Dear Colleagues,

On June 2, I shared with the University community a plan to address fiscal constraints and to strategically invest in the mission of our beloved University. To assess investment opportunities, the University of Missouri System has engaged in much work to identify effective, bold actions to become a stronger university.

On July 21, I asked University leaders to focus on strategic hiring and reduce non-personnel, operating expenses funded from general revenue and auxiliary budgets. By doing this, we will be able to invest in priorities including faculty and staff compensation, undergraduate scholarships, research facilities, experiential learning and other programs that lead to academic excellence. Each campus is developing an implementation plan to share with its community by September 1, 2017.

In addition, beginning mid-September, the University is conducting an administrative review to identify efficiencies, cost savings and redundant programs. Through a rigorous RFP process, the UM System has contracted with PwC to conduct this assessment of the administrative functions of both the UM System and the University of Missouri-Columbia campus.

The goal of this project is to identify, quantify and recommend the best approaches to drive down costs. We hope to leverage economies of scale and deliver better services to academic units. While the initial assessment will address UM System and MU administrative functions, the University intends to extend the recommendations, where feasible and scalable, systemwide.

A steering committee of administrative leaders, faculty and staff will play a key role in the project by providing input on the project; communicating status to constituents; and responding to periodic updates on the project and the final report. The fee for the competitively bid project is $428,000 plus expenses.

We remain committed to transparency, collaboration and accountability as we continue to make the difficult, but necessary decisions to achieve excellence in organization and process efficiencies. Through this important effort, we will be able to invest in student success, research excellence and meaningful outreach. While doing all of this important work, we must remain good fiscal stewards and focus on being a great place to learn and work. Thank you for your continued support to strengthen the University.

Sincerely,

Mun Y. Choi, PhD
President
July 21, 2017

To: Interim Chancellor Garnet Stokes
    Chancellor-Designate Alexander Cartwright
    Vice Chancellor Rhonda Gibler
    Chancellor Leo Morton
    Provost Barbara Bichelmeyer
    Vice Chancellor Sharon Lindenbaum
    Interim Chancellor Christopher Maples
    Provost Robert Marley
    Vice Chancellor Walter Branson
    Chancellor Thomas George
    Provost Kristin Sobolik
    Vice Chancellor Richard Baniak
    CEO/COO Jonathan Curtright
    Vice President Gary Allen
    Vice President Mark McIntosh
    Interim Vice President Jill Pollock
    Vice President Ryan Rapp
    Interim Chief of Staff David Russell
    Senior Associate Vice President Steve Graham
    Chief Diversity Officer Kevin McDonald

From: Mun Choi, President

Subject: Expenditure Reductions

We continue to face a period of significant budget constraints requiring us to take bold actions to become a stronger institution. As University leaders execute long-term budget plans, which include making investments in academic excellence, finding new revenue growth opportunities, improving resource allocation and utilization, and leveraging collaboration, it is important that we remain good fiscal stewards and to focus on being a great place to work.

As we begin FY18, we have received withholds totaling more than $18.8M in addition to the $40.7M state cut in core operating funds for FY18. To address these challenges, every system unit and campus must remain committed to the short and long-term budget plans submitted in June that amounted to $101M. Additionally, I am asking every leader to focus on strategic hiring and reduce non-personnel, operating expenses funded from general revenue and auxiliary budgets. This will allow us to address priorities, including faculty & staff compensation, undergraduate scholarships, research facilities & instruments and experiential learning, among others. The targets on the following pages serve as guidelines as the actual results will vary for individual departments. These guidelines do not apply to grant funded, faculty start-up or research cost recovery accounts.
For your campus or unit, please execute plans to reduce spending or generate additional return for each of the categories identified below. Each general revenue and auxiliary budget holder should examine every area in the context of supporting excellence in research, teaching and engagement. If one of these categories generates additional revenue to offset expenditures, spending increases are allowed.

**Strategic Faculty & Staff Hiring:**
- Rehiring of vacant positions –can be approved by the Chancellor or his/her designee.
- New positions - new positions or position reclassifications can be approved by the Chancellor or his/her designee.

**Expenses no longer allowable under system-wide policy:**
- Cell phones, data plans and pagers – the University will no longer reimburse nor purchase employee cell phones, data plans and pagers unless it is a job requirement (for individuals on call, i.e., public safety, medical professionals, regulatory, etc).
- First-class/business-class travel – consistent with current policies, first-class or business-class travel will not be allowed, unless it’s required for medical reasons

**Expenses requiring long-term reduction by campus:**
- Utilities (reduction target of 10%) – identify and implement measures to reduce energy consumption
- Leases (reduction target of 20%) – review current leases for continuation or elimination. New leases for academic and administrative space can be approved only by the Chancellor

**Expense categories requiring significant reduction by each budget holder:**
- Business meals, refreshments and catering involving only university employees (reduction target of 75%)
- Employee off-site training requiring out of state travel (reduction target of 75%)
  - Training programs that are required directly for the position can be approved by responsible Vice President/Vice Chancellor/Vice Provost
- In-state, out-of-state and international travel for administrative and professional development purposes (reduction target of 50%)
  - Multiple attendees for the same out-of-state and international travel requires prior approval from the responsible Vice President/Vice Chancellor/Vice Provost
- Publishing, printing and reproduction costs (reduction target of 50%)
- Institutional membership dues (reduction target of 50%)
- Individual membership dues to professional associations and other organizations (reduction target of 50%)
- Supply purchases, particularly those not under UM System supply chain agreements (reduction target of 25%)
- Non-capital equipment, such as vehicles and furniture (reduction target of 25%)
- Professional services and consulting contracts (reduction target of 25%)
- Computer and software purchases, such as laptops, except those needed for direct instructional or research purposes (reduction target of 25%)
I ask that you develop implementation plans for your campus and distribute them widely. I expect unit budget holders will meet with their units and the campus Finance office to review budget performance and monitor progress against planned reductions. Expenditures that exceed the budget or were not included in the budget will require the approval of the unit head and campus Finance office. As a reminder, priorities for all expenditures should be to support student success, research and creative breakthroughs, or effective engagement. Results of budget monitoring reviews will be shared with the system Finance office as part of the campus’ monthly close process.

I appreciate your dedication and hard work on behalf of the University of Missouri.