UNIVERSITY BUDGET COMMITTEE

MINUTES OF MARCH 11, 2010 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, Gary Ebersole, Laura Gayle Green, Tony Luppino, Lanny Solomon and Karen Vorst. Absent: Lawrence Dreyfus and Mel Tyler.
- Others present: Chancellor Leo Morton, Rick Anderson, Margaret Brommelsiek, Larry Bunce, John Morrissey and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the February 25, 2010 meeting of the Committee, in the form last circulated prior to and presented at the meeting, were approved.

III. Update on State and System Matters Affecting UMKC Budgeting

- Chancellor Morton reported on potential implications of the recent projections of Missouri state revenues showing lower than previous expected revenues for the current year and at least the next few years.
- Karen Wilkerson and Rick Anderson reported on a related conference call among System officials that took place on March 5.
- The Committee discussion of the implications of these developments produced the following observations and recommendations as to budget deliberations and actions:
  
  o It is possible that there will be a cut in UMKC’s State Appropriation for the current fiscal year, but at this juncture it still appears that is unlikely.
  
  o The cut in UMKC’s State Appropriation for FYE 2011 is now likely to exceed the 5.2% we were previously assuming in our planning. A 6%-7% cut may be a better FYE 2011 planning assumption, with anticipation of a larger cut in FYE 2012.
  
  o If the State funding for FYE 2011 is indeed larger than 5.2% the agreement not to raise the tuition rate on Missouri undergraduates may be superseded with some discretion to raise that tuition rate.
o The System is not mandating a salary increases initiative for FYE 2011.

o We have to undertake another hypothetical cuts scenario/impacts report in anticipation of the large reduction in the State Appropriation expected for FYE 2012, based, alternatively, on 10%, 15% and 20% reduction, but also the possibility of tuition increases in the 5%-10% range.

o Chancellor Morton emphasized the importance of continuing on our path of refining and studying comprehensive monthly projections of revenues and expenses.

o Chancellor Morton and Provost Hackett both expressed the desire to continue to try to have the brunt of the anticipated FYE 2011 reduction in the State Appropriation borne by administrative units/functions.

o Discussion of the hypothetical cuts scenarios for the 2-year FYE 2011/2012 plan included a preference to avoid cuts to core academic programs to the fullest extent possible and practical. It was observed that a collaborative approach will be critical, and may need to include such measures as larger class sizes, better utilization of UMKC classroom spaces (including on Fridays), voluntary retirement initiatives, stricter rules on hiring freezes, and creative thinking and actions regarding tuition rates, perhaps on a decoupled basis not just with the System but among UMKC units.

o While complying with the System call for the cuts/impacts report, we should simultaneously endeavor to adhere to our original plan of getting unit leaders guidance on their unit’s FYE 2011 GRA by March 31, albeit with caveats about unavoidable uncertainties.

o The end of March projections of GRA allocations for FYE 2011 should be based on full implementation of the budget model, be relatively conservative, and include the following assumptions:

--7% reduction in State Appropriation

--No increase in tuition rate for Missouri undergraduates

--Incorporate whatever changes to the budget model the Chancellor, with Committee input, decides to make with respect to:

  • How unfunded scholarships/waivers are assigned to academic units under Appendix 2.

  • The Appendix 4 SCH weighting factors (for the apportionment of the bulk of the State Appropriation), it being noted that the
only changes currently under consideration relate to the Conservatory.

- The dollar amounts of line items comprising the General Overhead Assessment (see Section V below).

- The measures for apportioning the General Overhead Assessment among the 11 principal academic units (see Section IV below).

- The “off-the-top” (of the State Appropriation) subsidies. It was agreed that it seemed that the SBS plan presented at the recent Budget Retreat would allow for growth into the model with perhaps some interim special support, more study will be needed of the tentative results of running the model with respect to other schools, and special discussions will need to take place regarding the Bloch endowment terms in relation to full implementation of the budget model.

IV. Apportionment of General Overhead Assessment and Unfunded Scholarships/Waivers among Academic Units

- The Committee agreed that it is important that responses to all significant questions recently raised about (a) the measures for apportioning the General Overhead Assessment among the 11 principal academic units and (b) the attribution of unfunded scholarships/waivers to particular academic units be delivered at the March 18 joint session with the Deans’ Council.

- With respect to the apportionment of the General Overhead Assessment, the Committee recommended the following:

  o *Facilities Operating/Maintenance Costs:*

    --The correction to the attribution to A & S of some particular space agreed to at the February 25 Committee meeting will be implemented.

    --No change to the applicable apportionment measures in Appendix 5 of the budget model are being made at this time. However, the Chancellor and Provost will work on a proposal to provide financial incentives for units controlling classroom/classroom-related space (such as labs) to turn at least some of such space over to central control and thereby facilitate better UMKC-wide utilization of classroom/classroom-related space, and the Committee will be given an opportunity to comment on that proposal.
○ **Information Services (IS) Costs:**

--Further discussion among the Provost, Karen Wilkerson, UBC Secretary Tony Luppino and Mary Lou Hines-Fritts will be had to help the UBC and Chancellor determine if at least some portion of the IS component in the General Overhead Assessment can and should be properly be allocated based on measures of usage other than access.

--To the extent that it is concluded that the IS General Revenues subsidy is attributable to access and should continue to be assessed based on headcount of individuals with access, the recent change in operations giving Medical Residents access to UMKC e-mail and Blackboard, if confirmed with Dean Drees, should result in the Residents being counted at 100% rather than 25% on this item.

○ **Part-Time Students, Faculty and Staff**

--In response to questions raised by A & S and the School of Nursing regarding various categories of part-time students, faculty and staff, neither the Committee discussions at its February 25 meeting, nor the subsequent study by the small working group assigned to study such matters resulted in any recommendation for across-the-board changes in the Appendix 5 measures in which headcount rather than FTE is a factor.

--There was support for excluding from the portion of the General Revenue Assessment attribute to UMKC Police individuals previously counted who are in categories indicating that they spend essentially no time at UMKC facilities protected by the UMKC Police.

--The small group was asked to further study the application of the existing Appendix 5 measures to the specific groups of part-time students, faculty and staff identified by A & S and Nursing and make recommendations as to the extent to which modifications to the measures might be in order to fairly take into account the special circumstance of those groups.

○ **Possibility of Locking in Assessments for Multi-Year Periods**

--Issues such as the Medical School’s need to negotiate coverage of overhead attributable to Residents in contracts with hospitals, and the general objective of better predictability for unit planning, led to brief discussion of exploring ways to making a unit’s share of the General Overhead Assessment less susceptible to significant swings from year to year. No recommendations were made at the meeting on this challenging matter of balancing the goal of predictability with the goal...
of fair treatment for all units, but at least some Committee members were receptive to having further exploration of this possibility in subsequent meetings.

- With respect to the attribution of unfunded scholarships/waivers the Committee observed that the issue raised by the School of Education about attribution to a “home unit” that ultimately didn’t provide much instruction to the recipient of such discount may have merit mostly with respect to centrally assigned discounts, as opposed to those for which the “home unit” made the decision itself. The Committee recommended that the Provost and Vice Chancellor Mel Tyler address this issue at the March 18 meeting when they report to the deans on the rules and policies regarding the points of decision-making and discretion on unfunded scholarships and waivers. Pending the completion of that report, the Committee did not endeavor to recommend any change to Appendix 2 of the budget model in this regard.

V. Support Costs

- Tony Luppino and Paris Saunders, as co-chairs of the Support Costs Review Committee (SCRC) were prepared to give the Committee a report on that subcommittee’s work on benchmarking UMKC’s principal support costs against those of various groupings of comparator institutions. As time was running out at the meeting they were able only to hand out paper copies of draft presentation slides they propose to use to give a report in the March 18 joint UBC/Deans’ Council session and make a few general observations about tentative conclusions. In general, they reported that, with outstanding work by Larry Bunce, Becky Sandring and Karen Wilkerson, the SCRC had compiled and organized data suggesting that (a) UMKC’s General Overhead attributable to central administrative/support functions does not appear to be extraordinarily high or low compared to what they feel were reasonably selected comparators, and especially those with at least three professional schools, and (b) there is reason to believe that a successful enrollment and retention increases initiative does not have to involve proportionate increases in the General Overhead Assessment—i.e., we may be able to essentially hold the line or have only modest increases in the total dollar amount of many major categories of support costs while increasing SCH substantially.

- It was agreed that the full presentation slides and the appendix thereto that the SCRC proposed to circulate to the Deans at the March 18 meeting will be sent to the Committee members electronically for review and comment, and that Tony and Paris will coordinate with the Chancellor and Provost on the length and nature of March 18 presentation regarding the SCRC’s work.
VI. Administrative Matters Going Forward

- The next Committee meeting will be a joint session with the Deans’ Council scheduled for March 18, 2010. Key actions in preparation for that meeting are described in Sections IV and V above.