UNIVERSITY BUDGET COMMITTEE
MINUTES OF AUGUST 14, 2012 MEETING

I. Time, Location and Attendance:

- 10:00AM, Brookside Room at Administrative Center
- UBC members present: Provost Gail Hackett (Chair), Maureen Hannoun, Carol Hintz, Lyla Lindholm, Tony Luppino, Michael Plamann, Marsha Pyle, Kevin Truman, Mel Tyler, and Wayne Vaught. Absent: Dave Donnelly and Gary Ebersole.
- Others present: Chancellor Leo Morton, Larry Bunce, Andry Joswara, Sharon Lindenbaum, John Morrissey, and Karen Wilkerson.

II. Preliminary Administrative Matters:

- The minutes of the July 17, 2012 meeting were approved in the form last circulated before the meeting.
- New Committee members Lyla Lindholm, Marsha Pyle and Wayne Vaught, as well as Dave Donnelly (who had to miss the meeting due to a teaching conflict), were welcomed to the group. It was agreed that UBC Secretary Tony Luppino and Director of Budgeting & Planning Karen Wilkerson will arrange and conduct an orientation session with the new Committee members.

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 July 17 meeting to report. He then described some of the circumstances that might affect the ultimate amount of State Appropriation held back or released to UMKC for the balance of FY 2013, and provided context for how the System may deal with the State Appropriation in FY 2014 and subsequent years, which may include holding back some portion to fund strategic initiatives across the System. He also reminded the Committee of the purposeful ties between UMKC’s Operating Fund and Capital Fund expenditures and its strategic planning.

- Vice Chancellor Lindenbaum provided an update on the State-level initiative to apportion increases in the State Appropriation to Missouri institutions of higher education, if and when such increases occur, in accordance with “performance-based” metrics. She reported that under a hypothetical application of key metrics (such as retention of full-time students, graduation rates, licensing of graduates of professional schools, and general education
measures) the System as a whole did well and UMKC did relatively well. She noted some related accounting measures on which UMKC’s figures weren’t as good as we’d like, but that are under further study.

- Provost Hackett stressed the need for improvement in UMKC’s retention rates in connection with both our strategic planning and future positioning for resource allocations. She also noted that on some key U.S. News measures, including faculty resources, UMKC is ranked very favorably.

IV. Discussion of Potential Uses of Additional FY 2013 State Money

- Following up on discussions at the July Committee meeting, Vice Chancellor Lindenbaum reviewed for the new members the circumstance that the 7.8% holdback assumed in General Revenues apportionment made at the end of April could, under State-level decision, be reduced to, perhaps, only a 1% holdback. She confirmed that, as discussed at the July meeting, reduction to a 1% holdback, if it occurred, would yield UMKC approximately $5 million more in State money than assumed in the April-end budgeting. She noted that there is no guarantee at this point as to whether all or part of that $5 million will ultimately be received.

- Karen Wilkerson then circulated for Committee review and comments a working draft of a list of various potential expenditures from any new State money for FY 2013 UMKC might receive. The list had been assembled by a Central Administration group (that included the Chancellor and Provost, along with others) for preliminary discussion purposes, noting that the ultimate size of the FY 2013 State Appropriation holdback may not be known for several months. Committee discussion of the list produced the following observations:
  
  o Many of the items would be good investments in furtherance of UMKC’s strategic plans, and thus of the nature contemplated by the Budget Model’s University Reserves & Incentives Fund. It was agreed that if and when the hoped-for additional State money for FY 2013 becomes available, it would make sense to clarify that such investments are allocations out of the University Reserves & Incentives Fund.

  o A few other items would require further discussion, in the context of developing circumstances both at UMKC and externally.

  o Although we would hope that a reduced State Appropriation holdback would translate into corresponding recurring/rate money for FY 2014 and subsequent years, it is prudent for the time being to plan as if the extra FY 2013 State money (if any) is one-time money,
and thus focus largely on seed money expenditures to promote strategic objectives.

V. Discussion of Fourth Group of Budget Model Review Questions

- The Committee discussed the fourth group of Budget Model Review Questions (“General Overhead Assessment”). This discussion produced the following observations and recommendations:

  o **Consulting & Professional Fees.** The level of UMKC’s overall expenditures for Consulting & Professional Fees is not unusually high and does not appear at this time to require a special study; rather, budgeted expenditures for Consulting & Professional Fees should continue to be discussed in the context of expense management in unit-level budgeting.

  o **Administrative & Support Services Committee.** UBC Secretary Luppino, who also serves (along with Paris Saunders) as Co-Chair of the Administrative & Support Services Committee, explained for the benefit of the new UBC members how the Administrative & Support Services Committee has come to be a joint subcommittee of the UBC and the 2020 Task Force. He further explained that no meeting of this subcommittee had been held for some time, as the thinking had been to first gather solid information on unfilled positions planning and functional organizational charts. He also indicated that he had met with Vice Chancellor Lindenbaum and understood that she was undertaking comprehensive payroll analysis and developing organizational charts that might be suitable for the work of the Administrative & Support Services Committee. Vice Chancellor Lindenbaum then explained that to make such analysis and charts and related data truly useful for planning purposes new systems were being developed. Accordingly, it was decided that the members of the Administrative & Support Services Committee should be told that a meeting of that group will be convened when those systems are in place and Vice Chancellor Lindenbaum can present related reports.

  o **Institutional Offset/Full Costing.** The Committee discussed two questions, with input from Karen Wilkerson and John Morrissey: (1) whether there is a sufficient possibility of inadvertent double counting (or complete omission) of people or space costs between the Institutional Offset/Full Costing and the General Overhead Assessment to justify a special study of that topic; and (2) whether, as a policy matter, the way the Institutional Offset/Full Costing is computed and assessed (based on percentages of expenditures as opposed to revenues or other metrics), is appropriate. On (1), the
conclusion was no, as the dollar amounts involved are relatively small, and over the last few years problems of the nature feared have been identified and addressed. On (2), the general sense of the Committee was that since the largely System-driven approach to the tax has not been revisited for many years our finance and budgeting staff should look for opportunities to discuss the policy aspects with counterparts at other System campuses in due course.

- **Amount of General Overhead Assessment.** UBC Secretary Luppino described requests from academic units he receives as Chair of the Faculty Senate Budget Committee and otherwise to urge the UBC to (1) try to facilitate a determination of the size of the General Overhead Assessment much earlier than late April; and (2) study whether a reduction in the size of the Assessment (a little under $70 million in FY 2013 budgeting, which is approximately the same amount as the level of State Appropriation assumed in the April-end budgeting) might be in order. On (1) there was some discussion of differentiating between expenses largely outside of UMKC control (such as utilities costs) and more internally manageable items and trying to address the latter earlier than in past budget cycles. On (2) the Chancellor suggested, and the Committee agreed, that, again with the assistance of Larry Bunce (Institutional Research), the Administrative & Support Services Committee should undertake a benchmarking study along the lines of the one the Support Costs Review Committee did with Larry’s assistance in 2008/2009 (then using pre-economic crash data) and present such study to the Committee.

V. **Administrative Matters Going Forward**

- Tony Luppino reported that, with the assistance of Karen Wilkerson, 2012 data had been assembled on the “charge-backs” imposed by some UMKC support units on other UMKC units, and that a comparison of the 2012 data to the compilation of charge-backs done in 2008/2009 would be forthcoming soon.

- The Committee discussed the scheduling of regular meetings for the fall semester and decided to explore possible dates for monthly meetings from 10:00-11:30AM on Wednesday mornings.