UNIVERSITY BUDGET COMMITTEE

MINUTES OF MAY 21, 2009 MEETING

I. Time, Location and Attendance:

- 10:00AM, Provost’s Conference Room at Administrative Center
- UBC members present: Gail Hackett (Chair), Curt Crespino, Lawrence Dreyfus, Gary Ebersole, Laura Gayle Green, Tony Luppino, Paris Saunders, Lanny Solomon and Karen Vorst. Absent: Betty Drees

II. Discussion of Possible Model Changes Re: Schools of Medicine and Dentistry

- Provost Hackett commended the group for its work on the FYE GRA apportionment recommendations, and confirmed that per her discussions with Chancellor Morton those recommendations are being implemented. She explained that a few units may need some special financial support for FYE 2010, but they are committed to having that come from sources other than re-allocation of the GRA recently assigned out to the Schools/College.

- Provost Hackett then urged the Committee to get a head start on determining what modifications to the budget model, or the transition plan for continued phase-in of the model, might be in order for FYE 2011 and subsequent years. She noted in particular the effects on other academic units of the elevation of the SCH weighting factors for the Schools of Dentistry and Medicine recommended by the UBC last Fall (and incorporated into the FYE 2010 model adjustments), which were further efforts to address the fact that the Delaware data used in parts of the weighting factors methodology did not have data for Dentistry and Medicine. She also reported to the Committee on the preliminary discussions that she, the Chancellor, and, in part, Karen Wilkerson and UBC Secretary Tony Luppino, had to date with Dean Drees in follow up to the Committee’s recommendation that possible separation of the School of Medicine from the budget model be explored.

- The Committee had extensive discussion of these matters and concluded:
  - The next Committee meeting should be devoted to a presentation of detailed information about the Medical School’s operations, finances, accreditation considerations, and strategic plans, to facilitate the development of special resource allocation arrangements with that School.
While it may make sense to at some point also revisit the treatment of the Dental School in the model, the upward modification made to its weighting factors based on data on costs of dental education in the U.S. submitted last summer seemed reasonably well-founded and understandable. Review of that adjustment and the possibility of a special arrangement with the Dental School (and perhaps other Hospital Hill units) is less of a priority than the above-described study of the Medical School’s situation.

III. Review of Effect of FYE 2010 General Overhead Assessment/Tax

- Speaking off of the schedule attached to these minutes as Appendix A, UBC Secretary Tony Luppino provided some information about the FYE 2010 General Overhead Assessment/Tax in the context of the General Revenues pool, and in comparison to the aggregate amount of the General Revenues assigned to central administrative/support functions (hereinafter “Support Units”) in FYE 2009.

- He noted that the dollar amount of the General Revenues assigned to the Support Units had actually increased from FYE 2009 to FYE 2010, and that approximately the same percentage of the total General Revenues was assigned to such units in those two years. In this connection he observed that the total budgeted General Revenues for FYE 2010 had grown by about $3 million from FYE 2009 due to using calendar year 2008 SCH figures (which were larger than the 2007 figures used in FYE 2009 budgeting), as the other key factors (State Appropriation and tuition rates) were by agreement flat.

- He then cautioned that it is essential to look beyond those first cut observations and understand that the Support Units are being directed in the FYE 2010 budgeting to absorb the bulk of approximately $4.7 million of additional budgeted expenses (itemized in Footnote 4 of Appendix A). Those added expense in general include the previously discussed $1.8 million dollar increase in the funding of Athletics, items from the Targeted Obligations List that the Committee had recommended be brought “on budget,” and a few recurring items that the Finance Office had determined were under-funded in recent years and needed to be adjusted. He then suggested that the Committee follow up with the Chancellor, Provost and Vice Chancellors to review the projected effects of placing this burden on the Support Units and to determine whether special measures might be in order, especially to avoid or minimize any loss of jobs.

- The Committee then had an extended discussion of this topic, with the following results:

  - Based on reports at the meeting by the Provost, Paris Saunders, Curt Crespino and Rick Anderson, the Committee concluded that the
Chancellor, Provost and Vice Chancellors and their staffs, along with the Finance Office, are doing an excellent job of rigorously studying and managing the challenge presented to the Support Units. This includes assessing savings from the hiring freeze and other expense reduction initiatives, and isolating what at the present time appears to be a relatively modest, but nevertheless troubling, potential loss of jobs that would not be in jeopardy but for the current economic conditions and the additional expenses added to the budgets of the Support Units as a whole.

- Some Committee members advocated appealing to the Curators for leave to apply the $1.4 million holdback from FYE 2010 General Revenues for a 1% salary increases pool to a jobs savings plan rather than to raises. During the course of these discussions it was pointed out that the System has said the pool is not for across-the-board salary increases, and signaled that the intent is for targeted, merit-based raises, though specific guidelines have not been announced. It was also pointed out that there may be some situations where merit raises are desirable to retain key faculty or other personnel who might otherwise leave UMKC. No vote was taken on this issue, but there was a general consensus that the Chancellor and Provost should explore possibilities for using at least a substantial portion of the $1.4 million pool to avoid job losses in Support Units that might otherwise occur for lack of funding.

- Tony Luppino and Paris Saunders, as Co-Chairs of the Support Costs Review Committee (“SCRC”), then reported on renewed efforts, with the assistance of Larry Bunce and the Office on Institutional Research, to gather potentially useful benchmarking data regarding the budgets of Support Units at comparable institutions. In this connection, the Provost and others expressed their understanding that such studies will have significant apples-to-oranges complications, and suggested that at this juncture the SCRC focus its efforts on compiling data on some of the larger and relatively common operations and trends that might serve as general guideposts.

- This part of the meeting concluded with the Committee supporting the Provost’s ongoing commitment to (A) keep the Deans and Faculty informed of the potential reductions in services that necessarily follow the budget cuts to many existing support functions that are occurring as a consequence of the added expenditures described above, and (B) remind them that it is also the Committee’s responsibility to study possible expense savings and efficiencies through some re-engineering within academic units, but with proper regard to the need to avoid dilution of academic quality.
VI. Administrative Matters

- The minutes of the May 7 Committee meeting, in the form of the draft last presented to the Committee members, were approved with a minor suggested change in wording in one place.

- Provost Hackett will contact Dean Drees and then schedule the next Committee meeting, probably for a time in early June, to focus on the recommended study of the Medical School. In the interim she will recommend that a memo Dean Drees recently wrote in response to questions about the Medical School raised by the Faculty Senate Budget Committee be circulated to the UBC members.

- UBC Secretary Tony Luppino will coordinate with Rick Anderson and with the Facilities Advisory Committee (“FAC”) to arrange a joint meeting of the FAC and UBC during the Summer to review pending or contemplated UMKC major construction and renovation projects and the anticipated financing of such projects.

APPENDIX A STARTS ON NEXT PAGE
APPENDIX A

FACT SHEET RE: FYE 2009 AND FYE 2010 GENERAL OVERHEAD ASSESSMENT

FYE 2009:

- GRA assigned to 11 principal Schools/College: $107,988,109\(^1\)
- GRA assigned to central admin/support: $69,459,610\(^2\)
- Total assigned GRA (net of scholarships/waivers): $177,447,719
- % of Total assigned GRA allocated to central admin/support: 39%

FYE 2010:

- GRA assigned to 11 principal Schools/College: $108,712,512
- GRA assigned to central admin/support: $70,425,797
- Holdback of GRA for 1% salary increases pool: $1,400,000
- Total assigned GRA (net of scholarships/waivers): $180,538,309
- % of Total assigned GRA allocated to central admin/support: 39\(^{\text{rd}}\)

Reconciliation of FYE 2009-FYE2010 Overhead Assessment Differences:

- FYE 2009 GRA assigned to central admin/support: $69,459,610
- Additional overhead items per UBC discussions\(^4\): $4,672,555
- Pre-adjustment tentative total for FYE 2010: $74,132,165
- Less approximately 5% of tentative total: $(3,706,368)
- FYE 2010 Overhead Tax used in GRA assignments: $70,425,797

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\(^1\) Net of unfunded Scholarships/Waivers here and in FYE 2010 figure below.
\(^2\) Includes Appendix 5 assessment of approximately $66,331,922 plus salary increase funding of $1,154,524, $660,664 for Chancellor/External Affairs, and $1,312,500 “institutional offset” available to University Incentives & Reserves Fund (Provost-controlled), and treats Graduate Studies as a central support unit.
\(^3\) If none of the $1,400,000 salary increases holdback went to admin/support units.
\(^4\) Includes $1.8 million increase for Athletics; $385,000 increase for Athletics Scholarships; $150,000 Work Study Match; $653,500 Provost’s Office Funding; $303,000 M & R; $315,000 Off-campus rent; $315,000 Shell Space; $751,055 Additional Scholarship Funding.