

# Collected Rules and Regulations

## Financial Management

### Chapter 140: Investments

#### 140.020 Financial Planning

Executive Guideline No. 17, issued April 26, 1982; Amended 11-13-25.-

In any period of financial stringency, the University's educational services to the people of Missouri would be greatly diminished. Hence, those in the University community are obligated to do the sound planning that would enable the University to avoid such a situation or, in the event of financial crisis, to preserve its educational functions to the greatest extent possible.

Effective preventive planning can help to preserve the basic missions of the University, including the unique roles which it serves in the state's higher education system. At each level of operation, the administration and faculty must continue to establish priorities among these missions as a basis for sound resource allocation.

In planning to prevent or to cope with a financial crisis, the educational interests of students are of high importance. Planning must also take into account the essential contributions to the University's operation which are made by administrative and support staff. [Collected Rules and Regulations Section 600.010 Equal Employment/Educational Opportunity and Nondiscrimination Policy](#) ~~The University's Plan for Equal Opportunity and Affirmative Action~~ is yet another factor which must be considered. Financial stringency must not become a cloak for abandoning the University's commitments in any of these areas.

##### A. Warning Signs

1. **Signals** -- The University community must always be alert to signals which warn that a financial crisis may be near. The following items are examples of some indicators of possible financial problems that warrant immediate attention by campus budget committees, Chancellors, and the central administration staff. These example are neither mutually exclusive nor listed in order of importance.
  - a. State appropriations insufficient to meet contractual commitments.
  - b. A substantial loss of students on one or more campuses.
  - c. Mandated increases in costs or functions which are not equaled by funding resources.
  - d. Inflationary cost increases not matched by adjustments for inflation in revenue sources.
  - e. An absolute decline in dollar income from one year to the next, without corresponding program or student reduction.
  - f. A budget that is flexible because of firm commitments, with the concurrent inability to respond to emergencies; for instance, a very high ratio of S&W to E&E funds.

2. **Evaluation** -- Whenever these indicators are observed, an evaluation of the situation must be made and the preventive planning activities specified in this Executive Guideline at D must be intensified.

B. **Resource Committees** -- Faculty must be meaningfully involved through regular on-going mechanisms with the total University fiscal situation. Appropriate committees with faculty members at the system and campus levels shall be created or designated to advise in educational planning, to appraise resource needs and fiscal conditions, and to advise on allocation and reallocation of resources.

1. Primary responsibility for projections of fiscal resources and their allocation rests with the campuses, with necessary support and coordination functions being provided by central administration offices. Hence, it is especially important that each campus have such a resource/planning committee or committees, each including a substantial number of faculty members designated by a representatively elected faculty governance body, to be informed by and to be involved with the Chancellors and their staffs in dealing with campus fiscal planning and allocation.
2. Similarly structured advisory committees should also be considered within major campus administrative subdivisions. Except for required faculty membership, the composition of such committees is a prerogative of the campus or subunit.
3. It is essential that all relevant data be made available to these committees. Responsible persons should coordinate their efforts to insure the regular and timely provision of forecasting data to these committees related to programs and to anticipated fiscal resources.

C. **Effective Use of University Resources** -- A careful examination of resource use must be undertaken by these resource/planning committees on a regular basis. As a part of this review, the University will expand its efforts in the area of performance audits. For instance, productivity in administrative offices, faculty loads, physical plant activities, and research centers will be assessed. The University must look as carefully at its administration and support personnel picture, at the efficiency of certain seasonal offices, at bidding and purchasing operations, as it does at faculty staffing patterns. Each campus and the central administration shall set up a regular procedure by which resource committees can systematically examine each issues. Expert advice from outside the University may be employed if appropriate.

D. **Possible Retrenchment Steps to be Taken if Financial Stringency is Threatening** -- The University routinely takes steps to improve its financial situation as a part of sound management practices. However, if warning signals of financial stress are detected, the appropriate planning and fiscal resource allocation committees, working with University administration, should identify and recommend additional measures short of declaring exigency that could be adopted. Such possibilities include, but by no means are limited to, the following:

1. Reduction of faculty positions through attrition or nonrenewal.

2. Adjustment of faculty and staff work loads, so long as the faculty can remain professionally active and the staff effective.
3. Reduction or elimination of administrative and support services.
4. Modifications of the staff benefits and retirement program to provide incentives for voluntary early retirement and part-time appointments and to provide equitably for persons terminated because of the financial situation.
5. Reduction or elimination of academic programs.
6. Professional development programs to enable faculty and staff to accommodate to the changing needs of the University.
7. Limitations on enrollments.
8. Decreased numbers of courses and frequency of offerings, and increased class size.
9. Conversion to nine-month of twelve-month appointments.
10. Increased utilization of short-term non-tenurable positions.
11. The closing of facilities.

These actions could have quite serious impact upon the quality of the University's educational mission and must be carefully weighted against the severity of the economic situation. The University, as a *University*, must not be sacrificed in order to avoid hard decisions about retrenchment or financial exigency.

- E. **External Relations** -- The University always attempts to maintain full communication with state officers, alumni, and the public about its financial situation. During any period of retrenchment or financial stringency, however, it will be especially important that a coordinated effort be made to (a) seek full public understanding of the University's crisis, including an explanation of the impact of planned reductions; (b) solicit special alumni and other private gifts to minimize educational cutbacks.
- F. Chancellors should take appropriate steps to provide for implementation of this Executive Guideline on the individual campuses.