UNIVERSITY BUDGET COMMITTEE

MINUTES OF OCTOBER 5, 2009 SPECIAL MEETING

I. Time, Location and Attendance:

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

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

- Others present: Rick Anderson, Margaret Brommelsiek, Larry Bunce, John Morrissey and Karen Wilkerson.

II. Preliminary Matters

- The UBC approved the minutes of its September 10, 2009 meeting in the form last circulated by UBC Secretary Tony Luppino.

- Provost Hackett explained that this special meeting had been called to begin deliberations on a possible salary increases initiative. Note: The September 24, 2009 UBC meeting had been cancelled, but getting prepared for a possible salary initiative was sufficiently important to call this special session rather than wait until the next regularly scheduled Committee meeting (set for October 15, 2009).

III. Background and Preliminary Issue Spotting Re: Salary Increases Initiative

- Provost Hackett summarized the recent discussions of a possible System-wide salary increases initiative that took place at an Academic Officers meeting and a General Officers meeting, including information provided by System Vice President-Human Resources Betsy Rodriguez. Provost Hackett emphasized the importance of planning ahead for various possible scenarios. She then asked Karen Wilkerson to provide some information on the costs of a salary increases plan, and thereafter opened up the discussion to allow Committee members to raise issues for the Committee to consider in its future deliberations regarding salary increases planning.

- The following points were made in the ensuing discussion:

  - An average 1% salary increase (faculty and staff) at UMKC would cost about $1,400,000 (including both salary/wages and benefits). A 4% increase would thus, for example, cost about $5,600,000.
A 1% increase in gross tuition at UMKC would generate about $1,200,000 in additional revenue. If that were done without any corresponding increase in total unfunded scholarships/waivers, that would mean an approximately 4.7% increase in tuition would be needed to cover a 4% across the board salary increase at UMKC. However, under current Missouri law the UM System may be unable to increase tuition (if that were otherwise deemed in order) by more than about 1% (recent December to December CPI increase) without special legislative action.

UMKC’s annual amount of unfunded scholarships/waivers seems to be headed toward $28 million at UMKC. Management of that issue, including looking for ways to reduce the amount of tuition discounts at least somewhat, is an important issue for the UBC to address this semester.

In terms of other potential sources of funding for a salary increases initiative, the current assumption is that we should not anticipate an increase in the State Appropriation in the short term. Accordingly, as has been observed in previous Committee discussions, the most likely sources of increased revenue to fuel salary increases or to ease other financial pressures are increased enrollment and increased retention of students. Several Committee members indicated they would not favor reductions in workforce simply to provide raises to continuing employees.

A salary increase initiative would not necessarily be an across the board, one-size-fits-all proposition. Consideration must be given to strategic planning, merit, salary equity, compression, and other issues in a rigorous manner. In response to reports of faculty concerns regarding such issues, it was noted that addressing some of those matters may be most sensibly left to deans who best positioned to take into account relevant “on the ground” particulars in their units, but that it might be appropriate for the UBC to work, in its advisory capacity, on high-level parameters and guidelines as it did during the 2007 salary increases initiative. It was agreed that, in any event, the Committee needs to follow-through on its commitment to get the deans and other unit leaders a 4-year projection that includes a reasonable phase-in of the budget model, with such adjustments to the transition plan as make sense after careful, but prompt study. Such a projection (with appropriate disclaimers about unpredictable aspects, such as the amount of the State Appropriation) will aid in salaries planning and other decision-making. As described in Section IV below, the Committee decided to review a first draft of a 4-year projection at its next meeting.
o On the question of whether a System-wide salary increase initiative might have as one component a reversal of the recently implemented mandatory employee contribution to the retirement fund, Provost Hackett noted that this item had been identified by System HR as a possibility; so, while the initial assumption was that such a reversal might not be a viable option at this juncture, it remains an open question.

IV. Administrative Matters

• The next UBC meeting is scheduled for 10:00AM-11:30AM on Thursday, October 15, in the Provost’s Conference Room.

• The Committee agreed that the agenda for its October 15 meeting should include:

  (i) Review of a 4-year projection of the continued operation of the budget model on specified assumptions\(^1\) for purposes of illustration (to facilitate discussion of a phase-in plan that works for all units);

  (ii) A report from Karen Wilkerson on the results of the Summer School incentives plan described in the minutes of the May 7, 2009 Committee meeting; and

  (iii) A report from Tony Luppino and Lanny Solomon on their exploration of staffing issues regarding possible assistance to the Support Costs Review Committee with its work on data analysis in its benchmarking efforts and to the UBC on modeling of “what if” scenarios along the lines previously described by Chancellor Morton.

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\(^1\) The Committee requested that Karen Wilkerson prepare a 4-year projection that assumes: flat State Appropriation; annual 1% increase in tuition rates; General Overhead Assessment same as in FYE 2010 (with no inflationary or other increase); enrollment for each School/College consistent with the best projections derivable from the study on which Bruce Bublitz consulted; phase-in of positive and negative variances at the rate of 25% per year (i.e., 25% of variances delivered in FYE 2011, 50% in FYE 2012; 75% in FYE 2013, and model fully implemented in 2014; and all other assumptions same as per FYE 2010 run of the model.