***** **DRAFT** *****

University of Missouri Faculty Council on University Policy

A Resolution to Examine the Relationship between the University of Missouri – Columbia and the University of Missouri - System

Background

Growth of the University of Missouri beyond Columbia was facilitated by the Morrill Act of 1862 that gave MU its land-grant status. In 1871, after considerable financial contributions from mining interests and from Phelps County, an MU branch was created in Rolla and named the Missouri School of Mines and Metallurgy. In July of 1963, to better serve the two major Missouri metropolitan areas, a financially troubled (and private) University of Kansas City was acquired as was a building having previously housed a junior college in St. Louis. With Columbia and Rolla, the University of Missouri System was created. Dr. Elmer Ellis, who had been appointed the 14th President of the University of Missouri in 1954, became the first President of the newly created System. He held the offices of both MU Chancellor and UM President until his retirement in 1966. The two positions were then, and thereafter, occupied by different individuals.

Budget

Excluding the four individual campus budgets (and extension), the 1964-65 budget for the administration of the central "UM System" was $720,117 or **1.08 percent** of total university expenditures. The FY 2016 budget contains total System Administration expenditures of $74.8 million – or **2.54 percent** of the total university budget. Today, staff compensation for 472 System Administration employees is $44.9 million.

A specific comparison may be useful. The current UM System's Administration budget is **8** times the current budget of MU's premier School of Journalism, the latter having tangible and relatable outcomes produced by its faculty and students.

At the time the System was created, state appropriations justified a statewide institution. Local tuition accounted for only 13 percent of the System budget. However, local tuition now accounts for 58 percent of the budget and augments the rationale for a greater degree of local authority.

Value Added

Based on the latest "UM Efficiencies and Effectiveness" reports, Interim President Middleton reported $77 million in savings were generated by the System over the last two years. Moreover, he

stated that doing away with the UM System and "running the campuses separately would at least double expenses system-wide" (Missourian, 12/13/15).

These savings, however, are not independently audited and are based on theoretical projections, hypothetical assumptions, and educated guesses of what might occur. For example, a variety of time-saving initiatives have electronically streamlined staff activities that were previously conducted with paper forms (e.g., "Personnel Action Requests" or PAR's). Time saved across many staff who occasionally complete these forms, in theory, combines to some number of FTE employees. However, there is no evidence that employee positions have been eliminated and real payroll savings have been produced. These are only hypothetical, projected savings. Moreover, there is no evidence that these initiative could not have been produced at the campus level or, alternatively, outsourced to vendors to achieve similar projected savings.

Certainly there are real economies of scale in some centralized operations such as payroll or procurement. However, it is not clear that there are any efficiencies produced in the core academic mission of the university. Perhaps there were such efficiencies in the 1960's when UMKC and UMSL were struggling small colleges. However, both campuses (as is Missouri S&T) are now mature institutions with unique missions and broad capabilities. So unique, in fact, that communalities among campuses are difficult to find. The campuses do not share a common fee structure, a common grading scale, nor a common course numbering system. Failed centralization initiatives include a multimillion dollar online-education Internet "portal" introduced in 2012 and abandoned the same year. Another example may be the System's "intercampus course sharing" program designed to increase course options for students and to maximize faculty utilization by allowing students to take courses on campuses other than their own. "To date, there have been … 127 students enrolled in the courses that were not hosted by their home campus" (UM FY2015 Efficiencies and Effectiveness Report, p. 5, emphasis added). With the four campuses having a population of about 77,000 students, this is hardly an accomplished "efficiency."

There may indeed be impressive examples of academic efficiencies produced by the System that more than justify its continuation. If such "value added" can be identified then an even broader question can be asked: Can the System be expanded to other campuses statewide (e.g., Missouri State, Truman State) to further share these efficiencies to even better serve the state and its taxpayers

With or without a tangible value added, the status quo may no longer be as useful as it once was. What may have been appropriate in 1963 is not necessarily appropriate 53 years later. Longevity, by itself, is certainly not a reason for change. However, neither should longevity create an inertia that inhibits adaptation to a changing educational and funding landscape.

Precedents / Examples / Previous Initiatives

There are numerous examples of flagship universities that are not part of a system (other than a statewide system for all public institutions): University of Iowa, University of Kansas, University of Kentucky, and University of Florida to name four. Other schools are the lead institutions in a system

but have one individual who is designated Chancellor of the flagship campus and President of the System: University of Houston, University of Michigan, and Purdue University to name three.

In April of 2004 with the then pending retirement of MU Chancellor Richard Wallace, UM President Elson Floyd proposed that he assume the MU Chancellorship and serve both roles. At the time, Floyd argued that the consolidation of the positions would save $4.3 million. Some perceived this as a self-serving proposal and widespread resistance killed the idea.

In 2005, a "blue ribbon" task force was commissioned by two Kansas City philanthropic foundations (and chaired by Benno Schmidt, a former Yale University president) to consider alternative organizational structures for UMKC. In July of 2005, that task force recommended that the Curators (and the "System") take on a statewide role in setting State of Missouri academic policies, missions, and strategies. Each campus would then select its own Chancellor, set its own budget, and "submit budget requests directly to the Governor and Legislature." Additionally, each university campus would have its own Board of Trustees or Board of Governors. Lack of political traction and open resistance from UMKC faculty produced no substantive changes at the time to UMKC, the System, or the relationship between the two.

Also in 2005, Governor Matt Blunt assembled a 20-member "Missouri State Government Review Commission." Their November 2005 report suggested changes to the Commissioner of Higher Education and the makeup of the nine-member Coordinating Board for Higher Education. The report did not recommend any changes to the structure of the UM System or the manner of governing the other nine Missouri four-year public universities.

The particular timing of the current proposal is created by the unprecedented occasion of the MU chancellorship and the UM Presidency being concurrently unfilled. This provides a unique opportunity to examine the relationship between these offices, whether they might be consolidated, or whether one can be eliminated. Moreover, this discussion can take place without institutional or personal loyalties to any particular individual that might prevent objective and dispassionate conversations and judgments.

With all of this in mind…..

Be It Resolved:

That the University of Missouri Board of Curators commission an independent examination of: (1) the organizational structure of the UM System, (2) the relationship between MU and the UM-System, and (3) a possible consolidation of the offices of the UM President and MU Chancellor. The examination is to produce conclusions and recommendations for discussion among all stakeholders and for the Board to consider and act upon.