

October 1, 2010

To the University Community,

Miami University has been informed that its state appropriation will be reduced by \$4.25 million for the Oxford campus and \$926,000 for the regional campuses this fiscal year. These adjustments were not anticipated but are not surprising given the economic challenges Ohio continues to face.

While the chancellor and Ohio's public colleges and universities will advocate for the restoration of the funds that won't be distributed this year and for higher education to be excluded from future budget cuts, this likely is just the first in a series of difficult budget decisions Ohio's leaders will need to make throughout the remainder of this fiscal year and for the upcoming biennial budget. Miami's budget plan for this year remains viable for now even with this reduction, but the university does need to prepare for further state reductions, and for this reason needs to proceed expeditiously with some of the recommendations in the Strategic Priorities Task Force report.

Recommendation #7 is to contract with a professional consulting firm to evaluate and make recommendations on cost-saving measures on administrative efficiencies. This week Miami is releasing a request for proposals (RFP) for such an evaluation. The selection of the consultant is expected to occur prior to Thanksgiving. Additional information about the evaluation that will follow will be shared once the consultant has been selected and the process for completing the review is more fully developed. Similar reviews have been undertaken at other universities including the University of North Carolina at Chapel Hill, UC Berkeley, Cornell and Seton Hall universities.

While Miami is conducting this review, it will also join Ohio's other 13 public universities as part of an Inter-University Council consultant study that looks at how all 14 universities can share certain administrative functions instead of replicating them at each university. This project reflects a commitment by Ohio's public universities to work together to identify new collaborations that better ensure the affordability and quality of students' educational experiences in light of potentially reduced university funding. The state review will address areas including IT, procurement, human resources and finance and accounting.

As the possibility of these consultant studies has been discussed on campus, there have been some assumptions about how this would occur and the outcomes that would result that don't reflect what is intended. While there is little doubt that more change is in our future, I want to explain what we want to accomplish through this process.

While universities have been slow to accept this criticism, many other organizations, and not just corporations, but hospitals for example, have better incorporated more efficient approaches in how they administer their organizations and deliver support services that are not at the core of their missions. Such changes can be challenging to implement and do require an investment at the outset. But, the university needs to achieve greater productivity in these areas in order to

avoid service reductions from further budget cuts and to reduce the negative budget impacts on services that more directly affect students.

As the possibility of this study has been discussed across the campus, it also has been suggested that it will only affect some employees and we only intend to get more efficient by replacing better paying jobs with lower paid employees. Please know this is not the case. Our approach to this evaluation will be to look from the top to the bottom of the organization for improvements that focus on both increased efficiency and preserving essential services even as cost reductions occur. We will seek better ways to organize the delivery of services and to better use technology and other methods to increase our efficiency while stressing the importance of maintaining service quality. We will measure our cost and the quality of our services against demanding benchmarks and seek outcomes that are more productive than our peers'. As we have with all of the employee actions up to this point, we will take appropriate steps to minimize the number of employees whose positions may be eliminated, and we will give as much notice as possible and provide transition services when such notifications are necessary.

When we evaluate whether services should be provided through the university or through others, we will consider both the cost and quality of the service approaches and make our decision based on what results in the best outcome for the university and our students. We need to recognize that we will not be able to address problems as large as what is anticipated without employee positions being affected even when such services continue to be operated by the university.

The current economic crisis and the growing concerns about the affordability of higher education are going to affect almost every college and university. The Strategic Priorities Task Force has provided a great service to Miami by clearly describing the difficult challenges the university is facing and identifying approaches to these problems that mostly require Miami to become better at things it doesn't do as well as it could. Through the hiring of this consultant we intend to find better ways to administer the university and support its core academic and student missions within today's fiscal realities.

Again, more information will be forthcoming about this review as it is available.

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