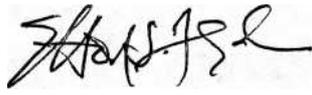


**MEMORANDUM**

Date: January 27, 2005

From: Elson S. Floyd, Ph.D.   
President

To: Provost, Vice Chancellors, and Deans

Re: Recession of Operating Funds for Capital Projects

I am writing to affirm the decision to release the funds recently withdrawn from unit operating budgets to fund capital projects at UMKC. The funds are being returned at this time because cash flow requirements of the projects are such that utilization of campus-based operating resources will not be needed until FY2006 and FY2007, at which time the Campus Budget Office will again recall those resources from your unit's budget. Therefore, you are advised to plan accordingly as you develop your unit's operating budget plans for the following two fiscal years.

To provide you as much financial management flexibility as possible, you may elect to have the recently withdrawn funds returned immediately, or have the funds retained centrally, thus avoiding future year recession of funds. Your decision on this matter should take into consideration some important assumptions regarding budget planning and development for the next several years. The assumptions are as follows:

1. Future enrollment growth is currently projected at 3.0% for undergraduates, 0.0% for graduates, and 0.5% for professional students.
2. Tuition and other required enrollment fees will increase 3.5% for FY06, except for School of Medicine which projected at 0.0% SCH increase, with a planning assumption range of 3%-4% in future years.
3. State appropriations for FY06 will most likely be flat, with possible modest growth in FY07.
4. Benefits costs on the university base benefit budget will increase 14.5% in FY06 and 15.9% in FY07.
5. Funding facilities maintenance and repair at 1.25% of replacement value will require additional funding increase of 22%.
6. Inflationary costs on utilities, insurance and other campus-wide expenses will increase significantly above the rate of inflation as measured by the CPI.
7. Central support of administrative IT systems will increase approximately 41 % in FY06.

Your decision regarding the disposition of these funds should be communicated to the Campus Budget Office not later than February 11, 2005. Please contact Nancy Zielke at 235-2757. I also ask that you share this information with the Deans and your leadership teams as you begin to work through budget planning for the next fiscal year.

Thank you.

Cc: Faculty Senate  
Staff Council  
Student Government Association