

# UNIVERSITY *of* MISSOURI

OFFICE OF THE CHANCELLOR

TO: Chancellor's Staff  
Provost's Staff  
Deans/Library Director  
Department Chairs/Directors  
Directors

FROM: Brady J. Deaton, Chancellor

RE: Expenditure Reductions

DATE: January 14, 2009

Attached you will find a letter from UM System President Gary Forsee to the Chancellors and General Officers directing that we severely curtail non-personnel expenses. He has asked that we provide campus-specific guidelines to supplement or explain the areas of reduction, and I have specifically listed those later in this memo.

It is important that we continue to appreciate the gravity of the financial crisis that we face in Missouri, nationally, and internationally. However, we must not become paralyzed or compromise our primary mission of teaching, research, service and economic development. MU is one of the key economic engines that drives efforts to restore our state to economic health.

Even in the face of economic difficulties, students continue to choose MU for a world-class education – and we will continue to provide that to them. We will achieve this vis-à-vis diligence in the analysis of our expenditures and reduction of expenditures. Ultimately we may have to alter how we do the “business” of education. But let us not lose sight of what we are here to do:

- provide high-quality education to the best and brightest of Missouri's students (and those similar students attracted to us from other states and countries),
- generate research that improves the lives of Missourians and increases the knowledge economy that has made this country great, and
- deliver the research and knowledge we generate to citizens in every Missouri county.

As the President acknowledges, managing our way through these difficult times requires everyone's cooperation. I know I can count on yours – and it is highly appreciated.



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Set out below is our annotated list of expenditure areas where we expect to see significant reductions in expenditures, and which we will be tracking on a campus-wide basis. We expect to see monthly decreases in all the expenditure areas.

Any particular instance is, of course, subject to discussion, but it is CRITICAL that every effort is made to reduce expenses in the categories below, in many cases as much as 50 percent, commencing immediately. At the start of FY10 in July, we will assess whether further reductions are required. The reductions in expenses below apply to expenditures from all sources – G.O., grants, gifts, auxiliaries, reserves and all other sources. In short, we must continue to adapt our practices and behaviors. There are a few general factors to consider:

1. Carefully evaluate before cutting expenses in areas where there is a negative impact on the ability to generate revenue for the university.
2. Avoid any cuts that could directly affect safety of MU employees or students or that jeopardize state or external compliance operations, and then only after thorough analysis.
3. Carefully evaluate where there could be a direct and CLEARLY damaging effect on instruction, clinical services or research.

Below are MU-specific annotations for the categories outlined in President Forsee's letter:

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

*Travel must be SIGNIFICANTLY reduced whether from G.O., grant or gift funds or other university funds. Travel on grant funds should be examined carefully and pursued only when important for research purposes. Research travel on GO and other funds should be closely examined for benefits. For example, if a person is presenting a paper at a conference, then travel should occur; but attendance alone is not sufficient. After careful analysis, travel that is directly related to revenue generation should continue.*

*Administrative travel for the next several months should be severely decreased.*

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

*ALL such expenditures should be eliminated.*

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

*Generating future revenues for the university should be interpreted to include*

*enrollments (i.e., tuition revenue), fundraising, economic development and sales of services.*

- 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.

*An exception may be print publications that generate future campus revenues, enrollments or alumni support and documents that are directed to areas where high-speed Internet is not generally available, as is the case for much of rural Missouri. The most cost efficient and effective means of communicating based on the target audience must be utilized.*

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

*Always use the university contracted vendors as the primary source for any purchase for which a contract exists.*

- Non-capital (i.e., under \$5,000) equipment purchases, such as desk top computers, except those needed for direct instructional or research purposes.

*Clearly dysfunctional equipment will have to be replaced, but continue to use that which is functional, regardless of age. This also applies to laptops, PDA's and the like.*

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

*Contracts that may be considered should directly promote revenue generation, including student recruitment and donor/alumni support. Such contracts should be very carefully vetted; at a minimum there must be consultation with administrators one step up the reporting line before any such contracts are sent forth for university signature.*

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

*Some M&R must be pursued if there are significant, direct negative effects on instruction, research, revenue generation or service. Such claims should be documented and proceed through the normal PIRF process.*

- Non-capital (i.e., less than \$5,000) expenditures for vehicles and furniture.

*Do not buy furniture, carpet, etc., unless absolutely necessary.*

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

*Training mandated for licensure, compliance, etc., should continue but in the most cost-efficient manner.*

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

*Reclassifications and other adjustments may be considered if the final result is an open position not being filled. Counter offers to retain outstanding employees will be carefully evaluated and, if approved, the adjustment will normally occur as part of the next year's salary.*

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

*Overtime that occurs regularly will be considered problematic. Overtime should occur only on unusual and documentable occasions and only with the specific written prior approval of the immediate supervisor and the next level supervisor. Please refer to HR Policy 211.*

- Employee recognition events

*Employee awards and other recognition remain important events; however, any costs for food, beverages and other expenses should be eliminated or reduced to a minimum.*

The Chancellor and President will hold an open campus forum on Friday, February 20, 2009, time and location to be announced.