

UNIVERSITY BUDGET COMMITTEE
MINUTES OF MARCH 24, 2016 MEETING

I. Time, Location and Attendance:

- x 10:00AM, Gillham Park Room at Administrative Center
- x UBC Members present: Provost Barbara Bichelmeyer (Chair), Curt Crespino, Mark Johnson, Tony Luppino, Russ Melchert, Kevin Sansberry, Susan Sykes Berry, Mel Tyler, Wayne Vaughn, Theodore White and (for Peggy Ware Smith) Gerald Wyckoff. Absent: Peggy Ware Smith
- x UBC Ex Officio Members Larry Bunce, Sharon Lindenbaum and Karen Wilkerson
- x Others present: Chancellor L. S.

minutes of the

IV. Update on Administrative and Support Functions/Budgets Task Forces

x Tony Luppino, UBC Member/Secretary, and Chair of the Faculty Senate

V. Questions Re: Reserves and Fund Balances Policies

- x UBC Secretary Luppino provided background on suggested fund balances/reserves policies in the UBC's March 10, 2008 recommendations to the then Chancellor, pointing the Committee to, in particular, the discussion of "University Reserves & Incentives Fund" and "Current Fund Balances Policy" on pages 7 and 8 of the text of the UBC's Budget Model recommendations and Appendix 6 ("University Reserves & Incentives Fund: Criteria for Use in Resource Allocations to Academic Units").
- x Luppino then reviewed FSBC questions dated 2/15 regarding "Reserves Policies and Fund Balances" which had been submitted to the UBC for its consideration. He noted which questions had been previously addressed (and reflected in the minutes of prior Committee meetings) and then initiated Committee discussion of the questions that had not yet been addressed or had been addressed only in part. Ensuing discussion engaged in by several Committee Members and the Chancellor produced the following key points and understandings:
 - o Details of the proposed changes to reserves policy create more of a central reserve, keep track of contributions to it from units, and give such units some future credit for those contributions, described in concept by the Chancellor last summer, have not yet been worked out and will be the subject of further examination and discussion with the Committee.
 - o Reports of strategic adjustments made by the Central Administration on unit-level fund balances made during shortly after the end of FY 2015 have been previously made to the Committee and will be consolidated in one clear report that can be circulated to stakeholders (including, among others, the FSBC).
 - o There is currently no express requirement that units get Central Administration approval of expenditures from unit-level fund balances; however, there has been a process of "disclose and discuss" which, as part of periodic budget reviews, the unit leaders and Central Administration consider significant proposed expenditures out of unit level fund balances in the context of UMKC and unit strategic priorities.
 - o The above reference excerpts from the UBC's 2008 recommendations should be taken into account, along with other materials and recommendations, in deliberations on modifying UMKC reserves policies and strategic investments out of reserves. Also, this includes the emphasis in the 2008 recommendations on (i) T

plans for managing and utilizing the unit's Current Unrestricted Available Fund Balances"; and (ii) having clear policies on the criteria for making strategic investments out of central reserves/incentives funds (which is consistent with the approach taken in the recent initiative the Provost led regarding requests for strategic funding from a central pool).

VI. Discussion of Trends in Ending Fund Balances in Recent Fiscal Years

- x The Committee then spent some significant time in discussion of some preliminary observations on reports circulated to Committee Members showing unit-by-unit operating, auxiliaries and service operation ending fund balances for the last four completed fiscal years. This was just preliminary discussion and it was recognized that more study will be in order. There were no significant decisions made during such discussion, but recommendations were made by one or more Committee members that the Committee and the Chancellor consider the following actions:
 - o Better educating all stakeholders that the Budget Model (i) has never been fully implemented, and (ii) even if fully implemented would not by itself produce GRA apportionment. Rather, it has from inception been a management tool for the Chancellor to use in assigning GRA, but subject to such strategic adjustments as the Chancellor deems in order. was noted that the UBC, with FSBC assistance, researched RCM models when then UBC was first formed in 2006 and was well aware of the problems that could be caused by strict adherence to formula funding, and consciously planned on strategic adjustments.
 - o There should be presentations to the Committee its review and comment on the following:
 - x The causes of the Bloch School's large negative operating fund balance.
 - x The causes of the Conservatory continuing to have operating fund difficulties notwithstanding the special support agreement made with

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- x Examination of large auxiliary/service operations fund balances currently shown for several administration/support units to determine how they have resulted and whether they reflect reasonable levels or reserves or might support reallocations or changes in operations .(etg rates they charge other UMKC units for good or services).