

THE UM STAFF ADVISOR

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A Visit with Vice President Hutchinson

Ken Hutchinson, Vice President for Human Resources was our guest at the March UM-SAC meeting. Mr. Hutchinson delivered remarks on next year's budget and responded to previously circulated questions.

This is "an interesting time for the U of M," an interesting budget year with no increase from the State. In years past we might have compensated via student fee increases and frozen salaries; but now the University is dedicated to the compensation increases provided for in the Master Plan (4% average per year) which recognized that this important investment in human capital must be maintained or we will be playing catch up again in future years. This is a very difficult task.

Through mission enhancement we will be hiring perhaps as many as 500 new faculty in the coming years. After calculating lifetime salaries and benefits, this comes to a total investment of \$500,000,000.

It is more the idea of increased compensation than the money itself which is important to faculty and staff. It is a recognition of hard work and accomplishments. Chances are you can remember the things you accomplished three years ago. Chances are you cannot remember what your compensation increase for those accomplishments was.

Question 1: Voluntary Early Retirement Incentive Plan (VERIP). *The VERIP offers have been so sudden that some employees have not been able to take advantage of them. Some people missed age deadlines. Others had not been able to plan for early retirement and could not afford to retire. Many of our long-term employees would be able to plan for full benefit early retirement if we had a permanent plan in place, such as the one referred to as the "Rule of 80" or "80 and out." Other Big XII institutions*

have full benefit “Rule of 80” early retirement programs (OSU, OU, Texas A&M, UT, and Texas Tech). Please explain how these institutions are able to do this for their employees and what it would take to have a similar plan in place at the University of Missouri. It is rumored that some of our faculty members have objected to such a plan in the past. Is this true? If so, why did they object?

Answer: Window programs are by nature sudden. One other VERIP has been provided—in the early nineties. Some people just miss it on age or length of service. Inevitably there will be people who just miss the cutoff. The basic eligibility requirements for retirement have not changed. This is important because, if one starts moving around the requirements, there will still be people who “just miss” out on some requirement or another.

Most qualified plans are “defined contribution (DC),” where the employer puts aside a share of A’s salary and A matches the contribution. UM is one of the few universities to offer a “defined benefit (DB)” plan. A DB plan is quasi-contractual in nature. Regardless of market changes, when A reaches a certain age and/or length of service, A is entitled to X benefits. In today’s context a DB plan is the envy of the world. In bull market times it is less so. UM has been very conservative with “good, strong investment programs,” and will be able to meet all commitments. More specifically, Oklahoma State, Oklahoma, Texas A&M, Texas, and Arizona, among others, offer some kind of early-out features in their retirement programs. The State of Missouri has this feature as well. UM has taken the position that we want an overall stronger program with a competitive benefit. UM uses a 2.2% formula. The state uses 1.6%.

If one calculates UM’s early retirement benefit against the State’s benefit, it is very close. Our plan is one of the most competitive in the nation. In terms of DC, our program at age 62 is as if you were contributing 10% per year with a 9% return during all years of employment, and this is a guaranteed benefit.

Mr. Hutchinson returned from a conference with other university benefits administrators. These other universities’ plans (DC) had stellar growth during the nineties, but now they are losing much of these gains. Our DB program never had the high returns to begin with, but no losses either. In the seventies the environment was as bad as could be imagined for a DC program. UM’s plan was a reaction to these uncertain times. In today’s market our plan looks fantastic. During the bull times, it does not look so good. Our plan is designed for higher education—specifically for the University of Missouri. Some universities allow employees to opt for their state’s retirement plan as an alternative—not a supplement, e.g., the University of Virginia and the University of Texas. However, the employee must make an initial and irrevocable choice. Most people would take the DC plan if offered because they can see the results immediately and feel like they have something tangible.

Question from Laura Flacks-Narrol: Is the earliest University employees can retire age 62? Answer: No, it is 55 with a 3.3% reduction in benefits annually.

LFN: Has there been a cost comparison with 80 and out?

KH: Yes, it has been looked at in the past. About 1.75% of payroll cost would be involved with such a program.

LFN: Are there plans to change to a DC program and, if so, would the DB participants be grandfathered in?

Ken: Good questions. There is a 5% cash accumulation feature on each employee's retirement account with a 7% annual return. If the employee leaves the University after 5 years, he or she may opt to have this cash or have it transferred to another plan, IRA, etc., at a rate of 100% for employees under age 55 and at an actuarially calculated rate for those over 55.

If we were to offer it, we would have to think long and hard about transition. Like President Bush's social security plan, it is a good idea but very difficult to implement.

While faculty have actively monitored any progress in this area, they have not actively objected. They would rarely benefit from early out due to age when they start and length of service limitations.

Question 2: Vacation. With great demands placed on employees involved in projects such as the implementation of PeopleSoft software, some people are not able or allowed to use vacation time before reaching their maximum accruals (or personal days before reaching their anniversary dates). HR Policy Section 402 provides, "Payment in lieu of time is not permitted." For employees who are not able to use their accrued time before losing it, could there be an option to buy out certain amounts of vacation/personal time or credit the time's value to their 403(b) accounts? Could maximum accruals be increased?

Answer: Managers have to allow their employees time off—sometime. They have to allow the annual accrual each year in time off, but it has to be at a time acceptable to the department. If we were in a position where managers could purchase vacation time back from employees, many managers would do it—as would employees. But it would defeat the idea of vacation to begin with—to prevent burnout. The concept of pooled paid time off [allowing employees who do not use their sick leave to convert it to vacation at a reduced percentage] was floated years ago. People who were using all of their sick leave strenuously objected. Those who were not using it thought it was a great idea. There is already a reporting structure in place by which managers and employees are notified each month as to accrued time off and accrual limits.

Question 3: Martin Luther King, Jr., Holiday vs. Presidents' Day Holiday. Several people have expressed dissatisfaction because the University does not consider President's Day a holiday while Martin Luther King, Jr., Day is considered a holiday.

Please explain why Presidents' Day is not a University holiday and what it would take to make it a holiday.

Answer: The University has eight holidays. It used to have eleven. Due to employees' interest in flexibility and taking special religious holidays, the University moved toward fewer holidays and more personal days by removing three holidays and adding four personal days. After that, the Martin Luther King holiday was added by the Board of Curators without taking away anything else. Holidays are much more expensive than personal days since the Hospital and power plants (among others) must operate 24 hours a day and pay a shift differential during holidays. The Board of Curators wanted the symbolic impact of MLK Day. Also in today's environment adding more time off would be problematic.

Question 4: Short-Term Disability: *The March 1 MIZZOU WEEKLY outlines the recommendations for a short-term disability plan for faculty. Is it likely that such a plan would be adopted for faculty or staff? Has the University ever considered offering short-term disability as a user pay option?*

Answer: Adoption of such a plan is unlikely for either faculty or staff. Sick leave is a sort of short-term disability. Faculty do not have a defined sick benefit. They rely on their colleagues to teach for them if they are sick. Short-term disability has been looked at from a faculty point-of-view because they do not have sick leave per se, but so far no action has been taken. Also the University is reevaluating its policy regarding family leaves—trying to ascertain if the University is a family-friendly institution. For example, one may take leave for the birth of a child but not for the adoption of a child.

Staff Recognition Week 2001

Storyteller Brown Bag Lunch.
Monday, June 4 at 11:30 a.m.
Forum Boulevard Christian Church



Staff Recognition Week 2001 kicks off June 4 with the annual Storyteller Brown Bag Lunch. This year's storyteller is the Reverend Larry G. Brown. Larry is an instructor of geography at MU and Stephens College. He is a member and co-founder of Mid-Missouri Organization of Storytelling (M.O.S.T.) and a member of the National Storytelling Association. His specialties include his original Jack Tales, medieval stories, personal recollections, biblical stories, and ghost stories.

Larry is currently the director of the Missouri Network for Human Dignity, an ecumenical clearinghouse and resource center concerning far right activities in the region. Larry has entertained hundreds of people with stories and songs of justice, courage, and compassion in fantasy and real life. Larry brings his experience as public educator and pastor to his performances, allowing groups to experience the

oral tradition with humor, wit, inspiration, and thoughtful challenges in his songs and stories from the Midwest and around the world.

Trivial Pursuit Contest and Brown Bag Lunch
Tuesday, June 5 at 11:30 a.m.
Forum Boulevard Christian Church



It's time to hit the books! The annual UM-SAC Trivial Pursuit Contest is coming up June 5. Teams may consist of no more than six members. Team members should be UM System staff and students working in UM System offices. The traveling trophy will be awarded to the winning team. We hope to see you there. To register your team send a creative team name and names of the team members to Ken Dunn, dunnkr@umsystem.edu. If you do not have a team but would like to play, anyway, go ahead and sign up. Ken will pair you up with others in search of teams.

Staff Recognition Awards Luncheon
Wednesday, June 6 at 11:45 a.m.
Donald W. Reynolds Alumni Center
Columns Ballroom



Please join us for the 2001 Staff Recognition Awards Luncheon. A fine meal prepared by the University Club will be served, followed by the announcement of the 2001 Staff Recognition Award winners. A tempting menu has been selected. Invitations will be mailed to your office address in May. Please RSVP as instructed on the invitations. Here is the menu!

- FIVE-ONION SOUP
- CHICKEN DIJON
- TWICE-BAKED POTATOES
- GREEN BEANS AMANDINE
- ROLLS AND BUTTER
- TUXEDO CHEESECAKE
- COFFEE/TEA

Staff and Retiree Picnic and Volleyball Tournament Finals
Thursday, June 7 at 11:30 a.m.
Bethel Park



Please join us for the social event of the year! Everyone who is anyone will be there. Wait until you see the list of door prizes, most of which will be awarded at the picnic. We will also be sponsoring a **FUNNY HAT CONTEST**. Wear your funniest

hat to the picnic. Invent one if you don't have one. A special Hat Selection Committee will pick the best three funny hats. Then it's up to the group to select the winner with your applause. The winner will receive fabulous prizes! We invite you to check out the Volleyball Tournament Finals which will occur during the picnic. Load up your plate and come on down to the sand pit and watch the action. Still haven't signed up your team? Here is a link for more information:

http://www.system.missouri.edu/sac/staff_recognition_week.htm and click on the Volleyball Tournament link under the Picnic listing.



We would like to urge everyone to wear their Staff Recognition Week tee shirts to the picnic. These high-quality shirts are available for \$8.00 featuring our brilliant orange and yellow logo, or \$30.00 for a polo shirt featuring the UM System seal embroidered on the left breast with *SRW 2001* embroidered underneath it. Please see the following link for more information and to order:

<http://www.system.missouri.edu/sac/shirts.htm>

As for the food, here is the taste bud-tempting menu from Buckingham's:

- **Smoked Beef Brisket**
 - **Smoked Turkey**
 - **Smoked Ham**
- **Baked Beans with Meat**
- **Baked Beans without Meat**
 - **Potato Salad**
 - **Cole Slaw**
- **Hot and Mild Buckingham's Barbecue Sauce**
 - **Buns**
 - **Cookies**
- **Lemonade and Iced Tea**

Food Drive
June 4 – June 8



During Staff Recognition Week, collection barrels will be available at each event for dropping off donations of food for the Central Missouri Food Bank. Additionally, collection boxes will be available at Lewis and Clark Hall (in the lobby), at University Hall (in the snack bar), at MOREnet (in the downstairs break room at 3212) and at Heinkel (by the Benefits reception desk).

The food bank is especially in need of canned foods, such as fruits, meats, vegetables, and soups. These donations are rare. Please help us make this food drive a success. You can learn more about the Central Missouri Food Bank at their web site: <http://www.centralmofoodbank.org>

A Word from the Chair--Dave Olson

In January's column I spoke about unity—that the whole is greater than the sum of the parts. Now it is time to talk about the parts—in other words, YOU.

The Council needs to know how you feel and what you think about issues that affect you. In order to make it easier to talk to us, we have launched an improved web site with plenty of contact information for you to e-mail the Council as a whole or individual members: <http://www.system.missouri.edu/sac>.

Also available at this site is information about Staff Recognition Week as well as a survey to find out if there are other events that would be of interest to enough people for UM-SAC to sponsor them. We will be coming to various buildings this summer to give you the opportunity to drop by and talk to us about what is important to you—a schedule will be posted on the web site shortly.

--Dave

2002 Activities Survey

You will not believe your eyes when you see all the potential activities we are considering for next year. Check out the survey and let us know what you think. Don't miss the boat! (or train, roller coaster, cave exploration vehicle, etc., etc.) The deadline to complete the survey is May 15:

http://www.system.missouri.edu/sac/forms_surveys/survey.htm

April Service Awards

Congratulations to these UM System staff who have attained these milestones of service.

35 Years

Kenneth R. Hutchinson, Vice President Human Resource Services

20 Years

Sam Kanatzar, Office of the Vice President for Academic Affairs

15 Years

Lepha L. Crockett, President's Office

10 Years

Linda C. Johnston, Accounting

5 Years

Lusina M. Elkin, MOREnet

Nikki Krawitz, Accounting

May Service Awards

30 Years

Susan Elizabeth Burns, Endowment/Retirement

20 Years

Arlys C. Burton, Risk and Insurance Management

15 Years

Ann Lohman Toellner, Cash Management

Brian J. McNamee, Endowment/Retirement

10 Years

Kristi Dawn Gregg, Management Information Systems

Marie E. Steinwachs, University Extension

Michael Dewayne Hicks, University Extension

Nelda Anette Zehner, University Extension

5 Years

Katharine S. Bunn, General Counsel's Office

Mary Patricia Holmes, State Historical Society

Editor's Corner

This is the second month that we have used an electronic format to produce the newsletter. Last month I asked for comments regarding the new format. I received about 100 responses and they were all supportive of the idea of eliminating the paper newsletter. The most commonly voiced criticism was that the electronic format should be done in a single column rather than two columns so that the reader need not scroll down and then back up the screen while reading the newsletter. Excellent suggestion! I think the reader will find it easier to read in this new form. I very much appreciate all the nice comments.

We will be recruiting candidates for the 2001 election in the very near future. Staff Advisory Council provides an excellent opportunity to meet new and interesting people. Among the most interesting are the University administrators. The administration is very supportive of our group and we have either the president or one of the vice presidents in attendance at our meetings every other month. Our members serve on the MU Campus Parking and Health Oversight Committees, and plan and coordinate the activities for Staff Recognition Week. The commitment of time is generally a couple of hours a month—more during the weeks leading up to Staff Recognition Week. Perhaps you have some ideas of your own about changing the University work environment for the better. You will never have a better chance to be heard by the administration. Please let me know if you would be interested in running or would like to discuss the possibility:
dunnkr@umsystem.edu (882-6436).

--Ken Dunn

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