University of Central Missouri
Board of Governors
Finance and Administration
Committee of the Whole
Minutes
April 24, 2025

The University of Central Missouri (UCM) Board Committee on Finance and Administration convened as a Committee of the Whole on April 24, 2025, at 11:45 a.m. in the Elliott Student Union, Room 237A, on UCM's main campus in Warrensburg, Missouri. Presiding over the meeting was Board President John Collier. Others participating in the meeting were Governors Stephen Abney, Mary Dandurand, Stu Rogers, Gus Wetzel II, and Ken Weymuth; Student Governor Hadley Oden; University President Roger Best; General Counsel Lindsay Chapman; Assistant Board Secretary Kristen Plummer; Vice President for Finance and Operations Bill Hawley; and Associate Vice President for Budget and Planning Kristi Harms. Governor Phyllis Chase was unable to attend the meeting and was excused.

The meeting was called to order, and it was determined that a quorum was present to conduct business.

<u>Fiscal Year 2026 Operating Budget</u> – Agenda Item No. 1

Mr. Hawley and Ms. Harms presented the Fiscal Year (FY) 2026 Operating Budget. Mr. Hawley provided an overview of the revenue sources listed in Exhibit I of the meeting materials found under Tab 8, noting a decrease in tuition revenue of $11.2 million, an increase in state appropriations of just under one million dollars, and an increase in investment income of two million dollars. To get a balanced budget, Mr. Hawley reviewed the following adjustments that have been made to reduce the FY 2026 budget by $8.3 million:

- Reduced university compensation by more than $2.3 million through the elimination of 36 long-term vacant positions, allocated for an increase in the MOSERS contribution by about $610,000, and allocated for an increase in student employee minimum wage to $15.00 per hour effective January 1, 2026.
- Allocated $521,000 for faculty promotions and lower limit increases.
- Reduced maintenance, repair, capital projects, and facilities enhancements through the general fund by more than $1.4 million.
- Allocated a $220,383 increase in health insurance.
- Allocated approximately $343,830 for expected increases in contractual and property insurance.
- Increased utility expenses by $200,000.
- Decreased institutional contingency by more than $2.9 million.
- Reduced the budget by approximately $3 million for other initiatives. Mr. Hawley noted that one of the largest reductions in this area was about $2 million in agent fees related to international student recruiting.

Mr. Collier asked for clarification on the reason for the reduction in tuition revenue. Mr. Hawley explained that it was because of the reduction in international graduate students. President Best pointed out that the difference in tuition revenue is net. In looking at applications and admits for fall 2025, international graduate numbers are flat compared to the same time period for the fall 2024 cycle. However, the yield rate on admitted international graduate students is expected to be lower for fall 2025 than in prior years.

Mr. Abney inquired about the 36 vacant positions that were eliminated and how long they had been vacant. President Best explained that there were 11 faculty positions and 25 staff positions, which had been vacant for an average of two years, did not have a current search in progress, and there was no intent to search. The vacant positions are kept in the budget as it is easier from a process perspective to hold the position than to eliminate it and try to bring it back later if it's determined it is needed. Mr. Abney asked about staffing changes resulting from the reduction in international graduate students, and President Best stated that there was not a need to reduce full-time positions currently, as the additional instruction had been accommodated through faculty overloads and adjuncts.

Responding to Mr. Abney's question, President Best explained that the amount budgeted in FY 2025 for contingencies was intentionally set at three times the normal amount due to the uncertainty seen in international graduate enrollment. In realigning that number with the forecast for FY 2026, the allocated amount has been reduced to a more typical level, which is 1.5-2% of the tuition forecast. President Best noted that the amount could flex up a little bit based on what happens between now and June in different forecasts that will continue to be monitored.

Mr. Abney asked about the increase in student fees and how they were figured. President Best stated that student fees are determined using the same model as the tuition forecast. The fees are known per segment and credit hour, and once the tuition forecast is set, Ms. Harms uses the same model to determine the student fees. Mr. Abney also inquired about the increase in the investment income budgeted amount, noting that the investment rates were staying the same. Mr. Hawley explained that the amount has been budgeted conservatively over the past few years, and this amount will be more accurate. Mr. Abney stated he wanted to ensure with the final budget that the university stays as fluid as possible to make the appropriate cuts if needed, in order to make the budget.

Mr. Weymuth asked what percentage of the expenses directly related to the reduction in international graduate enrollment were reduced. Mr. Hawley stated it's not a one-to-one correlation, and President Best explained that because of the concurrence of expenses, it is not easy to break it down into a percentage. Mr. Weymuth also asked for clarification on the property insurance. Mr. Hawley confirmed there are expected increases in insurance for FY 2026. Because of an anticipated sizable increase in property insurance last year that ended up being flat, insurance was overbudgeted for FY 2025, and this adjustment brings it closer to real costs.

In response to a question from Mr. Abney, Mr. Hawley stated that the MOSERS increase for FY 2026 of $610,000 is included in 'Compensation Change and New Positions' in Exhibit III. Mr. Abney asked that MOSERS be added as a line item in the future. Dr. Wetzel asked what the contribution rate is for MOSERS, and Mr. Hawley shared that it is 30.25% for FY 2026.

Mr. Rogers asked if there was concern about deferred maintenance continually being pushed back, to which Mr. Hawley stated it was always a challenge. He noted that the FY 2026 budgeted amount is similar to what it had been for a few years before the FY 2025 budget. Mr. Abney asked about funding for projects and if there would be a need to use reserves. Dr. Best shared that there are contingencies built into the budget to help slow spending down and generate additional cash flow if revenue does not come in at the forecasted level, as well as other strategies that can be deployed.

Mr. Abney moved that the Fiscal Year 2026 Operating Budget be forwarded to the Plenary Session for approval. The motion was seconded by Mr. Rogers and passed unanimously.

President Best expressed his appreciation to the Board for maintaining their fiduciary responsibilities by asking questions and for the depth of discussion.

There being no further business to discuss, the meeting adjourned at 12:23 p.m.