University Budget Committee
September 12, 2008

Presentation to:

UMKC Department Heads
University Budget Committee Process

2006

– New charge by Chancellor Bailey
– Newly constituted UBC with broad representation
– Close working relationship with FSBC
– Draft model by November
University Budget Committee

2006 – A Fresh Start

- Equity and Transparency
- Performance Incentives
- Effective Decentralized Management
- Supportive Financial Management, Business Practices, and Reporting Structure
- Total Current Funds Approach
University Budget Committee Process

2007

- Presentations of draft by UBC
- Feedback from deans, faculty, administrative staff
- Appointed Support Costs Review Subcommittee
- Proposal to Chancellor in March with responses to feedback
University Budget Committee Process

2008

- Refined state appropriation distribution method
- ChancellorProvost meetings with all academic units
- Finalized budget model components
- Began implementation on 7/1/08
Budget Model Components

Overview

NOTE: The Model is designed to treat each academic unit (e.g., School) as a Responsibility Center, not individual departments.

– Each School/College retains 100% of the net tuition attributed to it
– Each School/College allocated a formula-based share of the State Appropriation remaining after a few specific priority allocations
– Other Current Funds revenues and directly traceable expenses generally allocated to Responsibility Centers as in past
Budget Model Components Overview, continued

- Portion of administrative/support unit budgets formerly funded by GRA now funded by formula overhead assessments on Schools/College
- University Reserves & Incentives Fund established as a source of performance-based special resource allocations by Provost
- Each Responsibility Center retains 100% of its Fund Balances, subject to limited amount of transfers to other University needs after study by Chancellor and applicable advisors
Budget Model
Tuition Revenue Attribution

**Academic Units Providing Courses to Their Own ("Home") Students**
- Courses offered by Dentistry, Medicine, Pharmacy, and Law: Provider receives 100% of professional tuition generated.
- Courses offered by other units: Provider receives 100% of tuition generated; computed at current applicable undergraduate or graduate tuition rates.

**Academic Units Providing Courses to Students from Other Units**
- For courses offered to "non-home" students: Provider receives 80% of tuition generated, computed at current undergraduate tuition rate.
- Thus, the difference between the total tuition charged and 80% of the undergraduate tuition is retained by/credited to the student's "home" unit.
- Exception: For students housed in Graduate Studies and taught elsewhere (e.g., IPh.D. students), provider receives 100% of the applicable (in vast majority of cases, graduate) tuition generated.
Budget Model
Tuition Revenue Attribution cont.

Exceptions
- Examples: Study-abroad offerings; team-taught, multiple-unit courses; double majors/"home" unit definition
- Dean/Provost agreements

Revenue Calculation
- Student’s proper billing residency status
- Net of scholarships/waivers included in Central Scholarship and Financial Aid Budget given to your ("home") students

Details in Appendix 2
Budget Model
State Appropriation Attribution

- State appropriation allocated to academic units based on weighted SCH
- Blend of Texas and COPHE methodologies, with some unit-specific adjustments
- Weights based on cost of instruction by discipline and student level
- Funds are allocated after designated campus priorities and other commitments are funded off the top
  - (see pg. 4 of UBC Recommendations)
Budget Model
Overhead Assessments

Directly traceable operating expenses
- Attributed to unit generating the expense

General overhead assessments
- Campus-wide programs, such as student affairs, security, facilities, libraries, IT, advancement, etc. previously funded by GRA
  - Detailed in Appendix 5
- Based on appropriate variables for usage, such as a # of students, # of faculty, sq ft of space, etc.
Support Costs Review Committee
- New subcommittee of UBC
- Charged with looking at benchmarks, costs, efficiencies, charge backs, etc in support units
Budget Model
Reserves and Incentives Fund

**Purpose**
- To provide resources for special capital needs, innovative programs, and incentives for excellent performance

**Distributions for Innovative Programs/Excellent Performance**
- Allocations to be made by assessing how well a unit's performance, program, or other initiatives advance UMKC's overall strategic goals
  - Strengthen the University’s resource base and financial capacity
  - Strengthen the core academic mission areas
  - Increase student success
  - Improve the racial climate and increase campus diversity.

**Sources of Funds**
- Auxiliaries/CE taxes, new funding not assignable to a specific responsibility center, monies freed-up after retirement of Twin Oaks debt, etc.

**Other**
- Administered by enhanced Programs Evaluation Committee
- Details in appendix 6
Budget Model

Caveats

– Aligns with the strategic goals, but is not a strategic plan
– Will require 3-4 years for full implementation
– Is based on revenue growth, especially through enrollments
– Is a work in progress
Budget Model Implementation

– Based on revenue growth over 3-4 years
– All units provided a reasonable opportunity to plan for success under the new model
– Balances the needs of all units
– Will require ongoing collaboration among the Chancellor, Provost, Vice Chancellors, Deans, UBC, and FSBC
University Budget Committee

Questions?

http://www.umkc.edu/provost/ubc/

Model

Appendices

Committee Minutes