UNIVERSITY BUDGET COMMITTEE

MINUTES OF MARCH 29, 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 Crespi, Lawrence Dreyfus, Gary Ebersole, Laura Gayle Green, Tony Luppino, Lanny Solomon, Mel Tyler and Karen Vorst.
- Others present: Chancellor Leo Morton, Rick Anderson, Larry Bunce, Carol Hintz, Jake Kupiec, John Morrissey and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the March 23, 2010 meeting of the Committee, in the form last circulated prior to and presented at the meeting (with one clerical correction) were approved.

III. Chancellor’s Report on March 25 General Officer’s Meeting

- The System is continuing to push for preservation of the agreement originally reached with the Governor for FYE 2011, and for minimization of the magnitude of any reduction in the System’s State Appropriation for FYE 2012.
- Nothing from the General Officers’ meeting produced any mandate that would cause us to veer from the rigorous multi-year planning proposed by the Chancellor and endorsed by the Committee at its March 23 meeting.

IV. Recommendations Re: FYE 2011 Budgeting

- Karen Wilkerson circulated an updated projection of GRA apportionment under full implementation of the budget model for FYE 2011, explaining the most recent changes in assumptions.
- Ensuing Committee discussion, with input and approval from the Chancellor and Provost, produced the following recommendations regarding assumptions in our FYE 2011 budgeting:
o Continue to assume a 7% cut in the State Appropriation (to be conservative, but recognizing we are hoping for only a 5.2% cut).

o Retain the assumption incorporated in the projection presented at the meeting that all nonresident undergraduate and all (non-professional school) graduate student tuition has an inflation-related increase of 2.7%, and the professional school tuition rates have only such increases (if any) as have been recommended by their respective Deans.

o On the off-the-top (of State Appropriation) special allocations, no change to what was recommended in the March 23 Committee meeting.

o Adopt the upward adjustment of the Conservatory’s weighting factors for State Appropriation apportionment under budget model Appendix 4 that Karen Wilkerson developed after reviewing data from Dean Witte.

o Set the total General Overhead Assessment at $67,000,000, and make sure the campus understands that, taking into account new costs that are essentially non-discretionary, this represents an approximately $2.8 million cut in funding to the central support units.

o On the issue of proper allocation of centrally-assigned unfunded scholarships/waivers raised by Dean Blanchett at the February Budget Retreat, make no change for FYE 2011, but expressly address that issue as part of the comprehensive study of tuition rates and management of tuition discounts described by the Provost and Vice Chancellor Tyler at the March 23 Committee meeting.

o Implement the changes to the treatment of HSCP students, certain part-time nursing students and Medical Residents under the budget model Appendix 5 General Overhead Assessment apportionment measures recommended by Karen Wilkerson, John Morrissey and Tony Luppino in a spreadsheet circulated to the Committee members on March 14, 2010. On the Medical residents, while the only change to Appendix 5 occurring for FYE 2011 is counting them at 100% in the headcount measure for the Information Services assessment, the Committee agreed that UMKC should in planning for subsequent fiscal years consider in a comprehensive manner the possibility of a special assessment of general overhead relating to the Medical Residents.

o Make no change to the Information Services apportionment measures for FYE 2011 (other than the change regarding the Medical
Residents which was part of the March 14 recommendation referred to immediately above), but continue to explore the possibility of having a usage-based component built into the apportionment measures for this assessment in future years if further study supports varying from the current “access” or “electronic seats” approach.

- Exclude from the Appendix 5 assessment measures the 67 ALI, PACE or CE faculty members identified by Dean Vorst (in view of the fact that the operations they teach in pay an overhead tax under the Institutional Offset/CE Offset), but do not exclude the 132 other part-time faculty members about whom she inquired.

- Exclude from the Appendix 5 assessment measures the 36 ALI, CE or Rep night manager staff members (again, in view if the associated Institutional Offset/CE Offset).

- Change the approximately 2,566 square feet of space related to certain campuswide operations (New Letters, Debate and some other activities) identified by Dean Vorst from the list of space assigned to A & S to “unallocated” in the Appendix 5 space-related assessments.

- The Committee then turned to the matter of final decisions/adjustments to be made by the Provost and Chancellor in order to announce FYE 2011 GRA apportionment. In that regard the Committee recommended the following:

  - The Provost should make the recommendations to the Chancellor as to any one-time, multi-year or annual allocations, as well as any holdback for mid-year allocations, out of the University Reserves & Incentives Fund, taking into account UMKC strategic planning and the related guidelines set forth in Appendix 6 of the Budget Model.

  - The Provost and Chancellor should get together as soon as possible, review the strategic plans presented by each Dean at the February Budget Retreat, consider the list of questions attached hereto as Appendix A and such other information as they deem relevant, and send the Committee for its final advisory input the proposed adjustments they propose to the results that would otherwise obtain under the Budget Model for FYE 2011. In this regard, the Committee discussion also included the following points:

    ▪ Apart from any allocations under the University Reserves & Incentives Fund, increases in the tentative GRA for particular academic units (for strategic planning reasons or financial need to coordinate implementation of the model with unit financial circumstances/plans) should be accomplished through targeted reallocation of the tentative GRA
assignments produced by the model, taking into account all 11 strategic plans, as opposed to such alternatives as off the top of State Appropriation or ratio of positive variances, as such less rigorous alternatives could have unduly harsh consequences on some units.

- The final decisions on FYE 2011 GRA apportionment should also take into account: (1) the Budget Model’s provision for a net tuition “true up” (with cash adjustments to fund balances) when actual year-end figures become available; (2) balancing of (a) fairness to units that experience negative post-model run adjustments as other units get short-term need-based positive adjustments with (b) incentives for the latter to increase revenues and trim costs--It was suggested, for example, that net increases in the General Revenues pool as compared to budgeted might be shared in some sensible percentage among both categories of academic units and central funds; and (3) the need to be thoughtful and prudent in determining the extent to which drawing on positive fund balances is viewed as a viable source of self-help by units being considered for special support.

VI. Administrative Matters Going Forward

- After they have made the adjustments decisions described above, the Provost and Chancellor will circulate their decisions on GRA apportionment to the Committee for final advisory comment.

APPENDIX A STARTS ON NEXT PAGE
Appendix A

Some Questions Relevant to Final GRA Adjustments

1. What has been the trend in the unit’s operating expenses the last 3 years and what are its projected operating expenses for FYE 2011?

2. Does the unit anticipate growth in its attributed net tuition over the next 3 years?; and, if so, how much?

3. Does the unit have plans to raise its current levels of student fees or add any new student fees, and what is the corresponding projected revenue increase?

4. Does the unit generate net revenues from “sales and services” or “auxiliaries” that it has been or can “transfer in” to cover operating expenses, and what is the projected level of such available “transfers in” for FYE 2011 and the following two fiscal years?

5. What has been the trend in the unit’s gift fund income transferred to cover operating expenses the last 3 years, and what level of gift income does it anticipate can be so used for FYE 2011 and the following two years?

6. Does the unit have any significant special non-GRA sources of revenue (whether one-time or multi-year) that can be used to cover operating expenses (e.g., Caring for Missourians money)?

7. Does the unit have any expendable Current Unrestricted Fund Balances that are not tied up in legal/contractual obligations (treating previously agreed start-up packages or Recovery F & A amounts for research faculty as contractual obligations for this purpose)?

8. Is the unit starting or expanding a program that the Chancellor and Provost feel merits special support?

9. If special support is to be paid by redirection of what would otherwise be the GRA assignments under the Budget Model, from which unit(s) will it come, given that units, including so-called “positive variance” units, have varying circumstances and needs?

10. If a unit receiving such special support ends up with more actual Operating Revenues and/or revenues from Sales and Services or Auxiliary operations for FYE 2011 than originally projected, should the originally budgeted special support be correspondingly reduced and reallocated in whole or part?