UNIVERSITY BUDGET COMMITTEE

MINUTES OF FEBRUARY 1, 2012 MEETING

I. Time, Location and Attendance:

- 9:00AM, Provost’s Conference Room at Administrative Center

- UBC members present: Betty Drees, Lawrence Dreyfus, Gary Ebersole, Provost Gail Hackett (Chair), Maureen Hannoun, Carol Hintz, Tony Luppino, Kevin Truman. Absent: Michael Plamann, Lanny Solomon and Mel Tyler.

- Others present: Chancellor Leo Morton, Larry Bunce, Andry Joswara Sharon Lindenbaum, John Morrissey, and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The Provost thanked those in attendance for making room in their schedules for this special meeting, which was called on short notice due to recent developments at the State and System level and the desire of the Chancellor and Provost to share important information with the UBC and get its input prior to the Curators’ meetings scheduled for February 2 and 3.

III. Report on State/System Developments and Context for UMKC Budgeting

- Using several helpful numbers presentations and charts Chancellor Morton provided a detailed overview of both:

  - The budgeting challenges UMKC faces for FY 2013 in view of the anticipated deep cut in the State Appropriation; increases in non-discretionary expenses (including debt service, utilities and costs of employee benefits); pressure to increase reserves for maintenance and repairs (M&R); and pressure to increase salaries; and

  - Possible solutions to financial problems through such measures as increased enrollment and retention; modest tuition and fees rate increases consistent with elements of UMKC’s strategic plan involving offering students a high quality education at affordable cost; deferring large increase to the M & R reserve; cutting payroll expense largely through attrition and hiring freeze savings; and continued work on the UMKC Shared Services Initiative.
Ensuing discussion among Committee members and the Chancellor resulted in the following:

- **Tuition Rates.** Having been fully apprised of the much larger tuition rate increases being proposed by the other UM System campuses, the Committee members in attendance unanimously supported the view of the Chancellor and Provost that it is in UMKC’s best interest to stay the course on keeping UMKC’s tuition increases modest (3% for undergraduates and most other units, with a somewhat higher rate of increase, but not above 5%, for some professional schools’ tuition). The clear consensus was to remain consistent with UMKC’s strategic planning and the objective of offering to students we are recruiting and serving a high quality education at an affordable cost.

- **Salary Increases.** Several Committee members expressed the opinion that an across-the-board salary increases mandate, even merit-based, was not desirable, but that optional, decentralized “up to” some specified percentage merit-based increases might be in order, as might a general hold against salary increases to avoid an unwanted reduction in force. However, no decision on whether to recommend any salary increases mandate, option or freeze was made, as the Provost suggested, and the Committee agreed, that such action should be deferred pending the gathering of more information about the System’s perspective or directions in this regard, as well as more input from UMKC unit leaders, faculty and staff.

- **Revisiting Methodology for Apportioning State Appropriation.** The Chancellor noted that the depth of the recent and anticipated reductions in the State Appropriation appear to create a need to revisit how the remaining State Appropriation is apportioned under the UMKC Budget Model. It was agreed that such an analysis should be undertaken. It was also noted that such analysis would presumably include consideration of a phase-in approach to any significant changes (as has occurred over the several years the Budget Model has been phased in and continues to be phased in); the possibility of setting some base amount for each principal academic unit and applying “performance-based” metrics to the amount of the State Appropriation in excess of the aggregate of such base amounts; and the possibility of confining performance-based measures to just future increases in the State money (as has been reported to be the approach in the discussions to date at the State level).

- **Fund Balance Policy.** UBC Secretary Luppino reminded the Committee of the discussion at a recent meeting of examining significant positive fund balances to determine if there might be justification for applying some portions thereof to address financial
pressures in the limited and rigorously-analyzed manner described in the fund balance policy section of the Budget Model text. There was brief discussion of policy concerns with any action to extract funds from a unit’s positive fund balance at this time. No decisions or Committee recommendations were made on this item, but UBC Secretary Luppino urged that the Committee continue to call for a study of the existing fund balances and develop a clear understanding of the various types and levels of commitment in each, as contemplated by the annual reports in this regard called for by the Budget Model text.