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, Lanny Solomon, Mel Tyler and Karen Vorst.
- Others present: Chancellor Leo Morton, Rick Anderson, Margaret Brommelsiek, Larry Bunce, John Morrissey and Karen Wilkerson.

II. Preliminary Administrative Matters:

- **Minutes.** The minutes of the January 14, 2010 meeting of the Committee, in the form last circulated prior to and presented at the meeting, were approved.

- **Summer School Payments.** In response to a Committee member’s question about a carryover item from the January 14, 2010 meeting, Karen Wilkerson reported that after subsequent discussions involving her, the Provost and Dean Vorst, the proposed payments to resolve the Summer 2009 Enrollment Incentive Payments initiative recommended in the Luppino/Wilkerson memo referenced in the January 14 meeting minutes were made out of central funds to Arts & Sciences, the Bloch School and the School of Education.\(^1\) A Summer 2009 enrollment incentives payment has not been made to the School of Biological Sciences because of the lack of information on associated instructional costs noted in the memo. However, that issue is being studied by SBS, the Finance Office and the Provost’s Office, and a centrally-funded payment may be made if deemed appropriate after that study. Apart from that possible payment to SBS for Summer 2009, the Committee agreed that, because of full implementation of the Budget Model for FYE 2011 and subsequent years, the payments for Summer 2009 mark the end of special Summer enrollment payments—i.e., there will be no such payments relating to Summer 2010 or subsequent years governed by the Budget Model.

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\(^{1}\) Those payments were $455,800 to A & S, $125,935 to Bloch, and $131,722 to Education.
III. Discussion of February 11-12 UBC/Deans’ Council Budget Retreat

- The Provost and several other Committee members commented on the February 11-12 Budget Retreat. Significant observations included:
  
  o Many deans provided information that can help us with budgeting recommendations for FYE 2011 and subsequent years, but additional information will be required of several units.
  
  o It was useful to obtain some individualized information about the operations, strategic plans and financial circumstances of the various units, and we now need to proceed to develop unit-by-unit analyses of what special financial assistance may be in order on a permanent or temporary basis to allow all units to grow into the fully-implemented Budget Model.
  
  o The identification of several interdisciplinary opportunities that occurred during the Retreat was a valuable by-product of the sessions.

- The Committee agreed that it needs to promptly inventory and address questions raised at or surrounding the Retreat about the General Overhead Assessment, the apportionment of that assessment across the academic units, the granting and attribution of tuition discounts, and issues regarding the potential need for special financial support for some units.

- The Committee is committed to making recommendations to the Chancellor on a timetable that will allow assignment of FYE 2011 GRA to the academic units by March 31, 2010.

IV. Apportionment of General Overhead Assessment among Academic Units

- It was noted that many of the questions raised by deans related to their unit’s share of the General Overhead Assessment under Appendix 5 of the Budget Model, that the Committee has always been open to addressing such questions and has transparently made adjustments when appropriate on the merits, and that it should treat this latest round of questions in the same manner.

- During the course of this discussion, the Committee agreed that it needs to separate in its deliberations in this area: (1) questions concerning whether data on space, people or other relevant measures are being computed erroneously in applying Appendix 5 as written (“Computational Issues”), and (2) policy questions regarding whether any of the Appendix 5 measures should be modified to more equitably reflect relative usage of support services (“Policy Issues”).
• The Committee agreed that questions concerning Computational Issues should be examined by the Finance Office consulting with the affected parties (support units and consuming units) and any suggested corrections resulting from that examination should be presented to the Committee by the Finance Office. In this connection, Karen Wilkerson presented the results of a study of certain space allocations done in response to questions from Dean Vorst, and the Committee agreed that the corrections proposed by the Finance Office and presented at the meeting should be made.

• The Committee also agreed that any Policy Issues raised in recent questions should be examined by the small group consisting of Laura Gayle Green, Lanny Solomon, John Morrissey and Karen Wilkerson, who should then make associated observations and recommendations to the Committee. In this connection, the Committee reviewed at the meeting the principal measures adopted in Appendix 5 of the Budget Model on a function-by-function basis for many of the most significant (in dollar amount) components of the General Overhead Assessment. The Committee agreed that the small group should feel free to revisit each policy decision implicit in the Appendix 5 measures, and make any modification recommendations it deems in order, but made some preliminary suggestions to the small group, as follows:

  o As was done when Appendix 5 was originally developed, leaders of support units should be asked for their views on appropriate measures of relative usage by academic units.

  o The small group should make a specific finding as to whether Appendix 5 presents appropriate financial incentives to maximize efficiency in utilizing centrally-assigned classrooms and labs.

  o The policy decisions inherent in the Appendix 5 measures regarding headcount vs. FTE still generally seem logical and appropriate,² but the small group should include in its study of related policy issues at least the following: (i) whether post-access traffic on IT can be monitored in a way supporting reduced counting of part-time individuals; (ii) whether special reduced counting is in order for high school students in the HSCP; (iii) whether special reduced counting is in order for part-time individuals in School of Nursing programs; and (iv) whether for any of the relevant support functions currently including student headcount or student FTE a student credit hours-based counting would be more appropriate.

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² The Finance Office presented at the meeting a schedule illustrating the potential magnitude of major elimination of headcount in favor of partial counting of many part-time groups. The Committee made no decisions on this policy issue at the meeting, favoring instead to have the small group explore the Appendix 5 measure first and then report to the Committee as a whole.
V. University Reserves & Incentives Fund

- The Committee discussed the University Reserves & Incentives Fund provided for in the Budget Model text (and supplemented by Appendix 6 of the model) as one of the places in which the Model expressly ties to UMKC strategic planning in ways apart from SCH generation or other financial numbers-oriented formulae, and contemplates special support for excellent performance in teaching, research or service missions. It was noted that the off-the-top (of the State Appropriations) special allocations are another such tie in the Budget Model between resource allocations and strategic planning and performance.

- The Committee reviewed the Budget Model’s stated purposes for the University Reserves & Incentives Fund, which are as follows: “(a) a campus-wide general contingency reserve; (b) a reserve to provide funds for equity investments in UMKC improvements projects that might be leveraged through other sources of construction financing to allow UMKC to accommodate the physical and space needs associated with enrollment growth and the University’s master facilities plan; and (c) a fund (“Incentives Fund”) to provide significant performance and new program development incentives, in the form of onetime or planned multiyear funding for academic units, encouraging and recognizing excellence and the attainment of key strategic goals.” The Committee recommended current focus on (b) and (c), as opposed to (a), in implementing this fund.

- There was some uncertainty as to the current annual magnitude of the funding flowing into the University Reserves & Incentives Fund from the CE Offset and the Institutional Offset. It was agreed the Finance Office should study the data and report to the Provost on the anticipated size of the fund and that the Provost should then make recommendations to the Committee and the Chancellor as to the use of this fund for FYE 2011.

VI Issue Regarding Unfunded Scholarships/Waivers (“Tuition Discounts”)

- The Committee agreed that the Retreat suggested a need to clarify (i) the extent to which Tuition Discounts are centrally assigned, (ii) the discretion deans have or do not have to assign whole or partial Tuition Discounts to students, and (iii) the process deans can use to propose exceptions to any policy decisions restricting their ability to assign whole or partial Tuition Discounts. Provost Hackett and Vice Chancellor Tyler indicated that they are collaborating on written advice to the deans on these matters.

- The Committee also agreed that Dean Blanchett had raised a very reasonable question about the attribution of Tuition Discounts to the “home unit” under Appendix 2 to the Budget Model. It appears that various realities, particularly
pertaining to undergraduates in their first two years of pursuing a four-year degree, may be causing some unintended mismatching of Tuition Discounts and gross tuition in some cases. The Committee asked Lanny Solomon and Karen Wilkersen to further develop and present to the Committee ideas they offered about better tracking or equitable proration to reduce or eliminate any such mismatching.

VII. Study of Budget Model Accounting for A & S Instructional Revenues

- The Committee discussed the fact that the Finance Office has reported that it believes that due to some data problems some of the A & S instructional revenues (CE, PACE, ALI.) that go to the College apart from General Revenue Allocation, and are expressly excluded from the GRA computations per Appendix 2 to the Budget Model, may have been unintentionally included in the GRA apportionment for the last year or two.

- The Committee decided that the Finance Office should meet with Dean Vorst and the A & S fiscal officer and study the accounting involved and then report back to the Committee on the results of that study.

VIII. Assisting Deans with Unit-Level Projections/Planning

- The Committee noted that the requests from deans made at the Retreat and in other contexts that they be given the ability to run Budget Model projections on alternate planning assumptions/scenarios at their unit level are consistent with a goal stated on page 1 of the Budget Model text. It also noted that this matter is complicated by the fact that the apportionment of the bulk of the State Appropriation and the General Overhead Assessment depends on facts such as SCH, faculty, staff and student headcount or FTE, and space utilization, pertaining to all 11 principal academic units.

- Ensuing Committee discussion yielded the following in this regard:
  - In the short term the Finance Office should seek to provide each academic unit with the ability to run the Budget Model on alternate scenarios (on enrollment, etc.) for that unit, but on the assumption that the relevant data for the other units stays as currently projected.
  - The Committee and the Finance Office should continue to seek best working assumptions from each unit to facilitate running Budget Model projections centrally and reporting the results to all units.
  - In future meetings the Committee should explore the pros and cons of possibly freezing the State Appropriation apportionment and/or
the apportionment of the General Overhead Assessment for multi-year periods (for example, three years), to facilitate planning.

IX. Administrative Matters Going Forward

• The next Committee meeting will be scheduled for March 11, 2010.

• The small group working on questions relating to the apportionment of the General Overhead Assessment among the academic units will seek to prepare a report on its observations/recommendations for that meeting. The Support Costs Review Committee, which is preparing a report for a March 18, 2010 joint session of the UBC and the Deans’ Council on the amount of the General Overhead Assessment and major components thereof in comparison to comparator institutions, will coordinate with the small group in terms of proper identification of the components of the General Overhead Assessment and sharing of information about how other universities charge central overhead to academic units.

• Rick Anderson and Mel Tyler will provide the Committee with further information on the Oak Street residence halls developments. The UBC can then consider follow-up with the Facilities Advisory Committee.