UNIVERSITY BUDGET COMMITTEE

MINUTES OF FEBRUARY 12, 2009 MEETING

I. Time, Location and Attendance:

- 10:00AM, Provost’s Conference Room at Administrative Center

- UBC members present: Gail Hackett (Chair), Betty Drees, Curt Crespino, Lawrence Dreyfus, Gary Ebersole, Laura Gayle Green, Tony Luppino, Paris Saunders and Karen Vorst. Absent: Lanny Solomon.

- Others present: Margaret Brommelsiek, Larry Bunce, Karen Wilkerson and John Morrissey, and, for part, Dean Robert Piepho.

II. Approval of Minutes of Prior Meeting

- The minutes of the January 21, 2009 meeting, in the form last circulated for the meeting, were approved.

III. Pharmacy Item on Targeted Obligations List

- Dean Piepho made a presentation to the Committee regarding the history of the Pharmacy School’s 2004 Memorandum of Understanding with the Provost’s Office regarding an enrollment increase plan (the “M.O.U.”). Background on the results to date of such plan had been summarized in a memorandum prepared by Karen Wilkerson and Tony Luppino (with input from Dean Piepho) and circulated to the Committee members prior to the meeting. Dean Piepho provided additional detail in support of his conclusion that the School of Pharmacy is owed over $750,000 under the M.O.U.

- After answering questions from Committee members regarding his presentation, Dean Piepho left the meeting so that the Committee could then deliberate on this matter. The Committee decided to recommend to the Provost and Chancellor that (A) an amount equal to the approximately $288,000 owed by the School of Pharmacy to MU-Columbia on a separate matter be paid to MU-Columbia on behalf of the School of Pharmacy (and as part payment of amounts due it under the M.O.U. (either in a lump sum or perhaps in two installments) and (B) further study be done (using actual rather than originally budgeted figures for both expenses and revenues) to verify the balance due the School of Pharmacy under the M.O.U. and to
determine the relative position of such balance in the context of the Targeted Obligations List as a whole.

IV. Curators Actions on Employee Contributions to Retirement Plan and Furloughs

- Gary Ebersole reported to the Committee on the Curators’ February 5 decisions to require UM System benefits-eligible employees to contribute to the retirement fund (1% on first $50,000 of salary and 2% on the portion of salary in excess of $50,000) and to give President Forsee limited duration power (through June 30, 2009) to furlough System employees as a measure to address university financial challenges.

- Committee members noted that it did not appear much faculty and staff input had been solicited in connection with these decisions, and stressed the importance of getting more information on the need for these measures (it being noted that visits to UMKC to provide information have been schedule by President Forsee and key System benefits office personnel). It was also suggested that given the Curators’ acknowledgment in recent years that UM System salaries are (and have been for some time) in general significantly below market, going forward, in a shared governance format, other alternatives should be explored and discussed before pay cuts are imposed.

V. UMKC Expense Reduction Initiatives

- Tony Luppino reported on his discussion with Chancellor Morton in preparation for the meeting regarding ongoing planning to conserve cash by reducing expenses and increasing various sources of revenue. This included an overview of the data room assembly process and the study being undertaken, with the assistance of Karen Wilkerson and Finance Office, to back out extraordinary/one time items to get a clearer picture of trends in levels of recurring items (of both expense and revenue) and thereby better inform UMKC planning.

- In the course of the ensuing discussion, the Committee expressed it support for the diligent approach being directed by the Chancellor to blend informed budget planning with UMKC strategic planning as we seek, in a collaborative manner, to preserve excellence in our core missions while minimizing the types of job loss scenarios being experienced at other institutions across the country. The Committee acknowledged the importance of getting unit leaders and their fiscal officers to implement and police expense reduction measures at the unit level, and to develop line item targets to give them as they approach spending decisions for the balance of FYE 2009 and budgeting for FYE 2010.
VI. Centrally-Funded Promotion & Tenure Salary Increases

- The Committee voted to recommend to the Chancellor that the automatic promotion and tenure salary increases be retained without reduction (with no dissents, but with Tony Luppino abstaining, as he is applying for promotion this year). During this discussion it was suggested that there is a need to study the relationship between the initial funding of these automatic increases through the Provost’s Office and the handling of the academic units’ ongoing salary obligations.

VII. Summer School Enrollment Increase Incentive

- Having received before the meeting a copy of the Committee’s January 18, 2008 memorandum on Summer School and a proposal prepared by Tony Luppino for the meeting, the Committee engaged in extensive discussion of the need and possible means to provide incentives for increases in UMKC’s Summer School enrollment. This included recognition that to assess the actual benefits of increased Summer School enrollment, we must consider the fact that some Summer SCH may simply represent a relocation of Fall and Winter/Spring SCH without net bottom line increase in tuition revenue. At the same time, it was noted that even where that is the case, there are significant potential benefits from having existing UMKC degree candidates, in addition to new and visiting students, enroll in Summer courses.

- The Committee agreed that once the new budget model is fully implemented, there will be no need to have special financial incentives to increase Summer School net tuition (in view of the general “unit keeps its own tuition” principle in the model and the operation of Appendix 2 thereof). It was also noted by Gary Ebersole and others that a move to a more “year round” approach to course scheduling and teaching may be worthy of serious study in our strategic planning. For the time being, however, while the model is still being transitioned in, the Committee recommended that at least for this coming Summer (with results to be thereafter studied) a Summer School enrollment increase initiative will be supported by:

1. Having the Provost develop a Summer School Marketing Plan;

2. Identifying each School/College that generates Summer School tuition (net of Scholarships and Waivers) in excess of its net Summer School tuition for last summer and computing its percentage (“Summer Increase Percentage”) of the aggregate amount of increased net tuition for all Schools/College that produced such increases (the “Summer Revenue Increase Amount”);
3. Establishing a pool of funds (the “Summer Bonus Pool”) equal to the Summer Revenue Increase Amount less the cash expenditures for the Summer School Marketing Plan; and

4. Paying to each such School/College an amount equal to (A) its Summer Increase Percentage multiplied by the Summer Bonus Pool less (B) any decrease in such School/College’s Fall 2009 net tuition from its Fall 2008 net tuition.

VIII. Fund Balances Questionnaire

- The Committee approved the form of report on positive Operating, Sales & Services, and Auxiliaries Fund balances that had been developed by the small working group and circulated prior to the meeting, with the understanding that it would be presented to the unit leaders with instructions that they work with it starting with the most current fund balances that can be provided by the Finance Office.

IX. Administrative Matters Going Forward

- The next Committee meeting is scheduled to be held in the Provost’s Conference room at 10:30-Noon on Monday, February 16.