenish the 5% reserve before the end of the year. If it wasn't budgeted that obviously creates a considerable hardship. U.M.K.C. started the year with an 8% reserve, so the reserve money has been reduced this year, even if we end up with a 5.5% reserve. *Reserve* funds are different from *contingency* funds, which are resources that are set aside to meet emergencies (like a major ice storm) or other unplanned revenue expenses and shortfalls.

* The faculty is supposed to be involved in making the cuts at the unit level, and the U.M.K.C. rules and regulations mandate that each unit should also have a faculty budget committee. Asked whether he had informed the deans that faculty should be involved and that they would need information, Ballard said that he had not done so, but that he would. In a survey of Senators it turned out that in some units the faculty had been heavily involved, while in others the dean had made the decisions and then simply informed the faculty about both the decisions and their rationale.⁴ One suggestion made on the Senate floor is that the chairs of all the unit budget committees should sit on the Senate Budget Committee.

* Policy options include:

* no raises [Note: *The Senate discussed this at its Feb. 5th meeting. Opinions varied widely. Some thought there should be no raises, and that we had bigger problems this year than faculty getting a raise.*

² The amount before the \$3.5 million reduction and the \$1.65 million midyear recission, which amounts to about 7% of the state share of the University budget.

³ After the Senate meeting a decision was made by the Cabinet (which includes all deans) to have a 5.5% reserve.

⁴ According to Senators, prior to the Senate meeting the Library, Pharmacy, Nursing, SBS and the Conservatory deans had meetings with the faculty to discuss the issues; the College, Law and B&PA Executive/chairs/Policy Planning committees had extensive discussions with their deans; SICE, the Medical School and the Dental School deans had not had a discussion with the faculty; and the Education School dean had only distributed some very general information.

A few argued that senior, tenured faculty should not get salary increases this year, but that untenured faculty should get increases. Others said that salary compression was a serious problem, and that if no raises were given the best faculty would leave. There were often budget problems in the UM system, and if raises aren't given faculty morale will be affected. It was asked whether retirement funds might be used to increase retirement benefits in lieu of raises. (This will be looked into.) It was noted that other campuses are facing the same problems as the UM system, so it was unlikely that high raises or higher starting salaries would be given in other universities. On the other hand, one Senator said that a two tier salary system was growing in the country, with professors at private universities getting considerably higher salaries than professors at public ones. S/he noted that the trend could lead to a brain drain. Though Senators didn't agree on policy, they did agree on a resolution (see below) saying that the decision should be left up to the campus];

- * no Performance Shares or a reduction in the amount of money given;

- * reductions in Mission Enhancement and VERIP funds;

- * questions about whether the cuts should be evenly distributed among units or whether some units (like the libraries) should be sheltered from the cuts. [Note: At the February 5th meeting a resolution stating that the Library should be protected from cuts was overwhelmingly passed, 19 to 1 with 3 abstentions. See the discussion and resolution below.]

- * possibilities of reallocating money from activities the university decides not to do;

- * raising tuition -- but that might lower enrollment;

- * raising revenue from various "profit centers." It was noted that many universities make money selling things, but that U.M.K.C. does not;

- * cutting services -- like cleaning -- but it was argued that this would disproportionately hurt minority groups employed at the university. Still, the option of contracting out the cleaning costs needs to be examined;

- * cutting administrative costs. That leads to a question of whether administrative funds are well spent, and whether they are high or low compared to other institutions and compared to U.M.K.C. in previous eras. Provost Ballard is collecting data for a report on these issues;

- * perhaps the university's reserve amount can be slightly reduced -- but this year U.M.K.C. has gone from 8% to 5 or 6%;

- * more use of part-time faculty [Note: That hits the issue of whether part-time and adjunct faculty should be paid more, since the funds used to pay them come out of general operating funds. It also raises questions about the nature of the University.];

- * triage, rather than make across the board cuts [Note: At the February 5th meeting Provost Ballard said that he was strongly opposed to letting budget decisions drive us evenly to mediocrity. He thought it was necessary for the University to set priorities rather than simply mandate across the board cuts.];

- * more efficient use of resources -- perhaps units can collaborate and share resources. In another context Provost Ballard said that he believed in voluntary collaboration, but didn't believe in forced mergers and didn't think that they worked.

Library Resolution

The following motion was proposed by the Academic Issues Committee of the Senate:

Because library resources--printed and digital--are the content of much, for some of us most, of our teaching and research, we are deeply concerned about further degradation of U.M.K.C. libraries.

U.M.K.C. Libraries functioned at a minimally acceptable level in 2000, albeit on a budget that averaged 59% less than average annual library support at Big 12 universities. However, structural changes in financial support, budget decreases, and loss of buying power mean that in FY 2003 U.M.K.C. libraries can expect to receive \$1,000,000 less than the amount needed to maintain resources and services at the 2000 level. Unless this shortfall can be avoided, the library faces

elimination of all monograph, periodical, and digital acquisitions for 2003 or some other radical measure such as eliminating most of the professional library positions.

This must not be allowed to happen. Structural changes and budget allocations for U.M.K.C. libraries must be corrected if we are to serve our primary purposes of teaching and research.

Ballard said that he had reduced the library's share of the current rescission to half of the 3.03% cut other units were expected to make. The argument for the resolution was that the library was essential to the university, that cuts made in the library budget had long term effects, and that the library had done an excellent job of holding down costs, sharing costs and reducing expenses with technology. It had also raised its endowment from \$110,000 in 1985 to \$4.5 million. The argument against the resolution was that it was premature, since we weren't able to evaluate the library's needs in terms of the overall budget. Also, we hadn't examined whether reductions in the library budget were possible. Could further reductions be made by sharing resources with other libraries? (The library's answer was that in order to participate in these agreements the library needed something to share. Additionally, the state was expected to cut funds from some of the resource sharing agreements.) At the end of the discussion the resolution passed 13 to 1 with 4 abstentions.

Faculty Raises

The discussion on raises is summarized above. Though some Senators supported the proposed 4% salary increase that the Board of Curators seems inclined to support, and others opposed the increase, we all thought that the decision should be made at the campus level. The Senate passed the following resolution opposing a Curators' mandate on salary. There was one dissent.

We encourage the Board of Curators to leave salary decisions to the discretion of the individual campuses. Decisions on raises should be decided on the campus level with full faculty involvement.

Other issues

Currently only administrators are involved on the planning committee for the Convocation, but Ballard is very willing to have faculty members appointed to the committee.... Prescription costs for the Humana HMO have risen dramatically. Some Senators thought that the faculty should have been consulted as to whether they would rather pay a higher monthly premium. The Faculty Welfare committee is looking into the issue.... A short discussion of the bookstore took place. Some Senators said the bookstore was greatly improved, but others said there were still some problems in ordering, especially when books were ordered with a long lead time (like books from overseas).... We congratulated Chancellor Gilliland on her appointment to the National Science Board.... Gordon Starr's contract is over and there are no present plans to renew it. Money is not being pulled from the current budget for that purpose.... The Senate recommended that budget workshops be conducted in all the units, and further recommended that these be small enough to allow discussion.

Respectfully submitted,

Harris Mirkin, Faculty Secretary