

Spectrum

Volume 28, Number 2, April 2001

UM Healthcare reducing expenses, Winship reports

The UM Board of Curators heard an update on the financial status of University of Missouri Healthcare at its March 22 meeting.

UM Healthcare CEO Dr. Daniel Winship said UM Healthcare is on track to begin operating at a profit by next year. The hospital ended last fiscal year with a \$23.5 million deficit and expects to end this fiscal year with a \$20 million deficit. Winship said the hospital expects to realize a profit margin of 2 percent during calendar year 2001 and 2.5 percent by 2002. Ultimately, Winship said, a 6 percent profit margin is the goal. "It is a threshold number in order to stay fiscally healthy," he said.

Winship noted several successes UM Healthcare has had in the last year that have reduced expenses by \$40 million. These include \$21.3 million in labor reductions and \$18.7 million in non-labor reductions. The hospital has reduced labor by 668 positions with 502 jobs reduced through attrition and 166 through layoffs.

Other cost cutting measures taken by UM Healthcare include consolidation of oncology services from Ellis Fischel to University Hospital, consolidation of support services, more efficient use of staff and a rebid of the hospital helicopter contract. The majority of these savings will be realized by the hospital in fiscal year 2002.

While the hospital is beginning to see some progress in reducing the deficit, Winship said there are still areas of concern. He noted that indigent care continues to be a drain on resources. While state support has remained relatively unchanged, the total annual cost of indigent care has increased from \$47 million in 1999 to \$60 million this year. The hospital is asking the state for an additional \$23.5 above the roughly \$25 million that it already receives for indigent care.

Winship said the hospital billing cycle also remains a concern. Outstanding bills had reached as high as \$180 million last year after a conversion to new billing computer software. The number of outstanding bills has now been reduced to levels comparable to pre-software conversion, but the billing cycle is still longer than administrators would like. The current cycle takes roughly 116 days to complete. "We need to be between 70 to 80 gross days," Winship said.

Aside from concentrating on software problems, Winship said the hospital is focusing on other aspects of the billing cycle, including improved patient record completions. The hospital is considering hiring or training more key staff members who can better code hospital services to maximize the amount that can be billed to providers. Some coders may be able to work from home, Winship said. Chief hospital fiscal officer Nick Braccino said the ability to code bills properly is the "lynchpin" to seeking the highest returns for services.

In order to increase revenue, UM Healthcare has implemented "facility fees" in hospital-based clinics, which Medicare and other providers allow. Previously, the hospital had only charged a fee for the physician and had absorbed the cost of the health facility. Winship said UM Healthcare is also aggressively challenging managed-care contract denials.

UM Healthcare is seeking to fill major vacancies in physician specialty areas. The hospital system will be seeking approximately 40 new professional staff members in critical fields. Winship said salary increases are needed in order to recruit and retain critical staff. Winship also warned that the hospital system will have to make key capital investments in order to maintain physical resources of the hospital system.

UM curators approve parental notification policy for students

The parental notification policy applies to students who are under 21, unmarried and financially dependent on their parents.

The UM Board of Curators approved a System-wide parental notification policy at the Board's March 22 meeting at UM-Kansas City.

Under the new policy, University officials will contact the parents of students who have committed extremely serious or repeated infractions of the student conduct code relating to drugs and alcohol. The policy is consistent with changes made in 1998 to the federal Family Educational Rights and Privacy Act (FERPA) that give colleges and universities the option of notifying parents in situations involving the illegal use of alcohol and controlled substances. As stipulated by federal law, parents will be given no information beyond the fact that an infraction has occurred.

University officials estimate that the parents of fewer than one half of one percent of students will be contacted under the new policy.

The policy was developed by a committee comprised of administrators and students from all four campuses.

Stephen Lehmkuhle, chair of the committee, said recent surveys suggest that the involvement of parents is effective in curbing dangerous drinking behavior. Lehmkuhle cited a recent survey conducted by Bowling Green University, which found that 56 percent of surveyed public institutions with a parental notification policy experienced a reduction — and in some cases a significant reduction — in alcohol violations.

"Although parental notification is not a magic bullet, there is a reasonable likelihood that parental notification will reduce binge drinking," Lehmkuhle said.

Parental notification is designed to be part of an educational process involving parents and students, and is not meant to be punitive in nature, Lehmkuhle said.

Kim Dude, assistant director of the Wellness Center at UM-Columbia, said research has shown that parents who have a "hands off" approach with their students are four times more likely to have students with alcohol and drug problems. She dismissed the popularly held notion that drinking in college should be tolerated as a rite of passage, calling it a "dangerous philosophy."

The parental notification policy applies to students who are under the age of 21, unmarried and financially dependent on their parents. One administrator on each campus will be responsible for deciding whether to notify parents in individual cases. Parents will be given the opportunity before the beginning of the academic year to decline notification.

In most cases parents will be notified after repeated offenses or if an initial offense is found to be severe. An initial severe offense is defined as committing a dangerous act, or committing an act that may result in the potential loss of campus housing privileges or have an impact on student status. The University can exercise its option not to notify parents or legal guardians if it is determined that the best interest of the student would not be served.

Students both supporting and opposing parental notification spoke at the meeting. UM-Columbia students Lauren Palmer and Roger Johnson represented the Associated Students of the University of Missouri, which opposed the proposed policy. Johnson said the University was prying too deeply into the family relationships of students. "My relationship (with my parents) is none of the University's business," Johnson said.

Palmer argued that the University would not be treating its students like adults if the policy passed. She questioned using the financial status of a student to decide whether to notify parents. She said many students are on scholarships and asked whether all providers of scholarships, such as the state or the Board of Curators, should be notified of alcohol and drug violations.

Johnson dismissed arguments that parental notification would be "just one more tool in the box." "It's frustrating to hear that this is "not the magic bullet." Not all of these policies are effective," he said.

UM-Columbia freshman Danny French, who serves in the UM-Columbia student government, spoke in favor of the policy. "Parental notification will help bridge the divide between parents and students," French said.

Leadership Development Program seeks nominees

The University of Missouri is seeking nominations for the Leadership Development Program for fall 2001. The year-long program is part of the President's Academic Leadership Institute established last year by UM System President Manuel Pacheco to provide leadership development opportunities and ongoing support to academic leaders on all four campuses. Institute Director Steve Graham said this year's session will focus on strengthening department chair leadership.

Graham said the role of academic department chair is often overlooked as a leadership position, but in fact it is a key position on each campus. "Many department chairs have had little or no

preparation for the job," Graham said. "We have decided to focus on this position for professional development because we believe there is opportunity to positively assist people in these positions."

The Leadership Development Program for 2001 will begin with a four-day session from October 1-4. "It is an intensive immersion experience to assess leadership styles, work with other department chairs to solve actual department problems, develop an informal network of expertise, enhance personal leadership skills, and work with other emerging leaders at the University," Graham said. "It's designed to get people out of the office and to focus attention on self assessment and to think about issues of leadership."

In the first year, 34 academic leaders participated in the Leadership Development Program. They represented all four UM campuses and a wide range of academic disciplines. "During the initial four-day session, most campus and departmental boundaries seemed to disappear as the participants worked together," Graham said.

In addition to the intensive fall component, program participants meet once every three months throughout the year for one-day sessions to concentrate on topics of interest to the group. In addition, local campus groups meet about once a month to discuss common concerns and upcoming campus initiatives, and to share ideas and advice.

"The general program format is hands-on — using case studies and simulations to discuss real issues that department chairs face," Graham said.

Nomination forms and additional details about the program format and content can be found at <http://www.system.missouri.edu/pali/index.htm> . The Chief Academic Officer on each campus along with the academic deans must formally nominate candidates. Nomination forms must be given to chief academic officers on each campus by May 7.

For questions about the program, call Steve Graham, director of the President's Academic Leadership Institute at 573-884-6754 or email him at grahams@umsystem.edu.

State appropriations expected to decline for next fiscal year

UM System President Manuel T. Pacheco reported to the UM Board of Curators March 22 on the status of the University's FY 2002 appropriation request currently being considered by the state legislature.

Pacheco told the curators that Governor Bob Holden signaled in his budget message to the General Assembly in January his intention to make higher education a priority of his administration. Holden's good intentions are being hampered, however, by the realities of a tight budget year brought on by a sluggish economy, declining tax revenues, and rising costs for the state's prescription drug program and mandated programs like Medicare.

Acknowledging that there is little money available for new initiatives, Holden recommended the University of Missouri receive \$456.8 million in state appropriations for FY 2002. The figure included \$15 million for the fourth and final installment of Mission Enhancement funding.

The governor's recommendation did not include additional funds to cover the increased cost of continuing operations, nor did it include money for any capital projects in FY 2002.

University of Missouri Healthcare could be in line to receive approximately \$7.5 million in additional funds to partially cover the cost of indigent care. The funds would have to come from tobacco settlement funds, and it is not certain when or if these funds would flow.

Another issue facing state budget officials involves funds designated for capital projects (building and renovation). The University's capital appropriation for the current fiscal year has been held in escrow while the state awaited the outcome of two Hancock lawsuits involving more than \$500 million in potential refunds to taxpayers. A recent decision by the state Supreme Court favored the state's position that no refund was due. The state will await the outcome of a lower court review of tax credit calculations before deciding what to do with the funds approved for capital projects by last year's legislature.

House Bill #3, which is the main House appropriations bill, was approved March 15 and sent to the Senate. The House action approved slightly more for the University than the governor had proposed.

While the state legislature is not yet done with its work on the FY2002 appropriation, UM administrators have begun planning the University's proposed operating budget for the upcoming fiscal year.

Pacheco said he has issued revised planning assumptions to the four campus chancellors that take into account the changing state fiscal situation.

The planning assumption having to do with the pool set aside for salary and wage increases remains unchanged. Pacheco said it is important for the University to maintain its competitive position with regard to compensation.

"The pool of funds available for salary adjustments in FY 2002 will be equal to a minimum of four percent of the FY2002 salary and wage base for each campus," Pacheco said. "Salary increases will be awarded to individuals based on market and relative merit." Campuses will administer the salary and wage pool in accordance with their respective priorities.

Pacheco said that the estimate for total increased benefit costs has been revised downward, from 7.5 percent to less than three percent. The lower benefit costs will enable the UM System to free up funds to help meet salary and wage goals and to make budgetary adjustments without cutting vital academic programs.

"We are in a good position to modify our budgeting assumptions to respond to the vagaries of an uncertain economy or revisions in state revenue forecasts," Pacheco said. He cited the Board's

strategic plan, which continues to provide the Board members and administration officials with an effective framework for making planning decisions and allocating resources.

"Each of the campuses has developed projections and plans to address budgeting shortfalls," Pacheco said. "I am convinced that real cost efficiencies can be achieved that will help us meet our responsibilities to use the taxpayers' money as wisely as possible while making our institution even better."

Task force to examine achievement gap in schools



The Board heard a report from Curator Malaika Horne March 22 on the status of the Missouri K-16 Coalition. The coalition, a partnership of the Coordinating Board for Higher Education, the State Board of Education and the UM Board of Curators, has launched a new project to focus on eliminating the achievement gap now seen in schools.

The Task Force on Achievement Gap Elimination, chaired by former Missouri Commissioner of Higher Education Charles McClain, is charged with developing recommendations to close the achievement gap.

Horne said task force members are considering ways to improve and enhance the quality of teaching in order to improve the performance of all students.

She said particular attention will be paid to closing the achievement gaps that exist between performance levels of underrepresented groups and those of other Missouri populations. The task force will issue its report in February 2002.

"It is expected that task force recommendations will include performance indicators to ensure accountability as the state monitors and provides incentives for improving teacher quality and student achievement," Horne said.

Alumni Alliance gives awards for outstanding service

The UM System's Alumni Alliance honored six individuals for outstanding service to the University at the annual Legislative Recognition Day, Feb. 21, in Jefferson City.



U.S. Sen. Kit Bond

U.S. Sen. Christopher S. Bond received the 2001 award for Outstanding Service to the University of Missouri System. A sixth-generation Missourian, Bond was re-elected to a third term in 1998. Throughout his career, Sen. Bond has won legislative victories fighting for education reform and children's issues, bringing tax relief to families and working for a balanced budget.

Sen. Bond began his political career when he was elected state auditor of Missouri in 1970 after serving one year as assistant attorney general. Twice elected Governor of Missouri — in 1972 and 1980— Sen. Bond graduated with honors from the Woodrow Wilson School of Public and International Affairs at Princeton University in 1960. He was first in his class when he received his law degree from the University of Virginia in 1963.

As a member of the Budget Committee and the chairman of an Appropriations Subcommittee, Bond played a key role in restoring fiscally sound policies to the federal government through passage of the first balanced budget in a generation in 1997, and holding the line on spending in subsequent years.

In Missouri, Sen. Bond secured funding for the UM-St. Louis Regional Center for Education and Work, as well as for a Teacher Workforce Replenishment program. At the UM-Rolla, he brought financial support for research on land mine detection, earthquake hazard mitigation and Naval ship survivability.

UM-Columbia has benefited from Sen. Bond's support on behalf of the Ellis Fischel Cancer Center, the Research Reactor and most significantly, the new Life Sciences Center.

At UM-Kansas City, Sen. Bond has been instrumental in securing federal support for the Juvenile Justice Center and for the Elderly Nursing Home Center.



Sen. Ken Jacob

Sen. Ken Jacob (D-Columbia) received the award for Outstanding Alumni Service to UM-Columbia. Jacob was elected to the Missouri Senate in 1998 to represent Boone, Howard and Randolph counties.

He also served in the Missouri House of Representatives from 1982-1996. He earned a bachelor's degree in education from UM-Columbia and is certified to teach history and economics. He also holds master's degrees in education counseling and public administration, and a law degree from UM-Columbia.

Sen. Jacob was the original sponsor of the "Bright Flight" program, designed to encourage the state's top high school students to attend Missouri colleges and universities by providing \$2,000 annual scholarships.

Jacob also sponsored the Missouri College Guarantee program, which uses proceeds from gaming to provide need-based funding to students from low-income families. It also provides scholarship amounts up to the annual total fees assessed by the University, and could become Missouri's primary student financial aid fund.



Pictured from left to right: Robert Berry, Linda Collier and Larry Bock

Linda M. Collier, assistant professor of communication studies and Director of Debate at UM-Kansas City, received the award for Outstanding Alumni Service to UM-Kansas City. Collier

earned a bachelor's degree in communication studies and a juris doctor degree, both from UM-Kansas City, in 1979 and 1982, respectively.

Starting as a part-time debate coach, Collier led the UM-Kansas City debate program from non-existence to national champion. Under the direction of Collier, the debate team has gained a national reputation for excellence and has consistently ranked high in the ratings, surpassing teams from institutions such as Harvard and West Point.

Collier was instrumental in the germination and evolution of "DEBATE Kansas City," a program designed to bring debate to Kansas City high schools that had no established debate programs. This program has gained national recognition and has created a strong link between UM-Kansas City and the high school students who participate in the program.

Collier and her teams have been featured in numerous magazine and newspaper articles recognizing the level of excellence that they have brought to the UM-Kansas City debate program.

Robert T. Berry, manager of the St. Louis regional operations for Burns & McDonnell, received the award for Outstanding Alumni Service to UM-Rolla. A 1972 graduate of UM-Rolla, Berry also earned a master's degree in engineering management from Boston University and a master's in environmental health engineering and a doctoral degree in engineering, both from the University of Kansas.

In his current position Berry is responsible for project development and procurement in the St. Louis area. He has ultimate responsibility for cost control, quality control, schedule control and manpower planning. He is the principal in charge of the Lambert-St. Louis International Airport Expansion, a \$1.8 billion project.

Berry joined Burns & McDonnell in 1976 after four years as a U.S. Army engineer officer in Germany and the U.S. Prior to his current assignment, Berry served as director of project development for Burns & McDonnell's environmental-civil division.



Sen. Stephen Stoll

Sen. Stephen Stoll (D-Jefferson County) received the award for Outstanding Alumni Service to UM-St. Louis. Sen. Stoll was elected to the Missouri House in 1992 and re-elected in 1994 and 1996. He was elected to the Missouri Senate in November 1998. Stoll is chairman of Elections, Veterans Affairs and Corrections. He serves as vice-chair of Ways and Means and is a member of Agriculture, Conservation, Parks and Tourism; Commerce and Environment; Education; and Local Government and Economic Development.

Sen. Stoll received a bachelor of arts degree in political science from UM-Columbia in 1970 and a master's of education-reading specialist degree from UM-St. Louis.

Sen. Stoll is a member of the Education Commission of the States and of the National Education Goals Panel, organizations dedicated to improving education in the U.S. He is a member of the Missouri Commission on the Future of Teaching and also serves on the advisory board of UM-Columbia's Center for Educational Policy Analysis.

Larry Bock, a native of Gordonville, Mo., received the award for Outstanding Service to University Outreach and Extension. Bock has farmed for 35 years and been in agri-sales for more than 25 years.

A Cape Girardeau County commissioner and a member of the county outreach and extension council, Bock also served two terms on the President's Advisory Council for Extension and several terms on the state Agricultural Stabilization and Conservation Service Committee.

Bock also played a prominent role at the state level by initiating a successful effort to provide health and retirement benefits to approximately 100 extension and administrative staff in every county.

He also chaired the building committee for Cape Girardeau County's new extension center, a task that required considerable fundraising. In addition, he directed the planning, bidding and construction of the 8,000-square-foot facility.

UMKC project could help startup ventures out of science and technology



David Bodde

A "technology and new ventures project" at UM-Kansas City is currently being developed to teach students how to combine technology and entrepreneurship to establish new businesses that

could also help spark the state's economy. David Bodde, the Charles N. Kimball/Missouri Chair in Management Technology and Innovations at UM-Kansas City, is using part of a National Science Foundation grant to create a unique on-line educational tool that could make the University a prominent model on the Internet as a valuable resource for entrepreneurship and technology.

As part of the project Bodde is developing an Internet-enabled learning tool called "LearningSpace." Its purpose is to help entrepreneurs, investors, and students of engineering, business, and the sciences to create successful new business ventures.

"The challenge facing universities is to use technology to reach constituencies that were previously unavailable," Bodde told Curators March 22. By providing much of the subject matter online, instructors are able to work with teams to develop new ventures. When complete his project could provide continuing education and serve as a resource for state incubators.

Secondly, Bodde said, the project could address the challenge to build Missouri's economy through entrepreneurial success.

LearningSpace can provide a variety of learning tools for entrepreneurship and technology including a tutorial, work spaces, games and simulations.

Bodde said LearningSpace can be used with a suite of associated tools for courses in entrepreneurship - especially those combining students of business with students of science and engineering.

Bodde's work also has won support from the Center for Entrepreneurial Leadership of the Ewing Marion Kauffman Foundation, Sprint Corporation and the National Alliance of Clean Energy Business Incubators. "The LearningSpace partnership provides the rapidly changing business context of contemporary technology — emphasizing markets, finance, and the behavior of the entrepreneurial team. We intend it to be informative, interactive, diagnostic and fun to use," Bodde said.

"Educators and mentors who seek to move their students closer to an actual startup must either provide that context through lectures or require the students to discover the relevant information on their own," he said. "LearningSpace provides the context unique to building technology companies."

LearningSpace helps to combine practitioners and students with diverse talents (engineering, science, and business) into balanced management teams, Bodde said. "As a result, student business plans will be more mature than was otherwise possible - and a few might be sufficiently well developed that new companies could be built directly from them."

Bodde said LearningSpace has the potential to assist other universities in stimulating the economies in their regions.

"It also can provide a flow of new investment opportunities into the many state-sponsored incubators and first-stage investment funds," Bodde said. In addition, the completed LearningSpace can be used by innovation centers or business incubators to coach entrepreneurs who are starting businesses, Bodde said.

College savings plan is the MO\$T

University of Missouri employees are not immune from worries about the challenges of saving for their children's college education. Fortunately, the State of Missouri offers its citizens one of the most highly rated tuition savings programs in the nation.

The Missouri Saving for Tuition Program, or MO\$T, enables families to begin saving for a student's college education for as little as \$25 monthly, or \$30 with the payroll deduction option.

MO\$T is a tax-favored higher education savings program that allows a parent, grandparent, relative or friend to open a savings account for a beneficiary. The savings can then be used towards qualified expenses including tuition, books and supplies at colleges, vocational/technical schools and other eligible post-secondary institutions anywhere in the country.

Missouri taxpayers can deduct up to \$8,000 in contributions to their account annually from their Missouri adjusted gross income. In addition, all earnings on contributions are exempt from Missouri state taxes if used for the qualified higher education expenses of the beneficiary and are not subject to federal income tax until withdrawn. Once the money is withdrawn and used for qualified higher education expenses, it is taxed at the beneficiary's rate, which is often lower than the tax rate of the account owner.

For more information on MO\$T or to enroll in the program, contact the MO\$T administrator at 1-888-414-6678 or visit the MO\$T website at www.missourimost.org.

The administrator will send the requestor a packet of information, including a payroll deduction form and an enrollment form. University employees who choose the payroll deduction option must complete two originals of the payroll deduction form. The completed enrollment form and one copy of the payroll deduction form must be returned to the MO\$T administrator. The second payroll deduction form should be sent to the employee's campus payroll office. Please note that the payroll office must have an original signature in order to process the payroll deduction request, so copies of the deduction form are not accepted.