

# Compete Missouri Process

August 21, 2007

## BACKGROUND

The rationale for the Compete Missouri process is presented in detail in the document dated July 9, 2007. Although that document provides the broad conceptual framework, it does not provide detailed guidance about the strategic position management process. This document describes what is expected in proposals submitted to the Provost by deans and directors of other Academic divisions, and provides guidance on the basis of which the Provost will make recommendations to the Chancellor.

It is important to note that the Compete Missouri process is not a fundamental departure from standard budget process at MU. Every year, the budget (i.e., financial plan) is constructed, based on estimates of revenues (e.g., tuition, state appropriation) and expenses (e.g., new programs, benefits costs, cost of energy, salary increases, and maintenance and repair). In recent years, the outcome of this budget scenario has produced a deficit, and funds have had to be reallocated to balance the budget. Each year the budget office prepares estimates that show implications of varying the revenue (e.g., enrollments and tuition) and expenses (e.g., level of salary increases) and assists the Chancellor and Provost in determining the details of the final budget.

What is different this year is that salaries for faculty and national market staff have placed MU generally, and specifically in most disciplines, in a very non competitive situation. Additionally the tuition cap imposed by legislation places limits on that source for budget balancing and salary increases. President Lamb and the Curators have noted the salary gap issue and have crafted a plan to bring salaries to the median of the AAU publics. This plan will require an additional appropriation from the Missouri General Assembly and a "match" from campus funds to be achieved by savings.

We provide an education that Missouri students want, as evidenced by the fact that in the past 10 years student FTE has grown more than 28%, nearly the highest in the state, and certainly the highest in actual student numbers. Yet our support from the State of Missouri has increased only 13%. It is important to note that MU's state appropriation is still \$11 million less than in 2001. This Compete Missouri program is our best hope for regaining competitiveness. It will be painful but our goal is to emerge as a better institution, retaining the best faculty by improving salaries, and attracting new faculty with competitive offers. We will find that there are programs that we can no longer afford. Missourians expect us to work harder and smarter, and we have been doing that over the past several years by increasing our enrollments without commensurate funding from the state that should recognize MU's unique role as the state's premier public research university. This approach will require a change in our culture with greater collaboration, cooperation and new approaches to instructional delivery, organizational structure and degree programs.

Last year, we continued our internal reallocation on the administrative side resulting in \$5.8 M and further actions are scheduled this year that will bring the total to more than \$6M. While further reallocations will be sought from administration, we must now turn to academic salaries and programs that make up the bulk of the budget. What is required to realize the goals of Compete Missouri will take time. But we must begin to examine the work force reallocation and begin a process that will minimize damage to operations. However, we can no longer do business as usual.

### **PROPOSALS FROM ACADEMIC UNITS**

Each unit's proposal will specifically account for all funds generated by vacancies in staff and faculty positions that occur in the 07/08 school year and those now vacant from last year, with particular discussion of the GO funded positions. To the extent possible, the vacancies must be identified by the name of the individual who no longer occupies the position (or will no longer occupy by 07/31/08) and the person's title. The total funds, however, will be the major focus of the proposal, not positions as such. The goal is to identify a total availability of \$4,000,000, from all the academic units, with a contingent amount of \$1,000,000 to be identified as well. Each plan should reflect that it is year one of an overall three year plan.

Each proposal will contain a series of scenarios, informed by **collegiate priorities** and other considerations as described below. The scenarios must recognize that all budget numbers at this time are estimates, and the Chancellor and Provost will have to make adjustments until the beginning of FY 09 depending on the size of the budget shortfall.

Two specific scenarios are mandatory:

1. Assume all vacant positions are frozen, and no hiring will be done in the unit.
2. Assume each unit will be given a specific dollar reallocation based on a ratio of its total academic salary budget to the total academic salaries for MU; this scenario assumes that the unit will contribute back to the campus for redistribution the dollar amount shown. (attached)
3. Each unit may submit up to two scenarios in addition to the above. In these scenarios, which are defined in terms of faculty salary dollars, units may propose substituting staff for faculty positions or trimming other operation funds.

The faculty in all the above scenarios include both tenured/tenure track and non-tenure track faculty. It is entirely possible that over the course of the year these scenarios may not generate sufficient funds to meet the budget shortfall, and we will have to go back to the colleges with an additional assessment.

### **GUIDELINES FOR THE PROPOSALS:**

Each proposal will take explicit account of the four areas for prioritization in the SPRAC paper on program review: (attached).

- Centrality
- Quality/reputation
- Cost/revenue
- Productivity

The Provost's Office will provide each academic unit with currently available data relevant to the above areas. For this year the data may be incomplete and contain some gaps; these data will be more complete for next year. These data must be addressed explicitly and used to support the priorities developed in the scenarios.

Every scenario must address ways that the unit will mitigate the consequences of the reduction/reallocation. A key concern is that **the reduction in number of faculty minimally impact students' access to courses, the quality of instruction, and the support that students receive.** Mitigating the effects of the reduction in the number of faculty or other academic staff will require creativity which means that we will not be able to do business as usual. Among the measures to be considered will be:

- Offering under-enrolled classes less frequently
- Increasing teaching loads in selected cases
- Changing the mode of instruction to effect efficiencies
- Merging organizational units (e.g., departments, support functions)
- Merging degree programs/majors (e.g., have a single major for disciplines with substantial overlap, with concentrations in the former majors)
- Changing curriculum to make it more efficient
- Selectively increasing section sizes where quality will not be affected
- Increase the instructional day to include more late afternoon and evening courses
- Other mitigations that fit specific disciplines/departments

Proposals which design significant innovations that will lead to long-term efficiencies and improvements in quality are strongly encouraged. Examples might include:

- Using funds for joint appointments linked to:
  - Merging majors
  - Cross-listing courses
  - Curriculum changes that increase efficiency and quality of instruction
- Merging student support functions

- Merging faculty (e.g., research) support functions (e.g., IT functions, shared instrumentation and/or research support staff)
- Generating new net revenue that can off-set the budget deficit:
  - Contributing to highly effective and attractive new programs that generate new net revenue
  - Contributing to increasing summer or evening enrollments such that new net revenues are generated.

Finally, other important issues should be addressed as appropriate for the unit and may include:

- Impact on national position of the college and university
- Impact on MU's position in Missouri
- Accreditation issues
- The MU Strategic Advantages (draft list attached)
- Alignment with the budget pro forma from the unit's budget hearing, especially regarding:
  - New initiatives
  - Budget flexibility and structural deficits
  - Potential donor opportunities





Each academic division should determine if there are centers or institutes that should be eliminated, or reduced in the amount of G.O. support.

### **SAMPLE OUTLINE FOR A SCENARIO**

School/College/Academic Unit:

Scenario # \_\_\_\_\_

Total \$ amount returned to the campus using this scenario. \$ \_\_\_\_\_

- I. Source of Funds  
Discuss specific programs, positions or other areas that will be reduced or eliminated to provide the necessary funds. If centers or institutes are being reduced or eliminated, discuss in this section.
- II. SPRAC Program Review  
Using available data, discuss the impact of the reduction/reallocation on:
  -  Centrality
  -  Quality/Reputation
  -  Cost/Revenue
  -  Productivity
- III. Mitigation  
Specifically address the measures that will be used to mitigate students' access to courses, instructional quality and student support.

- IV. Long-term efficiencies and revenue generation.  
Describe innovations that may lead to long-term efficiencies and cost-savings that may not be realized in the first year or two. Discuss any new net revenue generation that can be applied to offset the reduction/reallocation. Be specific and provide estimated dollar amounts.
- V. Additional Information  
Discuss any additional issues that may have impact on your unit, not covered above. Specifically address how the reduction will affect your budget performance and any structural deficits.
- VI. The Future  
Describe the process you will follow in the weeks and months ahead to address your unit's response to contributing to the estimated \$4M annual reallocations for FY 2009 and FY 2010.

## PROCESS

- Data will be distributed no later than August 23rd
- Proposals will be developed by units; deadline September 20th
- All proposals will be distributed to all deans; deans and provost will meet to discuss and review.
- Where appropriate, Provost will seek input from:
  - Faculty Council
  - MSA
  - GPC
  - Development
  - Budget Office
  - Facilities management
  - Human Resources
- The Provost will make recommendations to the Chancellor by October 20<sup>th</sup>.
- The Chancellor will make final decisions and announce results no later than October 30, 2007.