

UNIVERSITY ASSEMBLY BUDGET AND PLANNING COMMITTEE REPORT
November 10, 2009

The University Assembly Budget and Planning Committee met November 6. The agenda items were “tuition decoupling,” the summer session budget policy, and possible scenarios for the FY 2011 budget.

Tuition Decoupling

Currently the University of Missouri policy is to have the same basic undergraduate tuition (i.e., the tuition for an entering first-year student not enrolled in a specific program) for all campuses. The system administration is seriously considering changing this policy and allowing each campus, with Board approval, to set its own tuition separate (i.e., decoupled) from the other campuses.

Professor L. Douglas Smith (College of Business Administration) reported on a detailed study he and the Institutional Research staff performed to provide background for developing a UM-St. Louis policy if decoupling is introduced. Based on an analysis of tuition rates and enrollments among 44 higher education institutions (all St. Louis area colleges and universities including two-year institutions, all Missouri four-year public institutions, and Southern Illinois University-Edwardsville) over the past seven years (2002-2003 through 2008-2009), Smith concludes that there is no relationship between changes in tuition and changes in enrollment. In economic parlance, the relationship is inelastic: increasing/decreasing tuition does not decrease/increase enrollment.

Based on this finding as well as the importance of maintaining perceptual parity with other UM campuses, the Committee recommends that—if decoupling is introduced—the UM-St. Louis tuition be very similar to the tuition charged by the other UM campuses. If one or more of those campuses raises its tuition, UM-St. Louis should have a similar increase.

Summer Session Budget Policy

Since 2002, the summer session budget policy has had a collective revenue target for the five major academic units (Arts and Sciences, Business Administration, Education, Fine Arts and Communication, Nursing). If that target was exceeded, as happened in 2002 and 2003, then the excess was shared by all units and the campus. If the target was not met (as happened in every summer since 2004), the campus absorbed the deficit.

The proposed new policy sets individual revenue targets and allocates individual expense accounts for each of the five major units. These amounts were calculated by a linear trend line covering the last four years (2006, 2007, 2008, 2009). If a unit does not meet its target, it will be responsible for the shortfall. If a unit exceeds its target, it will receive 80% of the excess.

The Committee endorsed this change in summer session budget policy.

FY 2011 Budget Scenarios

The Administration briefed the Committee on some of the major issues underlying the development of the FY 2011 (July 1, 2010 through June 30, 2011) budget. The Committee will be deliberating these issues in later meetings extending through the Spring Semester.

At this meeting, the Committee had a brief substantive question of one issue: reallocating approximately \$2,000,000 in order to fund a 2% raise pool. Cognizant that a reduction in state funding might require three million dollars or more of additional cuts, the Committee's consensus at this time is that it would not be prudent to reallocate \$2,000,000 for a 2% raise poll. The Committee will revisit this issue as more information becomes available.

Next Meeting

The Committee will meet Friday, December 4, from 1:30 pm to 3:30 pm in JCP 72.

Respectfully submitted,

**E. Terrence Jones
Chair**