University of Missouri System

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UM System Administration
2018 Budget
and
Long-Term Plan

June 2, 2017

Supporting Academic Excellence

The University of Missouri System will develop and execute both short-term and long-term plans for budget reductions based on the following guiding principles to support academic excellence. These plans will serve as our compass as we seek to protect activities and programs that best meet the mission of our university and provide maximum benefit to our communities, our state and the nation.

We will:
- Challenge the status quo and long-held traditions that are impediments to change.
- Make strategic decisions based on performance measures of excellence.
- Protect programs of excellence for faculty research and creative works, student outcomes, community engagement and financial aid.
- Be transparent, collaborative and accountable in making important decisions that affect the institution with input from faculty, students and staff.

Leading in a Changing Fiscal Environment for Missouri Higher Education

The challenges faced by the University of Missouri are similar to challenges faced by many public universities across the nation. Through proactive and inclusive approach, the University of Missouri will make bold decisions to become a stronger institution of higher education with an emphasis in growing research and creative works, high-quality affordable education, engaged service and outreach to citizens and industries in Missouri.

Guiding Principles for the FY 2018 Budget Plan

The Guiding Principles of the budget process serve as the compass to help protect and grow the activities and programs that best meet the mission of the university and provide the maximum benefit to the state. These principles include:

- Make the difficult but necessary decisions now, as delayed actions will make fiscal conditions worse.
- Create efficiencies and reduce duplications; this includes utilizing common platforms and policies until we need to be different systemwide and within campuses.
- Place the highest emphasis on achieving excellence through our decisions.
- Savings and reallocation will be used to support programs of excellence for:
  o Student access, success and outcomes;
  o Faculty research and creative works.

Key Long-term Platforms to Achieve Sustainable Excellence

To deliver on the guiding principles of this plan in a sustainable manner, the university will need to make bold decisions to fund the critical elements of public research universities. The university will implement a long-term financial plan that will include strategic investments in academic and research excellence supported through operating efficiencies and new revenue growth.

1. Academic Excellence

The pillar of academic excellence encompasses the academic enterprise and the delivery of the highest quality education and transformational research to serve the citizens of Missouri and beyond. The pillar of academic excellence will align each department's activities with the central mission of the institution.

Program Review and Rationalization

Review of degree programs will be performed to examine how each program contributes to the central mission and delivers a high-quality education to students. The review will encompass curriculum demand, student success metrics (retention, graduation, job placement), and cost/margin.

Degree/Certificate Market Analysis

An analysis of the market will be performed for degrees/certificates and employment for post-graduate educational outcomes. The analysis will include input from key constituents in the civic and business communities and will seek to develop programs that drive economic growth for Missouri.

Academic Productivity

Rigorous review of all academic departments will be performed to examine how each department contributes to the university's teaching, research, and public service missions. The review will encompass key output and quality metrics in each of these areas (including archival publications, citations, extramural funding, national awards, curated exhibits, juried performances, etc). The combination of program reviews, market analysis, and productivity analysis will identify areas of excellence for further investment and focus.

Research & Creative Works

Investments can include cluster faculty hiring, new facilities for inter-disciplinary research, core instruments for shared use, library support, etc.

Outreach & Engagement

Will look to make investments in programs to develop K-12 STEM training, telemedicine in rural regions of Missouri, industry partnerships for joint R&D and workforce training, urban renewal projects in economically-distressed regions of the state, etc.

Student Access and Success

Investments can include faculty and staff for student recruitment, advising, distance learning, experiential learning (as demonstrated by the Mizzou Method in Journalism School, to the capstone design in the College of Engineering, to the internships in the College of Business, and to research in the School of Medicine), preparation for national scholarships/fellowships, seamless transfer and registration across all campuses in the UM System.

2. Revenue Enhancement

The university will seek to identify new revenue sources to grow the areas of the enterprise that deliver the most value to citizens of Missouri, as identified under the academic excellence pillar.

Pricing Flexibility

Utilize the degree program review and academic productivity analysis to identify pricing opportunities (higher, lower and differential) to increase student enrollment with an emphasis on student quality, preparation and success. Pricing strategies will emphasize removing barriers to successful career pathways and investments in academic excellence to improve learning outcomes.

Long-term Enrollment Strategy

Based on the results of the degree program and productivity reviews, we will develop or grow critical degree programs that will lead to full enrollment. Enrollment strategies will be intentional, remove barriers to access, increase need-based and merit-based scholarships, reduce time to degree, increase graduation rates and job placement outcomes.

Auxiliary Operation Rationalization

Evaluate each auxiliary operation (athletics, healthcare, dining, residence halls, parking, etc) for its contribution in supporting the academic, research and outreach mission of the university. Examine the feasibility of public private partnerships, where appropriate, to replace current auxiliary operations to enable each institution to focus on its central mission.

Development Opportunities

Coordinate and focus fundraising activities to seek opportunities for philanthropic support for key elements of the academic pillars of excellence.

3. Resource Allocation and Utilization

The university's budget model will be transformed from one of incremental spending on an annual basis to a model focused on investments that generate return on those investments as measured by the academic pillar of excellence.

Data-driven Allocation Models

Develop resource allocation models (funds, space, and time and effort of faculty, staff and administrators) that align resources to grow the pillar of academic excellence.

Reserve Practices & Policies

Review current practices of holding reserves (excluding faculty research and start up accounts) in small accounts throughout the institution and develop strategies and policies to enable reserves to be used to support the pillar of academic excellence.

Implement Five-year Financial Plan

Develop a financial and operational plan that supports long-term and sustainable strategies for investment in the academic pillar of excellence.

4. Leverage Administrative Scale, Efficiency and Collaboration

As the only public higher education system in the state, the University of Missouri System has the unique capability to leverage significant economies of scale to deliver lower cost administrative services to the academic units. The system approach will also be used to develop critical mass for faculty research and creative works; share distance learning and online programs; increase outreach informed by teaching and research to each county in the state through extension programs; etc.

Expansion of Enterprise Services

Evaluate key business process in the context of delivering value and return on investment, with a focus on efficiency and standardization.

Organizational Consolidation

Complete a "spans and layers" review within each organization and rationalize reporting structures to the functions supported. The simplification and consolidation will eliminate management redundancy and eliminate layers to create a more nimble organization.

Streamline Process through Functional Efficiency

The system will seek to identify high volume processes with high levels of variation and manual effort. High risk and high value processes will be standardized and automated to eliminate unnecessary effort. The overall goal of the process redesign will be to deliver the most cost effective process at the institution. The work stream will seek to create a culture of continuous improvement in administrative cost efficiency.

UM System Administration FY 18 Budget Plan

The FY 18 System Administration budget plan focused on identifying significant resources to reallocate towards the future needs of the University and offset declines in revenues and unavoidable cost increases. The changes to generate the savings and reallocations resulted in a reduction of over 36 full time equivalent positions, including the closure of several offices. The table below provides the cost savings and reallocations within individual offices. The additional program eliminations and reallocations are from eliminating or reallocating resources for entire programs. The System cost savings and reallocations focused on freeing resources to invest in programs that will drive the future academic success of the university.

Revenue Shortfalls & Cost Increases	
State Appropriations	(796,765)
Tuition and Enrollment	-
Unavoidable Cost Increases	(1,503,235)
Strategic Investments	(5,974,791)
Total Beginning Budget Target	(8,274,791)

Program Eliminations & Reallocation	
Human Resources	433,018
Finance	747,809
University Relations	117,666
Information Technology	1,389,347
President	62,784
Academic Affairs, Research & Economic Development	344,131
Other (General Counsel, Diversity, Equity & Inclusion)	225,634
Additional Program Eliminations & Reallocation	4,954,402
Total Realized from Program Eliminations & Reallocation	8,274,791
Total Shortfall included in FY 18 Budget	**-**

The following table provides further detail on the revenue shortfalls and cost increases. Additionally, the table shows the System cost reductions generated nearly $6 million in additional resources that can be reallocated to the future needs of the organization.

State Appropriations Detail:	
Core Reduction FY18	(796,765)
Core Reduction FY17 not identified as recurring	-
Total State Appropriation Changes	
	(796,765)
Tuition & Enrollment Detail:	
Enrollment Increases (Decreases)	-
Tuition Increases (Decreases)	-
Student Aid Program Changes	-
Total Tuition Revenue Changes	-
Unavoidable Cost Increases Detail:	
Unfunded unavoidable cost increases from prior and current year	(500,000)
Core Reduction FY17 not identified as recurring	(1,003,235)
Total Unavoidable Cost Increases	(1,503,235)
Strategic Investments	
President's Strategic & Reallocation Investment Pool	(5,974,791)
Total Strategic Investment	(5,974,791)
Total Beginning Budget Target	(8,274,791)

The table below provides the detail of the $8.3 million in cost savings and reallocations generated through the System Administration budget plan.

2018 UM System Administration - Program Elimination & Reallocation Detail			FTE Reduction		
#	Description	Responsible Party	Staff	Admin	Amount
1	Elimination of director and professional staff in HR Information System	Human Resources	1.00	1.00	201,326
2	Reduce scope of Talent Management program	Human Resources	-	-	62,677
3	Elimination of Health and Welfare positions through benefits restructuring	Human Resources	2.40		169,015
4	Elimination of positions including Mgmt. Svcs, Budget & Planning, Controller's Office, Internal Audit & Supply Chain	Finance	3.00	3.00	362,398
5	Reduction in department operating budgets in Finance	Finance	-	-	72,426
6	Increase payments from auxiliary and other entities for services provided by central support functions	Finance	-	-	312,985
7	Elimination of position in University Communications	University Relations	-	1.00	117,666
8	Elimination of positions in IT including UM IT and shared services functions	Information Technology	9.70	3.00	1,046,791
9	Reduce Hyperion Planning performance testing	Information Technology	-	-	55,394
10	Eliminate SANS security training	Information Technology	-	-	42,000
11	Reduce costs included in service operations	Information Technology		-	245,162
12	Elimination of support position	President	1.00	-	62,784
13	Research & Economic Development Initiatives - reduced funding for campus grants	AARED	-	-	100,000
14	Reduce Academic Affairs funding for campus initiatives in eLearning and other special projects	AARED	-	-	63,000
15	Reduce cohort size for Entrepreneurial Scholars & Interns Program	AARED	-	-	9,131
16	Eliminate supplemental appointment for MU registrar in Academic Affairs	AARED	-	-	11,728
17	Reduce salary reserve	AARED	-	-	100,000
18	Reduce department operating budget in Academic Affairs	AARED	-	-	35,272
19	Reduction in department operating budgets in Patents & Licensing Office	AARED	-	-	25,000
20	Reduce Legal Research Resources	General Counsel	-	-	16,000
21	Replace staff and counsel with lower paid positions	General Counsel	0.50	-	76,000
22	Increase payments from auxiliary and other entities for services provided by central support functions	General Counsel	-	-	84,000
23	Reduction in program support Diversity, Equity, & Inclusion office	Chief Diversity Officer	-	-	49,634
	Total Realized from Program Eliminations & Reallocation		**17.60**	**8.00**	**3,320,389**
	Additional Eliminations				
1	Elimination of the Position of Vice President for Academic Affairs, Research and Econ Dev	System Administration	-	1.00	346,000
2	Elimination of the Position of Vice President for University Relations	System Administration	-	1.00	308,000
	Additional Restructuring & Reallocations				
3	Closing of Federal Government Relations Office & Restructuring of the State Government Relations Office	System Administration		4.00	816,962
4	Restructuring of the Office of University Relations	System Administration	3.00	1.00	483,440
5	Reallocation of the University of Missouri Research Board Investment to Target Strategic Research Priorities*	System Administration	-	-	2,300,000
6	Reallocation of the Inter-Campus Research Investment to Target Strategic Research Priorities*	System Administration	-	-	400,000
7	Closure and Reallocation for Programs, Centers & Institutes	System Administration	-	0.70	300,000
	Total Realized from Additional Eliminations, Restructuring & Reallocations		**3.00**	**7.70**	**4,954,402**
	Total Realized		**20.6**	**15.7**	**8,274,791**
*	Program reallocation will continue to be directed to supporting faculty research and creative works				