UNIVERSITY BUDGET COMMITTEE

MINUTES OF FEBRUARY 9, 2012 MEETING

I. Time, Location and Attendance:

- 1:30PM, Hyde Park Room at Administrative Center
- UBC members present: Gary Ebersole, Provost Gail Hackett (Chair), Maureen Hannoun, Carol Hintz, Tony Luppino, Michael Plamann, Kevin Truman, and Mel Tyler. Absent: Betty Drees, Lawrence Dreyfus, and Lanny Solomon.
- Others present: Chancellor Leo Morton, Dean Marsha Pyle, Larry Bunce, Andry Joswara Sharon Lindenbaum, John Morrissey, and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the January 19, 2012 and February 1, 2012 were approved in the forms last circulated prior to the meeting.

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

- Chancellor Morton and Provost Hackett reported on State and System developments since the February 1 Committee meeting. Those reports and the ensuing discussion with Committee members resulted in the following consensus conclusions:

  o It is too early to tell exactly how much of the $40 million increase in the higher education funding recently announced by Governor Nixon as an amendment to his proposed budget would be allocated to UMKC in a manner allowing it to reduce the magnitude of the anticipated cut in our State Appropriation. Moreover, it is one-time money. Accordingly, the Committee should continue to work with UMKC Administration to pursue the rigorous analyses previously outlined, as well as the Chancellor’s proposal to have each unit submit a report on how it would address cuts within its unit on alternate assumption as to levels of reduction in funding.

  o UMKC should remain loyal to its strategic planning with regard to proposed tuition rate increases (UMKC generally proposing a 3% increase) as we approach the February 20 Curators’ meeting at which tuition rates will be discussed.
We should not be looking to dip into reserves to absorb a cut in the State Appropriation.

The issue of whether to have merit-based salary increases remains on the table, but a determination at this juncture would be premature until we have more information about the State Appropriation and any possible System salary increase mandates. There is still a strong sense among many Committee members that an across-the-board salary increase mandate would likely not be a good way to go.

IV. Effects of Budget Model on More Efficient Teaching and on Interdisciplinary Courses

- Marsha Pyle, Dean of the School of Dentistry (S.O.D.), described to the Committee concerns that were expressed in a letter she had submitted to the Committee through UBC Secretary Tony Luppino. She expressed two principal areas of concern:

  - Her understanding that if S.O.D. eliminated some courses as part of strategic planning that makes good sense from a student learning perspective, the associated reduction in student credit hours (SCH) could reduce S.O.D.’s GRA due to (i) the fact that the bulk of the State Appropriation is apportioned among the academic units based on student credit hours weighted by discipline-specific costs of instruction, and (ii) with respect to S.O.D. graduate students outside of degree programs for which flat rate tuition is charged, perhaps less tuition.

  - In her view the Budget Model provides a disincentive for an academic unit to collaborate with other academic units on interdisciplinary courses.

- Ensuing discussion led to the following observations and recommendations:

  - On the matter of interdisciplinary courses, UBC Secretary Luppino observed that there appears to be a misconception among several deans, which he has tried to correct on prior occasions, regarding what the Budget Model provides as to tuition sharing. He noted that the UBC saw from the outset of its development of the Budget Model the importance of taking steps to make sure tuition attribution rules under it did not impede interdisciplinary courses, and, in the key part of the Model on sharing tuition from cross-unit instruction (within Appendix 2 to the Model), followed the general rule (teaching unit gets 80% of the tuition at undergraduate rates) with the following special language:

    “The above guidelines are intended to capture the vast majority of tuition cases that arise. For individual exceptions and/or problem cases, the affected academic unit deans are granted the flexibility to work out other
acceptable arrangements with the Provost. Items that would often fall in this category include study abroad situations, cross listed/interdisciplinary courses where instructors are from multiple units, and the proper identification of “home” units when students have double majors or are pursuing multiple degrees.”

He then described three different approaches to making interdisciplinary courses financially acceptable to units that see the many academic benefits in such courses that he had seen used at UMKC, and with which he is personally involved, in keeping with the flexibility contemplated by that language.

It was agreed that he would prepare a draft memo for the Provost to send out confirming UMKC’s commitment to interdisciplinary initiatives as an important part of its strategic planning, reminding deans and faculty of the above-quoted pro-interdisciplinary courses aspect of the Budget Model, and providing descriptions of the three aforementioned examples that units may choose to adopt or modify, with input from the Provost.

o On the matter of the potential GRA effects of lower SCH as a consequence of sound strategic planning within a given unit, it was observed that although the Budget Model does rely heavily on incentives to increase SCH as a means for UMKC as a whole to move forward, especially in the face of sharp declines in the level of the State Appropriation, the Model also contains provisions for special allocations off-the-top of the State Appropriation to support strategic initiatives. That does mean less State Appropriation for the 11 principal academic units to share under the weighted SCH formula; but the Model already contains examples of such special allocations that were determined appropriate by the Chancellor, with support from the Committee. Accordingly, Dean Pyle was assured that if she presented strategic plans that called for an SCH reduction for sound academic reasons and a request for such a special allocation to the UBC and Chancellor and Provost, such a strategic allocation would be considered on its merits. It was also noted that the Committee intends to revisit the State Appropriation apportionment measures generally in the context of State-level developments. In addition, it was noted that in an example Dean Pyle provided of substituting SCH-based courses with non-SCH forms of instruction it might well be possible to assign an SCH-equivalent or a reasonable upward adjustment in the S.O.D.’s weighting factors to account for such a strategic initiative (assuming there was not an offsetting decrease in costs of instruction).
V. Preliminary Report on General Overhead Assessment

- Karen Wilkerson presented a schedule showing preliminary estimates of various line items. The only firm recommendation made by the Committee at this juncture was that several specific items of debt service for 4 projects not yet in service and/or not (or in some cases not yet) properly attributable to use by specific academic units be treated as common expenses to be shared by the 11 principal academic units under the “default rule” in Appendix 5 of the Budget Model (ration of Total Current Funds Expenditures). The Chancellor accepted that recommendation. The 4 projects involved are:

  - Miller Nichols Library Phase 1 ($593,000)
  - Miller Nichols Library Classroom ($979,000)
  - Cherry Street (old) ($190,000)
  - Student Success Ctr ($412,500)

- The Committee also agreed to revisit the issue of the proper treatment of the old Twin Oaks debt service in follow up to the presentation Vice Chancellor Tyler had made at a fall semester meeting.

- Beyond that, more work is being done to determine how much of a cut in the State Appropriation might be handled through a reduction in the General Overhead Assessment, perhaps through not filling some percentage of unfilled positions. The Committee recognized that this is a challenging subject given increases in some non-discretionary central costs.

VI. Preliminary Review of Strategic Special Allocations

- UBC Secretary Luppino reviewed with the Committee the special allocations made off the top of the State Appropriation in FY 2012 for legislatively designated strategic initiatives or Chancellor-determined strategic initiatives. No recommendations as to any changes were proposed or recommended at this meeting, but further study of the Kansas Exchange allocation, and a report back to the Committee on that item at a future meeting, were deemed appropriate.

---

1 In 1997, bonds were taken to upgrade Cherry Street Residence Hall, which consisted of installing air conditioning, boilers, and replacing windows. The debt service for these bonds was assumed by the University in 2008, when the building ceased to be a residence hall. This debt does not include the expense of rehabbing of this structure, which would be partly the responsibility of the College of Arts & Sciences, which will occupy much of the building.