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MU reserves are going to meet budget

Campus plugs nearly \$1M gap.

By Janese Silvey

The University of Missouri will use money saved from hiring freezes and other cuts over the past couple of years to plug budget gaps this coming year.

The Columbia campus will shoulder \$957,000 of the \$4.37 million that Gov. Jay Nixon is withholding from the UM System, spokeswoman Mary Jo Banken said. That withholding is in addition to the cut in state funding university administrators were expecting.

The system will bear the brunt of the \$4.37 million loss, slicing \$2.18 million from an enterprise fund created last year to help startups market research, interim President Steve Owens said yesterday. The rest will be spread among the four campuses.

MU already was planning to use \$5 million from operating reserves to make up for anticipated losses in state funding and to give salary raises this year. That fund includes money that has been saved since 2008 by freezing most salaries and keeping faculty and staff positions open, allowing funds that would have been spent every year to be banked instead.

MU Faculty Council Chairwoman Leona Rubin said she commends university administrators for having the foresight to save that money, but she warned it also comes with a price. Money reallocated to new annual expenses, such as pay raises, is money that's no longer available to fill those open positions.

"In my mind, that is a cut even if it is a backward cut," Rubin said in an email. "The remaining faculty are doing more with less resources and larger class sizes. ... I can't disagree with administration that they need to raise salaries, but the state of Missouri needs to realize this is not new money coming to the campuses from a state money tree but built on the backs of faculty making up for the faculty that were never hired or replaced."

UM administrators tagged the enterprise fund to cut instead of other options that were unveiled earlier this month, including decreasing the amount of financial aid available to students, requiring employees to contribute more to benefits or cutting funds to 4-H, a youth development program operated out of MU Extension.

Owens said yesterday he will defer any decision about the future of 4-H to MU.

MU is not going to touch the program, Banken said. "4-H is critical to people of the state of Missouri," she said. "It's something Chancellor" Brady "Deaton believes in wholeheartedly."

Capping enrollment also has been discussed as a potential long-term strategy to deal with the decadeslong trend of the state cutting funds to higher education. Historically, universities have offset those funding losses with increases in tuition; however, a change in state law now requires universities to limit tuition increases to inflation or else face penalty from the state.

Capping enrollment still is a possibility but will require careful study, Owens said.

"We cannot continue to take more and more students while state support declines and there are legal and practical restrictions on our ability to increase tuition," he said. "Without adequate resources, the quality of our academic and research programs is at risk."

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University of Missouri System slashes investment in business startup program

By MARÁ ROSE WILLIAMS

The University of Missouri System is chopping its investment in a key economic development program in half to avoid charging students more, reducing financial aid and shrinking pay raises.

Steve Owens, the system's interim president, said he opted to cut the four-campus system's commitment to its Enterprise Investment Program to address an additional 1.1 percent — or \$4.37 million — reduction in the 2012 state appropriations announced by Gov. Jay Nixon.

University officials said slicing the business startup program from \$5 million to \$2.8 million would cover about half of the state funding reduction.

The rest of the 1.1 percent reduction will be divided among all four campuses, with each deciding how to meet its share.

“While the university will be able to fulfill its commitment for the first round of pending investments in early-stage companies, the cut will adversely affect future funding of collaborative ventures,” Owens said in a statement.

“In all likelihood, the cut also will reduce the amount of new revenues from licensing technologies that support the university's economic development mission. This was not a choice we wanted to make, but it was the least objectionable option.”

The additional state reduction came when the governor — to address disaster relief because of the Joplin tornado — decided to hold back \$14.9 million from four-year institutions and \$1.9 million from two-year community colleges and technical schools.

That means most of the state's public colleges and universities will see a 7 percent decline in state funding from the current year.

Nixon added an additional 1.1 percent cut for the University of Missouri System and Missouri Western State University because, he said, those schools raised tuition more than others.