Special Presidential Update
On UCM Budget Process
February 9, 2009

Current Situation

While the campus community has been actively involved in budget discussions since December, the dialogue has taken a new turn following the governor’s State of State speech Jan. 27. The budget process will soon be in full swing and I want to share my thoughts and invite your participation. This is the time of year we typically examine our budgets and reallocate resources as required to achieve our goals. Based on what we are hearing from the state, we would be prudent to prepare for a dynamic process, which is likely to change as the debate in Jefferson City unfolds.

As we work together to develop our budget recommendations, I’d like to propose the following set of assumptions to frame our planning effort during the initial phase:

- First, we will assume (until we hear differently) that Governor Nixon’s agreement with the public university presidents will hold. The governor proposed a flat budget for higher education, provided we agreed not to increase tuition and academic fees.
- Enrollment at universities often increases during economic downturns, but there is much uncertainty arising from the severity of this recession. In our current planning model we are projecting no increase in enrollment.
- We also know that a “flat” budget is not really flat, as there are projected annual increases of $1.7 million in certain mandatory costs. There may be other mandatory costs we are not aware of at this time.
- Each 1 percent increase in salary will require $736,000.

Given these assumptions, I have established a target of $3.2 million required for reallocation at this time, based on a flat budget from the state, mandatory increases and a small potential salary increase. Should the planning assumptions change, we must be prepared to adjust our budget accordingly.
**Budget Timeline**

I will share our budget process and timeline with the Board of Governors this month, and the Strategic Planning and Resource Council (SPRC) will begin its discussions. Concurrently, the vice presidents and university directors are being charged with reviewing their budgets and working closely with faculty and staff members to develop recommendations regarding the budget reallocation.

The Cabinet established a target of mid-March to review budget recommendations submitted by the SPRC and the various operating units. Cabinet recommendations will be developed by early April, so the budget office can begin the process of building the budget. This preliminary timeline may change, depending on the timing of the legislative process. We need to be in a position by mid-April to respond quickly to a number of budget scenarios, as the legislative session ends May 8.

**Your Role**

The participatory planning process provides three paths for your input, demonstrated by the model depicted at the right. Each department (shown on the left of the model) and office is charged with developing suggestions, recommendations and strategies for review. As ideas are generated and synthesized, the information flow will align with the organizational structure.

The second path follows the shared governance structure (shown on the right of the model) and you are encouraged to submit suggestions to your governance group. These suggestions will be gathered and reviewed by the SPRC.

You may also submit your ideas for campus dialogue directly at [www.ucmo.edu/questions](http://www.ucmo.edu/questions). Suggestions submitted online will be reviewed at the appropriate point in the process.

My intention is that this model allows for peer review of the many suggestions, resulting in thoroughly vetted ideas for consideration by the SPRC and Cabinet. Our guiding principles remain quality and academic excellence. Fiscally responsible cost controls have been implemented and remain in effect, I ask for your continued support. These steps include:

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**FY 2010 BUDGET PROCESS**

UCM Participatory Planning Model

- **IDEA GENERATION**
  - DEPARTMENTS & OFFICES
  - DEANS & DIRECTORS
  - PRESIDENTS, FACULTY, PROFESSIONAL STAFF & SUPPORT STAFF

- **SYNTHESIS**
  - RECOMMENDATIONS
  - STRATEGIES
  - DECISIONS

- **PRESIDENT'S CABINET**
- **STRATEGIC PLANNING & RESOURCE COUNCIL**
- **GOVERNANCE GROUPS**
- **SHARE GOVERNANCE**

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- Continuation of a hiring freeze for all positions except those determined to be mission-critical.
- The review of all requests for purchases, travel, and other expenditures.

**Key Questions**

As you approach your deliberations and develop recommendations for the campus community, there are some questions I encourage you to ask about the activities, programs or operations that the university currently funds:

1. Is this something that is nice, or just good to do, but less critical to the mission, vision and goals of the university?
2. If the services or programs were not available, how would it impact the institution?
3. Is this overfunded? Can it be done for less?
4. Can it operate as a cost center, entrepreneurially raising a portion or all of its funding?
5. Can it be done more efficiently, yet effectively, if policies change or units are reorganized?

I am committed to the participatory process and maintaining the guiding principles of transparency and fairness as we approach this task. Let’s work together to develop an operating budget that continues our progress toward UCM’s mission and vision.