

UNIVERSITY BUDGET COMMITTEE
MINUTES OF MARCH 18, 2015 MEETING

I. Time, Location and Attendance:

- 2:00PM, Gillham Park Room at Administrative Center
- UBC regular members present: Wayne Vaught (Interim Chair), Curt Crespino, Dave Donnelly, Lyla Lindholm, Tony Luppino, Marsha Pyle, Kevin Sansberry, and Susan Sykes-Berry. Absent: Russ Melchert and Peggy Ward-Smith.
- UBC ex-officio members present: Larry Bunce, Andry Joswara, Sharon Lindenbaum, John Morrissey, Karen Wilkerson.
- Others present: Chancellor Leo Morton, Cindy Pemberton, and Buddy Pennington (for Peggy Ward-Smith).

II. Preliminary Administrative Matters

- The minutes of the February 26, 2015 Committee meeting, in the form last circulated before the meeting, were approved with one correction in the attendance report section.

III. Update on State and System Developments

- Chancellor Morton reported on the status of legislative discussions regarding the State of Missouri budget and the State Appropriation to the UM System for FY 2016. The material points covered were:
 - There is a possibility (but no guarantee) of a 5% increase in the State Appropriation to the UM System. It is still anticipated that any such increase would be held back at the System level for the strategic initiatives pool involving competitive applications from the four campuses. There is no indication that any of the base appropriation to UMKC from last year would be held back for the strategic initiatives pool. There is, however ongoing discussion with the System to clarify that the approximately \$1,940,000 special allocation to the UMKC School of Pharmacy made last year will be continued as part of the State Appropriation.
 - News seemed to be generally positive as to bonding capacity for contemplated UMKC capital projects.

- Interim Provost Pemberton briefly described the ongoing UM System-wide shared services/functional pillars initiative, explaining that it could have significant implications.

IV. Revisiting of 2014 “True Up” Issue

- The Committee revisited its discussion of the 2014 net tuition “true up” and ultimately decided to not reverse its recommendation reflected in the minutes of it April 2, 2013 minutes (and then accepted by the Chancellor) as follows:

“The complete “true up” of net tuition, as contemplated by the Budget Model text will be implemented for FY 2014 (with resulting positive or negative fund balance adjustments made in the first quarter of FY 2015); provided, that it was understood that if the effects of implementing this true up fall harshly on particular units in the short term the Chancellor can of course use strategic adjustments along the lines he has been implementing to avoid precipitous adverse financial effects to such units.”

- The Chancellor then circulated preliminary figures prepared by the Central Administration on the computation of actual versus budgeted net tuition for FY 2014 and his proposed making of a “true up” with strategic adjustments that would result in some units getting an operating fund balance increase and some a decrease. Under that proposal some units with an excess of actual over budget net tuition would get a fund balance increase which was less than such excess, or not get any such increase, and some with less actual than budgeted net tuition would get less of a fund balance decrease than the amount of such shortfall.
- It was agreed that the deans of the academic units would be given the opportunity to check the figures on their unit’s actual versus budgeted net tuition and respond to the Chancellor’s proposal on the FY 2014 true up with strategic adjustments before that proposal is implemented.

V. Automatic Scholarships

- On the topic of automatic scholarships, Vice Chancellor Tyler described how undergraduate automatic scholarships are handled. The Committee then agreed with the Budget Model Review Subcommittee’s recommendation that no change be made in the Budget Model treatment of such automatic scholarships, but information should again be circulated to deans and faculty on what those scholarships are and how they are attributed.

VI. Allocation of State Appropriation under Budget Model

- UBC Secretary Tony Luppino provided a history of the annual levels of the State Appropriation to UMKC since 2001 and of the history of the Budget

Model special off-the-top allocations (some legislatively-designated and some Chancellor-designated), followed by allocation of the remainder of the UMKC State Appropriation under a formula based on student credit hours weighted for costs of instruction (with the latter determined by averaging certain data pools), subject to strategic adjustments by the Chancellor. After substantial discussion the Committee and the Chancellor agreed as follows:

- No new special off-the-top allocations are currently contemplated for FY 2016, the FY 2014 special off-the-top allocations for across the board salary increases and Global Grading will not be continued, and any salary increase initiative for FY 2016 will not involve an off-the-top across the board special allocation of State Appropriation money. The other legislatively designated and Chancellor designated special allocations will be continued, including in the latter category the allocations to the School of Dentistry for the Kansas Exchange, to the Bloch School for the Institute for Entrepreneurship & Innovation, and to the School of Education for the Institute for Urban Education.
- The Central Administration will provide a report to the Committee on how the special support for the Conservatory has been accomplished since the pertinent agreement was reached a few years ago (as it has not been by off-the-top special allocation of State Appropriation money).
- No specific change to the SCH weighting factors should be made for research or service activities (assuming the weighted SCH approach is continued at all).
- Since there are many significant disclaimers about the use of costs of instruction databases (both regarding those currently used under the Budget Model and others identified as possibilities), and given current financial circumstances and strategic priorities, the Chancellor and Central Administration will continue to work on a possible new approach to allocating the State Appropriation remaining after off-the-top special allocations and present a proposal in that regard (“Alternate State Appropriation Allocation Proposal”) to the Committee for comment in its advisory capacity.

VII. Agenda for Next UBC Meeting

- It was agreed that the Committee will at its next meeting address the General Overhead Assessment issues—i.e., that it will not delay those deliberations pending receipt of the Alternate State Appropriation Allocation Proposal.