

Spectrum

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President Pacheco answers questions about new plans

The following is an interview with University of Missouri President Manuel Pacheco on objectives of the new Strategic Plan and FY 2001 Resource Plan approved by the Board of Curators Sept. 2.

Q. Budget reductions of \$17.1 million in FY 2001 and \$38.3 million during the next five years seem pretty far-reaching. How is it possible to do that and provide a 4 percent compensation pool, starting in FY 2001?

A. There is not going to be a reduction in the revenue that comes into the University System. We're still projecting, for example, that state funding will increase by 2.0 percent to 3.5 percent. We also expect that each of the campuses will be able to increase revenues. At the same time, we have determined that there are three priorities for the future — compensation, making sure by policy there is 3 percent of funds available for equipment and expenses, and maintaining a 5 percent fund balance for emergencies. It will require a reallocation of funds to accomplish all three of those, and most importantly the goal of 4 percent salary increases.

Q. Will that be possible by next year?

A. Next year will be the first year of the new five-year resource reallocation program. We will not accomplish all of the objectives of the plan in the first year, but we will be able to provide a 4 percent salary increase for employees and we will provide a 3 percent increase in equipment and expense funding.

Q. Why do we keep trying to compete with institutions at an increasingly higher level?

A. I think one of the characteristics of higher education is that it continues to change as the needs of our society change. We have to keep up with those things. We really don't have a choice. We have to continue to improve what we're doing and become more efficient in the way we do things. When we talk about "value-added" in higher education we're attempting not only to add value to the education of students, but to also add value to the institution and, in turn, to the state.

Q. What if the assumption that enrollments across the System will grow by 3 percent during the next three years does not come true?

A. I think that the assumptions that we've made are reasonable ones. The population in Missouri is not declining statewide; it's increasing slowly but steadily. There is a post-baby boom "boomlet" occurring, and we believe if the University continues to be competitive the way it has been, enrollments will increase. If enrollments don't rise, then we obviously need to examine why they're not increasing and find out how we miscalculated and then change our approach.

Q. Is raising student fees a possibility?

A. As the saying goes, you can never say never, but that is not a part of our plan. Our plan is to increase student fees only to the extent that inflation increases over time. Right now I think it's commonly recognized that UM student fees are either where they should be or perhaps a little bit above where we wish they could be.

Q. By giving virtually no salary increases this year, how many years of 4 percent to 6 percent increases will it take for the UM System to regain a competitive standing?

A. This year's experience certainly doesn't help us because, in general, other universities were able to give across the board increases to their faculty of more than 4 percent this year. In July, the National Center for Public Policy and Higher Education predicted that state support for higher education is going to diminish in the next several years. So by being ahead of the curve and planning the way we are, I believe that we will be able to give 4 percent increases or more when other states may not be able to do that. It may take us a couple of years to be at the level we were when we started but I believe we'll be able to catch up relatively quickly.

To my knowledge there is nobody else in higher education who has been preparing for this eventuality.

Q. How do benefits fit into the resource reallocation plan?

A. The whole question of benefits is one that is changing very quickly, but one thing we're not trying to do is have employees pay a disproportionate share for those benefits. We are not changing the ratio of what the University pays and what the individual pays. The fact of the matter is, however, that as the cost of medical benefits go up, then no matter what kind of proportion you have, it's going to affect the contributions by both the institution and the individuals. I don't know any way of mitigating that. If the institution picks up a larger share of those costs, then that will have to come out of spending on something else.

I think it's important to stress that we could have continued doing things the same way we have been — and faced another \$400 increase next year for employees. We believe we should provide competitive compensation. We can't rely any more on external forces. We have to make hard decisions and be more efficient about our business. Otherwise we will fall to where the University was 10 years ago.

Board of Curators approves new Strategic and Resource Plans



UM President Manuel Pacheco

The Board of Curators, meeting Sept. 2 in Portageville, unanimously approved a new Strategic Plan that, according to UM System President Manuel T. Pacheco, "breaks new ground" in planning among state university systems.

The Board also unanimously approved the concept and first-year objectives of a new Resource Plan that Pacheco described as necessary for the implementation of the Strategic Plan.

The Strategic Plan

"The Board's approval of the Strategic Plan provides a foundation and a framework for the future of the University," Pacheco said. "Approval of the FY 2001 Resource Plan will provide the financial support required by the Strategic Plan."

Approval, he said, also will "move us into the implementation phase of the plan, which will be guided by the Strategic Planning Steering Committee." During implementation and during "our continual re-examination of our planning assumptions and objectives, we are committed to involving stakeholders" on the campuses and in Outreach and Extension, Pacheco emphasized.

The detailed Strategic Plan is the product of a process begun in December, 1997, when Pacheco appointed the Strategic Planning Steering Committee, comprising the president, chancellors and vice presidents of the UM System. (The complete plan, with appendices, is available on the internet at <http://www.system.missouri.edu/urel/main/second/ur/sp899.htm>)

The steering committee has met at least monthly since February, 1998, and will continue to meet with the same frequency "to maintain the momentum of the University's ongoing planning process," Pacheco reported.

The Strategic Plan is fully consistent with the four-year Mission Enhancement plan approved in 1997 and with strategic planning initiatives on the four University of Missouri campuses and in Outreach and Extension, Pacheco noted.

"The Strategic Planning Steering Committee designed this Strategic Plan as a 'rolling' plan," he said. "That means it will be reviewed frequently and modified as needed. The assumptions on which it rests will be re-examined continually in the light of the most current information about the internal and external environments and, whenever necessary, realigned accordingly."

Pacheco highlighted several salient features of the Strategic Plan, including the following:

- The Plan begins with a vision of the University of Missouri System for the 21st century. The vision states: "The University of Missouri will be nationally recognized as an eminent learner-centered research university."
- The vision also asserts that "This university system of diverse but cooperative campuses and its statewide Outreach and Extension organization will be acknowledged for" a series of unifying qualities. (Examples of such qualities include, among others: "A learner-centered environment that integrates instruction, research, and outreach; research that promotes the achievement of each campus' mission; and Outreach activities that constitute a national model of service.")
- The Strategic Plan is founded on a set of principles that the Steering Committee labeled "Core Values." The Plan states that, "The University will pursue its vision within an environment that embraces integrity, respect, trust, openness, fairness, performance, and accountability." In doing so, the University of Missouri aspires to support People, Excellence and Synergy.
- The Plan identifies four Critical Success Factors:
 - Student learning and achievement
 - Program access and quality
 - Research and scholarship
 - Responsiveness to state, national and international needs.

Pacheco described the Critical Success Factors as being "at the heart of the Strategic Plan." Each such factor is associated with one strategic goal. For example, for the first critical success factor, Student Learning and Achievement, the strategic goal is to "Develop a learner-centered environment that promotes the improvement of learning and personal development of students at all levels."

"The Steering Committee considers achievement of this goal absolutely crucial to the success of the University in the 21st Century," Pacheco asserted. Each of the four strategic goals — that is, one for each of the critical success factors — is followed by a set of objectives and each objective is, in turn, associated with specific action steps.

Finally, performance indicators, with specific measures, have been devised for each critical success factor. These performance measures — a total of 64 for the four critical success areas — "are where the rubber meets the road," Pacheco emphasized. "Data indicating our progress on the

performance measures will be collected on a regular basis and will be provided to the Board of Curators in periodic progress reports."

The Resource Plan

According to Pacheco, implementation of the Strategic Plan depends upon a set of revenue and expenditure assumptions that are part of the plan. (The assumptions are listed on pages 23-25 of the plan.) A final planning assumption will require each campus, Outreach and Extension and system administration to maintain a 5 percent general operating fund balance.

"The first and one of the most important of the resource planning assumptions — that growth in discretionary funds from state appropriations will be in the range of 2 percent to 3.5 percent through FY2005 — was given support by a July, 1999, report from The National Center for Public Policy and Higher Education," Pacheco pointed out. (The report concludes that states will experience slower growth in revenue in the coming years, resulting in structural deficits in funding current service levels.)

Based on the several planning assumptions, each campus, Outreach and Extension and system administration have formulated resource plans for FY2001. "Together, these plans constitute the UM System FY2001 Resource Plan," Pacheco said.

He indicated that, under the Resource Plan, the UM System would effect \$17.1 million in reduced spending or reallocations during Fiscal Year 2001. (Please see accompanying table.)

The elements of the plan summarized in the table include projected beginning balances for each of the six major units of the University of Missouri System. Those are followed by projected revenues, expenditures, net operating results, required reductions, and total ending balances.

For the entire UM System, projected FY2001 revenues total \$743.1 million and expenditures total \$758.2 million, resulting in a negative net operating balance of \$15.1 million. In response, the chancellors and vice presidents have committed to making reductions totaling \$17.1 million in FY2001.

Pacheco noted that the planned reductions exceed what is needed to balance income and expenses because some units have "front-loaded" reductions to expedite meeting the 5 percent fund balance requirement. "By biting the bullet early, budget goals in succeeding years are made more manageable," he said.

Alterations in the budget will be made through a combination of the following actions:

- Reductions in administrative costs
- Reorganization of administrative units
- Consolidation of support functions
- Reduction of student fee discounts

- Increased development of information technology
- Reduction of faculty and staff through retirement and attrition
- Reduction of internal research support
- Reviews of benefit programs and their financing

Campus leaders will pursue additional revenues, through such means as increased student enrollment and expanded external research funding, Pacheco said.

The Resource Plan, too, is considered a "rolling" plan for the period FY2001-FY2005. The resource planning assumptions upon which it is based will be revised as conditions warrant and Pacheco told the Curators he would report to them annually on the plan's results.

"The Resource Plan for Fiscal Year 2001 will enable the University to move forward with the Strategic Plan and it will ensure competitive, performance-based compensation for UM faculty and staff," Pacheco said. More specifically, the Resource Plan will:

- Begin implementation of Year Three Mission Enhancement plans
- Provide a 4 percent compensation increase pool
- Provide a 3 percent annual increase in equipment and expenses (E&E) funding
- Begin implementation of the Strategic Plan

Pacheco told the Board, "With your approval, the Strategic Plan and the Resource Plan become Board policy, and the execution of these plans becomes the responsibility of the University's administration. Clearly, we are operating in a dynamic environment. We must be flexible and adaptable in adjusting to new conditions" and the Strategic Plan and the FY2001 Resource Plan will enable the University to move forward in the fulfillment of its mission.

BUDGET PROJECTIONS, FY 2001

(\$ millions)

	<u>UMC</u>	<u>UMKC</u>	<u>UMR</u>	<u>UMSL</u>	<u>UO&E</u>	<u>UMSa</u>
Beginning Revenues	\$7.4	\$16.2	\$8.5	\$9.0	\$3.0	\$6.9
Revenues	343.4	156.6	83.8	98.9	39.0	21.4
Expenditures	<u>353.0</u>	<u>158.0</u>	<u>85.3</u>	<u>100.5</u>	<u>40.1</u>	<u>21.3</u>
Net Operating Results	(9.6)	(1.4)	(1.5)	(1.6)	(1.1)	0.1
Reductions	<u>(9.7)</u>	<u>(2.8)</u>	<u>(1.8)</u>	<u>(1.6)</u>	<u>(0.6)</u>	<u>(0.6)</u>
Total Ending Balances	<u>\$7.5</u>	<u>\$17.6</u>	<u>\$8.8</u>	<u>\$9.0</u>	<u>\$2.5</u>	<u>\$7.6</u>

McGinnis continues service to UM and state as curator



Curator Sean McGinnis

New UM Board of Curators member Sean McGinnis has maintained an active law practice in the 15 years since his graduation from the University of Missouri-Columbia School of Law, but he also has focused much of his time and attention on public service and political involvement. A Springfield lawyer who was appointed to the Board in February, McGinnis represents Missouri's 7th Congressional District in the southwest part of the state, an area where his family has deep roots.

Knowing the area so well is important, he says, because of its political and cultural differences from the rest of the state. He says he finds it disappointing, but interesting, that southwest Missouri is somewhat isolated from the rest of the state, which is particularly evident in attitudes toward higher education. However, he hopes that over time these differences will become less distinct.

His father, who is now retired, was a minister for 40 years — serving 35 years as senior minister at Central Christ Church in Springfield. His mother was a high school teacher before retiring, and his grandfather was once School Board President in Ozark, Mo. "I'm about as southwest Missouri as you can get," McGinnis said. His father is a graduate of the School of Religion at the University of Missouri-Columbia.

McGinnis grew up in a comparatively urban area in central Springfield, in a neighborhood that is diverse racially, socially and economically. "The neighborhood where my family lived and the public schools I attended gave me a strong belief in diversity, and made me knowledgeable about the world in other words, street smart," he said.

After graduating from Springfield Central High School, he chose to attend nearby Drury College — a classic private, liberal arts school. "When I went to Drury I was amazed at the different

world that existed just across the street from my high school and the surrounding neighborhood in which I grew up."

Still, he says he benefited from his education at Drury, and was active in extracurricular activities including serving as president of his fraternity, Lambda Chi Alpha. McGinnis says that this experience taught him valuable leadership skills and the necessity of working with others toward a common goal.

He graduated with three bachelor degrees — in business administration, political science and economics — and decided to pursue a law degree. "I thought I would use a law degree eventually in public service or government," he said. He selected the University of Missouri-Columbia School of Law because he believed it would best prepare him to practice law in Missouri.

While attending law school, McGinnis was one of the "founding fathers" of the Graduate Professional Council, and was active politically, serving as an aide on Mel Carnahan's 1984 gubernatorial campaign.

"That experience taught me just how difficult it is to be a candidate for public office, and I have always had great respect for Gov. Carnahan and others who are able to endure the process and be successful," McGinnis said. "However, I also learned that I probably do not have the makeup to ever be successful as a candidate for elective office. Nevertheless, I have always maintained an interest in public service."

Upon receiving his law degree, McGinnis returned to Springfield and began practicing law, all the while "maintaining interest in government and politics." He ended up "becoming exactly what I never anticipated — a trial attorney." During the last 15 years, McGinnis has tried more than 30 cases, "probably as many as anyone my age in this part of the state." His practice is primarily involved in insurance defense, medical malpractice defense and product liability, with several major insurance companies and businesses as clients.

He joined his current firm, Newberry, Haden, Cowherd, Bullock, Keck & McGinnis, two years ago. All of his partners "except one unfortunate Arkansas Razorback" are products of the University of Missouri System, and their support allows him to maintain a full civil practice and fulfill his responsibilities as a curator.

McGinnis' service to the University began some ten years ago when he became one of the first members of MU's Legislative Information Network Committee (LINC), a lobbying group of alumni and friends of the University.

"Being a member of LINC made me familiar with issues facing higher education — specifically those before the General Assembly, which of course is still the major funding source for the UM System," McGinnis said. As a member he was involved with the campaign in support of Proposition B several years ago, and he served as chairman of LINC for the year prior to his appointment to the Board of Curators.

From 1994-1998, McGinnis also served the MU campus as a member of the Intercollegiate Athletic Committee, a group of faculty, staff, students and alumni who advise the chancellor and director of athletics.

While he admits to being an avid MU Tigers fan since childhood, McGinnis says it is important for the University to continue to keep athletics in the proper perspective. "Intercollegiate athletics is an enormous business in terms of the money it generates," he said. "If you could go back 100 years and change things, you probably would not have athletics being this significant a part of what happens at an institution of higher learning.

"However, whether we like it or not, we have to accept the reality that athletics is an extremely important area for major state universities and, in my opinion, we have to be totally committed to success both on and off the playing field."

McGinnis points with pride to the fact that the MU athletics program operates with virtually no state funding, and also is run "as ethically as any in the country."

He firmly believes that the investments made in improving athletic facilities five years ago are now paying off in terms of successful teams, and that this in turn provides increased funding for non-revenue sports and gender equity requirements.

McGinnis also believes that competitive athletic teams generate interest and a positive image outside the University community. "I firmly believe that many people in Columbia do not fully comprehend the importance of athletics to the University, in terms of the number of people who become involved with the University who might not otherwise have any interest.

"I have long felt that in this diverse state of Missouri, the one unifying force is the University, and this is most noticeable in the widespread interest in our football, basketball and other athletic programs. MU athletics unites people from the Bootheel to St. Joseph, from Springfield to Hannibal, and from Kansas City and St. Louis. I can think of nothing else that has this type of impact on the people of our state, and this in turn is of great benefit to the University System."

In addition to his work on behalf of the University, McGinnis also has been called on by Gov. Carnahan to serve on another prominent governing board in the state. A member of the Missouri State Fair Commission since its inception in 1996, McGinnis has been part of the Commission's campaign to reorganize the state fair and make it financially viable.

"We had to make some tough financial and personnel decisions," McGinnis said. "We had to look at contractors and overhead, and we worked with legislators to solve a tremendous financial crisis. Everything we did received media attention. And in the end, we were able to turn the state fair around — to save it."

He says his experience on the State Fair Commission taught him that if you can "get nine people together who have a common goal and no personal agendas — they can accomplish great things." He says he is pleased to find those same qualities among members of the UM Board of Curators.

His service on the State Fair Commission as well as his knowledge of southwest Missouri — an area he points out is both metropolitan and rural — makes the importance of Missouri agriculture a top priority for McGinnis.

He credits Lowell Mohler, a fellow state fair commissioner and retired CEO of the Missouri Farm Bureau Federation, with becoming a mentor to him on agricultural issues. "Through my involvement on the State Fair Commission, I have had the opportunity to become actively involved in the agricultural community in this state, and I know first hand the vital role agriculture plays in the economy," McGinnis said. "The MU College of Agriculture and University Outreach and Extension, as well as the College of Veterinary Medicine, are of vital importance to the agricultural community in this state, and this is particularly true in the rural areas I represent as a curator. We have to insure that these programs remain strong because of their importance to our entire state economy."

He says while serving his district on the Board of Curators, he will be balancing the needs of both the rural and metropolitan citizens he represents. "In the urban areas of Springfield, the vast majority of professionals are graduates of the professional schools within the University of Missouri System," McGinnis said. "It is vitally important that we keep these professional programs strong on each of our campuses, as these are the training grounds for the doctors, lawyers, engineers and others who serve the citizens of the state."

Along these lines, McGinnis notes that each campus plays a vital role. "We have to recognize that each one of our campuses is extremely important in that what they do is vital not only to their particular region, but to the entire System and state."

The biggest challenge facing the University, McGinnis believes, is how to continue to operate at a high level of quality with current funding restraints. He points out that during recent years the state's economy has been prosperous, and that the University has enjoyed considerable funding from the governor and the General Assembly. "Even so, we're barely getting by," he said.

McGinnis is concerned about what is going to happen if there is a downturn in the economy, or a decline in support from the legislature — a situation he believes could occur in the next six years. "The Board will have to plan with these contingencies in mind, and be committed to making tough choices that may be painful, but ultimately in the best interest of the University of Missouri System and the state," he said.

Along with the Governor's Committee on the Affordability of Higher Education, in future months the UM Board of Curators will be striving to answer the question of how to continue to maintain a high quality of education without being too much of a financial burden on students. "The answer to that dilemma is what we'll be grappling with as a Board," he said.

Despite the challenges facing the University, McGinnis says he is pleased to be serving as a curator during this time. "Now is an exciting time to be on the Board because of the strong support from the Governor and legislature, and because the Board of Curators and University administration over the past five or six years made decisions that have proved beneficial to the University," he said.

"During my short time on the Board I've been impressed with the quality of our leaders — our four chancellors are competent and well respected."

McGinnis says his responsibilities as a curator do require creative scheduling to make up the time he spends away from his law practice, but he finds the work important and enjoyable, and this prevents it from being a burden.

"The members of the Board have one common goal — a public research university that is second to none," he said. "I firmly believe we can achieve that goal."

Outreach and Extension chief named

Patricia Sobrero, associate dean of the Agricultural Extension Service at the University of Tennessee-Knoxville, was named associate vice president for University Outreach and associate director of cooperative extension, effective Sept. 6.

"The University of Missouri and the state of Missouri are fortunate to have attracted a leader with Dr. Sobrero's outstanding qualifications and capabilities," said Ron Turner, UM executive vice president and director of cooperative extension. "Dr. Sobrero brings a range and depth of experience in extension and outreach programming — at local, state, regional and national levels — that will add important dimensions to the educational program. She is committed to the land-grant university mission and understands the importance of that mission to the people of Missouri."

Sobrero will be responsible for overall leadership for the programmatic operations of University Outreach and Extension. "I am grateful for the opportunity to work with the outstanding faculty and council members of the University of Missouri and Lincoln University Outreach and Extension," Sobrero said. "Faculty members I have met are dedicated to teamwork, conducting visible and valued programs, and to increasing the use of technology to expand good teaching. It will be a pleasure to assist campus and field faculty in designing programs to address the issues facing individuals and communities throughout Missouri."

Prior to her current position, Sobrero was associate district supervisor at UT, supervisor of secondary education for Johnson City Public Schools in Tennessee, director of drug prevention and public safety education for 14 public school systems in Tennessee, and a teacher in schools in Maryland and Colorado.

Sobrero earned a bachelor's in home economics education from East Tennessee State University in 1970 and she received a master's in human development from the University of Maryland in 1978. She also holds a doctorate degree in educational leadership curriculum and supervision from Vanderbilt University in 1989.

One of Sobrero's major accomplishments in Tennessee was an increase in funding and resource support for programs through external grants, contracts and partnerships. Since 1991, UT extension has experienced a 41 percent increase in external funding.

Nationally, she served on the Extension Committee on Organization and Policy Program Leadership Committee, the National Extension Leadership Development Advisory Board, and the National Family and Consumer Sciences Program Leader Council. Her publications are in the area of organizational leadership and home economics.

UM buys Columbia Regional Hospital

The University of Missouri announced an agreement July 23 with Tenet Healthcare Corp. to purchase Columbia Regional Hospital (CRH). The closing date for the sale is scheduled for Sept. 30.

"I believe the addition of a highly-regarded community hospital to the MU health-care services family is not simply in the best interests of the University, but also in the best interests of the state, mid-Missouri and Columbia, " said MU Chancellor Richard Wallace. "We are looking forward to teaming up with the excellent staff at Columbia Regional Hospital to provide our community with increased health-care options, while we continue our commitment to working collaboratively with all local health-care providers."

Funds to purchase the hospital will come from revenue bonds that have already been sold and are earmarked for capital

improvements. No tax dollars or state funds will be used for the acquisition. The final purchase price will be released upon closure of the sale.

Employees of Columbia Regional Hospital will become University employees at the time the acquisition becomes final.

MU and UMSL get recognition

The University of Missouri-Columbia was ranked as the best overall value among 228 national universities in the latest college rankings by *U.S. News & World Report* magazine. The magazine combines quality rankings with cost and financial aid availability to choose the "best values."

"It's just rather remarkable that MU has been recognized nationally," said MU Chancellor Richard Wallace. "Our faculty have worked very hard, at the undergraduate program in particular."

Newsweek identified UM-St. Louis as a "hidden treasure," one of 169 recommended as "terrific colleges that aren't as well known as they should be." The list is published in *Newsweek/Kaplan's* recent "How to Get Into College" special issue.