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June 21, 2017

Dear Member of the University of Missouri Board of Curators:

In this challenging economic climate for higher education, the American Council of Trustees and Alumni (ACTA) commends the University of Missouri for its renewed efforts to examine administrative cost savings within the UM System and at the UM–Columbia campus.

To aid you in your discussions, I wanted to provide you with copies of *Bold Leadership, Real Reform: Best Practices in University Governance*, and *Bold Leadership, Real Reform 2.0: Improving Efficiency, Cutting Costs, and Expanding College Opportunity*, a pair of trustee guides published by ACTA. These publications provide concrete examples of how other institutions have similarly reduced costs while maintaining academic quality, such as the University System of Maryland’s decision to evaluate the ratio of its administrative staff to faculty, as well as the University of Colorado’s reduction in the number of its administrative policies from 210 in 2008 to 86 in 2015—from 650 pages to 260—which substantially reduced red tape and multiple-step reporting.

I also wish to offer ACTA to you as a resource on national trends in administrative costs in higher education. Just last year we completed a comprehensive analysis of administrative cost trends at over 1,100 institutions, including the University of Missouri, using data from the U.S. Department of Education’s Integrated Postsecondary Education Data System (IPEDS).

I have enclosed a copy of our analysis as to UM–Columbia. Based on what is reported publicly in IPEDS, UM–Columbia’s administrative costs (defined in IPEDS as “institutional support”) between FY 2009 and FY 2014 grew faster than that of all of the 31 institutions that it most recently designated as its peers for the federal government’s annual *IPEDS Data Feedback Report* and for which comparable data are available.

PROMOTING ACADEMIC FREEDOM AND EXCELLENCE

June 21, 2017

Page 2

To be sure, our own understanding is that much of this growth occurred in FY 2011, concurrent with a change in how UM–Columbia reported finance data to IPEDS, so the actual scale of growth is most likely much lower than what the figure suggests. More importantly, your board and administrative leadership are already proactively addressing how your institution may take advantage of greater efficiencies, and are thereby taking a crucial step toward preserving access and affordability of higher education to the people of the State of Missouri.

We would be honored to have the opportunity to be a part of the board's deliberations on these important issues, by way of brief presentation, or even by helping to facilitate a board or committee discussion. For over 20 years, ACTA has been committed to providing trustees with the materials they need to ensure that students at their institutions are getting the quality education they deserve. For more information, please visit www.goACTA.org or contact me directly at aalacbay@GoACTA.org.

We are grateful for your service to American higher education and look forward to hearing from you.

Warm regards,



Armand Alacbay

Vice President of Trustee & Legislative Affairs

Enclosures

INSTRUCTIONAL VS. ADMINISTRATIVE SPENDING

University of Missouri–Columbia Peer Institutions

| INSTITUTION | | 2008-09 FY Expenditures | 2013-14 FY Expenditures | \$ Change | % Change |
|--|-----------------------|----------------------------|----------------------------|--------------|----------|
| Georgia Institute of Technology | <i>Instruction</i> | \$275,620,356 | \$295,730,345 | \$20,109,989 | 7.3% |
| | <i>Administration</i> | 58,228,876 | 65,557,513 | 7,328,638 | 12.6 |
| Indiana University–Bloomington | <i>Instruction</i> | 553,687,521 | 686,080,393 | 132,392,872 | 23.9 |
| | <i>Administration</i> | 113,638,112 | 102,700,285 | -10,937,827 | -9.6 |
| Iowa State University | <i>Instruction</i> | 343,990,358 | 398,506,898 | 54,516,540 | 15.8 |
| | <i>Administration</i> | 44,146,322 | 38,815,772 | -5,330,551 | -12.1 |
| Michigan State University | <i>Instruction</i> | 690,716,629 | 739,112,487 | 48,395,858 | 7.0 |
| | <i>Administration</i> | 99,217,504 | 116,663,097 | 17,445,593 | 17.6 |
| Ohio State University* | <i>Instruction</i> | 1,020,982,929 | 1,105,977,379 | 84,994,450 | 8.3 |
| | <i>Administration</i> | 181,956,880 | 278,417,533 | 96,460,654 | 53.0 |
| Pennsylvania State University* | <i>Instruction</i> | 1,181,868,307 | 1,263,124,788 | 81,256,481 | 6.9 |
| | <i>Administration</i> | 208,722,871 | 230,511,565 | 21,788,694 | 10.4 |
| Purdue University | <i>Instruction</i> | 629,027,998 | 661,996,719 | 32,968,721 | 5.2 |
| | <i>Administration</i> | 127,381,712 | 123,190,431 | -4,191,280 | -3.3 |
| Stony Brook University | <i>Instruction</i> | 391,735,214 | 465,072,973 | 73,337,759 | 18.7 |
| | <i>Administration</i> | 104,550,367 | 110,023,395 | 5,473,028 | 5.2 |
| Texas A&M University–College Station | <i>Instruction</i> | 697,990,499 | 812,480,439 | 114,489,940 | 16.4 |
| | <i>Administration</i> | 82,477,229 | 89,652,299 | 7,175,070 | 8.7 |
| University at Buffalo | <i>Instruction</i> | 443,615,965 | 479,961,772 | 36,345,807 | 8.2 |
| | <i>Administration</i> | 114,500,934 | 118,369,616 | 3,868,682 | 3.4 |
| University of Arizona | <i>Instruction</i> | 509,630,089 | 640,233,934 | 130,603,845 | 25.6 |
| | <i>Administration</i> | 93,863,149 | 120,011,750 | 26,148,601 | 27.9 |
| University of California–Berkeley* | <i>Instruction</i> | 726,199,841 | 832,505,463 | 106,305,622 | 14.6 |
| | <i>Administration</i> | 145,183,825 | 246,272,545 | 101,088,720 | 69.6 |
| University of California–Davis* | <i>Instruction</i> | 773,271,224 | 899,175,492 | 125,904,268 | 16.3 |
| | <i>Administration</i> | 99,431,264 | 123,738,589 | 24,307,325 | 24.4 |
| University of California–Irvine* | <i>Instruction</i> | 629,962,152 | 734,275,831 | 104,313,679 | 16.6 |
| | <i>Administration</i> | 49,323,728 | 72,648,437 | 23,324,708 | 47.3 |
| University of California–Los Angeles* | <i>Instruction</i> | 1,584,380,974 | 2,191,649,013 | 607,268,038 | 38.3 |
| | <i>Administration</i> | 159,010,541 | 199,425,067 | 40,414,526 | 25.4 |
| University of California–San Diego* | <i>Instruction</i> | 731,820,798 | 1,032,841,130 | 301,020,332 | 41.1 |
| | <i>Administration</i> | 133,898,978 | 127,797,110 | -6,101,868 | -4.6 |
| University of California–Santa Barbara* | <i>Instruction</i> | 268,766,708 | 299,615,282 | 30,848,574 | 11.5 |
| | <i>Administration</i> | 43,586,081 | 46,721,316 | 3,135,235 | 7.2 |
| University of Colorado–Boulder | <i>Instruction</i> | 406,698,859 | 466,057,773 | 59,358,914 | 14.6 |
| | <i>Administration</i> | 39,520,394 | 52,508,978 | 12,988,585 | 32.9 |
| University of Florida | <i>Instruction</i> | 710,896,881 | 868,889,710 | 157,992,829 | 22.2 |
| | <i>Administration</i> | 110,284,576 | 165,079,746 | 54,795,170 | 49.7 |
| University of Illinois–Urbana-Champaign | <i>Instruction</i> | 692,635,305 | 862,300,831 | 169,665,526 | 24.5 |
| | <i>Administration</i> | 58,804,150 | 67,150,008 | 8,345,858 | 14.2 |
| University of Iowa | <i>Instruction</i> | 493,784,408 | 526,252,480 | 32,468,073 | 6.6 |
| | <i>Administration</i> | 81,283,699 | 65,335,163 | -15,948,535 | -19.6 |
| University of Kansas | <i>Instruction</i> | 412,132,670 | 442,100,287 | 29,967,617 | 7.3 |
| | <i>Administration</i> | 60,462,097 | 64,194,784 | 3,732,687 | 6.2 |
| University of Maryland–College Park | <i>Instruction</i> | 552,732,595 | 606,111,106 | 53,378,511 | 9.7 |
| | <i>Administration</i> | 81,059,032 | 115,298,092 | 34,239,060 | 42.2 |
| University of Michigan–Ann Arbor | <i>Instruction</i> | 1,040,359,130 | 1,090,922,029 | 50,562,898 | 4.9 |
| | <i>Administration</i> | 167,481,607 | 174,603,890 | 7,122,283 | 4.3 |
| University of Missouri–Columbia | <i>Instruction</i> | 346,172,750 | 404,878,189 | 58,705,439 | 17.0 |
| | <i>Administration</i> | 18,462,902 | 38,679,344 | 20,216,441 | 109.5 |
| University of North Carolina–Chapel Hill | <i>Instruction</i> | 861,212,258 | 808,349,663 | -52,862,595 | -6.1 |
| | <i>Administration</i> | 99,025,688 | 101,984,626 | 2,958,938 | 3.0 |
| University of Oregon | <i>Instruction</i> | 240,705,172 | 310,318,352 | 69,613,180 | 28.9 |
| | <i>Administration</i> | 55,840,058 | 53,859,620 | -1,980,438 | -3.5 |
| University of Pittsburgh* | <i>Instruction</i> | 560,493,387 | 583,267,315 | 22,773,928 | 4.1 |
| | <i>Administration</i> | 106,209,367 | 100,697,256 | -5,512,111 | -5.2 |
| University of Texas–Austin | <i>Instruction</i> | 791,708,141 | 848,624,667 | 56,916,527 | 7.2 |
| | <i>Administration</i> | 107,304,647 | 155,954,916 | 48,650,269 | 45.3 |

Source: Integrated Postsecondary Education Data System (IPEDS).

Note: Dollar amounts are expressed in 2015 inflation-adjusted numbers. 2013-14 FY data represent the most recent data available. Institutions listed are those University of Missouri–Columbia selected as its peers for its 2015 IPEDS Data Feedback Report. Public institutions use the Governmental Accounting Standards Board (GASB) accounting standards, with the exception of Penn State University and the University of Pittsburgh, which use the Financial Accounting Standards Board (FASB) accounting standards. (Beginning in 2008, IPEDS phased in a GASB/FASB aligned form.)

* Penn State University, the University of Pittsburgh, and the University of Washington reported data that included data from branch campuses. University of California schools each reported as a "partial child record" in IPEDS, reporting partial data with other data reported with a parent campus.

INSTRUCTIONAL VS. ADMINISTRATIVE SPENDING

University of Missouri–Columbia Peer Institutions (cont'd)

| INSTITUTION | | 2008-09 FY Expenditures | 2013-14 FY Expenditures | \$ Change | % Change |
|---------------------------------|-----------------------|----------------------------|----------------------------|--------------|----------|
| University of Virginia | <i>Instruction</i> | \$463,083,686 | \$478,147,480 | \$15,063,794 | 3.3% |
| | <i>Administration</i> | 90,828,581 | 85,500,611 | -5,327,970 | -5.9 |
| University of Washington* | <i>Instruction</i> | 1,291,192,101 | 1,356,950,697 | 65,758,596 | 5.1 |
| | <i>Administration</i> | 157,300,354 | 227,857,638 | 70,557,285 | 44.9 |
| University of Wisconsin–Madison | <i>Instruction</i> | 662,313,949 | 647,258,187 | -15,055,762 | -2.3 |
| | <i>Administration</i> | 60,970,859 | 76,611,402 | 15,640,543 | 25.7 |

Source: Integrated Postsecondary Education Data System (IPEDS).

Note: Dollar amounts are expressed in 2015 inflation-adjusted numbers. 2013-14 FY data represent the most recent data available. Institutions listed are those University of Missouri–Columbia selected as its peers for its 2015 IPEDS Data Feedback Report. Public institutions use the Governmental Accounting Standards Board (GASB) accounting standards, with the exception of Penn State University and the University of Pittsburgh, which use the Financial Accounting Standards Board (FASB) accounting standards. (Beginning in 2008, IPEDS phased in a GASB/FASB aligned form.)

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