

Minutes of the University Budget Committee Meeting

2/14/19, Brookside Room, Administrative Center

Members Present: Mauli Agrawal, Barbara Bichelmeyer, Kelli Cox, Sheri Gormley, Viviana Grieco, Roland Hemmings Jr., Mark L. Johnson, Brian Klaas, Ali Korkmaz, Sharon Lindenbaum, Michelle Maher, Sandra Miles, Bonnie Postlethwaite, Kevin Truman, Karen Wilkerson.

Guests: Sean Castle

Members Absent (excused): Stephen Dilks, David Fulks / Jaelon Brooks, Carol Hintz, Leigh Salzsieder

UBC Secretary Mark Johnson called the meeting to order at 8:05 AM.

Agenda Items (see attached Agenda)

Approval of Minutes of the January 14th, 2019 meeting: Secretary Mark Johnson asked if there were any edits to the January 14th, 2018 meeting minutes? No additional corrections were made. Barb Bichelmeyer moved approval of the Minutes as submitted. Bonnie Postlethwaite seconded. The minutes were unanimously approved.

Chancellor and State Updates: Chancellor Agrawal stated that at present the State budget appears to be flat. Currently revenues are down about 7%; but projections are suggesting that we should expect flat funding. We are not sure at this time whether State money for the Conservatory will be forthcoming, but this may not be a negative in the sense that plans for the building are not yet finalized. Chancellor Agrawal noted that we have two searches ongoing at this time; the Vice Chancellor for Research and the Foundation President. He briefly discussed the situation with the women's Softball program that appeared in the KC Star and indicated that he was satisfied that the University did its proper due diligence.

Mark asked about a rumor he had heard that there was a \$300M surplus from last year that had disappeared and wondered if this was true or not? The Chancellor indicated that the surplus was there at one time, but then it was gone and he was not certain where it went. He expressed concern about the movement to cut the State Income Tax and its impact on appropriations.

Vice Chancellor of research Recruitment: The Search Committee is being chaired by Mark Johnson. The committee has vetted the job description and now is in silent mode as candidates are being approached and information is being collected. Mark mentioned that Tim McIntosh and his team from system is helping with the Search.

Q2 FY19 report: Sharon Lindenbaum presented the Q2 financial results (see attachment). Currently we are \$5.7M favorable vs Budget and \$12.1M favorable vs Prior Year.

Mark asked what impact the APR may have had on this? Sharon replied that this has not yet been quantitated. Barb said that she felt it has had some impact in some of the Units.

Sharon noted that insurance increased costs and major water problems due to the winter weather causing pipes to break across campus will impact expenses. She also stated that her office is working on the 6+6 forecasts, but they don't have the numbers yet.

Sharon informed the UBC that the budget memo has gone out to the Deans. There will be a Strategic Plan Summit forthcoming in which Deans will make a 15 minute presentation regarding their budget proposal. The Deans have been asked to prepare 2 budget scenarios: a flat budget relative to last year and a 10% budget reduction. Budgets will include a 2% Merit Pool. Benefits are expected to increase 1.5% next year. There is also an ongoing conversation with the Deans on the new accounting changes on Benefits and recalculating the base for everyone. Salary budgeting is now open and proceeding.

Brian asked about the Benefit change calculation? Sharon replied the currently it is based on \$10K per eligible employee plus a variable cost. The new system will better align benefits to Unit costs and will need to be adjusted so that each Unit pays to their cost. Overall this should be a cost neutral change. Brian then asked if this change is transitional and then permanent? Sharon stated that is going forward from this point and once the new base is calculated, budgeting will proceed from that base.

Sharon next indicated that they are looking at some changes in the RIM. There will be an increase in the strategic investment percentage and a change to reward growth in SCH. She noted that System is driving an effort to reduce discretionary spending and the UMKC target is a \$16M reduction. Sean Castle is co-chairing this effort. Chancellor Agrawal asked if the goals of the President Choi cuts the same across the 4 campuses? Sharon indicated that the percentages are the same.

Kevin asked what is happening with regard to the VSP and budgeting? Sharon indicated that it was important to not remove salary lines associated with the VSP from the budgets. She stated that VSP will be supported centrally. Chancellor Agrawal indicated that as soon as the VSP occurs, the positions will be removed and moved to central and reallocated per discussions with the Deans.

FSBC Report: Mark indicated that the FSBC has not met yet in 2019.

There being no further business the meeting was adjourned at 9:02 AM.

Respectfully submitted,



Mark L. Johnson, Ph.D.

Secretary

University Budget Committee