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DATE: February 2, 2009
TO: Campus Community
FROM: Thomas F. George
SUBJECT: Expenditure Reductions

BUDGET WEBSITE: <http://www.umsl.edu/services/academic/budget>

Governor Jay Nixon outlined last month a very promising proposal to maintain state funding for public higher education for FY2010 at the same level as FY2009, if colleges and universities do not raise tuition. The governor's initiative will benefit students and institutions. But it does not mean that higher education institutions can or should stop actions to reduce expenditures. We must anticipate the possibility of a withholding of state funds during this fiscal year and that the governor's initiative in its current form might be altered by the Legislature. We also must plan to cover the rise in cost of operations under all revenue scenarios as we move into FY2010.

We previously shared with the campus a memorandum from President Gary Forsee dated January 13, 2009, asking us to reduce expenses because of the anticipated budget reductions in this fiscal year and in the future. We have had a number of questions about specific applications of these expense guidelines, as have deans, department chairs and unit directors, and other administrators. In order to clarify some of those questions, some more specific guidelines are provided below. As a reminder, in all of these expense reductions, we need to preserve our mission of providing:

- Excellent teaching for our graduate, undergraduate and continuing education students;
- Excellent research, including funded research, that advances knowledge and helps grow the Missouri, US, and world economies;
- Excellent campus service to our metropolitan region, the state of Missouri, other constituents, and our students, faculty and staff in all the ways we serve the public and our campus community.

While we don't want to reduce our course offerings or levels of campus services to our students, and we want to preserve our research, economic development and community engagement missions, there may be some reductions in our ability to provide services or engage in activities that we would prefer to maintain at current levels. This is unavoidable if we have significant budget cuts. As you know, our campus operates on a lean budget and staffing model currently, so there isn't a great deal of trimming that we can do before we notice the reductions. If we experience budget cuts for the current year or for future fiscal years, as is expected, we would like to minimize disruptions to the

campus and especially to our current and future students, and to our faculty and staff. A number of System-wide measures are being considered that will reduce university costs, and when these are more fully developed, I'll share them with you. Right now, we have a mandate to reduce expenses to the extent possible, and we hope that the guidelines below will help with that.

Before clarifying the points in President Forsee's memorandum, I would like to begin by thanking everyone who has sent in suggestions to our electronic suggestion box. We have received around 500 suggestions so far, and they keep coming in. As you know, since all the suggestions are anonymous, we can't reply specifically to each of you, so I want to simply take this opportunity to thank everyone. All of the suggestions are being seriously considered and have been referred to the appropriate vice chancellor and, where appropriate, to the offices or units that would be responsible for the particular activity. The suggestions have also been made available to the University Assembly Budget and Planning Committee members electronically. We are creating a budget website (<http://www.umsl.edu/services/academic/budget>) that will contain summaries of the suggestions and other budget materials.

A few suggestions that have been sent to the electronic suggestion box are not actually suggestions for efficiency, effectiveness, process improvement or cost cutting, but rather bring to our attention other issues that the sender feels are important. We are also analyzing those, but would like to suggest that where it would be helpful for us to respond to you directly, you might consider sending those suggestions directly to Provost Cope, Vice Chancellor Krueger, Vice Chancellor Leifeld or me, depending on the topic, so we can engage with you more directly. If you prefer to remain anonymous, however, the suggestion box remains open to all suggestions.

Below we have listed the points from President Forsee's expense reduction memo with further clarifications for our campus. We hope this will help you make good decisions about the various categories of expenses. Please continue to follow the guidelines of your individual departments, colleges and administrative units, and to revise those as appropriate. As we obtain additional budget information, we'll continue to update these guidelines.

We have been asked by President Forsee to reduce significantly the following expenditures:

- **In-state and out-of-state travel.**

Travel must be reduced from all funding sources, including general operating (rate) funds, gift funds and grants. Travel funded by grants may be done if it is necessary for the conduct of the grant activities. Travel to conferences to present papers should be examined carefully and reduced wherever possible, regardless of funding source, but especially if funded by general operating funds. Please consider the research and professional activities involved and determine how crucial a particular trip is when considering travel expenditures. Travel that is related to fund-raising or revenue generation should also be analyzed, but probably should be done unless the fund-raising or revenue generation can be accomplished in another way. Travel for student recruitment should be planned for efficiency and costs reduced wherever possible, but should continue as long as it is necessary to recruit students. Deans, chairs and directors should manage travel in their units.

Where reservations have already been made or prepaid, please consider whether a cancellation penalty is greater or less than the cost of undertaking the travel activity. We can reimburse you for a cancellation charge if you cancel a trip for budget reasons.

- **Business meals and refreshments for meetings involving university employees only.**

All expenditures for food for meetings of UMSL employees only should be eliminated. Where a meeting covers a lunch hour, you may suggest that attendees bring lunches. While it is nice to have food at meetings and events, this is one area in which we can reduce expenditures significantly without hurting productivity or quality if we all understand and cooperate.

- **Marketing and advertising using outside vendors except in circumstances where it has a direct impact on the ability to generate future revenues for the university.**

Expenditures for marketing to recruit students, for fund-raising, and for revenue generating activities is permissible, but it should be analyzed carefully to be sure that we are getting the most benefit for the dollars spent. Some marketing and advertising activities are essential for our future enrollment, and this should continue. Some activities may be desirable but not essential. Where possible, we should consider discontinuing those (or not starting them) and saving the money.

- **Publishing/printing/reproduction (copy services). Electronic documents and web postings should be used in place of hard copies, especially in the case of multicolor annual report-like documents produced by departments, campuses and/or programs.**

We need to look carefully at everything we print and copy. We plan to put everything we can on the web, including syllabi and student recruitment materials. This document is being put on the web and communicated electronically, for example. Some paper documents are essential to our student recruitment strategy, to fund-raising, and to research and teaching activities, and these will continue to be needed, but we expect everything to be analyzed and these expenses to be reduced wherever possible. In some cases we cannot assume that everyone will have web access, but in others we can successfully use the web for communication. Please consider carefully all of your printing and copying expenditures, and do whatever is most cost effective for the purpose. Remember, too, that all print projects must be produced through the campus print shop.

- **Supply purchases, particularly those not under university supply chain agreements.**

Please always use university contract vendors and e-purchasing as your primary source wherever a contract exists or electronic purchasing is possible. Contracts generally save considerable amounts of money on supplies. Also, please reduce supply purchases wherever possible without hurting your ability to get the work done. We spend considerable amounts on supplies and may be able to make significant cost reductions without hurting our ability to do our jobs if we're careful in this area.

- **Non-capital equipment purchases, such as desk top computers, except those needed for direct instructional or research purposes.**

We have begun to analyze Desktop System Program (DSP) computer replacements and other equipment purchases to determine where savings can be made campus-wide and which replacements may be essential. We are likely to delay some DSP replacements and other non-capital equipment purchases to bring about savings. We also are analyzing the DSP program and other equipment replacement plans to determine where savings can be made in

the short and long terms. Please consider carefully any equipment purchases. To the extent possible, we need to reduce these expenses this year.

- **Professional service and consulting contracts except those that could impact the generation of future revenues.**

All contracts need to be approved at the director/dean/vice chancellor level. Where contracts are absolutely necessary for student recruitment or revenue generation, they will be approved, but consulting and professional services that can be eliminated or delayed should be eliminated. Contracts will need to be individually considered so we can take the least costly course of action. Vice Chancellor Krueger and the staff at Campus Procurement Services will be happy to help you in making these decisions.

- **Non-capital expenditures for maintenance and repair and minor renovation, unless required for life safety purposes.**

Clearly some maintenance and repair will be necessary, and some renovation is already underway and will need to be completed, at least to a usable level. Where we can postpone renovations, we should do so, and where maintenance and repair can be done more economically, we should also do that. It is apparent that some repairs must be made, and those will proceed. Vice Chancellor Krueger and the facilities staff will work with you in making these decisions.

- **Non-capital expenditures for vehicles and furniture.**

Please do not purchase furniture, furnishings (e.g., carpet) and other equipment or vehicles unless there is no alternative. Vice Chancellor Krueger and the Business Services staff will assist you in making these determinations.

- **Employee dues to professional associations and other organizations. Payment should be made by the individual not the institution unless membership is a job requirement. This does not apply to university memberships to professional organizations.**

For the most part, we already do not allow payments for individual dues, unless paying an individual's dues replaces an institutional membership, or the membership or license is a mandatory job requirement. While we shall continue to look at this closely, you already are complying with this requirement in most campus units. Accounting will continue to monitor this expense, and inappropriate dues payments or requests for reimbursement will be returned to the units.

- **Employee training other than that which is required directly for the position.**

Some training will continue but many training programs will be curtailed. The New Faculty Teaching Scholars (NFTS), Leadership Development, and Administrative Leadership Development programs offered by the System already have been suspended this year. The Center for Teaching and Learning will offer an on-campus, scaled down version of the NFTS program for the remainder of this year for participants already in the program, and some other training programs will be continued, for example, grants-related training by the Office of Research Administration. Travel for training and all off-campus and external employee training should be eliminated unless it is a requirement for a particular position or activity.

Please consult with the appropriate dean or director, including the Director of Human Resources, for guidance in training questions.

- **Position reclassifications; mid-year promotions; mid-year salary adjustments.**

These will all have to be considered and approved individually. If a reclassification can substitute for filling a vacant position, for example, it is possible it might be approved, but that will depend on the circumstances. Similarly, counter-offers to retain outstanding faculty or staff members will also be considered on a case-by-case basis (as is always the case) but only approved where that is the most efficient and effective option. Please consult with the Director of Human Resources for guidance in these questions.

- **Employee overtime whether paid as additional salary or compensatory time off.**

Overtime should be minimized or eliminated unless absolutely necessary for a particular purpose. All overtime must have written prior approval by the immediate supervisor and the appropriate dean, director, vice provost or vice chancellor.

- **Employee recognition events.**

Employee recognition is very important, but we need to minimize the costs of events during this time of fiscal constraint while still recognizing the outstanding contributions of UMSL employees. Wherever possible, please recognize employees in ways that do not require expenditures for food and beverages. Please try to be creative in finding ways to economize without discounting the employee contributions being recognized. The Director of Human Resources may be able to help by suggesting creative ways to do this.

In all of these expense categories, please remember that our overall mission is to educate students, conduct excellent research, promote economic development and provide service to the community, state and world, and at the same time we are faced with the challenge (and opportunity) of finding ways to move forward with lower costs. Some of these economizing measures will be temporary, and we may discover that some of them can be permanent without harm to our mission or achievements. Please be as creative as possible to avoid negative consequences of various cost-cutting measures and to use this as an opportunity to restructure in ways that will result in permanent savings wherever possible. Please also keep in mind the health and safety of UMSL staff, students and faculty in any actions taken. Finally, please continue thinking about ways that we can make the campus both more effective and more efficient, and implement those in your own areas or send them in as suggestions. Although none of us prefers to be in negative budget situation, if we all work together, we can minimize the negative effects and develop new ideas for the future.

Thank you for your help, creativity and dedication to UMSL.