

May 19, 2017

Dear Colleagues,

The University of Missouri–St. Louis continues to be among the most efficient and productive metropolitan research institutions in the nation. Our rankings in numerous areas remain strong, our recruitment and retention numbers are improving, and our students continue to graduate at or near record numbers – awarding more than 3,000 degrees again this year. And, despite declining state support and soft enrollment numbers, UMSL will end this fiscal year with a positive balance.

None of these accomplishments happen without your hard work nor without the budget plan we collectively created last fiscal year. The process required us to identify areas for reductions – including the elimination of 85 positions. Our continuing efforts to strategically manage hiring following attrition, as well as delay in launching facility relocations, have significantly contributed to the balanced budget. While painful, the plan and its successful implementation have put us in better financial shape.

This spring, new University of Missouri System President Mun Choi charged the four campuses of the UM System to create and submit to him a balanced budget plan. His action was prompted by further reductions in state support and a challenging enrollment environment. Last week we shared with you our initial draft budget proposal. Based on your input and further discussions with academic officers, the budget proposal has been refined and submitted to President Choi. The execution document is attached.

We will continue to discuss the proposal with President Choi and UM System leadership to achieve a final plan – which President Choi intends to announce June 2. We also are scheduling a meeting with the University Assembly Budget and Planning Committee for next week to discuss the details of the proposal and gain insight that might further guide our discussions and influence the ultimate plan approved for UMSL.

President Choi advised us to focus on our core areas of excellence and to be bold. We are taking that advice to heart, and it is reflected in our proposal and our planned actions going forward. This has not been an exercise to reduce our budget. Instead, this is concerted effort to move resources to sustain and grow areas of excellence in high demand by students, businesses and the community we serve.

Since many of the opportunities and changes realized in FY17 will carry forward into FY18, we only expect to reduce our \$150 million operating budget by an additional 2.5 percent. Initiatives related to marketing and recruiting, brand development, scholarships and expansion to new markets will account for over \$5 million in new revenues. New revenues and reductions in some areas will be allocated to high-priority programs and operations. For example:

- Following a complete review of academic programs, UMSL will be hiring faculty to sustain or grow programs with excellent outcomes and/or student demand.

- New resources will be funneled into enrollment management and retention operations, as well as into marketing campaigns to broaden our recruitment base.
- UMSL employees have worked hard for several years without a salary increase. The plan funds salary increases on a merit basis.
- An upcoming change in UM System retiree medical benefits is leading a record number of individuals to consider leaving the university prior to January 1, 2018. This will create considerable revenue to fund priorities in the plan.
- UMSL will be participating in a UM System-wide effort to consolidate functions in areas such as human resources, information technology, accounting, budgeting and contracts. Any resources saved in this process will help fund investment areas in the plan.
- Nominal increases in overall tuition and fees across the board and some focused fee increases in high-cost programs also will generate funds that can be re-invested in programs.

Investing in excellence requires bold action. Last year, UMSL created the framework for a sustainable budget. This plan moves it toward sustainable excellence.

Sincerely,

Tom George
Chancellor

Kristin Sobolik
Provost

Rick Baniak
Vice Chancellor for Finance and Administration/CFO