

## **Spectrum**

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### **Board approves FY2003 operating budget**

The Board approved the FY2003 operating budget for the University of Missouri System at its May 16-17 meeting at Fort Leonard Wood.

As part of the Board action, UM System President Manuel T. Pacheco was authorized to modify the FY2003 operating budget and allocation as necessary to bring it into harmony with the state appropriation as eventually approved by Gov. Bob Holden.

Noting that much of the state's projected income for FY2003 hinges on the success of revenue enhancement plans, Pacheco warned that the University should still be prepared to adjust if the state again takes mid-year withholdings from the University's budget.

The current funds revenue budget for FY2003 totals approximately \$1.8 billion. This is basically the same as the prior year's budget that was originally recorded in the University's financial system before additional 5 percent and 2 percent state withholdings were imposed in July 2001 and December 2001 respectively.

Revenues from state appropriations are expected to decrease by \$48.7 million, or 10 percent, from FY2002 levels. Appropriations to the University of Missouri Health Care and to other programs also would decrease by 10 percent.

Revenues for the University's operations fund budget total roughly \$838 million. State appropriations for the operations budget are expected to be \$399 million, down 10 percent from the \$443.1 million initially expected for FY2002.

The University plans to meet the 10 percent reduction through a series of steps that include a student fee increase beyond the rate of inflation, deferring implementation of the fourth year of state mission enhancement funding, reducing funding for maintenance and repair, and no increase in the UM salary pool.

Student fees revenues are budgeted at \$367.8 million, an increase of 11.5 percent from FY2002. This change reflects projected growth in enrollments and the rate increases in educational required fees and room and board charges approved by the Board in March. Approximately \$332 million in student fees would go toward the operations fund. Student fees equal 39.6 percent of operations fund revenues.

Budgeted revenues from gifts, grants and contracts total \$252.7 million and reflect an increase of 9.9 percent from FY2002.

Revenues for sales and services total \$572.7, up \$4.2 million from FY2002. Approximately 57.6 percent of these revenues are attributed to University of Missouri Health Care.

Salaries and wages expenditures are budgeted at \$480.5 million and associated employee benefits are approximately \$93.7 million. Compensation budgets account for 68.3 percent of the operations fund expenditure and transfer budgets. FY2003 budgets for salaries and wages include no planned increase in funds available for salary adjustments. This is consistent with the revised financial planning assumptions contained in the Board's approved strategic plan. The total amount budgeted for salaries and wages is \$892.1 million.

Employee benefits costs to the UM System will increase by \$2.4 million.

The plan reflects the revised financial assumption of budgeting 1.25 percent of the replacement value of physical plant for maintenance and repair.

### **President Pacheco reports on legislative session outcome**

Massive withholdings to state appropriations will be devastating to Missouri public higher education, UM System President Manuel T. Pacheco told the Board at its May meeting at Fort Leonard Wood.

"It is clear to me that this year's state budget has been balanced on the back of higher education, while other sectors, such as elementary and secondary education, have been held harmless in each round of withholding," Pacheco said. "We are witnessing the dismantling of our system of public higher education, and it will take us a decade to recover from the damage that has been done in just one year."

State FY2002 withholdings to higher education now stand at \$286 million, or 37 percent of the total of all statewide withholding actions in FY2002. "This is a disproportionate share, given that higher education appropriations represent only 12 percent of the state's general operating budget," Pacheco said. "Please note that this does not even include the 10 percent cut to higher education's core budget for fiscal year 2003, which was approved by the legislature the second week in May."

The University of Missouri began the fiscal year expecting a \$443 million appropriation. Total withholdings from the UM budget total \$80 million, including a \$41.2 million withholding announced May 10, just six weeks prior to the end of the fiscal year. The University will end the current year with a reduced appropriation of \$377 million.

The Board anticipates holding a special meeting May 31 to approve some of the steps necessary to meet the additional \$41.2 million shortfall for FY2002. Steps that may be taken include the elimination of more than 400 jobs system-wide through a combination of early-retirement programs and layoffs, suspending programs, and imposing a student fee surcharge on top of the 8.4 percent educational fee increase approved by the Board in March. Administrators are also considering temporary draw downs of reserves designated for facilities repair and renovation, equipment replacement and enhancement of key academic programs.

University of Missouri Health Care will be forced to discontinue some programs, including its heart transplant program, and divest some outlying community Practice Group clinics.

MOREnet will draw down operating reserves and recover the funds through additional billings against public schools, state agencies and other clients.

"These repeated fiscal hammer blows are exacting a high price," Pacheco said. "Institutions will now be forced to take severe and unprecedented measures to reduce or eliminate services that people have come to take for granted."

One of the dire consequences of the repeated withholdings, Pacheco said, will be the impact on students. The percentage of general state revenue going to higher education has declined steadily from a high of 17 percent in 1990 to less than 12 percent in 2002. Institutions are being forced to increase educational fees at a rate that exceeds the rate of inflation to make up for the decline in state support.

Pacheco noted that it has become clear that the state funding mechanism for higher education suffers from a serious structural problem that must be corrected. He called for the state to change its view of higher education.

"Until steps are taken to view the state's educational system as inclusive of all levels from kindergarten through college, we can anticipate still further cuts to higher education," Pacheco said. "We must press for the funding of a statewide system encompassing K-16 education as an essential component of the state's future economic well-being."

### **First building opens in new technology park**



Participants at the ribbon-cutting ceremony pose with a painting of the first building in the new Technology Park. Rick Finholt, Larry Sexton, Dennis Roedemeier, John Mathes, Manuel Pacheco, MG Anders Aadland and Erwin Morriss were on hand for the ceremony.

Dignitaries from the U.S. Army, state and local government and the University took part in a ribbon-cutting ceremony May 16 to mark the completion of the first building in the new University of Missouri Technology Park at Fort Leonard Wood. The event was held in conjunction with the May meeting of the Board of Curators.

The facility is the first technology park to be built on an active Army post in the United States, according to Rick Finholt, the University's director of economic development and research parks.

The building was funded by the University and the Missouri Technology Corporation, which is affiliated with the Missouri Department of Economic Development.

"The Technology Park and this building are the product of a cooperative effort that is unprecedented," Finholt said. "It came about because the University, the Army, the state and the community all recognized the dividends that such an investment would pay."

The 18,000 square-foot building will serve as the "gateway" to the Technology Park, for which 62 acres have been set aside. About half of the building will be devoted to multi-tenant office space, while the remainder will be customized to meet the requirements of specific tenants.

Tenants also will have access to conference facilities and may avail themselves of shared reception and secretarial services if they wish. "Our goal is to be flexible, because the needs of the Technology Park's clients will vary considerably," Finholt said.

Speakers at the ceremony, which attracted a large turnout from surrounding communities, included the president of the Board of Curators, John A. Mathes; UM System President Manuel T. Pacheco; and the Commander of the U.S. Army Maneuver Support Center and Fort Leonard Wood, Major General Anders B. Aadland.

Other speakers included the director of business development for the Missouri Department of Economic Development, Mr. Dennis Roedemeier, who represented Gov. Bob Holden; the chair of the Missouri Technology Corporation, Mr. Frank Stokes; the chair of the Regional Commerce and Growth Association, Mr. Erwin Morriss; and UM-Rolla Chancellor Emeritus Dr. John T. Park.

Information about the Technology Park is available on the UM System's research park web site at <http://www.um-mrp.org/home.html>.

## **FY2004 appropriations request reviewed**

The Board heard a preliminary review of the University of Missouri System's FY2004 appropriations request for operations at its May meeting at Fort Leonard Wood.

The request is broken down into three main categories: core budget, new initiatives and other Curator Program requests.

### **Core budget**

Administrators expect to request a core budget increase of \$29.7 million to offset increased operation costs. Calculations are based on the UM Strategic Plan's revised financial planning assumptions. These assumptions include a FY2004 salary pool increase of 4 percent; staff benefits cost increases; and growth in equipment expenditures and other expenses. These increases would total approximately 5.1 percent of the University's budget.

The University also plans to ask for \$5.8 million to offset the cost of operating new and renovated buildings that are planned to open during FY2004. These buildings include the Life Sciences Center at UM-Columbia; the Dental School addition at UM-Kansas City; and the performing Arts Center, Normandy Hospital and Daughters of Charity (wing) at UM-St. Louis.

### **New initiatives**

The requests for these initiatives are the same as in the FY2003 appropriations request, which was not fully funded. They include:

#### **Life Sciences, \$7.6 million**

- The purpose of the life sciences request is to build on the mission enhancement investment in the life sciences to better position the University to participate in the future economic development of the state. This request will expand world-class basic and applied research that enhances agriculture, improves health care and protects the environment. It will develop new academic programs and expand others that will provide a well-trained work force for a growing biotechnology-driven economy. The developing research enterprise and biotechnology work force will attract fast-growing entrepreneurial firms working in partnership with the University to develop and commercialize biotechnology products.

#### **Health Education, \$10.5 million**

- The University has the unique responsibility in the state to provide access to quality health education. Changes brought about by managed care, Medicare, revisions in Medicaid and historical under-funding have severely hurt several health science programs. The funding shortages threaten the quality of the programs and threaten the ability to offer competitive compensation to potential educators and provide adequate research support. Program access is quickly becoming an issue as student fees are becoming a more significant source of operating revenue for these programs and are quickly replacing clinical income as a major funding stream.

#### **E-Learning, \$4.3 million**

- This funding will be used to provide full student services to online distance students, increase cost efficiency, lower development costs and remove duplication across the University. Through a coordinated effort across the four campuses, the initiative will capitalize on the uniqueness of the University's graduate and professional programs, leverage the expertise of faculty, and fully utilize the diverse knowledge of staff in technology and student services across the four campuses.

## **Other Curator program requests**

Requests for funds include the cost to continue operations, new funding initiatives and legislative specified requests. The request for cost to continue is based on the composite cost to continue rate for operations applied to the state appropriations base and is estimated to be \$2.2 million.

MOREnet and MOBIUS are requesting material adjustments to their operating budgets. MOREnet is requesting \$3.3 million in recurring funds and \$1.5 million in one time funds. The MOBIUS program is new to the University of Missouri appropriations request. Previously MOBIUS, a consortium of 56 academic institutions in Missouri, received their appropriation through the Coordinating Board for Higher Education. The MOBIUS Electronic Resources Initiative leverages the combined purchasing power of the consortium to provide statewide access to a core collection of electronic full-text article databases. These databases cover a broad array of academic disciplines at a much lower total cost than can be obtained by the institutions acting separately. MOBIUS is requesting \$1.2 million in recurring funds.

Other increases will be requested for the State Historical Society of Missouri, the Seminary Fund, the Alzheimer's Research Fund and the Spinal Cord Injury Research Fund.

## **February 2002 research board awards announced**

The University of Missouri Research Board, a panel of 20 faculty members, has awarded over \$1 million to support 51 research projects across the University's four campuses.

In February, researchers from the UM System filed 173 requests for grants, totaling more than \$6 million. Approximately 29 percent of the requests were awarded and approximately 17 percent of the total dollar amount requested was awarded.

The board granted eight engineering requests for a total of \$200,290; 13 in humanities and fine arts for \$101,900; eight in life sciences for \$259,517; nine in physical sciences and mathematics for \$198,000; and 13 in social and behavioral sciences for \$262,155.

The board has established a network of UM experts in each discipline. The board addresses specific criteria in evaluating a request. The board then considers the recommendations of the peer reviewers. Judy Wall, professor of biochemistry at UM-Columbia, is chair of the Research Board.

### **UM-Columbia**

*John Turner*, Pharmacology, \$32,000; *Ioan Kosztin*, Physics & Astronomy, \$35,000; *Chengshan Xiao*, Electrical Engineering, \$25,400; *John Frymire*, History, \$9,000; *Michael McCracken*, Economics, \$9,532; *Kevin Everett*, Family & Community Medicine, \$25,000; *Paul Miceli*, Physics & Astronomy, \$40,000; *Mark Hannink*, Biochemistry, \$34,000; *James Rhyne*, Physics & Astronomy, \$38,000; *John Cannon*, Molecular Microbiology & Immunology, \$20,000; *Brad Prager*, German & Russian Studies, \$6,000; *Baolin Deng*, Civil & Environmental Engineering, \$29,284; *Flore Zephir*, Romance Languages, \$16,525; *Athanasios Micheas*, Statistics, \$6,250;

*Zhenbo Qin*, Mathematics, \$6,250; *Leila Mureebe*, Surgery, \$8,038; *April Langley*, English, \$7,200; *Anna Cone*, Psychological Sciences, \$15,556; *Steven Young*, Obstetrics & Gynecology, \$40,575; *Robert Benfer*, Anthropology, \$35,000; *Kannappan Palaniappan*, Computer Engineering & Computer Science, \$6,250; *Johannes Schul*, Biological Sciences, \$35,707; *Jeffrey Williams*, English, \$8,000; *Kristin Schwain*, Art History & Archeology, \$5,800; *Mark Martin*, Biochemistry, \$47,228; *Maurice Lee*, English, \$6,000; *Lilliard Richardson*, Public Affairs, \$16,151.

### **UM-Kansas City**

*Kenneth Mitchell*, Computer Science, \$22,400; *Linda Collier*, Communication Studies, \$30,000; *Appie Liefvoort*, Computer Science, \$20,250; *Jennifer Phegley*, English, \$7,500; *Paul Rudy*, Conservatory of Music, \$12,800; *Peter Singelmann*, Sociology/Criminal Justice, \$28,504; *Kati Toivanen*, Art & Art History, \$12,000; *Shona Wray*, History, \$12,000; *Leonard Dobens*, Molecular Biology, \$41,969.

### **UM-Rolla**

*Andrew Elmore*, Geological & Petroleum Engineering, \$24,383; *Jagannathan Sarangapani*, Electrical Engineering, \$24,400; *Frank Blum*, Chemistry, \$25,000; *Kelly Homan*, Mechanical & Aerospace Engineering & Engineering Mechanics, \$28,738; *Derek Apel*, Mining Engineering, \$25,435; *Sanjay Madria*, Computer Science, \$6,250.

### **UM-St. Louis**

*Bruce Jacobs*, Criminology and Criminal Justice, \$7,500; *Anne Winkler*, Economics, \$19,021; *Alexei Demchenko*, Chemistry, \$35,000; *John Fausz*, History, \$6,000; *Eric Wiland*, Philosophy, \$6,000; *Herman Smith*, Sociology, \$10,000; *Vasudevan Yanan*, Optometry, \$30,000; *Yael Even*, Art & Art History, \$3,600; *Pamela Ashmore*, Anthropology, \$19,366.

### **UM technology transfer showcase honors faculty**



UM System President Manuel T. Pacheco presents Dr. Henry W. White, professor and chair of physics at UM-Columbia, with the first annual Faculty Entrepreneur of the Year award, given to recognize entrepreneurial innovation for 2001.

The University of Missouri Office of Technology and Special Projects honored faculty for their patent inventions and research at the second annual Technology Transfer Showcase, April 25, in St. Louis.

UM System President Manuel T. Pacheco and Vice President for Academic Affairs Steve Lehmkuhle presented awards to three groups of honorees.

The first group to be recognized included faculty who have filed invention disclosures and faculty with inventions licensed that produced royalty income from January 2001 to December 2001. This group included over a hundred faculty members from the four campuses.

Faculty members awarded U.S. patents from January 2001 to December 2001 were the second group to be honored at the showcase. These inventors are: Dr. Gary J. Ehrhardt, Dr. Rainer E. Glaser, Ms. Chrys Higginbotham, Dr. Timothy J. Hoffman, Dr. Eugene L. Iannotti, Dr. Jan A. Miernyk, Dr. Roy O. Morris, Dr. Randall S. Prather, Dr. Douglas D. Randall, Dr. Yungryel Ryu, Mr. Gary Sieckman, Dr. Daniel S. Smith, Dr. Kathy L. Timms, Dr. Nan Unklesbay, Dr. Joseph M. Vandepopuliere, Dr. Wynn A. Volkert, Dr. John C. Walker and Dr. Henry W. White.

The first annual Faculty Entrepreneur of the Year award was presented to Dr. Henry W. White, professor and chair of physics at UM-Columbia. The award was given to recognize entrepreneurial innovation for 2001.

Dr. White and his colleagues, S. Zhu and Yungryel Ryu, developed a new means of producing blue light emitting diodes and laser diodes. Two patents have been issued on this technology so far.

"The Technology Transfer Showcase is a highlight of the year for the Office of Technology and Special Projects," said Thomas Sharpe, Ph.D., executive director of the OTSP. "Dr. White is certainly a pristine example of the entrepreneurial spirit among the faculty at the University of Missouri."

The Office of Technology and Special Projects was established in September 1999 as a partnership of the UM System and its four campuses. Over the past year and a half, the four campuses of the UM System have seen pending patent applications increase from 33 to more than 90, and income from licenses more than double to \$3.9 million.

In addition to the more traditional patenting and licensing activities, the OTSP works to provide an entrepreneurial environment and support structure within the University. The goal is to encourage commercialization of new technologies through University spin off-companies and various forms of research, development and partnerships with the private sector.

## **UM-Rolla reports on strategic plan**

The Board of Curators heard a report on UM-Rolla's strategic action plan at its May 16-17 meeting.



UM-Rolla has been engaged in the strategic planning process since 1992. During this period, the plan has evolved into a document that is reviewed, updated and revised annually. A broad cross section of campus constituencies has contributed input to the current planning process, which is for FY2003.

UM-Rolla wants to increase its enrollment while enhancing the access and quality of its programs in engineering, science, management and the liberal arts. To meet this challenge, UM-Rolla hopes to implement a campus-wide recruiting, marketing and retention plan, as well as take action to increase enrollment of additional first-year, transfer and master's degree students.

The second strategic goal is to maintain a strong focus on student learning and achievement for undergraduate, graduate and professional students to strengthen the national reputation of UM-Rolla. To do so, the campus hopes to improve existing learning communities and create new facilities where faculty, staff and students can collaborate to enhance learning and achievement. These learning communities include centers, tutoring, summer bridge programs and other information and workshop programs.

UM-Rolla's third strategic goal is to broaden research and scholarship for its undergraduate and graduate students to improve its stature among public AAU and research institutions. This includes increasing external grant funding and working to enhance alliances with outside entities, such as the Technology Park at Fort Leonard Wood; the Missouri Research Park in St. Charles County; industry; state agencies; and other universities.

UM-Rolla also hopes to attain national recognition for leadership and innovation in responding to high-priority state, national and international needs in education, research and service.

The final strategic goal is to secure and manage public and private resources to ensure that academic programs, personnel and facilities are of the highest quality.

The next campus to present its strategic plan will be UM-Kansas City at the July 18-19 Board meeting at Rolla.

### **President Pacheco gives report on fundraising**

The University of Missouri must be vigilant in fundraising efforts, but private giving should not be considered a solution to dwindling state appropriations, UM System President Manuel T. Pacheco said during a presentation to the Resources and Planning committee at the May Board meeting.

Several members of the Board had previously expressed interest in knowing more about the University's private fundraising plans and the role private gifts play in enhancing University programs.

Pacheco noted that private giving was once considered peripheral to public higher education.

"Today, however, private fundraising is an integral part of plans to enhance program quality and overall excellence of the students' educational experience," Pacheco said. "While the University of Missouri is a relative latecomer to the world of private fundraising, we have discovered that there are many successful alumni out there who have benefited from their college experiences and now want to give back to the University that served them so well."

Pacheco cited several examples where private fundraising has made a significant impact on the University. Between FY1992 and FY2001, roughly \$600 million has been given to the University in the form of private gifts. Each campus has developed their advancement infrastructure to sustain concerted, ongoing fundraising efforts. The campuses have planned or completed major fundraising campaigns that have involved thousands of loyal alumni and friends of the University of Missouri.

Despite the economic downturn, the current fiscal year is ending on a fundraising high note. Major private gifts include \$25 million toward a new basketball arena for UM-Columbia, \$5 million to UM-Rolla to expand and renovate its University Center, and \$10 million to the College of Business at UM-Columbia.

Pacheco and members of the Board were adamant that private development could not be expected to make up for shortfalls in state support of the University's general operating budget. The majority of donors tend to restrict their donations to specific programs or projects. Only 7 percent of private giving to the University of Missouri has been for unrestricted use.

"The truth is that potential donors generally are not interested in donating funds to the University for general operating costs," Pacheco said. "They tend to consider that the responsibility of the institution and the state, and that is as it should be."

However, Pacheco said, private giving does represent an increasingly important source of support for the University's strategic goals. The University has over the past several years focused its fundraising activities to attract and retain talented faculty members, provide scholarship support for students, and leverage state funding to improve infrastructure.

In combination with state and University matching funds, private giving has contributed to the establishment of 120 new endowed positions, including 44 chairs and 76 professorships throughout the UM System.

Private support also has been an invaluable source for student financial aid. This comes in the form of direct gifts and funds generated from gift endowments.

Private giving also has bolstered major capital improvements. From 1991 to 2001, private giving to support new capital projects has totaled more than \$90 million.

## **Board moves forward with presidential search process**

The Board of Curators' search for a successor to Dr. Manuel T. Pacheco, president of the University of Missouri System, is in its initial stage and is moving steadily forward.

Selecting a new president is one of the most important duties the Board can carry out, according to Curator Paul Steele, former Board president and chair of the presidential selection committee. "The president sets the tone for the entire System," Steele said.

While the selection of the next president is the sole responsibility of the Board of Curators, the Board invites others to participate in the process to assist them in "this most important undertaking," Steele said. "We need to have input from as broad a base of constituents as is reasonably possible."

The selection committee has worked to inform all constituencies of the search and encourage nominations. A position advertisement has appeared in national publications. The Board also has sent out a letter, presidential search brochure and candidate nomination form to friends and supporters of the University.

At the March 21-22 meeting, the Board approved the hiring of Korn/Ferry International, a search firm specializing in executive searches. "The majority of the Curators have not had the challenge or experience of a presidential search," Steele said. "Korn/Ferry is trained in the steps necessary to complete a successful search. The University has developed an excellent relationship with this firm through years of working together."

The Board continues to work with R. William Funk, the managing director of Korn/Ferry's education and not-for-profit practice. Funk has participated in more than two hundred chancellor and president searches, including the search that brought Dr. Pacheco to UM from the University of Arizona.

"We encourage the search committee and the Board to be proactive, not reactive. We don't want them only looking at candidates we bring in," Funk said. "We want suggestions from the Board, faculty members, alumni, staff and student leaders."

Materials such as the presidential search brochure help get the word out nationally, according to Funk, but more importantly they help involve the University community. "We want constituents who are most affected by changes in leadership to be aware of the search and to make nominations," Funk said. "This includes giving thought to the kind of person they would like to see in this role and sharing those thoughts with a committee or Board member."

While corporations have long relied on search firms to find their top executives, it is becoming more common for universities to do so. The market for experienced education executives is highly competitive. Consultants such as Funk are familiar with the market and can facilitate the search by locating, recruiting and evaluating candidates. Some universities no longer limit themselves to people who are currently running universities, instead seeking candidates from outside the ranks of academe.

"At any given time, there are 30 to 40 chancellor or president searches underway at institutions," Funk said. Funk noted that not all of those searches would compete specifically with the UM System's search for its next president.

"Candidates perceive the University of Missouri as a well-balanced, efficiently run, well-designed system," Funk said. "Coming in and taking an already great system to even new heights is an attractor for candidates."

At the May 16-17 meeting, the Board appointed a faculty consultative committee. The committee is made up of two members from each of the University's four campuses. The committee was selected from a list of curators' professors and distinguished teaching professors nominated by the four chancellors.

Members of the committee are: Curtis J. Nelson, Curators' Professor, Agronomy, and James E. Carrell, Distinguished Teaching Professor, Biological Sciences, UM-Columbia; J. David Eick, Curators' Professor, School of Dentistry, and David Atkinson, Distinguished Teaching Professor, Political Science, UM-Kansas City; Walt Eversman, Curators' Professor, Mechanical and Aerospace Engineering, and Frances (Dee) Haemmerlie Montgomery, Distinguished Teaching Professor, Psychology, UM-Rolla; and Frank Moss, Curators' Professor, Physics and Astronomy, and Charles Granger, Distinguished Teaching Professor, Biology-Division of Teaching and Learning, UM-St. Louis.

The Board also appointed the committee's chair, Lois Pierce, Ph.D., Social Work, UM-St. Louis. "The Board of Curators' significant involvement of faculty in the presidential search process demonstrates their commitment to shared faculty governance," Pierce said. "I'm looking forward to working with Curator Steele and the other curators and expect we will be as successful in this search as we were when President Pacheco was selected."

Now that the presidential search process is underway, Steele added that it would visibly pick up speed. "Although there are challenges, this is a great University with many opportunities," Steele said. "The candidate who is successful will view it as an opportunity."