December 18, 2008

Robert Stein, Ph.D.
Commissioner
Missouri Department of Higher Education
3515 Amazonas Drive
Jefferson City, Missouri 65109

Dear Commissioner Stein:

In accordance with your request, the accompanying document provides a high level overview of various options the University of Missouri System and its four campuses are prepared to undertake in the event of budget reductions in state funding totaling 15%, 20% and 25% for FY2010.

While being responsive to your request to provide these scenarios, my colleagues and I want to underscore our university's commitment to being a part of the solution to the state's economic crisis. We will do everything we can to maintain the quality of our institution's teaching and research, and to fulfill the breadth of our historic and unique mission among all public higher education institutions in the state. We will continue to focus on ways we can leverage our research into solutions that improve lives, create new jobs and grow new businesses. We remain committed to doing our best to ensure that Missourians have access to our quality education and that our programs remain affordable.

We take our responsibility as stewards of taxpayer investment seriously and understand the importance of being effective and efficient with scarce state resources. However, as this document outlines, we want to state that there will be a significant negative effect felt by citizens across our state—not just our faculty, staff and students—should the full measure of these reductions take place across our university's four campuses.

We realize the magnitude of the challenges the current economy will place on our state and our leaders, and we pledge to work with you to identify solutions to help Missouri and our nation remain strong.

Sincerely,

Gary D. Forsee
President

c: Governor Matt Blunt
Governor-Elect Jay Nixon
The Honorable Gary Nodler
The Honorable Charlie Shields
The Honorable Ron Richard
The Honorable Alan Icet

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University of Missouri
Core Budget Reduction Impact Statement

The University of Missouri (UM) has prepared this document in response to the Senate Appropriations Committee request for impact statements regarding potential FY10 general revenue core reductions of 15, 20, and 25%. Because of the magnitude of the request, the short timeframe for a response, and the necessity for our governing board to participate in budget determinations, our response provides the impact at a high level over the range of available options. Detailed plans will be formulated working with faculty, staff, students, the Board of Curators and other stakeholders over the next several months, as the specific reduction in state support is verified.

The University of Missouri, as the state's public research and doctoral-level land-grant university system, has provided high quality education, cutting edge research and critical public service for Missourians for over 170 years. We are committed to the highest levels of performance as measured against regional, national, and global standards. The University of Missouri's four campuses play a pivotal role in education, research, patient care, and economic development in the state of Missouri. We produce over half of the baccalaureate degrees awarded by public institutions, 64% of the masters degrees, 98% of the doctorates, and 100% of the professional degrees contributing significantly to the highly educated workforce necessary in today's technology-driven economy. Collectively and individually our campuses secure the highest amount of external research funding of any Missouri public university. Our hospitals and clinics provide the only tertiary care to citizens throughout mid-Missouri. Our faculty generated 98 patents and 108 licenses over the past five years creating future economic value to the state.

The University of Missouri recently completed a planning process that provides strategic direction for the university by articulating an action plan encompassing teaching and learning, research and discovery, service and outreach, economic development and resource management. An integral part of the plan is a comprehensive set of accountability measures that clearly identifies how we will measure our effectiveness to ensure quality in all that we do. In addition, we are one of the first public institutions in the country to put in place a "pay for performance" management plan for senior administrators.

The magnitude of the suggested reductions in state support, when we have not yet recovered from the reductions made in the first half of this decade, would require us to take a hard look at how we pursue our missions of teaching, research, service, and economic development. In addition, at this time, the impact on access and affordability given changes to tuition and fees is not clear

Commitment to Efficiency and Effectiveness

Cognizant of the responsibility to be good stewards of the resources entrusted to the university by students, their parents, and the state, the university continuously examines its operations to identify and implement ways to decrease cost and improve quality. Since 1998, the University of Missouri has been documenting actions taken to improve effectiveness and efficiency. From 1998 – 2008, $122.1 million in efficiencies were generated as a result of organizational

restructuring ($4.3m), program elimination ($4.4m), energy conservation ($6.4m), business process improvement ($44.2m), workforce reduction ($5.6m), technology initiatives ($1.0m), supply chain management ($12.1m), benefit cost savings ($3.5m), debt restructuring ($34.2m), and service level reduction ($2.9m). A detailed listing of these initiatives is attached for your information. Adjusting for inflation, we are 11% more efficient in our cost per full time equivalent student than we were in 2001.

Stagnant State Support and the Impact on Students, Faculty, Facilities and Missourians

State support: State support for higher education operations over the past eight years, FY 2001 to FY 2009, has been stagnant in nominal terms and declining in real terms. Substantial withholding has occurred, in addition to cuts in the appropriations base. The quality of educational offerings has been sustained by underpaying faculty, deferring maintenance, increasing tuition, and increasing enrollment. Given the progress made in the last couple of years toward restoring funding for higher education, for the first time in FY2010, nominal appropriations received were anticipated to be higher than FY2001 levels. This appears to now be in jeopardy.

Missouri higher education and the University of Missouri are underfunded when compared to higher education in other states. Nationally, Missouri ranks 44th in higher education appropriations per $1,000 of personal income and 47th in higher education appropriations per capita. In a smaller group of eleven states, those with other Big 12 institutions and/or geographically contiguous, Missouri ranks tenth out of eleven on both measures.

According to the Council on Public Higher Education (COPHE) task force consensus report, Missouri's higher education funding gap was $212.3 million in FY2006. The University of Missouri's share of the gap is $136 million and includes medical programs and cooperative extension. This is in addition to $12.6 million in underfunding due to growth in enrollment at UM from fall 2000 to fall 2007 and does not include additional funding for the unprecedented jump in enrollment in fall 2008.

Impact on Students: The funding gap created by the decrease in state support was filled in part by tuition increases that shifted the burden from the state to students. From FY 2001 to FY 2008, state support decreased from 55% of the operating budget to 38%, while tuition revenues increased from 36% to 46%. Since FY 2002, tuition has increased 73.6% or an average annual increase of 9.1% and yet we are looking at the possibility of significant increases due to reductions again in state funding.

Impact on Faculty and Staff: Over the same time, the gap in funding has driven average faculty salaries to the bottom quintile of the comparator group threatening our ability to recruit and retain top faculty at all four campuses. As an example, a study of top faculty at public institutions of the Association of American Universities (AAU) showed that the Columbia campus ranked last among 34 AAU universities in the growth of base faculty salaries from fall 1997 to fall 2006. Average ranked faculty salary increases from fall 1997 to fall 2006 among public AAU institutions in the surrounding states of Illinois, Iowa, Kansas and Nebraska were 45

to 135 percent higher than increases at the University of Missouri-Columbia. Further reductions in state support would exacerbate our inability to pay competitive salaries and benefits and thus further impair recruitment and retention of top faculty. This situation exists for staff as well where over the same time period staff salaries have not kept pace with inflation or the market place.

Impact on Facilities: The historical lack of consistent and predictable state capital funding and the reductions in state operating support for on-going maintenance and repair since 2002 have created at the University of Missouri a backlog of $344 million in deferred maintenance and repair, of which $34 million is at a critical stage; $353 million of capital renewal work; and $110 million of plant adaption work. Building components are at the end of their life cycle; adaptation to meet evolving institution needs and changing standards is required; and building improvements that result in modernization is pressing. Further reductions in state support would result in growth in deferred maintenance and further deterioration of the facilities critical to teaching and research.

Impact on Missourians: Finally, large reductions in state support for higher education will have an impact on Missourians across the state in both the short term and the long term. Our campuses will be challenged in their ability to continue to deliver quality instructional programs to undergraduate, graduate and professional students, cutting edge research, and economic development leadership. Reduction and/or elimination of academic programs could require Missourians to go out of state and impair our ability to close the gap on health care workers and those educated to fill the knowledge economy jobs in science, technology, mathematics, and engineering. Finally, our ability to deliver services, such as 4-H, provided through cooperative extension in every county, and quality patient care provided through our hospitals and clinics in Columbia, Mt. Vernon, and Kansas City will be at risk.

Unprecedented Enrollment Growth

At the same time as state support has declined, enrollments have grown significantly. From fall 2000 to fall 2007, UM enrollment grew by over 8,000 full time equivalent students and accounted for approximately 72% of the total enrollment growth at all public four-year institutions in the state. In fact, this cumulative enrollment growth at the University of Missouri is larger than the total enrollment at all but one of the other public four year campuses and larger than the total enrollment at Missouri S&T which by itself has experienced an enrollment growth of nearly 40% since 2000. One of the results has been that state resources per student have diminished, both in nominal terms from $10,462 to $8,534 and in inflation-adjusted terms to $7,056, or 18% and 32% respectively.

Growth in Research Funding and Economic Impact

In spite of these budget challenges, faculty creativity and administrative efficiencies have enabled innovative research that leads to licensable technologies, new innovation based business start-ups and strong research collaborations with industrial partners. From FY 2001 – FY 2007 research expenditures increased 41% from $232 million to $326 million, invention disclosures

increased 141% from 52 to 123, and patent applications doubled from 43 to 85 with the issuance of 22 patents. There were a total of 78 license/option agreements in effect in 2007 and nine companies started between 2006 and 2008.

An economic impact study recently completed documents that in FY 2006, the University of Missouri, which has a research mission, drew almost $572 million dollars into the Missouri economy from outside sources, including federal grants, private donations, and out-of-state tuition. This money circulated through the economy, ultimately creating almost $1.1 billion in economic activity and accounting for over 13,000 jobs. This is possible only because our faculty have time to pursue cutting edge research which is also a critical element in the education of our students. This $1.1 billion is a net economic impact that would be wholly lost to the state without the University.

Higher education should be part of the solution in addressing the state and the nation's goal and priorities; this is especially so during times of economic stress. An investment in higher education today will generate a high return to individuals, to the state and to the nation tomorrow. We encourage you to support national initiatives endorsed by all of the national higher education forums and associations, as well as our request, to include higher education in the economic stimulus package being crafted in Washington D.C. In spite of the budget challenges, we are focused on the future. In January, we will convene a new Economic Development and Research Council to better leverage the research and innovation on our four campuses across the state and stimulate university and government private/public initiatives. An example of how we are leading in this arena is our plan to host two summits in 2009 to showcase our research in the broad fields of energy and the biological and life sciences.

Robust Private Giving

Private giving is not a stop gap for operating budgets. Private donors provide resources that enhance the mission and leverage operating dollars. They restrict their gifts to scholarships, buildings, and endowed professorships having de minimus impact on the operating budget. In fact we have numerous situations where we have endowed professorships and chairs available but inadequate operating dollars to enable them.

In order to partially fill the gap left from stagnant state support, our campuses have engaged in highly successful fundraising campaigns. In FY 2008, funding from private donors contributed $134 million to the university's budget but only $4.6 million or 3.4% was unrestricted and available to mitigate state funding reductions.

System-wide Impact of 15%, 20%, and 25% Reductions in State Support for Operations

In real terms, adjusting for inflation using the CPI, the University of Missouri state support in 2009 is $99 million below fiscal year 2001. The cumulative shortfall over the past eight years is $675 million. A budget reduction of 15% to 25% or $60 to $100 million would have a dramatic impact on the university and would need to be addressed through a <u>combination</u> of reductions in workforce and related programs and services, reductions in non-personnel expenditures and increases in tuition and fees.

To understand the magnitude of the impact, a dollar for dollar replacement of 15% to 25% in lost state support would be the equivalent of the following, if just one of the categories were used:

- A reduction in workforce**, by itself,** of 800 to 1,400 employees; if all faculty, 650 to 1,100 full time equivalent (FTE); if all staff, 1,100 to 1,900 FTE; **or**
- From total elimination of all facility maintenance and repair (M&R) and non-auxiliary capital expenditures**, by itself,** to a 50% reduction in all non-compensation expenditures; **or**
- The elimination of multiple large academic departments or colleges on each of our four campuses**, by itself,** affecting the education of large numbers of students and potentially hundreds of faculty and staff jobs; **or**
- A 37% to 62% reduction in cost of benefit programs**, by itself,** which would result in elimination of programs and/or cost shifting to employees and retirees; **or**
- A 10% to 17% reduction is salaries and wages for all employees**, by itself, or**
- A tuition increase of 16% to 27%.

Clearly such actions **taken alone** would put an unbearable burden on either students, employees, facilities or operations and seriously jeopardize our ability to deliver our mission with quality. Any one of the three scenarios, 15%, 20% or 25%, would have a marked effect on access and affordability, the recruitment and retention of top faculty and staff, the ability to continue to offer the current array of quality academic, research and outreach programs, and the condition of our facilities.

Campus Impact

The University of Missouri has a statewide reach. Reductions in state support would touch every region of the state. The dollar amount for each campus shown below understates the budget challenges that each campus would face. Inflationary increases in certain mandatory expenditures, such as utilities, insurance and library materials, would add to the expected shortfall. In addition, the turbulence in the financial markets and the general economic climate will result in lower investment income for use in the operating budget and drive up the required contributions to the defined benefit retirement plan. The dollar impact on each campus for each scenario, not including the aforementioned effects, is:

- University of Missouri - Columbia: 15% = $30.4m; 20% = $40.5m; 25% = $50.6m
- University of Missouri – Kansas City: 15% = $11.7m; 20% = $15.6m; 25% = $19.5m
- Missouri University of Science and Technology: 15% = $7.0m; 20% = $9.4m; 25% = $11.7m
- University of Missouri - St. Louis: 15% = $8.5m; 20% = $11.4m; 25% = $14.2m

Each campus would differentially use a combination of reductions in workforce and related programs and services, benefits and non-personnel expenditures and increases in tuition and fees. The specific actions and impact would be:

- **Reductions in faculty including shifting faculty from research activities to instruction and use of greater numbers of adjunct and part-time instructors.**

  Impact: At the lower end: increased class sizes, reduction in course offerings and a potential reduction in quality of instruction with higher student to faculty ratio posing accreditation risk in some units; at the higher end: consolidation and closure of academic programs and decreased enrollment, reduction in library operations, and risk of damage to the reputational quality of education.

- **Reductions in staff, including student workers, and shifting of job loads to cover essential functions.**

  Impact: At the lower end: decreases, eliminations, or consolidations of selected services with reduction of service levels; increased risk of exposure in financial and environmental areas; risk of noncompliance with federal and state regulations; at the higher end: delays in transaction processing, reduction in number of student computer labs and hours of operation, lower service levels to students.

- **Reduction in new research support, start-up funding for new faculty, and targeted hiring support.**

  Impact: In the short run, impaired ability to recruit for top faculty competitively; in the long run, reduced research, service, instructional capability, and contribution to economic development.

- **Elimination of merit and market salary increases and ranked faculty salary program and reduction in benefit programs for faculty, staff and retirees.**

  Impact: In the short run, impaired ability to recruit and retain top faculty and staff; in the long run, reduced research, service, instructional capability, and contribution to economic development.

- **Reduced expenditures for library materials, facilities maintenance and repair, utilities, and staff development, faculty start up packages, equipment replacement**.

  Impact: Fewer educational resources for students and faculty with related program accreditation risk; further increase of $344 million in deferred maintenance resulting in accelerated decline in facility conditions with increased risk for system failures; items key to the recruitment and retention of faculty and staff would no longer be available ultimately affecting student retention.

- **Significant tuition increases with decreased availability of institutional scholarships**.

  Impact: Decreased access and affordability for some students with a possible related decline in enrollment.

- **Reduction in the Extension budget through training conference cancellations, foregoing development of needed programs, and elimination of about 20 campus and field positions.**

  Impact: Reduced support of small businesses, families, continuing education programs, youth programs, agricultural programs, and community development.

- **Reduction in resources available to invest in the economic development mission of the university.**

  Impact: Compromised ability to address the audit findings on technology transfer fiscal operations, the lack of faculty service in tech transfer on the campuses, and the backlog of 500 disclosures that have not been processed by the campuses and are growing at a rate of 20% per year.

Effectiveness & Efficiency Accountability Report
Fiscal Years 1998 - 2008
UM

Since 1998, the University of Missouri System has systematically collected and reported on initiatives that have resulted in increased effectiveness and efficiency of University operations. The results of these efforts have been impressive and demonstrate the University's commitment to responsible stewardship of University assets and resources. The fiscal and economic conditions in the State of Missouri during the first half of this decade heighted the University's efforts to improve efficiencies through process redesign, consolidation of operations, utilization of technology, strategic reallocation, and various revenue enhancement initiatives.

While effectiveness and efficiency efforts have always been a part of the University mode of operations, the development of a standardized format for demonstrating results has given the system and campuses a more definitive method of reporting and sharing operational improvement knowledge across the entire enterprise. In addition, the report demonstrates to citizens, students, and government officials how the University is containing costs, operating more efficiently, reallocating resources to strategic priorities, and enhancing revenues beyond receipts from state appropriations and students fees.

Reporting Categories

To ensure consistency in reporting, each effectiveness and efficiency initiative is reported in one of four categories described below.

Cost avoidance: An initiative is classified as cost avoidance if funds are provided by a third party, which allows the business unit to avoid spending general operating (GO) dollars. Examples include, but are not limited to, gifts/endowments that provide funds for existing salaries (e.g., and endowed position); student scholarships; and academic program development/improvements. These actions support a new business model for funding operations such that activities previously funded through the GO budget are sourced from other revenue streams, thus freeing up GO resources to be redeployed to other strategic priorities.

Cost management: An initiative is classified as a cost management action if the initiative produces cost savings or eliminates costs. Actions are considered cost savings if the initiative represents an actual decrease in current operating expenses. In other words, the action will result in the fulfillment of a business objective but at a lower cost than previously incurred. Examples include, but are not limited to a position that is permanently reclassified to a lower salary range; acquisition of equipment, materials, and consumable supplies through strategic contracting at lower cost; and energy conservation resulting in lower utility cost. Actions are consider cost elimination if the initiative

represent an eradication or removal of costs from an operating unit. Examples include, but are not limited to, elimination of a position, closure of an operating unit, discontinuance of a service, and closure of a program.

Revenue Enhancement: An initiative is classified as revenue enhancement if the action directly increases the operating resources (unrestricted and restricted) of the business unit. This category should exclude governmental appropriations. Revenue enhancement may result from increases in facilities and administrative costs (indirect cost recovery), entrepreneurial activities, technology transfer, sale of capital assets, sale of surplus property, grants and contracts, private gifts, and net student fees due to enrollment increases.

Initiatives Funded through Reallocation: An initiative is classified as a reallocation if the action redirects existing resources from one operating unit, function, or expense class to another that has higher strategic priority. The strategic intent of the priority governs the extent to the action is considered a reallocation to higher, more strategic priorities. In general, reallocation implies the desire to improve the effectiveness of the entity or object of expenditure receiving the funds. The reallocation actions may also be required in order to be responsive to policies set by the governing board (e.g., salary and wage policies, funding of maintenance and repair, etc.). In addition, the entity from which funds are extracted is expected to continue operations with lower resource levels. Items included under this category could also be reported in one of the other three categories, thus presenting a source use funding flow.

Common Terminology Used in Describing Effectiveness and Efficiency Initiatives

In preparing the narrative description of each initiative taken, efforts have been made to use common terms and phrases to the provided clarity and consistency in reporting across business units. The following terms or phrases, while not all inclusive, provide guidance in reporting cost avoidance and cost management initiatives.

- Academic program elimination/consolidation
- Business process improvement/redesign
- Energy conservation
- Workforce reduction
- Strategic partnership with external entities
- Reduction of service
- Technology initiatives
- Competitive contracting
- Outsourcing

Likewise, the following terms or phrases, while not all inclusive, provide guidance to business units in describing initiatives that enhance revenue.

- Indirect cost recovery
- Entrepreneurial activities
- Technology transfer
- Sales of capital assets
- Sales of surplus property
- Grants and contracts
- Private gifts
- Net student fees attributed to enrollment growth

Results from Effectiveness and Efficiency Initiatives Fiscal Years 1998-2005*

Effectiveness and efficiency actions taken from fiscal year 1998 through fiscal year 2005 resulted in a total financial impact of $228,092,290. Of this amount, $83,684,290 was realized in cost management initiatives, $143,749,000 came from initiatives to enhance revenues, and $659,000 involved strategic reallocation.

Of the $83,684,290 resulting from cost management initiatives, specific actions taken to produce these results are presented below by broad operational action categories.

Consolidation of organization entities	$ 3,705,000
Energy conservation	6,167,000
Business process improvement	40,127,790
Workforce reduction	1,605,000
Outsourcing	46,500
Technology initiatives	1,020,000
Competitive contracting	5,793,000
Debt structuring	25,220,000
Total	$83,684,290

Initiatives to increases private giving and grow external research grants and contracts accounted for $141,000,000 of the $143,749,000 in revenue enhancement, or 98 percent of the total.

Results from Effectiveness and Efficiency Initiatives Fiscal Years 2006 – 2007*

Effectiveness and efficiency actions taken in fiscal year 2006 and fiscal year 2007 resulted in a total financial impact of $20,419,552. Of this amount, $253,300 was realized in cost avoidance measures, $16,792,948 came from cost management initiatives, and $3,373,304 involved strategic reallocation.

Of the $16,792,948 resulting from cost management initiatives, specific actions taken to produce these results are presented below by broad operational action categories.

Consolidation of organization entities	$ 554,000
Elimination of programs/initiatives	3,609,941
Business process improvement	3,364,000
Workforce reduction	3,787,439
Reduction of service level	2,890,337
Management of reserves	1,805,641
Technology initiatives	781,590
Total	$16,792,948

Results from Effectiveness and Efficiency Initiatives Fiscal Year 2008*

Effectiveness and efficiency actions taken in fiscal year 2008 resulted in a total financial impact of $31,861,740. Of this amount, $21,587,740, or 68% of the total, was realized through cost management initiatives. Strategic reallocation of resources accounted for $7,129,000, or 22%. Revenue enhancement initiatives accounted for $2,980,000, or 9% and cost avoidance initiatives contributed $165,000, or approximately 1% of the total.

Of the $21,587,740 resulting from cost management initiatives, specific actions taken to produce these results are presented below in broad operational categories.

Eliminated of programs	$ 824,000
Energy conservation	165,000
Business process improvement	678,740
Workforce reduction	185,000
Technology initiatives	5,000
E-procurement on three campus	3,000,000
Renegotiated commodity contracts through e-Pro	3,000,000
Competitive contracting outside e-Pro	1,230,000
Present value savings by advance refunding facility bonds	9,000,000
Benefit cost savings allocated to ranked faculty salaries	3,500,000
Total	$21,587,740

*Details can be found in the attached documents titled Effectiveness and Efficiency Accountability Report FY 1998 – FY 2005; Effectiveness and Efficiency Accountability Report FY 2006 – FY 2007; Effectiveness and Efficiency Accountability Report FY 2008

System Summary

Date:

Effectiveness and Efficiency Accountability Reporting
Form EEAR-1 - SUMMARY
FY1998-FY2005

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
UM	Cost Management	Consolidation of procurement and increased use of purchase card	$705,000
UM/UMC	Cost Management	Consolidation of UMC IT and System IT organizations	$3,000,000
UMC	Cost Management	Energy conservation cost savings attributed to automation and conservation strategies	$2,400,000
UMC	Cost Management	Energy conservation from utility cost savings	$3,000,000
MS&T	Cost Management	Energy conservaton cost savings through environmental controls, lighting, and ventilation	$107,000
UMSL	Cost Management	Energy conservation cost savings from new equipment and process improvement	$140,000
UMKC	Cost Management	Energy conservation cost savings from water treatment of chillers and boilers	$20,000
UMKC	Cost Management	Energy conservation cost savings from utility rate adjustment	$500,000
UMC	Cost Management	Workforce reduction cost elimination in Administrative Services and Provost Office	$685,000
UMSL	Cost Management	Workforce reduction cost elimination in Human Resources and University Relations	$345,000
UMKC	Cost Management	Workforce reduction cost elimination in Advancement, Communication, Student Affairs	$250,000
MS&T	Cost Management	Workforce reduction cost elimination through reorganization/consolidation of IT services	$125,000
UOE	Cost Management	Workforce reduction cost elimination of administrative positions related to field operations	$200,000
UMKC	Cost Management	Business process improvement in managing worker compensation costs	$30,000
MS&T	Cost Management	Business process improvement in managing worker compensation costs and premiums	$68,790
UMKC	Cost Management	Business process improvement using desing/build on residential housing	$2,800,000
MS&T	Cost Management	Business process improvement associated with waste removal	$11,000
UM	Cost Management	Business process improvement for commission recapture fee program on trust fund	$200,000
UM	Cost Management	Business procees improvement evalualtion regarding property mineral rights holdings	$18,000
UM	Cost Management	Business process improvement benefit design to avoid particpating in MO Consolidated Health Plan	$37,000,000
UMKC	Cost Management	Outsourcing of addressing services	$46,500
UMSL	Cost Management	Technology initiative restructuring of services and elimination of hardward platform	$800,000

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
UMSL	Cost Management	Technology initiative to eliminating manual paper process and communication	$180,000
UOE	Cost Management	Technology initiative install mail software, electronic newsletter, web access information	$40,000
MS&T	Cost Management	Competitive contracting of custodial supplies and vendor training	$9,000
UM	Cost Management	Competitive contracting for carriers of Univesity sponsored life insurance programs	$560,000
UM	Cost Management	Competitive contracting and renegotiation for pharmacy benefits	$1,100,000
UM	Cost Management	Competitive contracting on system-wide commodities	$3,100,000
UM	Cost Management	Competitive contracting and renegoitiation on procurement and trave card rebates	$524,000
UM	Cost Management	Competitive contracting and renewal negotiation on excess property insurance	$500,000
UM	Cost Management	Structuring of debt issuance using variable rate debt	$6,000,000
UM	Cost Management	Structuring of debt using fixed rate bonds to advance refund facility bonds; PV savings	$3,500,000
UM	Cost Management	Structuring of 30 year debt using interest rate swap resulted in annual saving of $524,000	$15,720,000
	Cost Management	**Total**	**$83,684,290**
	Revenue Enhancement	Increase in private giving	$73,000,000
	Revenue Enhancement	Increase in royalty income	$659,000
	Revenue Enhancement	Increase in facilities and administrative cost recoveries	$1,380,000
	Revenue Enhancement	Increase in external research grants and contracts	$68,000,000
UMKC	Revenue Enhancement	Renegotiated agreement on FFELP (student aid program)	$200,000
UMKC	Revenue Enhancement	Sale and lease of property	$510,000
	Revenue Enhancement	**Total**	**$143,749,000**
Campuses	Reallocation	Creation of Office of Technology and Special Projects	$659,000
	Reallocation	**Total**	**$659,000**

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
		Grand Total	**$228,092,290**

System Summary

Date:

Effectiveness and Efficiency Accountability Reporting
Form EEAR-1 - SUMMARY
FY2006-FY2007

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
UM	Cost Avoidance	Funded procurement card staff from rebates provided by card company	$197,300
UM	Cost Avoidance	Charged salaries for surplus property management to self-generating revenue SP activity	$56,000
	Cost Avoidance	**Total**	**$253,300**
UMC	Cost Management	Consolidation of IATS printing services	$58,000
UMHC	Cost Management	Consolidation of corporate, UHC and CRH administration, services, clinical service, and credentialing	$496,000
UMKC	Cost Management	Elimination of net revenue sharing program	$600,000
UMKC	Cost Management	Elimination of funding in Chancellor office for innovation	$500,941
UMKC	Cost Management	Elimination of funding in Provost's Office for new initiatives	$1,297,000
UMKC	Cost Management	Eimiination of Provost recurring contingency	$756,000
UMSL	Cost Management	Elimination of Evening College and Premiere Performance (one position)	$456,000
UMC	Cost Management	Business process improvement eliminating credit card fees	$1,000,000
UMC	Cost Management	Business process improvement partial recover of occupancy cost of Recreation Center	$125,000
UMC	Cost Management	Business process improvement revised insurance strategy of library collections	$200,000
UMC	Cost Management	Business process improvement full charge IT cost of auxiliaries and service operations	$997,000
UMC	Cost Management	Busines process improvement full charge institution support costs to auxiliaires & service operations	$917,000
UMSL	Cost Management	Business process improvement eliminating credit card fees	$125,000
UM	Cost Management	Workforce reduction of two positions in Academic Affairs	$90,000
UM	Cost Management	Workforce reduction in Economic Devevlop of two positions by reorganimg tech transfer proram	$200,000
UM	Cost Management	Workforce reduction in Finance & Administration of one budget anlayst position	$35,000
UM	Cost Management	Workforce reduction in Finance & Administration of Associate VP for P&B (vacant)	$40,000

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
UM	Cost Management	Workforce reduction in Finance & Administration of receptionist and project manager in FPD	$96,000
UM	Cost Management	Workforce reduction in Finance & Administration of support staff in Management Services	$33,000
UMC	Cost Management	Workforce reduction in HR of a benefits position	$37,000
UMC	Cost Management	Workforce reduction in CAFNR 4.5 administrative positions	$419,000
UMC	Cost Management	Workforce reduction in Engineering of 3.0 administrative positions	$214,000
UMC	Cost Management	Workforce reduction in Truman School of 4.0 administrative positions	$157,000
UMKC	Cost Management	Workforce reduction in Law School of Associate Director position	$98,000
UMKC	Cost Management	Workforce reduction in Provost's Office of VERIP funds for 2.0 replacement positions	$146,000
UMKC	Cost Management	Workforce reduction in Administration & Finance of two buidling service positions	$65,033
UMKC	Cost Management	Workforce reduction in Administration & Finance of one student loan administration position	$50,000
UMKC	Cost Management	Workforce reduction in Student Affairs of one position in Career Services	$30,353
UMKC	Cost Management	Workforce reduction in Student Affairs for the EMAS lab of 0.5 FTE	$15,120
UMKC	Cost Management	Workforce reduction in Business School of one research administrative staff	$44,292
UMKC	Cost Management	Workforce reduction in Business School of one administrative assistant	$17
UMKC	Cost Management	Workforce reduction of two staff and reogranization in Chancellor's Office	$196,978
UMKC	Cost Management	Workforce reduction in Communications of one support staff and E&E	$47,450
UMKC	Cost Management	Workforce reduction in Engineering of one position in recruitment	$36,092
UMKC	Cost Management	Workforce reduction in Conservatory of one administrative assistant	$47,080
UMKC	Cost Management	Workforce reduction in Education of two support positions	$50,919
UMKC	Cost Management	Workforce redcution in Law School of one legal service administration position	$78,030
MS&T	Cost Management	Workforce reduction in Administration & Finance of one position and support	$160,075
MS&T	Cost Management	Workforce reduction: Acadmic Affairs elimination of administrative structure reduced four positions	$325,000
MS&T	Cost Management	Workforce reduction: Sponsor Program one pre-award position and recurring funds for research center	$100,000
MS&T	Cost Management	Workforce reduction: Administrative Service vacant positions not filled	$200,000
MS&T	Cost Management	Workforce reduction in Student Affairs support service units	$150,000
UMSL	Cost Management	Workforce reduction of 4 FTE A&S, Education, Nursing, Center for International Studies & Policy Resear	$247,000
UMSL	Cost Management	Workforce reduction in Business and Pierre Laclede Honors College through combining positions	$65,000
UMSL	Cost Management	Workforce reduction of one special assistant in Chancellor's Office & project director in Public Affairs	$71,000
UM	Cost Management	Workforce reduction eliminate VC in University Relations and E&E	$243,000
UM	Cost Management	Reduction of service: reduced funding for Missouri Legislative Academy	$47,248

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
UMKC	Cost Management	Reduction of service: reduced E&E funds for Governmental Relations	$45,000
UMKC	Cost Management	Reduction of service: reduced E&E budgets of campuswide accounts	$105,520
UMKC	Cost Management	Reduction of service: reduced E&E budgets in Chancellor's Office	$11,941
UMKC	Cost Management	Reduction of service: reduced recruitment and search budget	$73,000
UMKC	Cost Management	Reduction of service: reduced funding for student support services	$7,100
UMKC	Cost Management	Reduction of service: reduced E&E budget in University Advancement	$21,222
UMKC	Cost Management	Reduction of service: reduced funds for Advanced Prep program	$98,384
UMKC	Cost Management	Reduction of service: reduced funds for Global Arts	$53
UMKC	Cost Management	Reduction of service: reduced E&E budget in Chancellor's Office	$40,618
UMKC	Cost Management	Reduction of service: reduced operating budget in dental student clinic	$114,336
UMKC	Cost Management	Reduction of service: reduced E&E budget and graduate stipend managed by Graduate Studies	$52,183
UMKC	Cost Management	Reduction of service: Medicine operating reserve reduced	$88,409
UMKC	Cost Management	Reduction of service; Nursing administrative support budget (E&E)	$36,000
UMKC	Cost Management	Reduction of service: Pharmacy E&E budget reduced	$77,152
UMKC	Cost Management	Reduction of service: reduced funding for Creative Studies, Center for the City, and SEARCh	$547,000
UMKC	Cost Management	Reduction of service: reduced E&E budget in Information Services	$267,369
UMKC	Cost Management	Reduction of service: reduced E&E for ground maintenance	$297,246
UMKC	Cost Management	Reduction of service: reduced E&E administrative support in Student Affairs	$350,000
MS&T	Cost Management	Reduction of service: reduced E&E for student records	$60,556
MS&T	Cost Management	Reduction of service: reduced E&E budget for enrollment management	$50,000
MS&T	Cost Management	Reduction of service for Extended Learning	$75,000
UMSL	Cost Management	Reduction of service; IT eliminated dial up servie and charging for personal response system	$200,000
UMSL	Cost Management	Reduction of service: reduced E&E in Administrative Services	$225,000
UMKC	Cost Management	Mangement of reserves: reduced recurring campus reserves	$877,441
UMKC	Cost Management	Management of reserves: reduced one-time reserve for debt service	$378,200
UMKC	Cost Management	Management of reserves: reduction in one time reserve	$550,000
UM	Cost Management	Technology initiative: consolidation and outsourcing	$541,590
UMC	Cost Management	Technology initiative: change in desktop replacement cycle	$240,000
	Cost Management	**Total**	**$16,792,948**

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
UMC	Reallocation	Reallocate administrative salary pool	$1,104,000
UMKC	Reallocation	Reallocate funds in Provost Office to cover S&W and benefit increase	$428,873
UMKC	Reallocation	Reallocate funds in Administration & Finance to cover S&W and benefit increase	$367,185
UMKC	Reallocation	Reallocated financial aid administered in college/school to Financial Aid	$660,400
UMKC	Reallocation	Reallocate funds in Unversity Advance to cover S&W and benefit increase	$106,192
UMKC	Reallocation	Reallocate funds in Student Affairs to cover S&W and benefit increase	$226,654
UMKC	Reallocation	UMKC budget transfer from IS to campus as a result of IT consolidation	$250,000
MS&T	Reallocation	MS&T budget transfer from IT to campus as a result of IT consolidation	$200,000
UMC	Reallocation	MU Network maintenance (over 3 years) - $90,000	$30,000
	Reallocation	**Total**	**3,373,304**
		Grand Total	**$20,419,552**

Draft

System Summary

Date:

Effectiveness and Efficiency Accountability Reporting
Form EEAR-1 - SUMMARY
FY2008

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
MS&T	Cost Avoidance	HM Block endowed scholarship reduced scholarship expenses funded from general revenue	$150,000
UO&E	Cost Avoidance	Partnered with local extension council to pay portion of youth program assistant and associate position	$15,000
	Cost Avoidance	**Total**	**$165,000**
UMSL	Cost Management	Eliminated the Center for Academic Development reallocated funds to higher priorities	$774,000
UMSL	Cost Management	Business process improvement:change in student fee policy and procedures	$95,000
MS&T	Cost Management	Business process improvement: elimination of four Dean's Offices	$218,474
MS&T	Cost Management	Business process improvement: redirect funds to advising, admiission, sponsored prorgram and IR	$365,266
MS&T	Cost Management	Energy conservation: lighting progject	$165,000
UMKC	Cost Management	Workforce reduction: eliminated Assistant VC for Finance position	$185,000
UMKC	Cost Management	Elimiated plans to revovate facility space for Accounting Services	$50,000
UO&E	Cost Management	Technology inititiative: Centra conferencing in place of teleconferencing and face-to-face meetings	$5,000
UM	Cost Management	Fully implemented e-Procurement on three campuses	$3,000,000
UM	Cost Management	Renegotiated commondity contracts through e-Procement	$3,000,000
UM	Cost Management	One-time saving from competitive bidding contract outside of e-Procurement	$1,230,000
UM	Cost Management	Present value savings from advance refunding of $102 million of System Facilities 1993 Revenue Bonds	$9,000,000
UM	Cost Management	Benefit cost savings allocated to ranked faculty compensation	$3,500,000
	Cost Management	**Total**	**21,587,740**
UO&E	Revene Enhancement	Increased recovery of F&A on grants and contracts	$150,000
UM	Revenue Enhancement	Increased investment income as revenue substitute for state funds transfer to UMSL for equity funding	$300,000

Business Unit:	Column 1 Reporting Category	Column 2 Narrative Description	Column 3 $Amount
UM	Revenue Enhancement	P-Card rebate	$1,100,000
UM	Revenue Enhancement	Surplus sales	$1,100,000
UM	Revenue Enhancement	Timely draw down of Federal Funds increased cash available for investment and earn income	$330,000
	Revenue Enhancement	**Total**	**$2,980,000**
UMC	Reallocation	Did not allocate new funding to units to cover nonsalary inflationary cost increases	$800,000
UMC	Reallocation	Reduced chancellor/provost contingency funds	$1,700,000
UMC	Reallocation	Prorata reduction of permanent operating funds in all academic units	$500,000
UMKC	Reallocation	Did not allocate new funding to units to cover mandated salary increases	$1,100,000
UMKC	Reallocation	Redduced/reallocated M&R budget: difficult to fund M&R at 1% without further reallocation	$535,000
UMKC	Reallocation	Did not allocated additional operaing funds to operating scholarships and waivers	$1,340,000
UMSL	Reallocation	Department reallocation to fund inflationary costs in units	$681,000
UO&E	Reallocation	Consolidated two media support units, redirected funds from administrative oversight of convergent medi	$20,000
UM	Reallocation	Inflationary expensese absorbed in some units and redirected to inflationary increase in other areas	$223,000
UM	Reallocation	One percent efficiency reallocation from the Board Office	$3,000
UM	Reallocation	Internal reallocation with MOREnet, eMInts, and Economic Development	$227,000
	Reallocation	**Total**	**$7,129,000**
		Grand Total	**$31,861,740**