UNIVERSITY BUDGET COMMITTEE
MINUTES OF JULY 17, 2012 MEETING

I. Time, Location and Attendance:

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

II. Preliminary Administrative Matters:

- The minutes of the June 20, 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 new specific significant State or System-level developments affecting FY 2013 operating fund budgeting since the June 20 meeting to report.
- He reminded the Committee that the Governor has announced an intent to have the System’s core State Appropriation be essentially 99% of the FY 2012 level (i.e., a 1% holdback), but noted it is possible larger holdbacks could occur during FY 2013. Ensuing discussion with the Committee produced the following information, recommendations and decisions:
  - The Chancellor, Provost, Vice Chancellor of Administration & Finance Services, Director of Planning & Budgeting have been developing a list of strategic investments to be made out of the excess, if any, of the actual State Appropriation released to UMKC over the approximately $70 million assumed in the Budget Model run on which FY 2013 General Revenue Allocations were based (representing an assumed 7.8% cut from FY 2012). They generally described several items on the working list at the meeting (all well-received by the Committee), and agreed to circulate to the Committee members soon (and in advance of the next Committee meeting) an itemized list with corresponding dollar amounts indicated. They estimated that the working list of such strategic investments they have developed would not exhaust the approximately $5 million of State Appropriation UMKC might receive beyond the level
assumed in the FY 2013 Budget Model run (i.e., if the holdback turns out to be only 1%).

- The Provost noted that in many cases the plan is to make strategic investments as seed money for programs designed to grow into a more self-sufficient financial posture over time.

- It was agreed that after the Committee sees the list of strategic investments it should consider making a recommendation to the Chancellor on a fixed overall amount of the excess of the ultimate State Appropriation over the approximately $70 million assumed in the FY 2013 Budget Model run for addition to the University Reserves & Incentives Fund, so that the Provost would have some discretion to adjust/add items of strategic investment from time to time—with the hope that such annual funding can be recurring.

- In the course of this discussion, the Provost and other Committee members discussed the difficult choices involved in applying any additional State money beyond the level assumed in the GRA apportionment done in late April, particularly in view of the System-wide concerns about many faculty and staff having below-market salaries. After discussion of the reasoning behind many strategic investments apart from salary increases, the Committee endorsed the current planning to (a) hold salary increases to the 1% special/strategic adjustments pool previously discussed and assumed in the GRA budgeting; (b) apply any State Appropriation in excess of the assumed approximately $70 million to strategic investments apart from salary increases; and (c) continue to study possibilities for providing some additional funding for salary increases if the ultimate level of the FY 2013 State Appropriation allows some room for that.

IV. Discussion of UBC Membership

- The Provost updated the Committee on the steps being taken to fill in its membership consistent with the Committee template developed last year.

- Committee discussion then led to the following recommendations, with which the Chancellor agreed:

  - One of the two deans to be added to the Committee to replace Dean Drees (as her term is expiring) and Dean Dreyfus (in view of his new position at UMKC) will be from the Health Sciences Campus.

  - The Committee template will be modified to add the elected Chair of the Faculty Senate to the list of ex officio members of the Committee (the thinking being that both the elected Chair of the Faculty Senate
and the elected Chair of the Faculty Senate Budget Committee would regularly be Committee members) and to expressly provide that the two faculty representatives from the Faculty Senate (i.e., in addition to those two elected chairs) would include one from the Health Sciences Campus and one from the Volker Campus.

- The Chancellor will also appoint a replacement “at large” member of the Committee.

- The Committee joined the Provost and Chancellor in thanking Dean Betty Drees for her outstanding service on the UBC, both as a member since the Committee’s inception and as Chair while serving as UMKC Interim Provost.

V. Discussion of Third Group of Budget Model Review Questions

- The Committee discussed the third group of Budget Model Review Questions (“State Appropriation”). This discussion produced the following observations and recommendations:

  - The Committee should continue to monitor potential effects on the size of UMKC’s share of the State Appropriation if the State increases the overall Appropriation to higher education and implements the previously discussed performance-based measures.

  - For FY 2014 planning purposes the Committee should consider scenarios in which the System holds back a portion of the State Appropriation (alternatively, 5% and 10%) for reallocation among the System campuses in accordance with performance-based measures, and work with the Chancellor on the assembly of information on UMKC’s performance under measures of strategic growth. There was sentiment expressed that allocations among UMKC academic units of the first approximately $70 million of State Appropriation (the amount assumed in the FY 2013 Budget Model run) should be unaffected by this holdback/reallocation mechanism, limiting its effects to the excess of the actual State Appropriation over that 7.8% cut amount.

  - The Committee does not recommend any changes to the “off-the-top” of the State Appropriation special allocations included in the Budget Model run for FY 2013.

  - The Committee does not recommend any changes to the current system of apportioning the State Appropriation remaining after such off-the-top” special allocations on the basis of student credit hours weighted by costs of instruction, subject to (1) any new issues raised
by any units regarding the appropriateness of their weighting factors, and (2) any modifications which may become desirable for consistency with performance-based measures imposed at the State or System level.

V. Administrative Matters Going Forward

- As part of the preparation for the August 14 Committee meeting the Office of Budgeting & Planning, with input from the Vice Chancellor of Administration, will prepare for Committee review and discussion examples, on reasonable, stated assumptions, of the net effect on sample academic units of increasing enrollment—i.e., taking into account changes in net tuition, State Appropriation and general overhead assessment if one assume the other units have no changes in enrollment or in other material circumstances. The examples should clearly separate the issue of allocation of unfunded scholarships/waivers from the issue of increase in the unit’s share of the General Overhead Assessment.