

## **BUDGET AND PLANNING COMMITTEE REPORT**

### **November 8, 2005**

The Budget and Planning Committee met October 21 and November 3. The October 21 session covered an update on the Performing Arts Center's finances; the financial agreement between UM-St. Louis and Express Scripts (including the land developer), and the tentative finances for the proposed Information Technology Incubator. The November 3 meeting was an update on the Five-Year Action Plan.

#### **Performing Arts Center Financial Update**

1. The Performing Arts Center (PAC) operating deficit for FY 2005 was \$336,000, a reduction from the previously estimated \$700,000 to \$800,000. The cumulative deficit from the building's opening is \$1,609,000. These deficits do not include the rate dollar subsidy for PAC staff (c\$480,000 a year), the rate dollar subsidy for building operations like utilities and cleaning (c\$500,000 a year), the student fee subsidy (c\$270,000 a year), and the building's contribution to the campus's maintenance/repair fund (c\$550,000 a year). Campus uses (e.g., commencements, student performances) are counted as revenues with the funds coming from other campus accounts.
2. The PAC is projecting operating deficits for the next four fiscal years. These projected deficits total \$770,000.
3. The University System has ordered the campus to pay down the cumulative deficit (\$1,609,000 plus the projected additional \$770,000) over the next five years until it totals no more than \$700,000 (the value of a charitable remainder trust designated for the PAC). To help achieve this debt reduction, the campus is allocating \$275,000 from general operating funds each year between FY2006 (the current fiscal year) and FY 2010.
4. The PAC projects that the operating deficits (excluding the ongoing subsidies) will be eliminated as of FY2010. The major elements of its plan are (a) increased rentals at higher fees, (b) reducing the number of UMSL-backed performances and focusing on the most popular (e.g., oldies but goodies like the Glenn Miller Orchestra, comedy performances like Roseanne Barr).

#### **Express Scripts**

1. The projected one-time direct financial benefits are estimated to be \$3,323,300. This includes \$1,742,400 for a 99-year lease; \$383,000 for a five-year option on additional property; and \$1,197,900 for a 99-year lease on the additional property assuming Express Scripts exercises the option.

2. The projected one-time direct financial costs are estimated to be \$2,577,000. The major items are relocating the baseball field (\$1,100,000) and acquiring private properties now on the site (\$1,045,000).
3. The projected one-time indirect benefits are estimated to be at least \$11,979,000. The two major items are the value of the new arterial road which will be built with non-UMSL funds (\$10,500,000) and the added value to adjacent UMSL property created by Express Scripts' presence (\$1,479,000).
4. There are no projected one-time indirect costs. The UMSL property needed for the new arterial road will be replaced by right-of-way acquired by St. Louis County for the road's western portion.
5. The projected ongoing operating benefits are difficult to estimate at this time. Express Scripts has indicated it will spend at least \$100,000 annually renting campus facilities. A UMSL/Express Scripts committee (UMSL's co-chair is Dean Keith Womer) will seek to develop numerous other partnerships which, it is hoped, will generate substantial additional revenues (e.g., research, tuition, philanthropy).
6. The projected ongoing operating costs are \$224,000 (\$125,000 for additional police patrols to provide security, \$74,000 for a research/business park director, and \$25,000 for increased grounds maintenance).

### **Information Technology Incubator**

Vice Provost for Research Nasser Arshadi provided a tentative cash flow pro forma for the Information Technology Incubator. He projects that the Incubator will have a positive cash flow from its first year of operation (FY 2007) and, for subsequent years, will either have a positive flow or break even.

### **Five Year Action Plan Update**

The Committee concentrated its review on the Plan's first three goals: (1) enhance the quality and delivery of undergraduate and graduate/professional education, (2) recruit and retain an outstanding and diverse undergraduate student body, and (3) build the quality of research, scholarship, artistic/creative activity, and graduate programs. It spent less time on the other two goals: (4) enhance civic engagement for economic and social benefit of the region, and (5) increase financial base and improve stewardship of resources. Discussion of all items involving the Vice Chancellor for Development were deferred until a Winter Semester 2006 meeting.

Here are some of the highlights:

1. The number of regular (i.e., tenure track) faculty has increased from 289 (2004) to 308 (2005). The goal is 330 by 2008.
2. The number of students studying abroad has risen from 111 (2004) to 160 (2005), close to reaching the 2008 goal to have a 50% increase.
3. The number of classrooms with computerized instructor stations has risen from 60 (2004) to 74 (2005), with a goal of 120 by 2008. The number of wireless access point coverages has increased from 5 (2004) to 60 (2005) with a 2008 goal of 80. The number of high-performance computing cluster nodes has risen from 64 (2004) to 192 (2005) with a 2008 goal of 256.
4. The number of first-time/full-time freshmen rose from 397 (2004) to 498 (2005). The 2008 target is 900.
5. The number of Pierre Laclède Honors College enrollees has risen from 404 (2004) to 437 (2005). The 2008 goal is 650.
6. African-Americans' share of the student body increased from 15.8% (2004) to 16.8% (2005), surpassing the target of 16.0%.
7. The six-year graduation rate for first-time/full-time freshmen rose from 38% to 45%, surpassing the target of 42%.
8. The number of students living on campus rose from 837 (2004) to 949 (2005). If enough additional housing can be constructed, the ultimate target is 2,500.
9. External funding (instruction, other sponsored activities, research, student financial aid) rose from \$23 million (2004) to \$25 million (2005). The 2008 target is \$50 million.
10. The number of doctoral degrees granted went from 40 (2004) to 51 (2005), outpacing the target to increase by seven per year.
11. Funding for teaching and research assistants increased from \$3,320,000 (2004) to \$3,680,000 (2005).

The Committee and the Administration discussed various modest changes in a few action plans, suggested additional ways of compiling the data, and agreed that—instead of reviewing action plan progress each semester—it would review it once a academic year. That review would occur in the Winter Semester to give the administration sufficient time to assemble the data.

### **Next Meeting**

The Committee will meet Tuesday, November 29, from 1 pm to 3 pm. Agenda items will be reviewing a five-year projection of revenues and expenditures and discussing the parking policy issues (see October 11 minutes). At this meeting, the Committee will also make tentative decisions about its agenda items for the Winter 2006 Semester.

Respectfully submitted,

E. Terrence Jones  
Chair