

THE TIGER COLUMNS

A Quarterly Publication of the University of Missouri Chapter of the AAUP

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AAUP Mission - The mission of the American Association of University Professors (AAUP) is to advance academic freedom and shared governance; ... (see <http://www.aaup.org/about/mission-1>).

Mission of MU Chapter of the AAUP - The University of Missouri (MU) AAUP Chapter mission is to engage in activities that advance the national AAUP mission

Extraordinary Times

Instruments of change are in progress that will impact the future of students, faculty, and other stakeholders at the University of Missouri. Rarely has it been so critical to make good choices.

Here are a few of the critical issues:

- The Elimination of Retiree Health Insurance Benefits,
- The sustainability of the UM System Employee Pension Plan,
- An Audit by the Office of the State Auditor, and
- A state resolution to form a committee to re-evaluate the System's organization and collected rules.

Effectively identifying underlying problems and then proceeding with good solutions could make the state and the state's institutes of higher education better for decades. Poor decisions could result in the loss of good foundations available for building a future.

Consider current activities on employee benefits. The administration is advocating the

elimination of retiree health benefits promised to employees who have worked for decades, at a value loss of up to \$55,000 (**Respect Column**) for some; and at the same time, administration is creating new administrative positions with each of those positions incurring liabilities in excess of \$500,000 to the pension plan for each appointment (**Responsibility Column**).

The expansion of administration is referred to as administrative bloat. More colorful words are used to describe how this administrative bloat is destroying the viability of the pension plan while the administrators simultaneously take away staff benefits that have been promised to employees for decades.

There are at least three modes in which administrative bloat compromises the System's pension plan: a) large increases in salaries with administrative appointments, b) continuous increases in the "cap" on pension for those with high salaries, and c) impact of cap relative to not paying the 2% co-pay.

Is it reasonable to increase the number of administrative positions relative to tenured

faculty? Is it reasonable when this has a compounded impact on the sustainability of the pension program?

More importantly: Are there not checks-and-balances in place to prevent administrative bloat? The Collected Rules and Regulations (CRR300.010.C.3.c(3)) clearly state (**Freedom Column**) that administration is to obtain Faculty Advisory Authority on *Selection of departmental, divisional, campus, and university-level administrators*. As described in the article on **ABC's of MU Faculty Governance**, this clearly specified Rule is violated on a regular basis in administrative appointments.

When these violations occur, tenured faculty have the responsibility to stand up to administration, suffice it to say that without tenure it is all too easy to label an employee and as uncollegial (or a trouble maker), and to fire that employee. On this topic, tenured faculty followed the CRR with the request that three resolutions be voted on by the Faculty to address these issues.

In regard to this petition, the Chancellor and Chair of the Faculty Council put the resolutions at a time and place in the faculty meeting where key petitioners could not attend. There was a blatant disregard to requests to allow alternative times or methods to be used (such as an electronic vote of the faculty on the resolutions). No vote was allowed on the three resolutions.

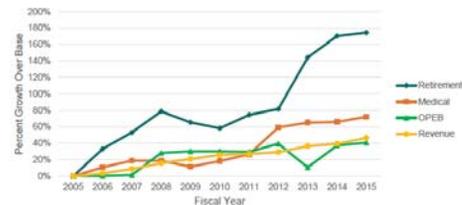
While MU and the UM System have new head administrators in place, the plans of action are repeats of old experiments which have little or no prospect to fix underlying problems. Resolution 3 (**Freedom Column**) is one of the most critical steps to fixing MU, but no Faculty vote will be allowed. A second step that can make a big difference is discussed in the **Integrity Column**.

This edition of Tiger Columns has been prepared to provide insight into many of these critical issues, and to provide a perspective on solutions and paths forward.

RESPECT

LOSS OF EARLY RETIREMENT HEALTH INSURANCE

The complexities of the recommended elimination/reduction of the Retiree Insurance Benefits makes it difficult to comprehend the impact. However, the following summary is an attempt at an accurate representation of the dollar impact. There is a "FULL REPORT Total Rewards Advisory Committee Review, Findings, and Recommendations". Figures 8 and 9 of this report show how the costs of maintaining pensions is far out-pacing the revenue generation. Figure 9 is reproduced here. These trends are indicative of a major problem that is not being addressed.



For all, early retirement with UM coverage at ages between 55 and 60 used to be an option;

RESPONSIBILITY

GOOD BYE PENSION

Discussed below are two examples, of many, on the impact of administrative bloat. As benchmark numbers, benefits costs are about 30% of salary and about 35% of those benefits are for pension; which is 10.5% of the salary. Adding to this the 2% employee contribution results in a total annual pension contribution of about 12.5% of salary. As revealed by these back-of-the-envelope calculations, the impact of administrative bloat is not sustainable.

Consider a recent employee promoted to an administrative position. The salaries before and after promotion were \$111,693 and \$180,000, respectively. Assuming 5 years at the increased salary of \$70,000 and 32 years of total employment, the numbers are on this "increment" are: 12.5% X 5 years X \$70,000 = \$43,750 investment while an estimate of receipts is 70% X 20 years X \$70,000 = \$980,000. The payout of funds from the pension relative to money put into it (on the raise portion) is a factor of 22.4 (actual factor may be 14 to 22.4, depending on summer salary factorings).

Such administrative appointments (with large increases in salary) take hugely disproportionate

FREEDOM

ABC'S OF MU FACULTY GOVERNANCE

In a rather disturbing revelation, the MU administration has managed to convey to many state legislators that there are problems at MU because the Faculty have too much power. This is unequivocally not true; but because of the prospect of gross misrepresentations to be with the use of half-truths and outright lies, it is worth reviewing pertinent facts.

Foremost, the authority of the faculty is available for all to see in the MU Bylaws of the CRR, 300.010.C.3 available at https://www.umssystem.edu/ums/rules/collected_rules/faculty/ch300/300.010_faculty_bylaws_umc. The CRR reveals that Faculty are to work with administration on all decisions through either Primary/Direct, Shared, or Input Authority.

Direct/Primary Faculty Authority is on topics such as Curriculum where it is clear that the Faculty teaching the curriculum are the experts and should control it. This includes identifying criteria for promotion, tenure, and termination.

Shared Authority is on topics such as the specifying the academic calendar and applying

INTEGRITY

UNIVERSAL UNIVERSITY MINIMUM WORK LOAD PROPOSAL

There have been concerns expressed by many university stakeholders about (minimum) work load policies.

There should be concerns. There should be checks-and-balances. But most importantly, strategic and informed decisions should be made that would help mold the state's universities into institutes far better than would happen in the absence of the needed information and strategic OPTIONS.

One OPTION would be a Universal University Minimum Work Load policy. One simple rule: *all employees who are paid from general operating funds at an amount greater than the average salary of the tenure-track faculty would teach at least one course per semester.*

The data needed to evaluate the impact of this load is the number of courses currently offered (not counting under-enrolled courses and courses taught by graduate students), and the number of additional courses that would be offered by faculty, staff, and administrators as a result of such a policy.

RESPECT (CONTINUED) - that option is gone in the change. Depending upon the subsidy that one qualified for, this could have a value of up to 5 years X \$10,000 per year X 1.5 = \$75,000 (assumes 100% subsidy for retiree and 50% subsidy for spouse). Typical maximum lost values would be more like \$40,000 with this loss of early retirement.

For those whose [age] + [years of service] are less than 80 (on 12/31/17), they are in what is referred to as Category C. This means they have a maximum \$2,500 per year to purchase UM coverage. This could cover Medicare Part B, but is far from what is needed for insurance prior to qualifying for qualifying for Medicare. For this group, the maximum loss in net present value is closer to \$55,000.

For both Category B and C, the loss in net present value (\$s) is significantly less if retirement is postponed to age 62 or later. The loss depends substantially on the future costs of Medicare supplements (Part B, Part D).

Clearly, the importance of health insurance for early retirement (retiring at ages 55 to 60) is significantly more important to the employee working for less than \$50,000 for 35 years than for an administrator having a pension in excess of \$100,000 per year.

What is particularly disturbing is that the "out-of-control" costs of benefits (see Figure) was used as a primary rationale for pushing these loss in benefits. However, the 7% current cost of Retiree Health Insurance is small compared to the 41% of benefits that goes to current employee medical insurance and the 35% + 8% (pension+ retirement stabilization).

There are far-bigger problems than the Retiree Health Benefits costs that need to be addressed. At the end of the day, employees may have to adsorb \$10,000 to \$75,000 (net present value) in lost Retiree Health Benefits. The least that we all owe to those taking the hit is a THOROUGH study of the pension plan to make sure this same group will not have to absorb the brunt of future cuts (see **Responsibility Column**).

Resolution #1 The MU Faculty recommends that the proposed modification of Retiree Insurance Recommendations be rejected in its entirety due to it both a) having too great of an impact on a select group relative to other employees and retirees and b) not adequately solving significant problems with the sustainability of the entire benefits' package. (no vote was allowed)

THE INFORMATION HEREIN ARE ESTIMATES. DETAILED STUDIES ARE NEEDED.

RESPONSIBILITY (CONTINUED) - amounts of funds from the pension. It is not sustainable and a catastrophe in the making. But it is possible through the following mechanisms: a) ignore the problem today and b) tomorrow create a solution where the staff (most having pensions less than 25% that of the administrators) is expected to make the sacrifices for the past administrative bloat.

In another instance, an employee retired while at a salary of \$212,000 (assume \$200,000 as basis for retirement) and then hired back at more than \$475,000. The pension was about \$84,000 per year (42%). The year 2016 cap on retirement income basis is \$265,000, and so, in about 1.2 years, the 5-year average is reaches the cap of \$265,000. During this time, the incremental payment into the pension is 12.5% X \$65,000 X 1.2 = \$9,750 while the return received is 0.45% (in this instance) X \$65,000 X 20 = \$585,000 which represents a payout factor of 60.

Each of these administrative appointments represent a "hit" of about \$500,000 to \$900,000 on the pension plan above and beyond what is paid in on their behalf.

The impact of the raise in the cap salary is even more significant. Example caps in salaries (year) for calculating benefits are \$160,000 (1997), \$170,000 (2001), \$245,000 (2011) and \$265,000 (2016). Consider the case where: a) this cap doubled from the time of employment (about 1990) and retirement in 2016 and b) the employee retires to achieve this cap in salary. The benefit of the increased salary is about 60% X \$265,000 / 2 X 20 years = \$1,590,000.

In a perfect world, the increased cap may be justified. The question that must be answered now is: Is this \$1,590,000 increase in benefit justified when other employees are losing the retiree health insurance that were in their benefits package when they were hired?

Here is the problem: some employees are receiving benefits far greater than promised when they were hired, while others are about to lose benefits promised to them when they joined Mizzou. As it turns out, many of the upper administrator signatories (chancellors and system president) who are endorsing the plan to eliminate/reduce retiree health insurance are the major benefactors of INCREASED benefits relative to what was promised to them when they were hired.

The second resolution of the petition called for a very-detailed study (and projection) of the pension plan with careful Faculty involvement and oversight. Similar to Resolution #1, no vote was allowed.

*Google: "UM System bylaws 300.010"

Google: "umurl full report" for pdf of report.

FREEDOM (CONTINUED) - the criteria for promotion and tenure.

Advisory Authority is essentially on all remaining topics that have a major impact on MU. These topics include such things as *Selection of departmental, divisional, campus, and university-level administrators*. Some regard Advisory Authority as not authority at all, but there is reason to believe that this is the most important Authority. To understand this, the details are important.

The key detail to understanding Advisory Authority is from CRR 300.010.C.3.d(6) and (7) which state (respectively)*: The actions of the Council, in those areas in which it has delegated authority, shall be deemed final unless challenged within 10 days. and The Faculty Council shall report its actions to the faculty either at a meeting of the faculty or in the Faculty Bulletin.

Hence, Advisory Authority is the **checks-and-balances** that faculty are to perform on all actions of administration. While it is true that administration is not under any obligation to follow "advisory input", the following sequence of actions would not go unanswered: a) administrations' blatant disregard for Faculty Advisory Authority and b) undeniable poor judgment in regard to not following Faculty Advisory Authority.

Examples of when this Faculty Advisory Authority was not followed include decisions to: a) close the University of Missouri Press, b) eliminate full tuition waivers for quarter-time graduate assistants, and c) the announcement on August 14 that the graduate-student health-insurance subsidy would expire within 24 hours. In each of these cases, the administration acted without Faculty Input. There is also the question of whether one or both of the last two items is actually a Faculty Primary/Direct Authority per (CRR), 300.010.C.3.a(3) on Construction and approval of procedures governing educational support programs on the UMC campus.

And so: How is Faculty Advisory Authority to be exercised? At the Fall 2015 General Faculty Meeting, (then) Chancellor Loftin (and others) revealed the following forms of Faculty Advisory Authority: a) The chancellor call the chair of the Faculty Council the night before the announcement of a decision, b) a few faculty bumping into the chancellor at the airport, and c) not input at all because the decision involved (confidential) "personnel" issues. Of course, there is also: d) one or two faculty members as appointed by administration on a committee and e) a survey (or forum) provided to the faculty where all interpretation is at the prerogative of the administration. Further "Of course", these "exercised" methods of input are not described in writing anywhere, and so, they are fully at the discretion of ?? whomever decides to self-delegate themselves the authority to decide what Faculty Advisory Authority is??

There is reason to believe, that more than any other single action, a resolution that forces administration to follow the CRR in regard to Faculty Advisory Authority would fix MU. No vote was allowed.

INTEGRITY (CONTINUED) - The expectation would be that administration would complain that their administrative assistants who are making over \$100,000 per year are not qualified to teach courses. Alas, the information would be the starting point on a very insightful journey. Such a policy (and data) avoids the pitfalls of how transparency is obscured by "classifications" of employees.

There is a case to be made for having every employee above a certain threshold salary to be involved in the critical teaching mission of the university in either the classroom or through supervising clinical/lab activities.

From the perspective of a professor who has taught for over 24 years and is actively pursuing some of the most advanced methodologies in teaching, it is particularly frustrating to make requests to administrators and staff for incremental and inexpensive improvements in resources only to have these requests denied. Some of the most important decisions that impact resources and facilities are made by administrators and staff who have either never taught a course or have not taught a course in years. I can recall no instance in the 24 years where key decisions were being made by those actively using advanced teaching methods that have the open-ended potential to reshape teaching to meet far greater potential.

This universal work load policy would make teaching efficiency a priority for all decision makers. It would make all decision-makers part of the heart beat of the campuses. It would enable a wide variety of approaches to teaching, many not currently pursued, to be tried; and it would allow the best to emerge.

Another OPTION is as proposed by the Dean and departmental chairmen of the MU College of Engineering (COE); it is limited on tenure-track faculty teaching 1 to 3 courses per semester based on their research funding. In a proposed minimum teaching load at the COE, one extreme is teaching one course per semester when a faculty member has research expenditures greater than \$400k per year. The other extreme is teaching three courses per semester when research expenditures are less than \$50k per semester.

Enforcement of such a standard would result in a capacity to teach about 50% more courses than needed. And of course, such a policy begs the question of whether just spending money is a true measure of research productivity.

What is needed is information. Then, informed dialogues with stakeholders about what that information reveals. Then, possibly a second round of information to clarify questions that arise. Ultimately, this describes a process that is very worthy and has great potential.