November 23, 2010

RE: Memorandum Four – Progress Update

Dear Members of the Campus Community:

On Thursday, November 18, the University utilized the second major component of the Strategic Resource Model as we hosted the Association of Governing Boards/Lumina Foundation sponsored focus on strategic finance and the formulation of a strategic resource allocation model. This three-pronged initiative includes a commitment by the University’s Board of Governors to focus on strategic governance/leadership, productivity/resources and strategic positioning for the future. The tools presented and utilized throughout the day-long meeting will provide our university community a proactive and future-oriented approach to our institutional mission and strategic planning, while at the same time meet the challenges required to manage resources at a time when we are faced with higher demand and diminishing state support.

Dr. Ellen Chaffee, senior fellow for the Association of Governing Boards and a nationally recognized scholar in strategic planning and change management, led the effort to build plans for a new strategic budget model. Dr. Chaffee acknowledged that our university has many important advantages to utilize a strategic resource model compared to many other institutions in the State of Missouri. Additionally, there are many states that are experiencing dramatically worse fiscal challenges. Your work has provided several important points of progress as we near the semester end and the beginning of 2011.

The Strategic Resource Model is built on the following four important components:

1. REVENUE GROWTH
2. FISCAL MANAGEMENT
   INSTITUTIONAL BUDGETING
3. ACADEMIC PROGRAM
   VIABILITY & PRODUCTIVITY
4. ADMINISTRATIVE EFFICIENCIES

I want to share with you the progress we have made during the FY 2010-2011 year and the anticipated momentum that will carry us into the FY 2011-2012 year which is attributed to a university-wide set of initiatives that is making the difference. Resources reported within this fiscal year can be applied as one-time dollars [annualized] to help meet the anticipated reduction in state appropriations and also be utilized to reduce ongoing expenditures and contribute to permanent reductions in our operating base budget.
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REVENUE GROWTH

- Tuition revenue over budget for the fall semester
- Projected tuition surplus of $1 million for FY 2010-2011 that can be utilized on a one-time basis for the FY 2011-2012
- Positive enrollment momentum for the fall FY 2011-2012 year - applicants/admits etc.
- New enrollment marketing initiative
- New enrollment management leadership under the direction of Dr. Rick Sluder
- Search underway for Vice President for University Advancement

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FISCAL MANAGEMENT

INSTITUTIONAL BUDGETING

- Utilization of an institutional-wide fiscal management process and priorities to produce savings in FY 2010-2011
- Implementation of 90-day hiring freeze on all positions to generate payroll savings
- Significant annualized savings from 53 open administrative positions that will generate an anticipated $1.2 million
- Significant annualized savings in open faculty positions that will generate over $700,000
- Additional $650,000 in benefit savings that can also be utilized for one-time resources for FY 2011-2012

This represents a projected $3.5 million dollars in tuition revenue/salary savings alone to help position the institution in a sound fiscal position as we look ahead to the 2011-2012 academic year. This amount does not include other sources of revenue growth from enrollment and tuition increases, revenue from other sources, and savings provided by the administrative and academic review process. Each of these resource lines represent a significant portion of the required funds to build a budget for FY 2011-2012 that helps to meet the anticipated loss in state appropriations.

Tuition Revenue in the Current Year (2010-2011)

Tuition revenue for the current year (2010-2011) is a “good news” story. In order to balance the FY 2011 budget, given a 5.2% reduction in state funding and a commitment to the Governor not to raise the tuition rate charged to undergraduate students, the University planned for a significant increase in credit hour production as a means to increase tuition revenue. We have surpassed that aggressive tuition revenue forecast. For fall 2010, actual revenue from credit hour production has exceeded the budgeted amount by approximately $670,000. Based on past retention rates, we anticipate that tuition revenue for Academic Year 2010-2011 will exceed the budget forecast by $1 million. The additional tuition revenue, in excess of the budgeted amount, is encouraging and provides much-needed financial energy as we cope with FY 2012 budget challenges.

The increase in credit hours generated reflects the effective performance of our admissions and recruitment staff. Beyond that, and equally importantly, it reflects the conscientious efforts of department chairs, faculty, academic advisors and staff to recruit students and to promote the persistence and retention of students.
Revenue generation is clearly superior to expenditure cuts as we seek to balance the FY 2012 budget. Through the combination of a modest tuition rate increase and an aggressive, but attainable, credit hour production target, the University can generate $5.4 million in additional revenue. As in the past year, attainment of the credit hour target will depend heavily on continued efforts of department chairs, faculty and staff to attract and retain students.

Although we are still early in the recruitment year for fall 2011, the evidence of our recruitment efforts is favorable. As of November 15, our freshmen and transfer applications and admissions are ahead of last year’s at the same point in time, as follows:

- Freshmen applications +140 (+8%)
- Freshmen admitted +62 (+5.7%)
- Transfer applications +12 (+7.2%)
- Transfers admitted +4 (+6.9%)

To be successful, we need to sustain this early momentum through the entire recruitment cycle.

A Targeted Marketing Campaign

To promote an effective recruiting environment, with the recommendation of the President’s Cabinet, we will implement a coordinated marketing plan focused on increasing fall 2011 undergraduate enrollment. The plan includes strategies to attract graduating seniors and to inform parents and high school guidance counselors of program opportunities available at UCM. These initiatives include targeted online advertising and enhanced personal contact with students, parents and counselors.

In addition, because transfer students are increasingly important to total enrollment and credit hour production, our marketing plan includes directed advertising in the Kansas City metropolitan area to attract community college transfer students.

We will enhance our outreach to potential freshmen and transfer students in the ten Kansas counties that border Missouri. These students are eligible to receive the State Line Grant award, allowing them to pay net tuition at the in-state rate.

Student Recruitment Support

To enhance our opportunities to identify and recruit qualified, we have initiated or enhanced the following student recruitment strategies.

- Increased buying of names and contact information for prospective students
- Outsourced service to evaluate and “qualify” applications, allowing us to maximize the effectiveness of our recruiting outreach and methods of contact with prospective students
- Weekly reports to departments about student and parent campus visits with student contact information for follow-up by department chairs and faculty
- Continued improvement of predictive models to identify the most effective use of institutional scholarship awards to maximize enrollment
- Extension of the scholarship award deadline from March 1 to April 1
To further increase revenue generation from credit hour production, we are undertaking additional new opportunities.

- New faculty-to-faculty transfer and articulation agreements with community colleges
- Dedicated transfer advisors assigned to work with students on Metropolitan Community College campuses
- New consortium arrangements with other Missouri public universities in modern languages, economics and other areas that will allow us to share courses and gain enrollments from other campuses
- New online degree completion programs
- Promotion of online programs designed for working adults who have completed some college credit and wish to complete a baccalaureate degree

Our opportunities to maximize revenue enhancement through increased enrollment and credit hour production are very much a university-wide effort.

The Advancement Team is poised to take advantage of the reorganization of a comprehensive advancement program; a new strategic position focused on student success; and hopefully an upward turn in the economy. Additionally, with the selection of a new vice president we expect to be able to provide additional revenue to the university. Fiscal year 2010 saw a $300,000 increase (10%) over 2009. Four months into the new fiscal year, total gifts and pledges are up more than $1 million in comparison to the same time period one year ago. Recent major gifts are providing additional funding for faculty, much-needed scholarships for students and a lab that will be a training area for business students and the site for a national sales and marketing competition.

These cumulative advancements represent the ongoing effort and productivity that each of you provide to the students we serve at the University. It is also a vital example of how a university can respond to the new normal of "more with less better." There are many other steps required to build this new strategic model that focuses on student success. Please know you each make a difference in the success of students as we work to reshape our institution, provide a new model for resource allocations, and sharpen our institutional vision and focus.

Thank you for all that you do for UCM, and I hope that this week of Thanksgiving is enjoyable, productive, and meaningful for you and your families.

Joining you in service,

Chuck Ambrose
President