Minutes of the University Budget Committee Meeting

12/11/2017, Plaza Room, Administrative Center

Members Present: Barbara Bichelmeyer, Kelli Cox, Curt Crespino, Carol Hintz, Mark L. Johnson, Ali Korkmaz, Sharon Lindenbaum, Dea Marx, Tamara Murdock, Roger Pick, Bonnie Postlethwaite, Cameron Roark, Kevin Truman, Ted White, Karen Wilkerson, Gerald Wyckoff.

Members Absent (excused): Nancy Stancel

UBC Secretary Mark Johnson called the meeting to order at 4:07 PM.

Agenda Items (*see attached Agenda*)

Approval of Minutes of June meeting: No edits to the October Meeting minutes were brought forward. Cameron Roark moved approval of the Minutes of the October meeting submitted by Secretary Mark Johnson. Curt Crespino seconded. The minutes were unanimously approved.

The order of the agenda was altered to allow Sharon to attend another meeting at 4:30 pm.

Resource Investment Model Progress: Sharon Lindenbaum presented a brief review of the progress on developing a new model (RIM) for allocation of resources to each Unit. The committee has held numerous meetings, several lasting up to 4 hours and individual and groups meetings have been held with a large number of stakeholders across campus to solicit their input. This is ongoing and being synthesized in the discussions of the committee. Currently the committee is developing a hybrid model based upon the Education Advisory Board framework. This model incorporates 3 categories of design:
1) Unit level financial accountability
2) Preservation of mission critical activities
3) Incorporating strategic goals into model

The next steps for the committee will be:
- Run model to test assumptions
- Align budget rules with the RIM
- Develop flow process
- Communication out to and back from Units
- Make final recommendations to Chancellor

Discussion:

A question was asked about how SCH revenue would be apportioned. Currently considering an 80:20 % split between Unit delivering Advising and Unit delivering Instruction. Tamara Murdock noted that the plan is to run several models (not just 80:20) and see how the numbers turn out. Provost/Interim Chancellor Bichelmeyer noted that

there are two parts to the issue; ultimately we have to cover cost of instruction to the Unit delivering instruction and provide some coverage for basic services being provided. What the precise nature of that split should be is a work in progress.

Ted White noted that currently some programs have been squeezed more (disproportionately) than others and we need a more balanced model.

Sharon Lindenbaum added that the last model did not work well, in part, due to all of the MOUs that were in place designed to move money from one Unit to another and that movement of funds did not necessarily happen.

Provost/Interim Chancellor Bichelmeyer stated that ultimately whatever model is adopted, every Unit needs to be able to live with model that is tested out.

Jerry Wyckoff stated that it will be important to present different models, test them and communicate the results so that everyone understands the process and recommendation.

Kevin Truman indicated that the 20% figure is essentially an "overhead", but that this may vary from one Unit to the next.

Administrative Service Review: Sharon Lindenbaum summarized the progress to date, noting that a tremendous amount of data has been gathered:
- 79 interviews (and counting) have been conducted
- Extensive cost analysis is underway
- The rpk GROUP has identified some initial broad opportunities; these need to be detailed further.
- Charge back for central services is being examined
- Several areas where duplication of services have been identified
- This analysis will be aligned with the PWC review that is being done at System
- There is a lot or work ongoing

Jerry Wyckoff asked whether the tracking of time is going on internally or to PWC.
Sharon replied that she was not certain, but thought it was going in both directions.

Current Budget Update: Sharon and Provost/Interim Chancellor Bichelmeyer led the conversation. The initial budget deficit was projected at ~$4 million, but due to tuition shortfalls, much of which is associated with scholarships, the deficit is heading towards $7-8 million as we move into the Spring Semester.

Cameron Roark asked how are we cutting and what is the timeline?

Provost/Interim Chancellor Bichelmeyer replied that at present we are not making any cuts. The view is that this is a 2-year process to solve for a revenue gap of ~$24 million. She noted that active efforts are underway to look for ways to grow revenue and we are not hiring all positions that are vacated as one means of reducing expenses. The Admin Services Review may (should) show where opportunities exist to reduce expenses. We

need to be very targeted and disciplined in making decisions that are strategic. Sharon added that we looking at 18 months-2 years to implement changes that are needed to solve for this gap. Provost/Interim Chancellor Bichelmeyer also pointed out the miscellaneous expense line in the budget is currently ~$24 million and understanding what those expenses represent and what are necessary offers an opportunity to decrease the gap.

Cameron Roark asked what future plans are being developed?
Sharon Lindenbaum indicated that we are building a 5-year plan as part of future budgeting. Provost/Interim Chancellor Bichelmeyer also noted that potential changes in the State of Missouri budgets represent a huge unknown.

Roger Pick stated that future growth in programs is going to be challenged or limited by marketing, which will take substantial investment. Provost/Interim Chancellor Bichelmeyer agreed and indicated that she is having meetings with potential donors to get the capital infusion we need to support those types of initiatives. She also stated that we need to get creative and think about how we can deliver skilled work force development that in some instances may not be credit bearing, but in order to do this we will need to get infrastructure in place.

Tamara Murdock noted that there is a fine line between simply eliminating positions and eliminating positions that we don't need or are currently being done poorly or not doing much. Provost/Interim Chancellor Bichelmeyer agreed and stated that we need to have strong personnel evaluation system needs to have consequences associated with performance, either good or poor. Jerry Wyckoff also agreed and indicated that when you have poor performers, who are not doing their job, this can be demoralizing to others who are doing their job, but see no consequence for poor performance.

rpk GROUP and FSBC APR update: Provost/Interim Chancellor Bichelmeyer noted the gratifying workshop on December 1 and that this data is separate from the RIM efforts. The discussions emphasized that every unit is different and it was nice to hear every Unit report out strategies for their Unit. We need to next figure out the needed infrastructure to support going forward. Mark Johnson noted that from the FSBC discussions there was a clear message on the need to communicate how data is driving decisions being made by the Deans at each Unit level. Provost/Interim Chancellor Bichelmeyer indicated that there are a lot of new concepts in the data being collected as to what or how the data informs and supports productivity and budgets and with this are new challenges. Jerry Wyckoff made the comment that there seems to be the assumption that the APR is driving part of the RIM and this is a concern. Provost/Interim Chancellor Bichelmeyer stated that this is not correct, but there is a need for better messaging the relationship between APR and RIM. Mark Johnson indicated that he has been invited to attend several meetings with Deans/Associate Deans/Chairs of various campus Units. He stated that in every one of those meetings, he has emphasized that the APR is not the budget model, but it is intended to be one of the tools the Units can use to more strategically commit the resources they are given to improve productivity and meet their mission. Provost/Interim Chancellor Bichelmeyer made the point that the goal of the RIM is be a Values and

Principles Driven model that is data informed. Jerry Wyckoff strongly supported that statement as being part of the messaging that needs to go out across campus.

State Updates: Provost/Interim Chancellor Bichelmeyer indicated that the Governor is a big unknown right now, but the legislature is beginning to understand the needs of higher ed and that we need to know what to expect from them. David Steelman was elected Chair of the Board of Curators and Darryl Chatman was elected Vice Chair. There is a recognition that System needs to be more of an Active/Strategic Management entity in terms of articulating across the 4 campuses where shared services can create economies of scale. The Curators are a launching a review of the CRRs with a plan being reported out in January.

There being no further business the meeting was adjourned at 5:22 PM.

Respectfully submitted,

Mark L. Johnson, Ph.D.

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Secretary
University Budget Committee