President’s Report

Board of Curators Meeting
Gary D. Forsee
President, University of Missouri System
Friday, October 23, 2009
Budget & Upcoming Legislative Session

- 2010 use of ~$50M in federal stimulus to keep operating budget flat to ’09 levels
  - Tuition held flat
  - Cost-reduction measures in place
  - Real savings estimated at $64M
- 2010 risk—appropriations ‘outside of core’
  - Caring for Missourians (one-time funds)
  - Other curator programs (e.g., hospitals, State Historical Society, MOREnet, etc.)
Budget & Upcoming Legislative Session (continued)

• Current state revenue through September off 11% to budget
• Will adequate stimulus dollars be available in 2011?
  • What will final fiscal 2010 revenues be?
  • For planning purposes, assuming $25M of stimulus (~ half 2010 level) plus 5% revenue decline—a decline of 10% or greater
Stewardship—Access & Affordability

Funding/FTE Student

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Tuition/FTE</th>
<th>State Appr./FTE</th>
<th>Total Funding/FTE Adj. for Inflation(CPI)</th>
<th>FTE Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$12,000</td>
<td>$4,000</td>
<td>$16,000</td>
<td>25,000</td>
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<tr>
<td>2002</td>
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Est. 11% Efficiency
10-Year Profile for UM System

• Dramatic enrollment increase
  • Maintain selective admissions standards
  • Outcomes (e.g., graduation rates, research grants) show improvements
• Requirement for significant ‘productivity’ increase
• Decline in state support offset by shift of burden to tuition
What We *Have* Done to be More Relevant, ‘Part of the Solution’

<table>
<thead>
<tr>
<th>Teaching</th>
<th>Research</th>
<th>Service</th>
<th>Economic Development</th>
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</thead>
<tbody>
<tr>
<td>• P-20 Task Force</td>
<td>• Federal applicants’ grants up 40%</td>
<td>• Researched Missourians’ expectations, attitudes</td>
<td>• Intellectual property: new targets</td>
</tr>
<tr>
<td>• Re-accreditation</td>
<td>• Energy Summit</td>
<td>• Role of Extension</td>
<td>• New jobs, companies created; new focus</td>
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<tr>
<td>• Enrollment growth with quality</td>
<td>• Life Sciences Summit</td>
<td>• UM health sciences • Tiger Institute</td>
<td>• Research park incubators</td>
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<tr>
<td>• Faculty/staff salary/benefit analysis examined</td>
<td>• Technology enablers • MOREnet • TelePresence • Shared services</td>
<td>• Outside-In Task Force</td>
<td>• Incremental resources added</td>
</tr>
<tr>
<td>• E-learning investment</td>
<td>• Goal: Increase licensing revenue to $50M/yr by 2014</td>
<td>Caring for Missourians</td>
<td>• Economic Development Council established</td>
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<td>• Community college agreements</td>
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System and campus strategic plans, accountability measures

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<tr>
<th>Faculty</th>
<th>Staff</th>
<th>Students</th>
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What *Else* Do We Need to Do?

**Actions:**

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<tr>
<th>Manage Costs-Cash</th>
<th>Capital Projects, Maintenance and Repair</th>
<th>Sources of Revenue—Research and Economic Development</th>
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</table>
| • Cost-management activities in place  
  • More needed for 2011-2012  
  • Further 5% reduction off 2010 run rate | • Conduct regional capital project forums to engage:  
  • Campuses  
  • Communities  
  • Investors  
  • Developers  
  • State | • Seek additional partnerships  
• IP & commercialization—new companies, jobs  
• Tuition variable by four campuses  
• Invest in S.T.E.M. disciplines, research mission  
  • Establish state match program |
Significant National Discussion Underway...

*Newsweek*, October 26, 2009

*BusinessWeek*, October 19, 2009
Public Higher Education Issues

• Accountability for student learning (e.g., outcomes)
• Access and student success
• Price of tuition
• Budgets and funding (states’ fiscal crisis)
• Student aid policy
• Aligning the P-20 education system
• Tax policies, benefits
• e-learning
• Diversity
• Competition from for-profit institutions

Sources: Association of Governing Boards of Universities and Colleges; Association of Public Land-Grant Universities; Institute of Government and Public Affairs; National Education Association; American Association of State Colleges and Universities; JBL Associates; James Duderstadt
Missouri-Specific Issues

• Missourians’ attitudes about support for higher education (2008 survey)
• Dramatic funding and enrollment growth at community colleges
• State economy lagging behind national recovery?
• No capital or M&R funding mechanisms
• Not ‘producing’ enough S.T.E.M. or health care professionals
Our Challenge

• How we manage the unprecedented level of change will determine our continued success
• Partnering with key stakeholders will be in the context of:
  • Our unique role and mission
    • Research
  • Quality and outcomes focus
  • Access and affordability
  • Ability to deal with these national/state trends and issues
Leading the Change Through Challenging, Uncertain Times

- We are engaged at every level
  - Shared governance
  - Existing plans, key initiatives
- We must respond, we must anticipate and we must be innovative in our solutions
- Our university of 2020 will require us to examine all we have done historically to support our mission
- It will require a fundamental re-examination at the heart of what we do—the interaction of students and faculty in learning process
- This is at the heart of the national discussion
In the Next Year...

- We will evaluate and examine the following key elements of that historic paradigm shift and report back to the board with our conclusions:
  - Bachelor’s degree completion programs
  - Requirements for e-learning
  - Requirement for hybrid learning (classrooms, e-learning, distance learning)
  - Clearer pathways from high school to college, community college to university
  - 3-year and ‘no-frills’ degrees
  - Year-round cycles
  - Clarity around credit hour requirements (bachelor’s and advanced degrees)
In Summary

• Budget challenge remains:
  • 2011-2012 are of great concern
• Actions to date support our relevance to the state and our desire to be part of the solution
• More is required
  • Call for regional capital forums
  • Call for investment/match in S.T.E.M. and research
  • Call for revenue sources to be explored
  • Call for cost diligence
• Comprehensive review of ‘national discussion’ areas