

UNIVERSITY BUDGET COMMITTEE
MINUTES OF JULY 30, 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, Russ Melchert, Marsha Pyle, Susan Sykes-Berry, and Mel Tyler. Absent: Kevin Sansberry and Peggy Ward-Smith.
- UBC *ex-officio* members present: Andry Joswara, Sharon Lindenbaum, John Morrissey, and Karen Wilkerson.
- Others present: Chancellor Leo Morton, Cindy Pemberton, and Gerald Wyckoff.

II. Preliminary Administrative Matters

- The minutes of the June 29, 2015 Committee meeting, in the form last circulated before the meeting, were approved subject to verification of the attendance and corresponding revisions to the attendance report section.
- UBC Secretary Tony Luppino noted that three Committee members had expiring terms—Dean Dave Donnelly (at large), Dean Marsha Pyle (one of the deans' slots, and Prof. Lyla Lindholm (one of the Faculty Senate faculty slots). The Chancellor and the Committee thanked Deans Donnelly and Pyle, and Prof. Lindholm, for their service on the Committee. It was agreed that:
 - The Deans' Council will be asked to make a recommendation to the Chancellor on a dean to replace Dean Pyle on the UBC, and will be told that the only principal academic units that have not yet had their dean on the Committee are the Conservatory, Education, and Law.
 - The Faculty Senate will be asked to make a recommendation to the Chancellor on a faculty member to replace Prof. Lindholm on the UBC.
 - The Chancellor will make his decisions on those two slots, and on the at large slot after he receives those recommendations.

III. Chancellor's Reports on State, UM System and UMKC Budget-Related Matters

- The ultimate amount of the State Appropriation (including any holdback) is not yet certain, but is expected to be no less than was anticipated in UMKC's FY 2016 GRA apportionment. If there is an increase in the State Appropriation to the UM System as compared to FY 2015 that increase is

expected to be reserved at the System level for strategic initiatives funding with campus matches required. The latter point led to discussion of processes for units to request funding for strategic initiatives—both from any System-administered pools of funds and from the UMKC strategic reserves the Chancellor described when he rolled out his revenue allocations plan for FY 2016 and subsequent years. There was consensus among the Committee members and the Chancellor that transparent processes should be confirmed and circulated to all interested constituencies with regard to the manner in which proposals for strategic funds, and decisions on the allocation of such funds, will be made with respect to both the System and UMKC pools.

- The final accounting for FY 2015 is still in the preliminary stages, but it is fair to say UMKC had a good year in its Operating Fund (significant excess of operating revenues over operating expenses). After the FY 2015 results have been confirmed they will be reported to the Committee.
- The Chancellor has not yet made final decisions on possible adjustments to FY 2015 fund balances which he said might be made to reflect a similar approach to that which he took in FY 2016 GRA apportionment, at least to some extent. He will report his final decisions on that to the Committee in due course.

IV. Reconsideration of Certain Aspects of FY 2016 Budget Model Run

- UBC Secretary Luppino reminded the Committee of this carryover item from the April 16 Committee meeting. He explained that the Budget Model run for FY 2016 was used as a management tool for the Chancellor’s setting of GRA apportionment, but not as an automatic “setter” of such GRA apportionment, noting that the same was also true in *every previous year*—in other words, the Budget Model has always been subject to strategic overrides, and strategic adjustments have been made every year throughout its use. He stressed that, despite being a management tool and not the final setter of GRA apportionment, the Budget Model has been the subject of the comprehensive review commenced last fall, which resulted in the Budget Model Review Subcommittee’s Report and Recommendations, and discussions thereof during spring semester Committee meetings. The April 16 Committee meeting raised a question about whether the off-the-top of State Appropriation special allocation for “Global Grading” salary increases should be eliminated from the FY 2016 Budget Model run, and whether a few of the line items in the General Overhead Assessment should be made subject to different sharing metrics (among the principal academic units) than is currently the case, and the Central Administration had agreed to consider those questions and report back on them at a subsequent Committee meeting.

- It was agreed that Central Administration personnel will be prepared report on its consideration of such items at the next Committee meeting. There was some discussion at the July 30 meeting of the Global Grading item. On that, the Central Administration seemed disinclined to eliminate that special allocation from the FY 2016 Budget Model, despite the arguments advanced by UBC member Luppino, and supported by some other participants in the meeting (but not a majority of the UBC members), that such an allocation tracking across-the-board payroll disconnects the item from responsibility center principles of the Budget Model, and, when done with salary increases in past years, has caused anxiety among unit leaders when the special allocation is not continued in subsequent years (after raises have been made). During this discussion Vice Chancellor Lindenbaum mentioned that an additional special allocation of \$700,000 for salary increases was now contemplated for FY 2016. It was agreed that there would be further discussions with the Committee about the specifics of that.

V. Review of List of Information Requests Re: Budget Model Review/Revision

- At the June 29 meeting the Committee reviewed and discussed a February 15, 2015 memo that had been prepared by UBC Secretary Luppino to list information requests, primarily based on recommendations by the Budget Model Review Subcommittee as to data the Committee might consider while deliberating on possible revisions to the Budget Model. The Committee did not get through all of the items in the memo during its June 29 meeting, so took up the rest at the July 30 meeting. The results on the items discussed at the July 30 meeting were:
 - The item regarding the relationship between the large classrooms in the Miller Nichols Library and the General Overhead Assessment sharing metrics will be taken up at the next Committee meeting (as part of the carryover item from the April 16 Committee meeting referenced above). The prior Committee recommendation (from a few years ago) was to change the treatment from a “common” space expense to specific charging to the units utilizing the classrooms in question when there was sufficient track record/data on usage to justify that. The Central Administration had made that switch in the Budget Model run for FY 2016. As reported in the approved minutes of the April 16 Committee meeting: “This approach was taken in the FY 2016 preliminary Budget Model Run, but questions have been raised as to whether there is enough track record of usage data, and whether this approach might incentivize units to avoid using the large classrooms. Going the other direction, it was pointed out that the construction of the large classrooms was in response to complaints that they were lacking, and that the guiding principle of the General Overhead Assessment is to charge costs to users when reasonable measures of usage can be applied.” At the July 30 meeting UBC

member Dean Marsha Pyle questioned whether that description in the approved minutes of the April 16 meeting sufficiently made clear that one option to be considered is whether the large classrooms in question should just always be treated as “common” spaces. So, it was clarified at the July 30 meeting that there are at least three options for the Committee and the Chancellor to consider at the next UBC meeting regarding this item: (1) retain what the Central Administration did in the FY 2016 Budget Model run (charging based on usage data); (2) postpone utilizing that approach, and treat as “common” spaces until there is a longer track record/more data; and (3) treat the large classrooms in question as “common” spaces permanently.

- On the item regarding how to charge IT/IS in the General Overhead Assessment, taking into account Vice Chancellor Fritt’s input, this will be taken up at the next UBC meeting.
- On the item regarding study and reconciliation of actual to budgeted UMKC net tuition for all years from FY 2009 through FY 2014, the Chancellor decided that was not justified on a cost/benefit basis because he has decided that there will not be a retroactive “true up” among the academic units for years in which it was not previously done.
- On the item regarding study of consulting fees paid by UMKC, UBC Secretary Luppino, who is also Chair of the Faculty Senate Budget Committee (FSBC), reported that Vice Chancellor Lindenbaum had supplied some time ago relevant data asking if it was sufficient per the request, and that he hadn’t yet discussed it with the FSBC but planned to do so early in the fall semester.
- On the items regarding history of charging the Athletics Scholarships, Athletics Investment, Student Affairs and Enrollment Management under the General Overhead Assessment, the requested data has been supplied and can be discussed in connection with planned administrative and support costs initiatives of faculty groups (the FSBC, the Faculty Senate’s COSCO group, and an *ad hoc* group from the College of Arts & Sciences), working in collaboration with Chancellor Morton, Vice Chancellor Lindenbaum, and other pertinent Central Administration personnel.

VI. UBC/Budgeting Timetable for 2015/2016

Director of Finance Karen Wilkerson circulated a handout entitled “UBC Preliminary Timetable – 2015/2016” (an updated version of the timetable handed out at the meeting, revised to take into account new timetable information from the UM System, is attached to these minutes as Appendix A). In general the Committee had no comments or concerns about the preliminary timetable, except that UBC member Luppino asked if

the amount of General Overhead Assessment for FY 2017 could perhaps be discussed and set prior to March 2016. On the latter Central Administrative representatives said that would be difficult for many reasons, including uncertainty on the State Appropriation for FY 2017. Luppino then suggested perhaps at least some legwork on that could be accomplished in the fall in connection with the faculty groups' initiatives on administrative and supports costs referenced above.

Appendix A: UBC Preliminary Timetable – 2015/2016

UBC Preliminary Timetable – 2015/2016

Report on FY15 June 30 financial performance (post audit)	Sept/Oct 2015
Review of Strategic Funding Proposals (FY2017 requests) 2016	Dec 2015/Jan 2016
FY2017 Budget Model – Establish off the top items of state allocation	Feb/March 2016
Submission of FY2017 Strategic Funding Proposals	March 2016
FY2017 Budget Model – Discuss amount of general overhead assessment	March 2016
FY2017 Budget Model - Calculation of net tuition (SS15, FS15, SP16)	March 2016
FY2017 Budget Model – preliminary model calculation	April 2016
Establishment of GRA by Chancellor	April/May/June 2016
Final amount of state appropriation	May/June 2016
Report out on strategic funding awards	June 2016

PRELIMINARY – SUBJECT TO CHANGE