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Financial outlook could mean higher tuition

MU also seeking alternative ideas for raising funds.

By Janese Heavin Thursday, October 22, 2009

The **University of Missouri** will need to increase tuition by at least the consumer price index next year if state revenues continue to fall short of expectations, the university's budget director said yesterday.

The consumer price index could be as high as 3 percent this year, although the final figure won't be known until January, MU budget Director Tim Rooney said during a faculty council meeting.

Tuition increases must be approved by the system's Board of Curators. To seek a tuition increase exceeding the consumer price index, the system would need approval from the state's Coordinating Board for Higher Education.

MU's tuition — \$245.60 per credit hour for resident undergraduates — remained flat this year in a deal between public universities and Gov. Jay Nixon. Nixon vowed to not withhold money for higher education if universities agreed to not raise tuition.

Rooney said the university "would love to have another arrangement like that," but state budget numbers aren't favorable. Already, state revenues are down 10 percent this year, even though the budget predicted a 1 percent increase.

It's too early to know whether Nixon will be able to reach a similar deal with universities in the coming year, his spokesman, Scott Holste, said.

"Obviously, the governor wants to make sure college remains affordable for Missouri students and their families," he said. "And higher education continues to be a top priority. But it's really too early in the process to say."

If the state has to cut funding to higher education, Rooney said, "we would look at raising tuition by CPI to mitigate losses."

But he stressed that numbers are preliminary at this point and other variables could alter the budget forecast, such as increases in enrollment, the availability of federal stimulus funding and private giving.

Private donations to MU are up 2 percent in the first quarter of the 2010 fiscal year. That's significant, Chancellor Brady Deaton said, considering other Big 12 universities are seeing an average 26 percent decrease in private donations this year.

University administrators are finding other ways to address funding shortfalls while trying to keep college affordable for students. Deaton said one emphasis will be helping students complete their degrees in three or four years instead of five or six. MU will assist by offering more evening courses and expanding electronic learning opportunities.

Administrators also are allocating more resources to areas that could ultimately generate more funding for the university.

Through Mizzou Advantage — a strategic initiative three years in the making — MU hopes to promote cross-campus collaboration and build partnerships with national leaders.

Provost Brian Foster told faculty members that hosting conferences on campus could draw 30,000 visitors a year who would, hopefully, share news of the university with leaders back home and create a network of support for MU.

Despite the unpredictable budget future, "now's not the time to be sitting in a garrison position," Deaton said. "Now's the time to be defining what we're doing and moving forward."

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MU medical school program probation to be re-evaluated

By Janese Heavin Thursday, October 22, 2009

The agency that put the University of Missouri School of Medicine's resident education program on probation earlier this year will be in town next week to review changes.

Officials from the Accreditation Council for Graduate Medical Education will visit campus Tuesday, roughly six months after the council notified the university that the program's administrative component wasn't up to par. The probationary status was the result of ACGME's visit to campus in February 2008. The probation did not affect individual residency or fellowship programs, nor was it associated with undergraduate medical education, which is accredited through a different agency.

Since the council's last visit, the university has made improvements to the graduate medical education program, spokesman Rich Gleba said. Those changes include reassigning tasks to nurses, pharmacists, social workers and other staff so resident physicians can focus on educational duties, he said.

Additionally, the creation of the MU Health System last year — which includes a vice chancellor, medical school dean and hospital executive officer — should address the council's concern that MU's program lacked administrative oversight.

The ACGME also cited the program for not having enough residents on the Graduate Medical Education Committee, a concern addressed earlier this year. Now, residents elect six of their peers to serve on that committee, instead of two.

"As a result of these steps and others," Gleba said, "MU is hopeful that it will receive a favorable accreditation status after the ACGME site visit."

COLUMBIA MISSOURIAN

UM System curators might expand access to employee e-mail

Friday, October 23, 2009 BY Ben Wieder

COLUMBIA — It may become a bit easier for the University of Missouri System to access its employees' e-mails.

The system's Board of Curators will vote Friday morning on a proposed amendment to the Acceptable Use Policy that would grant access to system employees' e-mails in the case of a "legitimate business need."

Thursday afternoon, the Academic, Student and External Affairs committee recommended the board pass the amendment.

The proposed amendment is designed to address requests for information from the e-mail records of absent or departed employees.

Currently, the policy includes provisions for accessing employee e-mail when "necessary to maintain or improve the function of University computing resources," when there is suspected violation of UM policies or federal or state law and to assure compliance with federal or state law.

Anyone requesting access to these e-mails would need to get approval two authority levels above themselves. A faculty member, for example, would need approval from a dean, not a department chair.

Gary Allen, UM vice president for information technology, said new UM employees are given the Acceptable Use Policy when they receive their login information. If the change takes place, current employees will be notified, as they are whenever UM collective rules are changed.

A presentation by PricewaterhouseCoopers, which has performed internal audits for the UM System since 1999, highlighted decentralized information technology security controls on the University of Missouri-Kansas City campus as one area of "high risk," with 94 of the campus' 303 IT systems managed by individual departments and schools, rather than the Central Information System.

Allen confirmed that a similar problem exists at MU.

Allen said IT employees who perform data retrieval are required to sign confidentiality agreements.

After the meeting, he added that UM is trying to consolidate servers to increase security and reduce costs and to do away with as many physical servers as possible.

The curators also discussed increased enrollment numbers at community colleges and President Barack Obama's \$12 billion community college campaign.

Steve Graham, associate vice president for Academic Affairs, said enrollment at community colleges in Missouri is up 10 to 12 percent.

UM President Gary Forsee said Obama's community college initiative could impact system schools.

"This is a very significant sea change," Forsee said. "We have to be aware of the implications."

Increased financial support for community colleges could impact enrollment at UMKC and the University of Missouri-St. Louis, Forsee said. It could also affect state education appropriations.

The curators talked about proposed changes to the retirement and endowment funds.

"In the past, we invested the endowment and retirement side by side," UM treasurer John Miller said. The Finance committee recommended that the endowment funds include a riskier mix of investments with a greater potential to gain. The retirement funds, on the other hand, will be invested more conservatively, with less of a chance of loss.

The committee recommended that the curators hire investment managers for the newly added components to the retirement fund portfolio. Shenkman Capital Management and Oaktree Capital Management were recommended to manage High Yield and Bank Loan investments, which could account for as much as 12 percent of the retirement fund plan. Capital Guardian Trust Company and Wellington Management Company were recommended to manage emerging market debt investments, which could account for up to 5 percent of the retirement plan.

The Academic, Student and External Affairs committee also recommended that an undergraduate film studies major and a graduate clinical translation science program be implemented at MU. The board will vote on all proposed changes Friday.

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The Washington Post

The New York Times

Newsday

AIG exec defends bailout in alma mater visit

October 22, 2009 By The Associated Press ALAN SCHER ZAGIER (Associated Press Writer)

COLUMBIA, Mo. (AP) — The top financial officer of insurance giant AIG defended the federal government's \$180 billion bailout of the company in a return to his alma mater.

Chief financial officer David Herzog, appointed in October 2008 after several years as the company's comptroller, spoke Thursday as a distinguished alumni lecturer at the University of Missouri in Columbia. He graduated in 1982 with a bachelor's degree in accounting.

Herzog's 30-minute lecture on the roots of the current financial crisis included an insider's account of American International Group's September 2008 collapse. Earlier in the day, he visited with students at the Robert J. Trulaske Sr. College of Business.

"The cost of saving the company was less than having systemic risk implode on the world," he said. "The risk to the U.S. and global financial systems from the contagion of an AIG failure was too great for the system to handle."

His visit fell on the same day that the Obama administration announced a plan to drastically limit executive compensation at AIG and six other companies that have not paid back last year's bailouts.

Under the plan, cash salaries for the top 25 highest-paid executives will be limited to \$500,000 and, in most cases, perks will be capped at \$25,000.

Herzog did not address that new requirement and declined to answer reporters' questions after his lecture. A phalanx of campus and city police officers as well as company security guards kept close watch over him after the public talk.

Herzog framed his company's financial collapse squarely in the context of the country's broader economic woes. In response to a student's pre-submitted question, he acknowledged that company was too dependent on high-risk credit default swaps and securities tied to the overvalued housing market.

"We were a participant in that chain," he said."

Herzog said the company is "grateful" for its taxpayer support and on track to pay back the government and turn a profit.

"This is a great company. If we do our job right, we'll have a great future."

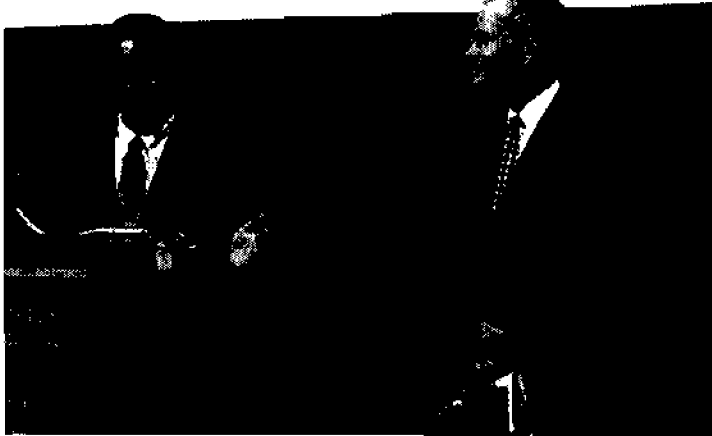
The federal Treasury Department owns about 80 percent of the New York-based insurance and financial services conglomerate. The company and Treasury both drew widespread criticism after disclosures of 620 bonus programs totaling \$455 million, and 13 retention plans allocating \$1 billion, implemented after the government bailout.

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COLUMBIA MISSOURIAN

AIG executive visits MU to discuss financial crisis

Friday, October 23, 2009



David Herzog, left, the chief financial officer of American International Group, Inc., answers a question from Bruce Walker, dean of the Robert J. Trulaske College of Business, about how Herzog manages his time during a talk on Thursday in Bush Auditorium in Cornell Hall.

Charles Ludeke

BY Kathleen Majorsky

COLUMBIA — The line to get into Bush Auditorium snaked along the lobby of Cornell Hall. Excited chatter buzzed from the sea of business casual attire that packed the lecture hall as attendees awaited American International Group Inc. executive and MU alumnus David Herzog.

Herzog, chief financial officer and executive vice president of AIG, gave his "Perspective on the Financial Crisis." His presentation was broken down into three parts. The first part highlighted what he thought caused the financial crisis. The second part focused on what AIG is and how it was impacted by the crisis, and the third part included lessons that AIG learned.

AIG received the largest government bailout in U.S. history last September. Financial leaders were concerned for the stability of the entire financial system after it was discovered that AIG's Financial Products Division didn't have enough money to pay for credit default swaps. AIG received \$85 billion to prevent the company from going bankrupt, according to the Wall Street Journal and Reuters.

Herzog's presentation was sponsored by the Trulaske College of Business. The talk was a part of the school's Distinguished Alumni Lecture series.

Although limited, it was a unique opportunity for the public to have access to an executive so close to the financial turmoil that has affected the nation's economic health over the last year.

"Overall, it was an exciting opportunity to have someone of his stature here discussing the crisis," graduate accountancy student Joe Krienert said.

Katie Ehlers, also a graduate accountancy student, said that she enjoyed Herzog's speech.

While Krienert said it was an exciting opportunity, he hoped for more from Herzog. "I would have liked to have heard more about his role. We heard a lot about the company," Krienert said.

From an accounting perspective, some attendants wanted more details.

Krienert said he was hoping for more discussion about how AIG plans to repay the money it owes the government.

Other audience members found the presentation complex.

"The first part was somewhat complicated and difficult to understand," said David Mertz, a Master of Business Administration student. "Once he got to the question and answer portion, it was a lot more useful."

The question and answer portion of the presentation consisted of Business School Dean Bruce Walker coming to the podium to ask Herzog questions from students.

"We picked ones we thought would cover a variety of topics," Walker said.

Six student questions were asked. The questions focused on AIG's restructuring of the company's risk models and how Herzog has adapted his leadership because of the 80 percent stake the government has in AIG as part of the \$85 billion bailout.

"My frame of reference for how I interact with government is first and foremost appreciation for what they've done," Herzog said. "They are 80 percent owner, and I treat them like 80 percent owner. I treat them like our principal creditor."

In a presentation, audience members usually have more access to the speaker. This didn't bother Mertz.

"I don't think it was unreasonable that the questions were pre-selected," Mertz said.

Walker agreed. "Herzog, in the CFO role, has to be pretty sensitive to the statements he is making," he said.

Herzog was selected to speak to the College of Business because he was so close to the financial crisis.

"Mr. Herzog, we thought, given his role at AIG, he could provide insights that few other people could." Walker said. "I was struck by how he was so committed to doing what is right by the tax payers and the 80 percent ownership of the government."

Walker added, "The last 13 months have been a tremendous test of (Herzog's) optimistic attitude."

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Board of Curators discusses new degree programs

One new program considered was a film studies degree.

By Alex Silverman

The UM system Board of Curators met Thursday in the Clinton Club at Mizzou Arena to discuss proposals for two new degree programs and sick leave for employees, in addition to other business.

The board, which is the governing body of the four-campus university system, met in different committees throughout the day to listen to various reports and confer about the proposals presented. Each proposal will come to a vote Friday morning when the curators reconvene.

The board discussed the potential for two new degree programs at MU during the Academic, Student and External Affairs Committee meeting. One of these programs is a Bachelor of Arts in film studies.

"(A film program) is in very high demand," Vice President of Academic Affairs Steve Graham said. "This proposal has gotten good reviews all the way around."

According to the written proposal, the program would be beneficial in both the recruitment and retention of students. In addition, the proposal calls the lack of a film program a glaring gap in MU's curriculum.

Graham said he's confident the resources necessary for the degree program are already in place because many film courses are already offered at MU. He also said the new film program is tailored to MU's academic identity.

"It fits in very well with MU's strategic plan," he said. "There's a growing focus on new media."

The curators also discussed the addition of both master's and doctorate programs in clinical and translational science. According to the proposal, this new program will bring together educators and researchers from a wide array of fields, including medicine, engineering, nursing, veterinary medicine, agriculture, education, journalism, law and business.

"This program will quickly take scientific discovery into practice," Graham said. "It will bridge the gap between basic sciences and clinical practices."

In regard to employees, the board proposed several amendments that, if finalized by a vote on Friday, will alter the UM system's policy on sick leave. One of the new amendments would lift the previously instated sick leave limit of 12 days for university employees for the year.

"As you all know, in certain flu situations, we are actually encouraging people to stay home and not come to work," Human Resources Committee Vice President Betsy Rodriguez said. "This is only for

this year, as we evaluate the impact of this change, we're recommending a temporary lift of that limit."

Another one of the new amendments would allow for employees to use their sick leave time in less than eight-hour increments. The amendment will also require faculty to use personal leave for their first three days of any injury-related leave of absence.

On the fiscal front, the curators discussed the reallocation of the school's investments to match benchmarks for future investment returns. Taking the instability of the market into account, the curators looked at how the school has met its benchmarks from last year.

"Essentially, counting state appropriations, we did better than break even," Finance and Administration Vice President Nikki Krawitz said.

The Board of Curators also discussed the way learning is changing with technology. After Graham screened a student-made video entitled "A Vision of the Student Today," Student Representative Laura Confer shared her own thoughts on a new era in learning.

"It's a different way of learning today," Confer said. "E-learning is the future."

The board will conclude its two-day meeting Friday at Mizzou Arena.



Curators to vote on film major

MU ready to start program quickly.

By Janese Heavin Thursday, October 22, 2009

The University of Missouri will offer a film studies major as early as next semester if the system's Board of Curators approves the proposal tomorrow.

Curators are expected to vote on the new bachelor of arts degree during a public meeting that starts at 9 a.m. in the Clinton Club at Mizzou Arena. The plan has UM System President Gary Forsee's endorsement and a slew of support from various MU departments.

Adding the degree isn't expected to cost the university anything because the necessary film-related courses are already being offered, according to the proposal.

A few students might even be able to graduate with film studies degrees in December because they've taken enough film-related coursework to qualify, said Roger Cook, director of MU's Film Studies Program and a German studies professor.

"Everything is in place for the major to start immediately," he said.

Although faculty members are pitching the plan, the request is really coming from students, said Michael O'Brien, dean of the College of Arts and Sciences.

"Students have been clamoring for this," he said. "They want it."

Some students already have been customizing classes to make up for the lack of a formal film studies major.

By taking a combination of production, playwriting and information technology courses, students have been crafting their own emphasis in film studies under the umbrella of interdisciplinary studies, said Kirsten Pape, an academic adviser who previously advised interdisciplinary students.

"However, several of my students shared a universal concern, which was: 'How do we legitimize our experience? How do we convince a graduate program that we had a meaningful undergraduate curriculum?'" Pape wrote in a letter endorsing the degree.

Students from the College of Engineering have already produced three feature-length films on campus, a series starring Mexican wrestler and film star Mil Mascaras.

A film studies major also mirrors the growing local market for filmmaking as the True/False Film Festival and Stephens College's Citizen Jane Film Festival grow in popularity. O'Brien also pointed out that filmmaker Randy Sinquefield relocated his production studio from California to Columbia earlier this year.

"We see that as a great way to get kids internships, too," he said. "We never thought of Central Missouri as being a draw for film, but a lot of people are looking at Missouri. We might as well train kids to take advantage of that."

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Res Life to expand security camera program

The cameras were installed to increase students' sense of safety.

By Joe Buzzelli

When the keycard kiosks were vandalized in Center and College Avenue residence halls, instead of integrating those costs into the next semester's room rates as in past years, the Department of Residential Life was able to find the culprits thanks to the new security camera pilot program.

"We luckily were able to track down the students responsible and we didn't have to charge that expense upon innocent students," Residential Life Director Frankie Minor said. "That was about \$2,000 cost for each kiosk."

The security camera program in residence halls began last year and is currently in place in 15 of the 24 residence halls, Minor said. Because the program is going extremely well, Residential Life plans to continue to install cameras in the residence halls as they are renovated, he said.

Minor said he has yet to hear any negative response from students about the security cameras.

"When we first brought this up, we wanted to get student input and they all seemed very interested," Minor said. "We now have students coming to us asking if there are security cameras in certain locations."

The cameras are placed on the exterior of the residence halls, as well as in the main common areas of the first floors. Minor said there are no plans to add cameras throughout the rest of the buildings because Residential Life still wants to allow students a sense of privacy on their floors.

One of the reasons students don't seem to have any problems with the security cameras is nobody is actively monitoring the motion sensors, Minor said. They are strictly for reviewing when an incident occurs.

"I honestly don't mind at all," said Amanda Eder, Hatch residence hall resident and freshman. "I know that I'm not going to be vandalizing anything, so what's the big deal if I'm on camera when I'm walking out the building or going to the vending machine?"

Minor also said students of this generation don't question this kind of technology, even if it might seem intrusive.

"These students grew up with nanny cams, web cams and all sorts of security cameras," Minor said. "They are so used to being followed around and having that information collected."

Based on the plans for renovation of residence halls, all halls will have cameras installed in them by 2017, Minor said. But Missouri Students Association President Jordan Paul said Residential Life has suggested a program in which any student organization can speed up the process of installing cameras in residence halls, and Residential Life will match the funds they put up.

"The match program is something we've considered, but there's nothing officially set," Minor said. "The problem is we might end up redoing a lot of work when we do renovate them if we were to install cameras in the un-renovated halls now."

Putting cameras in each residence hall costs about \$20,000 to wire, which includes 16 cameras to place around and inside buildings.

Residential Life is also piloting new ideas within the program. With the renovation of Hudson Residence Hall, they will be placing a camera in an elevator for the first time.

MSA is also suggesting installing security cameras in the parking garages around campus, Paul said.

"We certainly think this is a very important concept and hope to next put cameras in the parking garages," Paul said.

Minor said Residential Life's main goal is to keep students safe.

"We want students to study hard and make lasting friendships," he said. "But if we can't do anything else, we want to create an environment where they feel safe to live."

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Budget issues addressed at general faculty meeting

The budget director said MU is considering raising tuition cost from 3 to 5 percent.

By Rachel Allred

Faculty members gathered Wednesday to discuss budget issues and electronic ballots in Wrench Auditorium for the Fall General Faculty Meeting.

Unlike Faculty Council meetings, which occur several times throughout the year and are attended by only council members, the general faculty meeting was open to all faculty members and occurs at least once every semester. About 30 faculty members attended the meeting, which was led by Chancellor Brady Deaton.

Faculty Council Chairwoman Leona Rubin said general faculty meetings help facilitate communication and interaction among staff members.

Budget Director Tim Rooney discussed the university's budget for this fiscal year and the prospective budget for next fiscal year. Rooney said state appropriations haven't kept up with inflation or enrollment growth and that a 3 to 5 percent increase in the cost of tuition is being considered.

"In 2001, our general state appropriations were \$193 million," Rooney said in his presentation. "If we had gotten inflation adjusted increases from the state it would be at \$245 million right now. If the state appropriations had kept pace with enrollment growth and inflation we might have expected \$319 million to be our appropriation this year. In fact, our appropriation is \$189 million."

Rooney said since 2001 the total MU hasn't received from the state due to inflation and enrollment growth totaled \$728 million. Because of that cutback Rooney said certain methods were used to keep the university running.

"The question is how in the world did we get by without that?" Rooney said. "We had enrollment growth, tuition increase, deferring maintenance and salaries have dropped."

For the 2011 fiscal year, Rooney said a change in state funding isn't very likely. They are expecting an increase in enrollment next year, which will increase the tuition revenue.

Last fiscal year, a pool of funds equaling about \$9 million was gathered in case the state chose to withhold funds.

"We have that \$9 million available in case a withholding comes along," Rooney said. "We could have a withholding this year. We've been told it's not likely, but it's possible."

Rooney said though the money is there if it's needed, it would be better to avoid using it next year.

Deaton said even though hard economic times might be ahead, he is hopeful for MU.

"In no way will we back away from talking about the success we're having as a university," Deaton said. "At the same time, we will in no way fail to recognize the difficulties and the obstacles we're facing because of the budget challenge in front of us."

Faculty Council uses paper ballots when voting takes place, but Rubin proposed a change. Rubin said switching to electronic ballots would save on waste and money.

"We think there are several good reasons to change this," Rubin said. "It would be less expensive. We also hope that by going through an electronic ballot it will increase compliance."

Rubin said paper ballots are not environmentally friendly, as 1,200 ballots and 2,400 envelopes are used during the process.

In the last vote, Rubin said only 300 ballots were returned out of the 1,200 that were sent. Faculty members will continue to review the change and will be able to vote on whether or not to make the change.

"We will be putting this together over the next month or two, getting it through different groups and hopefully sending it out," Rubin said.