MINUTES OF SEPTEMBER 12, 2008 PRESENTATION BY UNIVERSITY BUDGET COMMITTEE REPRESENTATIVES TO UMKC DEPARTMENT HEADS

I. Time, Location and Attendance:

- 8:00 AM, Brookside Room at Administrative Center
- UBC members present: Betty Drees, Gary Ebersole, Tony Luppino and Lanny Solomon
- Others present: Provost Gail Hackett, Karen Wilkerson, John Morrissey, Valerie Bennett and individuals listed on attached sign in sheet

II. Agenda-Presentation to UMKC Department Heads of the Budget Model

- A panel discussion forum was held with a power point presentation presented by Betty Drees, Tony Luppino, Lanny Solomon and Karen Wilkerson. A copy of the power point presentation is attached hereto.
- Welcome was made by Gail Hackett. Each attendee was given a packet with a copy of the Budget Model Process and the power point presentation. The Budget Model Process is available on the UBC website.
- Betty Drees explained the budget committee process and later explained the budget model caveats and review process.
- Tony Luppino explained the budget model components overview and later the support unit budgets.
- Lanny Solomon explained the tuition revenue attribution and later in the presentation explained the reserves and incentives funds.
- Karen Wilkerson explained the state appropriation attribution.

III. Questions Taken from the UMKC Department Heads

Before questions were taken, Gary Ebersole from the UBC stressed that each individual school should have their own budget committee and encouraged that this is necessary for equity and transparency.

Additionally, several people made comments and offered thanks to the UBC Committee for their dedication and hard work on the new budget model.
• Question and concern: How does the new budget model show rewards for excellence? The Dental School was given as an example as it is in the top 10% and Oral Biology is in the top 6%, but under this model they would still have a 17% deficit.

Tony Lupino addressed this and stated that the Dental School had been invited since November 30, 2006 to participate in the process of gathering meaningful national data to assist with the apportionment of the state appropriation. He reported that it has only been in the last 2-3 months that such data had been brought to the UBC by Dental School representatives and discussed in detail with the Finance Office staff assisting the UBC. He also felt that this concern would be ameliorated in the very near future, as it seemed likely the data recently presented will yield an upward adjustment to the Dental School’s “SCH weighting factors” used to allocate the bulk of the state appropriation across the academic units under the new budget model. Betty Drees added that any deficit may be reduced when enrollment has a broader base of undergraduates. The model is based on overall growth.

• Question: How do we get from being upside down on classroom, lab and office space? There is an immediate need for more space and cannot wait 3-4 years for the new budget to be completely implemented.

Betty Drees answered that a strategic plan has to be implemented that includes facilities and space needs. Growing pains over the next 3-4 years are inevitable. Mel Tyler also is collecting information and data and observing classrooms and scheduling to meet our growing needs.

• Question: Will the new budget model be further analyzed to see what it is most sensitive to?

Tony Lupino responded that yes it will be, that the UBC will welcome data and input from the schools, and that the model expressly contemplates ongoing review of how it is operating and the extent to which it is effectively promoting appropriate university objectives.

• Question: Is there any way that debt can be paid off earlier which would give the schools more money faster?

Karen Wilkerson responded and explained that there is already an accelerated debt payoff plan in place.

• Question: Will the new budget model still be used with the change in administration that is occurring?
It was stated by Gail Hackett that President Forsee has assured that this model will be used with any new incoming Chancellor.

- **Question:** How are incentives going to be offered to individual schools and teachers to keep valuable staff and faculty? Also concerned about the constant change in leadership roles.

  Provost Hackett responded that planning the future with a predictable budget model will help even though we cannot change the fact that people will change and leadership will change. She also added that we are trying to bring our salaries up to date with other universities to keep our people. Tony Luppino also added that each individual dean needed to consider ways to offer more incentives for their units. Tony also noted that there strong sentiment among many faculty members to have UMKC take a close look at salary equity issues throughout all units.

- **Concerns were voiced on the need for research incentives not based on student credit hours and on the possibility of academic units concentrating on creating larger classes in order to obtain more funding—i.e., risks of diminishing the attention that is now given to students if the classes are too large? Wouldn’t some of the teaching quality be lost?**

  Betty Drees agreed that the individual attention is very important but this issue needs to be discussed within each individual unit. Tony Luppino also adds that the model does need policing to see if any part of it is being counter-productive. He noted that the model contemplated strong roles by the Undergraduate Council and Graduate Council in this regard, but that those bodies alone may be, by themselves, insufficient for the policing necessary—thereby requiring that deans and faculty play important and collaborative roles in this regard.

- **Question:** Is more money being allocated for support services such as IT that have stated that they needed to have adequate staff support to keep up with their existing and future needs.

  It was answered that support operations budgets are being studied by the Support Costs Review Committee (as a subcommittee of the University Budget Committee) with a view toward measuring them against national benchmarks and promoting transparent and reasonable resources allocations for support functions that will be funded by predictable assessments on academic units.

- **Question:** With the budget model being tied largely to enrollment growth, how does this help us right now? How are the gaps filled during the growth process as far as space issues?
Again, this is something that has to be policed by each individual unit and know that it will take time and patience for the new model.

- **Question:** What is UMKC’s future for on-line education?

  Gail Hackett stated that studies in this regard are under way and more details about this will be forthcoming.

Due to time constraints no more questions were taken and Provost Hackett dismissed the meeting, but indicated that any other questions can be sent to or addressed to her or other UBC members.
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University Budget Committee

September 12, 2008

Presentation to:
UMKC Department Heads

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

2006

- New charge by Chancellor Bailey
- Newly constituted UBC with broad representation
- Close working relationship with FSBC
- Draft model by November

University Budget Committee

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
- Chancellor/Provost 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 Dental, Medicine, Pharmacy, and Law: Provider receives 100% of tuition
    generated.
  - Courses offered by other units: Provider receives 100% of tuition generated, except in
    certain applicable circumstances or graduate fellowships.
- Academic Units Providing Courses to Students from Other Units
  - For courses offered to "non-home" students: Provider receives 50% of tuition
    generated, except in certain applicable circumstances or graduate fellowships.
  - Thus, the difference between the total tuition charged and 60% of the undergraduate
    tuition is restricted to tuition to the student's "home" unit.
  - Exception: For students housed in Graduate Housing and taught in residence (e.g.,
    Capstone students), provider receives 100% of the applicable (in vast majority of cases, graduate) tuition generated.

Budget Model
Tuition Revenue Attribution cont.
Exceptions
- Graduate courses taught by visiting scholars, multiple courses, double
  majors "home" unit definition
- Direct/Provost agreements

Revenue Calculation
- Students pay tax stipend tuition status
- Net of scholarships/loans 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 # of students, # of faculty, sq ft of
    space, etc

Budget Model
Support Unit Budgets
- 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
- Difficult to be made in an ongoing fund not constituting a program, project, or other initiative that advances UMKC's overall strategic goals
- Strengthen the university's research status and international reputation
- Strengthen the core academic mission areas
- Increase student success
- Improve the financial condition and increase campus diversity

Sources of Funds
- Reallocation of funds, reallocation not assignable to a specific responsibility center, money freed up after retirement of twin debt, etc.

Other
- Administrative enhanced program evaluation committee
- Details in appendix 6

University Budget Committee

Questions?

http://www.umkc.edu/provost/ubc/
Model
Appendices
Committee Minutes