UNIVERSITY BUDGET COMMITTEE
MINUTES OF MAY 17, 2012 MEETING

I. Time, Location and Attendance:

- 10:00AM, Hyde Park Room at Administrative Center
- UBC members present: Betty Drees, Lawrence Dreyfus, Maureen Hannoun, Carol Hintz, Tony Luppino, Michael Plamann, Kevin Truman, and Mel Tyler. Absent: Gary Ebersole, Provost Gail Hackett (Chair), 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 May 3, 2012 meeting were approved in the form last circulated before the meeting.

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

- Chancellor Morton indicated that there were no specific significant State or System-level developments affecting FY 2013 operating fund budgeting since the May 3 meeting to report.
- He noted that the State has announced a 50/50 matching program for capital improvements and indicated that UMKC would be looking at strategic opportunities in that connection.

IV. Discussion of First Group of Budget Model Review Questions

- UBC Secretary Tony Luppino handed out an excerpt from the Budget Model Text that included description of the plan to review the operation of the Budget Model after FY 2012 to gauge its performance in the context of changes in overall financial circumstances (such as changes in the State Appropriation) and in relation to UMKC strategic objectives. He noted in particular the list of general review questions/themes in the excerpt that was based largely on valuable input from Ron McQuarrie which the UBC adopted as it finalized its Budget Model recommendations prior to the beginning of implementation for FY 2009.
The Committee then engaged in open discussion of specific review questions in the first category set forth in the list presented and revised at the May 3 Committee meeting (“Review Items List”)—that category being “Threshold Matters Re: Scope, Objectives and Feasibility.” That discussion resulted in the following observations and preliminary suggestions:

**Re: Incentivizing Research:**

- As originally contemplated in the Budget Model, it likely still makes more sense to fund and use the Model’s existing UMKC Reserves & Incentives Fund (“Incentives Fund”) mechanism to provide targeted/strategic financial support for particular scholarly research objectives (in addition to sponsored research) rather than trying to create a formula approach in the State Appropriation metrics or otherwise. Among other things, it would seem particularly complex and unlikely fruitful to attempt to create a formula that would fairly weight and balance quantity, quality, impact and discipline-specific variations in types of research and resulting publications. It was suggested that there be a commitment to funding the Incentives Fund and using an appropriate portion of it to incentivize research.

- Care should be taken to better educate all constituents, including faculty, on the entire resource allocations picture as it relates to research, including clear explanation of (a) the Incentives Fund; (b) the relationship of salaries of research faculty to the weighting factors that govern the apportionment of the bulk of the State Appropriation among the academic units; (c) the effects of summer pay/grants; and (d) the opportunities presented by external grants and UMKC’s objective of increasing those opportunities.

- The Deans should be encouraged to continue to explain to faculty the relationships among teaching, research and service in promotion and compensation determinations.

- A study should be undertaken to determine if there is any “double taxation” on labs/research facilities through the combination of the Institutional Offset and the General Overhead Assessment, and thus a resulting disincentive for research.

- When the Committee does take up the issue of Recovery F & A (which is it deferring pending receipt of a report from an advisory group Vice Chancellor Lynda Bonewald has studying that subject), it should revisit the issue of financial incentives for research productivity.
**Re: Non-GRA Resource Allocations:**

- While the Budget Model should continue to focus primarily on General Revenue Allocations, the Committee should continue to be informed on the budgeting and financial circumstances of auxiliaries and gift funds. It was noted that periodic reports to the Committee of the type made by Parking and Housing last year are appropriate and very helpful.

- Given that the Committee is from time to time asked to make recommendations regarding special support for a given unit, the Committee needs to understand the full financial picture of the unit to make informed recommendations—which would include effects on the unit’s overall circumstances of gift fund and auxiliaries results.

- Although the Committee does not generally endorse “sweeping” of fund balances, particularly in a budgeting system that is a variation of “Responsibility Center Management,” it is within the Committee’s purview to consider whether an auxiliary operation has accumulated unusually high levels of reserves (as compared to reasonable needs for the auxiliary’s functions), as that may signal a need to review the auxiliary’s pricing of goods and services provided to other UMKC units, faculty, staff, and students.

**Re: Should the UBC/Budget Model Get Into Inter-Departmental Allocations**

- No. Any recommendations for modification of the Budget Model the Committee may make should not include attempts to set General Revenue Allocations among departments within a given academic unit.

- The Committee, working with the Administration and Finance/Budget offices should make sure department chairs and faculty have access to the data and computations used in the Budget Model, and answer any related questions they may have, but the decisions on apportionment of financial resources among departments within an academic unit should remain a matter to be determined by the Dean, with input from and in collaboration with department heads and faculty.

**Re: Targeted Obligations List:**

- Significant progress has been made on some major items on the so-called “Targeted Obligations List” (prior commitments to various academic units and support functions not yet fulfilled).
Karen Wilkerson will provide the Committee with an updated list for consideration of the remaining items at a future Committee meeting.

**Re: Business/Reporting Infrastructure**

- Karen Wilkerson, Vice Chancellor Lindenbaum, and Chancellor Morton offered some observations regarding the support processes and data collection and reporting mechanisms that have been put in place over the last few years.

- The Committee agreed that this “business infrastructure” has been greatly improved, and is continuing to become more user-friendly and supportive of the mechanics of the Budget Model and the culture shift in UMKC budgeting generally.

- All involved expressed commitment to support ongoing improvement of the related processes and reporting mechanisms, with a view toward getting unit leaders increasingly useful means to make good forecasts/estimates of financial results as part of their unit planning.

- During this conversation it was agreed that one reporting item to be done soon would be an update of the Support Cost Review Committee’s 2009 compilation of “Charge-Backs” (lists of amounts/rates charged by various UMKC support units for goods/services provided to other UMKC units). This will aid the Committee in determining the extent, to any, that budget cuts to some support units are being offset by increases in pricing absorbed by other units.

**V. Administrative Matters Going Forward**

- The Committee and the Chancellor agreed that one product of this summer’s review of the Budget Model performance should be a UBC report to all interested UMKC constituencies summarizing the issues considered in the review and any associated UBC recommendations.

- The Committee will schedule summer meetings, preferably on Thursdays, to address the three remaining categories of issues in the Review Items List. As for other issues that may require Committee attention during the summer, e-mail will be used unless special meetings become necessary or appropriate.