UNIVERSITY BUDGET COMMITTEE

MINUTES OF DECEMBER 2, 2010 MEETING

I. Time, Location and Attendance:

- 10:00AM, Brookside Room at Administrative Center

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

- Others present: Chancellor Leo Morton, Margaret Brommelsiek, Larry Bunce, Jennifer Dehaemers, Carol Hintz, John Morrissey, Jerry Place, Bob Simmons, Kevin Truman, and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the November 4, 2010 meeting of the Committee were approved in the form last circulated prior to the meeting.

III. Report from Chancellor

- Chancellor Morton updated the Committee on certain System-level developments and UMKC objectives. Points addressed included:
  
  o Prospects continue to be positive for the capital projects UMKC proposed to take advantage of current System bonding capacity; pro forma analysis is being tightened up.

  o UMKC will need to give the System its preliminary thinking on tuition rate increases in December, but more formal recommendations will be due in January. While some other System campuses seem to be inclined to tie the level of increase to the size of the cut in the FY 2012 State Appropriation, the Chancellor would prefer to focus on rigorous analysis of what tuition rates make sense in marketplace terms. This sentiment was shared by UBC members, and viewed to be consistent with the agenda items for this December 2 meeting.

  o Chancellor Morton reiterated a point made by both him and Provost Hackett in prior UBC meetings—that we need to focus on managing both recruitment and retention.
○ He explained that a 5% increase in student FTE does not currently appear realistic for next year, but things are improving. The Provost noted the importance, and high priority, of developing a strong marketing plan for recruitment and retention.

○ For the time being our planning for FY 2012 budgeting should retain the assumptions we have been using about the State Appropriation cut.

IV. Report on Tuition Elasticity Study

○ Jerry Place made a presentation to the Committee regarding the tuition elasticity study he has been working on with Vice Chancellor Tyler, Dean Vorst, and Peter Eaton.

○ One of the principal observations was that it appears freshman and sophomores are more price sensitive than juniors and seniors. Several other points of potential importance in planning were also made, including projections of net tuition revenue increase if the tuition rate were increased 5% and student FTE 3%.

○ The Committee was extremely appreciative of the high quality of the presentation and agreed that it makes sense to continue to study the data compiled as we move forward with both budgeting and the development of a comprehensive marketing plan.

V. Update on Study of Attribution of Unfunded Scholarships/Waivers

- The small working group of Deans Dreyfus, Truman and Vorst, Vice Chancellor Tyler, and Karen Wilkerson reported on their work and discussions with the Deans’ Council regarding equitable attribution of unfunded scholarships/discounts, particularly in situations in which it is difficult to identify an appropriate “home unit.” The status report on that work included:

○ A general consensus that this is largely an issue pertaining to undergraduate education, so that an off-the-top allocation approach that would also affect the professional schools would be inappropriate.

○ It would seem to make sense to develop a better tracking system to match discounts with tuition revenues as students progress through their programs; and, if precise tracking/matching isn’t feasible/practical, some averaging to more fairly spread the burden of unfunded discounts among the affected units teaching undergraduates should be pursued. Further study of options will be undertaken.
VI. Preliminary Report on Unit-by-Unit Tuition Discounts

- Karen Wilkerson and Tony Luppino presented a compilation of unit-by-unit data showing “realization rates” (i.e., percentage of gross tuition actually charged students after reduction for unfunded scholarships and waivers) in various categories of students—using such variables as undergraduate, graduate and professional status, and resident, nonresident, international or Metro rate. They explained the assumptions used and emphasized that the schedule circulated was preliminary.

- There was general consensus that such data is potentially valuable in management and budgeting of net tuition discounts.

VII. Discussion of Student Fees

- Lanny Solomon discussed data he had compiled and circulated regarding non-tuition student fees at various institutions. Vice Chancellor Tyler made observations regarding student fees considerations as well.

- The Committee noted a few possibilities for new student fees (such as, for example, a possible Graduation Fee) and, in general, agreed with the suggestion that UMKC take a close and coordinated look at student fee options.

VIII. Administrative Matters Going Forward

- The Committee did not yet recommend a definitive schedule for making recommendations on FY 2012 budgeting, but did note that key parameters (such as likely magnitude of reduction in State Appropriation and increase in tuition rates) would likely be more apparent in January, and that its work could then be accelerated from that point.