UNIVERSITY BUDGET COMMITTEE
MINUTES OF APRIL 27, 2010 MEETING

I.  Time, Location and Attendance:

- 2:30PM, Brookside Room at Administrative Center
- UBC members present:  Gail Hackett (Chair), Betty Drees, Curt Crespino, Gary Ebersole, Laura Gayle Green, Tony Luppino, Lanny Solomon, Mel Tyler and Karen Vorst. Absent: Lawrence Dreyfus.
- Others present:  Rick Anderson, Larry Bunce, Karen Wilkerson, John Morrissey and Andry Joswara.

II. Preliminary Administrative Matters:

- The minutes of the March 29, 2010 meeting of the Committee, in the form last circulated prior to and presented at the meeting, were approved.

III. Matters Relating to FYE 2011 General Revenue Allocations

- **Pharmacy Adjustment.** Provost Hackett explained that in view of accreditation matters an upward adjustment had been recently made to assign the School of Pharmacy the entire amount of GRA allocated to it under the budget model run instead of the amount capped at a 20% increase from FYE 2010 previously contemplated.  At the same time, the School of Pharmacy’s item on the Targeted Obligations List is no longer an issue and is deemed resolved.

- **Discretionary Holdback.** It was noted that the upward adjustment of the Pharmacy GRA eliminated nearly all of the $850,000 holdback for strategic funding component of the GRA decisions previously announced.  It was also noted that it appears the reduction in the State Appropriation will likely be the approximately 5.5% the Governor initially recommended, rather than the 7% assumed in the budget model run because of uncertainty.  The Committee recommended that if that lesser reduction is what occurs the resulting approximately $1.5 million of available General Revenue not assigned out to date should be held back for uses to be recommended by the Provost to the Chancellor to assist academic units with their transitioning into the budget model, to support strategic initiatives, or to address pressing financial matters or contingencies.
• **Year-End “True Up”**: The Committee reviewed the provisions of the budget model calling for year-end adjustments (to be effected during the first quarter of the following fiscal year) to the GRA allocations among academic units to reflect (a) actual (rather than budgeted) attributed net tuition and (b) re-allocation of the bulk of the State Appropriation under Appendix 4 of the budget model based on actual (rather than budgeted) SCH figures. After acknowledging some complexities involved in implementing this “true up” for a fiscal year in which only 6 of the 11 principal academic units are getting assigned their model GRA (with 4 of the others getting more than their model GRA because of the 10% reduction cap, and Medicine being limited to an increase much less than that produced by the model), the Committee arrived at the following recommendations:

  o The language in the model indicating that the General Overhead Assessments should not be adjusted at year end based on actual SCH should be retained, as SCH is only a relatively small component of the Appendix 5 formulae for the assessments and there would be undue complexity in re-computing the assessments.

  o For FYE 2011, and probably for subsequent fiscal years as well, year-end re-computation of State Appropriation apportionment under Appendix 4 should also not be done, as that would lessen predictability and using budgeted SCH (which will be adjusted from year to year, and thus represent only a one-year lag) suffices on a cost-benefit basis.

  o The “true up” to actual attributed net tuition is an important aspect of the budget model which should be retained, and implemented as written when the model is fully implemented for all 11 principal academic units. This will provide timely financial benefit for growth in enrollment and retention and the adjustment for each school is independent of the other schools (i.e., it’s essentially not a shared pool).

  o For FYE 2011, this true up to actual net tuition should be implemented in a modified manner. Specifically, for FYE 2011 a year-end analysis should be done of the extent to which there has been a UMKC- wide excess of actual net tuition over budgeted net tuition. To the extent that excess hasn’t been earmarked (or used) to address overriding financial pressures the Chancellor, with input from the Provost, should equitably direct it to the schools that had more actual net tuition than budgeted, in the ratio of their respective amounts of such excess unless a different ratio is deemed in order for compelling reasons. The objective is to, as much as reasonably possible, deliver net tuition increases to the units that generated them in proportion to their respective increases.
IV. Implementation of Chancellor’s Plan for Comprehensive Study and Action On FYE 2012 (and Beyond) Management of Revenues and Expenses and Strategic Use of UMKC Resources

- The Committee discussed the need to start filling in the task assignments on the chart the Chancellor presented at a recent Committee meeting, and to get the planning going in full stride this summer, with all relevant constituencies engaged.

- During these discussions the Committee expressly recognized that while it may be a focal point of much of the planning as the primary advisory body on resource allocations, many of the tasks involved will need to be led by other committees or task forces (for example, program evaluation committees and the tuition de-coupling task force).

- It was recommended that the Provost and Chancellor reiterate their message to the Faculty Senate that there will be strong faculty representation on each key committee/task force, and that it will be important that faculty committed to working on these planning matters during the summer months be involved.

- In his capacity as Co-Chair of the Support Cost Review Committee, Tony Luppino asked about two specific tasks with which that subcommittee of the UBC might be involved. The Committee recommended that:
  
  o The Support Costs Review Committee, in conjunction with Rick Anderson and others at UMKC to be named as a task force is constituted, should be directly involved in the shared services study called for by the UM System.

  o For the time being the review of administrative costs within academic units should commence with a ground up identification of discipline-specific benchmarks by each academic unit itself, to be followed later by review by the Support Costs Review Committee, the UBC and other relevant constituencies.

V. Administrative Matters Going Forward

- Karen Wilkerson introduced Andry Joswara, who will be working with her and John Morrissey in the Finance Office. The Committee welcomed Andry and looks forward to having him on the team.

- The Committee agreed to schedule at least one mid-summer Committee meeting and one just before the fall semester begins, subject to the possibility of additional summer meetings if the need arises.