

**Minutes of the Joint Meeting of the
University of Missouri-St. Louis
University Assembly and Faculty Senate
September 7, 2010 - 3 p.m.
JCPenney Summit Lounge**

University Assembly Meeting

Due to the benefits presentation by UM System Vice President of Human Resources, Dr. Betsy Rodriguez, which occurred immediately prior to this meeting, the joint meeting of the University Assembly and Faculty Senate was called to order at 3:20 p.m. by Senate Chair, Dr. Michael Murray.

Report of the Chairperson, Dr. Michael Murray:

Dr. Murray briefed the Senate about the Draft White Paper entitled “The Financial Implications of Introducing a Defined Contribution (DC) Plan for New UM Employees”. The paper was created in response to the reported change in the retirement benefits and the possibilities of changing from a Defined Benefits plan to a Defined Contribution plan. Dr. Murray prepared the paper with Drs. Joe Martinich, Susan Feigenbaum, and Tom Eysell. The White Paper has been e-mailed to UMSL Faculty and shared with other campuses so that everyone could be educated about this possible change in benefits. Dr. Murray announced that Curator Wayne Goode was in attendance and asked if he wanted to make any comments to the Senate. Curator Goode said that he was interested in hearing the concerns of the faculty regarding the retirement benefits issue.

Dr. Murray asked Dr. Joe Martinich if he could summarize the details of the Defined Contribution plan versus the Defined Benefits plan.

Dr. Joe Martinich (Member of the Benefits Committee) provided the following remarks:

Clearly, there is a lot of concern about this issue. The first key concern is the financial viability of making a change. Even if a defined contribution plan is implemented only for new employees, it costs a lot of money. If you’re going to keep current employees held harmless, that’s the key thing.

If you’re going to have a defined contribution plan that’s competitive, a 10% match is the assumption by most experts. If you use a match less than that, the experts assume you are no longer competitive and there’s no point in switching to a defined contribution plan. Over the last couple of decades, the university’s contribution to the pension plans has been 6.9%. This has been one of the most efficient, well-run pension funds in the country. It’s almost as if we’re being punished for our efficiency. Others assume our current plan is not sustainable, but it is.

If we change to a defined contribution plan, new employees will be getting 10% of the payroll. To hold the current employees harmless, the university will have to put in more than 7% of payroll because a lot of that is due to breakage (people leaving the university before they are vested). So we have two pools of people – those that are on defined contribution, for which UM would have to contribute 10% of payroll and those on defined benefits, for which UM would have to pay more than 10% of payroll, and - it will have to be a larger percentage over time. It looks like it's going to cost an additional 30 million dollars a year for the defined contribution plan. In these days when we are scraping for money, where would we get an extra 30 million dollars? It's not there.

The second key concern is the stability issue. From year to year, the university doesn't know how much money they would have to put in for the pension. That problem has been resolved through the stabilization fund. In the past, we did not put in a constant amount each year. If investments did well, UM benefited, and it put less than 7% of payroll into the pension, and used the "savings" for other purposes. If investments didn't do well, UM had to do maintenance and put in more than 7% of payroll that year. Because UM "underfunded" the pension in good years, when we had a couple bad years in a row, the pension became underfunded. Had we had a stabilization fund sooner, we would have been in better shape. Stability can be achieved if the university makes a commitment to a fixed amount of money into the pension plan each year.

So in terms of cost and stability there is a strong argument to retain the DB plan for all employees. Unless someone expects the economy to tank for an extended period of time, I cannot see how it could be a good decision to change to a defined contribution plan.

Dr. Susan Feigenbaum (Professor of Economics) added the following comments about the Defined Contribution versus the Defined Benefits plan:

I think a number of people were re-assured by Betsy's comments. But I do want you to think about the following: What was stated here was a commitment to keeping the 300 million dollars in benefits constant. This was repeated over and over. We won't cut it and we don't expect to add to it. We have a couple of issues here.

First, to follow up on Joe's point, if on average the university has been contributing 7% to the pension plan and it is now going to move to a defined contribution plan for new employees, and to be competitive virtually none of these DC plans have any vesting whatsoever, you are talking not only about the breakage being sucked out of the DB plan, but we're talking about no breakage at all because the DC plan will have no vesting requirement, so we know that means additional costs. Where will this come from?

The second thing we know is that some of our benefits do get more expensive over time. Betsy Rodriguez said health benefit costs went up 20% this year. So if you are going to have a fixed pot of \$300 million for benefits, and your health benefits are going up with 2/3 covered by the university, then we have a problem with freezing \$300 million dollars for benefits and looking at any growth going solely into salary. Something is going to have to give! So be aware of a statement that says we will not reduce benefits below \$300 million. It does not give the security that it may appear to on the surface. The bottom line is that benefit costs grow and

unless there are wholesale changes in the three major cost categories, the \$300 million has to increase. Part of that is because of the DC plan and other benefit cost increases as well. So, please keep in mind that compensation is a bundle and one of the areas in big danger is post-retirement medical. Even though Betsy talked primarily about post-retirement medical for all of our employees, the greatest single category of post-retirement medical is people who are under the Medicare age. Because we have people electing to retire pre-65, that group does impose a significant amount of costs. The other thing related to this is if you look at the stabilization fund, it includes retirement medical benefits. We're starting to see some merging between the retirement with post retirement benefits. We need to be aware of the tradeoffs and the shifting of costs among benefit categories and employee groups. I am not particularly concerned about individuals who say "I'm not going to be here so I'm not concerned." I think that attitude creates disincentives for others to invest in the institution. All of higher education needs faculty and staff who are willing to invest in something beyond themselves!

Dr. Murray acknowledged the contributions of Joe, Susan and Tom and thanked them for their expertise in educating everyone about these key issues. Dr. Murray will continue to update the faculty on information as he receives it.

Report of the Chancellor, Dr. Thomas George:

Chancellor George reported on the following topics:

State operating budget:

- \$900 million of federal stabilization funds for Missouri will run out at the end of this fiscal year.
- Missouri will receive approximately \$482 million from the federal government under House Resolution 1586, a \$26 billion plan to give states money for Medicaid and education that President Obama signed into law on August 10, 2010.
- The state is facing a gap in FY 2012 of \$400 – 500 million.
- Higher education and our campus will be making further reductions for FY2012. We suspect that raises in tuition and fees will be proposed above CPI so that SB 1589 will be tested.

Governor's Summit on Higher Education, August 17 – four goals:

- Improve degree attainment rates, including alignment of K-12 curriculum with college entrance standards.
- Conduct statewide review of all academic programs (10-5-3 rule) and curb "mission creep."
- Increase cooperation and collaboration in areas of administration and academic affairs, including sharing faculty, dual credit and advanced placement, three-year baccalaureate and one-year associate degrees, more online delivery, shared or consolidated low-enrollment programs and shared libraries.
- Develop a multi-year sustainable funding model for higher education, including the core budget, strategic initiatives (like Caring for Missourians) and performance funding. Also at the Summit, Carol Twigg, president of the National Center for Academic Transformation,

praised UMSL's Math Technology Learning Center, and a number of other institutions asked us about this afterwards.

Board of Curators meeting, Springfield, September 23-24:

- Each chancellor will report on their campus initiatives and then President Forsee will summarize and tie those initiatives to the Governor's four goals. The UMSL initiative is **degree completion**. The other three are: UMKC – P-20 alignment; UMC – online education; and MS&T – STEM fields.
- Access to Success (A2S) is part of our response to Governor Nixon and President Forsee. Our role in the national effort is being led by Judith Walker de Felix.
- The Board of Curators will meet on the UMSL campus on December 9-10.

Founders Dinner, September 16:

- Reached current campaign goal this summer, two years ahead of schedule.
- Announce new campaign goal

Capital Financing Summit, September 17:

- Look for new and creative ways of financing capital construction on campus.

Campus Rankings:

Institutional Level

- The University of Missouri–St. Louis was ranked #14 in “Saviors of Our Cities: A Survey of Best College and University Civic Partnerships.” The survey gauged the economic, social and cultural impact those institutions had on metropolitan areas.

College Level

- The College of Education Ranks first in Missouri for the number of certificates issued annually to teaching professionals.
- The College of Business Administration is listed in “The Best 301 Business Schools,” a guidebook released in 2009 by The Princeton Review.

Program Level

- The International Business program in the College of Business Administration has been ranked in the top 20 for eight consecutive years by U.S. News and World Report.
- The doctoral degree program in criminology and criminal justice, the only such program in Missouri, ranks #4 in the U.S., according to *U.S. News and World Report*.
- The Department of Criminology and Criminal Justice is ranked #2 for scholarly research in the U.S. by the *Journal of Criminal Justice*.
- The doctoral program in information systems is ranked #6 out of 39 programs in faculty scholarly productivity by Academic Analytics, LLC.
- The doctoral program in counselor education is ranked #4 out of 54 programs in faculty scholarly productivity by Academic Analytics. It is the only such program in Missouri.
- The doctoral program in teaching and learning process is ranked #17 out of 124 similar programs in faculty scholarly productivity by Academic Analytics.

- The doctoral degree program in evolutionary biology is ranked #16 out of 44 in faculty scholarly productivity by Academic Analytics.
- Graduates of clinical psychology's doctoral program score in the top 15 percent on the national licensure exam.

Missouri Institute of Mental Health (MIMH):

- The Missouri Institute of Mental Health is now affiliated with UMSL. This occurred on September 1, with the transfer of MIMH from the University of Missouri Medical School in Columbia to UMSL.
- This is and will be an entirely soft money operation at UMSL. MIMH previously had some state appropriations, but those are ending with this fiscal year and are not expected to continue after this year because of state budget cuts. They are funded by federal and state grants totaling over \$6 million annually, which will now be administered through ORA on our campus and by contracts with the Missouri Department of Mental Health, often with pass-through federal funding that MIMH staff helps get.
- All of the research faculty have non-tenure-track appointments and may want to have courtesy appointments in some of our academic departments, which will be pursued throughout this year. Similarly, the staff and NTT faculty will want to be represented in the University Assembly, Faculty Senate and Staff Association, which will also be pursued this year.
- Anyone who is interested in learning more about MIMH is encouraged to contact the director, Dr. Joe Parks, or Nasser Arshadi.

Report from the President of Student Government Association, Mr. Dan Rosner:

Dan Rosner reported on the following student activities:

The Safe Walk will be held on September 14 at 8:30. All participants will meet at the Provincial House Museum Room on South Campus. Teams of faculty, staff and students will walk throughout the campus and look for ways to improve the campus to make it more safe and accessible. The results of last year's Safe Walk will also be publicized.

The Student Government Association hopes to engage students in the following ways:

- Adopt-a-Game program – encourage student groups or academic departments to adopt an athletic game to recruit students and create a social atmosphere to meet with students. Student Life has helped to organize this program.
- Spirit Point System – quantify rankings for student groups to show involvement and engagement to the campus as a whole. Members of student groups can earn points for their organization by participating in this system.
- Highlight organizations every month – organizations will use a self-nominating process by following a link on the SGA website. Co-sponsorship dollars are awarded to an organization each month. The Current is a co-sponsor and will highlight the student group in The Current describing what the group does to engage students and what they do for UMSL.
- The SGA is conducting a survey initiative to get student feedback on what they want SGA to do for the student population.

The SGA invites all faculty members to participate in Pizza with Professors at the following times:

College of Arts & Sciences & College of Fine Arts & Communication–Sep. 13–2:00, 205 Music Bldg
College of Business Administration – Sep. 20 – 2:00, SSB Tower Lounge
College of Education/Optometry/Nursing/Honors College – Sep. 30 - 2:00 Provincial House

Student Life Open House – Sep. 9, 2:30 in 366 MSC - showcase different student programs

The SGA is looking for students to participate on the Student Activities Budget Committee to assist in making decisions on dispersing the \$650,000 budget that will be distributed amongst student groups. The SGA would appreciate nominations from faculty for students to be a member of this committee.

Report from the President of Staff Association, Mr. Chris Scheetz:

The Staff Council had their first meeting in August and discussed nominations for the open positions on committees. The Staff Council will meet again in the next couple of weeks.

In July, all staff members were invited to hear the benefits presentation given by UM System Vice President for Human Resources, Betsy Rodriguez. The presentation was well attended with over 100 staff members participating.

The Staff Association continues to review survey results from the staff survey that was conducted in the spring. The data was reviewed to gain perspectives on how to get staff members more engaged and what their expectations are from the Staff Association.

Dr. Murray thanked Chris Scheetz for inviting the faculty leaders to the presentation with Betsy. It gave them the opportunity to get a heads up on her presentation.

There being no other business, the meeting was adjourned at 4:00 p.m.

Faculty Senate Meeting

The Senate meeting was called to order by chair, Dr. Michael Murray at 4:05 p.m.

Chair Murray did not have any additional comments for the Chair's Report.

Dr. George did not have additional information for the Chancellor's report.

Committee reports:

IFC Report (Dr. Susan Feigenbaum)

The first IFC meeting of the 2010-2011 academic year was held in Columbia on August 18-19th. Susan Feigenbaum, Michael Murray and Paul Speck represented the UMSL campus. The purpose of this meeting was to provide an update on policies and procedures that have been carried over from last term and to identify issues that are of high priority to each campus. In

addition, the IFC was briefed by the University's Vice Presidents – Betsy Rodriguez (HR), Nicki Krawitz (Finance), and Gary Allen (IT) – as well as President Forsee on the issues that are in the forefront of their minds. These primarily centered on fiscal challenges and the need to look for additional cost-savings through such initiatives as shared services, on-line teaching, and program review. Vice-President Allen provided an interesting presentation on the risks inherent in cloud computing – that is, the storage of files and data on the Internet. Given the current security problems inherent in this approach, he will recommend that UM avoid this method of storage until or unless the risks are mitigated in some way.

Among the issues raised by the campuses was final resolution of a system-wide student dishonesty policy, specifically whether faculty would have the opportunity to set their own penalties as long as these were made explicit on the course syllabus. For example, whether cheating would be punished by failing the student on the assignment or in the course. Another issue raised relates to the implementation of shared services, including purchases, and whether this provides sufficient flexibility to meet specific faculty research needs – for example, requests for more specialized computer software when more generic alternatives are available. The Columbia campus raised the issue of transferring military course credits earned by veterans who enroll in UM and circulated the resolution that its faculty council has passed in this regard.

The campus representatives all expressed their concern about the proposal to convert to a defined contribution plan for new employees while maintaining the DB plan for current employees. A DC plan is one in which the University would contribute a certain percent of salary into an account, for example a TIAA-CREF account, typically matching the contribution of employees into this account. While representatives from the Columbia campus noted that their younger faculty would much prefer a DC plan with a set UM contribution that they could take with them at any time, the St. Louis representatives made the point that the issue is not one of younger versus older employees or the goodness of a DC versus DB plan, but rather whether the University can afford to implement its proposal and truly hold current employees harmless. Vice-President Rodriguez indicated that she did not believe the proposal would save the University any money, but that it would lend more stability to the UM budgeting process by fixing the percent of salary dedicated to the pension benefit. She stated that “the goal is eliminating long-term risk, not cost-saving.” This risk comes from the fact that the current DB plan permits the annual percent of salary contributed to fluctuate each year depending on the pension fund’s obligations and the performance of its investments. An IFC member responded to this argument by reminding Ms. Rodriguez that a stabilization fund was established a few years ago which permits the University to set its contribution rate and to put any excess contributions in a given year into this fund, which can be drawn from in any year that the University’s fixed annual contribution did not cover all of the pension fund’s liabilities. There was consensus among the IFC members that any change in the pension benefit should be considered within the broader context of compensation as a whole and our poor competitive showing relative to our comparator institutions in this regard.

The University expects to complete its recommendation to the Board of Curators in the Fall and that a change in the pension benefit, should one be made, will occur by the end of 2010.

Committee on Committees Report (Mr. Rocky Keel):

The following changes have occurred in the Faculty Senate:

Eduardo Silva (Political Science) has left the university which left his At-Large senate seat open. He has been replaced by Jennifer Siciliani from Psychology.

Matthew Lemberger (Education) held the At-Large position for the College of Education and has taken a year off. The College of Education is working on a replacement.

Nan Sweet has resigned from the Senate for health reasons. Frank Grady will now represent the English Department.

The following have agreed to serve on the Faculty Grievance Committee:

- Yael Even
- Gerda Ray
- Ann Steffen
- George Taylor

A motion was made to approve these faculty members on the Faculty Grievance Committee. The motion passed. An additional volunteer is needed for this committee. Anyone interested in volunteering for this committee should contact Rocky Keel.

One more volunteer is needed to serve on the Student Discrimination Grievance Panel to replace Matthew Lemberger. If interested, please contact Rocky Keel.

There have been some changes with committee members. We are in the process of contacting nominees and will report on those changes in October.

Executive Session:

The Senate met in Executive Session to consider candidates nominated to receive honorary degrees.

There being no further business, the meeting was adjourned at 4:15 p.m.

Respectfully submitted,

Fred Willman
Assembly/Senate Secretary

(minutes written by Loyola Harvey, Faculty Senate Office)