UNIVERSITY BUDGET COMMITTEE

MINUTES OF DECEMBER 15, 2011 MEETING

I. Time, Location and Attendance:

- 10:00AM, Plaza Room at Administrative Center
- UBC members present: Betty Drees, Lawrence Dreyfus, Gary Ebersole, Provost Gail Hackett (Chair), Carol Hintz, Tony Luppino, Michael Plamann, Kevin Truman and Mel Tyler. Absent: Maureen Hannoun and Lanny Solomon.
- Others present: Chancellor Leo Morton, Larry Bunce, Andry Joswara Sharon Lindenbaum, John Morrissey, and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the December 1, 2011 meeting of the Committee were approved in the form last circulated prior to the meeting.

III. Report on State/System Developments Re: Budgeting

- There were no specific significant developments to report since the last Committee meeting, but Chancellor Morton indicated that the climate remains such that we need to make in our current planning cautious assumptions about the level of the State Appropriation for FY 2013.
- The Chancellor also noted that new UM System President Wolfe plans to visit UMKC in January and we should consider matters we might want to present to him regarding our approaches to budgeting or other subjects.

IV. Application of Excess of Actual over Budgeted FY 2011 Net Tuition

- Karen Wilkerson presented a plan developed by the Chancellor and Provost which implements the Committee’s recommendation that a significant portion of the $2,775,510 excess of actual-over-budget net tuition for FY 2011 be distributed to units that contributed positively to that excess.
- The plan, which the Committee discussed and supported, essentially: (1) does not reduce the Operating Fund Balances of any of the four academic units that had a negative variance (less actual net tuition than budgeted); (2) increases the Operating Fund Balances of the seven academic units that had positive variances (more actual net tuition than budgeted) by a total of $1,970,612 (71% of the $2,775,510), apportioned among those seven units in the ratio of their respective positive variances, with the adjustments for
two of the use units deferred until certain strategic plans are delivered; and (3) reserves $804,898 (29% of the $2,775,510) as a fund to help units in need of special financial support during further implementation of the Budget Model.

V. Further Discussion of SBS/SOM Partnership Discussions

- The Committee discussed at length, from several perspectives, and with input from the Chancellor and Provost, the requests by the Deans of the School of Biological Sciences and the School of Medicine for some assurances regarding the GRA to be assigned to those units for FY 2013, as well as proposals to revisit the current treatment of those two units under the Budget Model.

- The Committee did not reject proposals to do separate reviews of SBS’s and SOM’s Budget Model treatment (taking into account mission priorities and any significantly unique features as we did with the Conservatory), but for the time being thought it best to defer that in the hope that a strategic partnerships can be examined from a resources allocations perspective after we see a mission-driven proposal and worked out in an acceptable and forward-looking way. Accordingly, the Committee recommended:

  o It would be premature—and potentially problematic for the other UMKC units—to attempt to “lock in” any specific levels of GRA for SBS or SOM at this stage in the FY 2013 budgeting process.

  o As the input of both the Chancellor and Provost suggested, the ongoing processes for study of a proposed SBS/SOM partnership should proceed with focus on the benefits to UMKC in relation to priorities in its teaching, research and service missions and our strategic planning, knowing that ultimately resource allocations and financial considerations will be relevant in assessing the feasibility and desirability of such a partnership.

  o Once there is a proposal outlining the significant components of what a SBS/SOM partnership would look like and how it would operate, the Committee can then explore whether any remodeling of GRA apportionment under the Budget model is in order (taking into account tuition and scholarship sharing, SCH weighting factors for State money apportionment, and other relevant considerations in the context of that forward-looking strategic proposal).

  o No specific deadline is recommended for such a partnership proposal, but the Committee supports the current study progressing as expeditiously as possible, but without sacrificing the diligence and inclusiveness reflected in the processes being currently followed.
Discussion of Agenda Items for Upcoming UBC Meetings

- Discussion at the meeting then turned to proposed agenda items for the Committee meetings to be held early next semester, resulting in the following suggestions (in addition to the SBS/SOM partnership study):
  - **Tuition Discounts.** Absent any State/System developments requiring attention, the entire January 19 meeting should be devoted to a presentation to be led by Vice Chancellor Tyler regarding unfunded scholarships/waivers, covering existing practices, relationships between units receiving tuition and those charged with associated discounts (particularly with regard to undergraduate education), and relationships between the point of decision and the unit charged with a discount.
  - **Off-the-top (of State Appropriation) Strategic Allocations.** Recommendations will need to be made regarding whether to modify or add to the list of special allocations off the top of the State Appropriation including, among other items, the allocation for the Institute for Urban Education.
  - **Other Funding for Strategic Incentives.** It was noted that the original baseline source of money for an Incentives Fund for the Provost to use for Strategic Initiatives—about $1.1 million per year from the “Institutional Offset” has, due to financial pressures exacerbated by the recent cuts in the State Appropriation, been applied to other uses. While the $1.8 million from FY 2012 Strategic Adjustments in the GRA to the academic units, which the Committee recommended be used for the Incentive Fund, is being utilized to make a strategic investment in the Conservatory (in the $700,000-$800,000 range) and the balance to strategic initiatives designated by the Provost, that is not a permanent or sufficient answer to the need to have a strategic Incentives Fund of significant size as contemplated in the Budget Model. Accordingly, the Committee should revisit this issue of how to appropriately fund strategic initiatives.
  - **Administrative/Support Overhead Costs.** Recommendations will need to be made regarding (i) the size of the General Overhead Assessment for central costs (including Athletics), and (ii) the continuation of the UMKC Shared Services Initiative relating to non-instructional functions within academic units, the amount thereof, and how it affects the General Overhead Assessment.
- **Fund Balances.** It was suggested that the Committee review the Budget Model’s policies on Current Unrestricted Expendable Fund Balances and get reports on unit-level the reserves situations.

- **Other Potential Items.** UBC Secretary Tony Luppino noted that he had also identified other possible agenda items in a memo circulated in preparation for the December 15 meeting and suggested that Committee members review and comment on that list in due course.

- **Targeted Obligations List.** The Committee recommended revisiting the “Targeted Obligations List” (but mindful that this not be in lieu of or obscure careful deliberations on the many high priority issues involved in making FY 2013 GRA recommendations to the Chancellor).