UNIVERSITY BUDGET COMMITTEE

MINUTES OF SEPTEMBER 16, 2010 MEETING

I. Time, Location and Attendance:

- 9:00AM, Provost’s Conference Room at Administrative Center
- UBC members present: Curt Crespino, Lawrence Dreyfus, Betty Drees, Gary Ebersole, Laura Gayle Green, Tony Luppino, Lanny Solomon, Mel Tyler and Karen Vorst. Absent: Provost Gail Hackett (Chair).
- Others present: Chancellor Leo Morton, Rick Anderson, Margaret Brommelsiek, Larry Bunce, Carol Hintz, and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the August 26, 2010 meeting of the Committee were approved in the form last circulated prior to the meeting.
- The Committee agreed that the agenda item regarding composition of the Committee should be deferred until the next meeting so that Provost Hackett can lead that discussion.

III. Report on State/System Budget-Related Developments

- Chancellor Morton reported on recent developments at the State/System level that could affect our budget planning. Points noted included:
  - We should still be planning to account for an up to 15% cut in the State Appropriation, though there has been some recent suggestion that it may turn out to be closer to 12%.
  - The latest planning assumptions on salaries and benefits continue to have a 2% salary increase component, and a projected 3% increase in the benefits rate (figures Karen Wilkerson has already been using in ongoing UMKC projections).
  - Work is underway by COPHE on preparing presentations to the Missouri Legislature in support of waiver of the S.B. 389 cap on tuition rate increases. Our decision point for UMKC tuition rate recommendations will likely be in January. For the meantime, Karen Wilkerson is being asked to run FY2012 projections based on several alternative levels of increase to our tuition rates.
We will be seeking more clarification on the rules regarding required expenditure or commitment to expend Caring for Missourian funds.

President Forsee is suggesting that the System consider taking advantage of current opportunities to borrow at low interest rates to leverage the financing of some significant capital projects. UMKC possibilities include Miller Nichols Library Phases II & III (which would include construction of some large classrooms), and Oak Street Parking. There also may be some interest in the University acquiring the Oak Place Apartments. These capital investments would increase operating expenses. The Facilities Advisory Committee is being asked to circulate to the UBC and other UMKC groups the Major Project Discussion Proposal Reports previously discussed, which would include, among other things, projected effects on the operating budget.

IV. Discussion of Ongoing Tuition and Scholarships/Waivers Analysis

- Vice Chancellor Tyler reported that the tuition elasticity study is ongoing, which will be relevant to UMKC’s ultimate tuition recommendations. He indicated that “de-coupling” both at the System level and, to some extent, among units within UMKC are being explored as possibilities.

- The discussion then turned to the issues about attribution of unfunded scholarships and waivers summarized, with related data compiled by Student Affairs, in a memorandum Vice Chancellor Tyler and UBC Secretary Luppino sent to the Committee members in advance of the meeting. The Committee concluded that the issues presented, which were based in large part on input from Dean Blanchett at the February, 2010 UBC/Deans’ Council Retreat, along with input from the Faculty Senate Budget Committee, merited further study. The Committee established a subcommittee to conduct this study, consisting of Vice Chancellor Tyler, Dean Vorst, Karen Wilkerson, and, if he is in a position to serve, Dean Truman.

V. Discussion of Retirement Plans Study

- UBC Secretary Luppino reported that the Faculty Senate Budget Committee (FSBC) has organized a special subcommittee of faculty with particular experience and interest in exploring the pros and cons of various types of retirement plans to provide input to the Faculty Senate regarding the current System study of the possible adoption of a defined contributions plan for new hires. He noted that this is not to the exclusion of any other committees or groups UMKC may have looking into this matter; rather, it is just the FSBC fulfilling its responsibilities to the Faculty Senate. In addition, he and Gary Ebersole explained that the FSBC subcommittee is committed to looking at facts objectively, and to identifying pro, cons, and implications of alternatives in a comprehensive, rigorous and open-minded manner, in the
context of overall compensation and benefits. The FSBC will coordinate with the UMKC representatives on the System Benefits Committee, and will be happy to share information with any other UMKC groups working on this matter.

- Committee members were encouraged to attend the upcoming September 28 presentation by System Vice President of Human Resource Betsy Rodriguez regarding System benefits plans. The September 28 presentation will be at 3:00PM in the Law School Courtroom.

VI. Discussion of General Overhead Assessment and Targeted Obligations List

- Karen Wilkerson offered information about the approximately $67 million of line items comprising the FY 2011 General Overhead Assessment charged to the 11 principal academic units under the Budget Model. She also circulated at the meeting a work-in-process update of the Targeted Obligations List.

- Rick Anderson provided a report on the status of the imminent completion of Phase I of the Shared Services Initiative. Ensuing discussion led the Committee to recommend that for FY 2012 budgeting we assume the Shared Services Initiative will not have progressed to the point of causing System-driven major restructuring of any significant operations.

- Based on the information presented, the Committee recommended that the Chancellor and Provost, working with Karen Wilkerson and Rick Anderson, develop recommendations for review and comment by the Committee as to:

  - The line item amounts and total amount of the General Overhead Assessment to be used in FY 2012 budget projections, including any increases or decreases to the FY 2011 line items, as well as additions, if any, of new line items to fund commitments from the Targeted Obligations List.

  - Whether any of the items on the Targeted Obligations List should be added to the special off-the-top (of State Appropriation) special allocations in the Budget Model.

- During the course of the discussion of the Targeted Obligations List, the Chancellor and several Committee members stressed the importance of strong Athletics programs to student recruiting and vibrant campus life. It was suggested that related presentations be made to the Faculty Senate, by not only the Athletics Director, but also by Central Administration and academic unit representatives, about the reasoning behind resource allocations to invest in UMKC Athletics.
• Also during these discussions, several Committee members voiced support for using the Institutional Offset/CE Offset to fund the University Reserves & Incentives Fund as previously discussed, so that the Provost could direct resources from that Fund to strategic investments and announce those investments. Thus, it was suggested that if there are central costs that have to be paid in FY 2012 that are not currently included in the General Overhead Assessment or the off-the-stop (of State Appropriation) special allocations, we should be looking at such costs on their merits for funding out of one of those mechanisms rather than out of the Institutional Offset/CE Offset money earmarked under the Budget Model for the University Reserves & Incentives Fund.

VII. Agenda Items for Next UBC Meeting

• The Committee suggested that agenda items for the next UBC meeting include:

  o Update on the September 23/24 Curators’ meetings.

  o The deferred agenda item on the composition of the UBC.

  o The appropriate size of the off-the-top (of State Appropriation) special allocation to the Conservatory. It was noted in this regard that preliminary projections on what are viewed to be reasonable SCH growth assumptions suggest that all units except the Conservatory should be able to, in a reasonable time frame, handle their Budget Model-assigned GRA, but that the Conservatory appears to need a much larger special allocation than the $700,000 previously used in the model. It was also noted that Dean Witte is taking many well-conceived steps that should serve to help limit the size of the additional special investment needed, and that discussion of this item should include a comprehensive look at the Conservatory’s circumstances.

  o Consideration of whether the Budget Model formula for apportionment of the bulk of the State Appropriation (based on SCH weighted for costs of instruction) should continue to be run anew each year, or whether, to facilitate longer-term planning, should be altered to work with multi-year rolling averages or some other manner of providing Deans with better ability to project their unit’s percentage share of the State Appropriation for at least a few years.

  o Update on the proposed one-time (end of FY 2011) employee incentives payment plan.