



# President's Bulletin

## University of Missouri

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I am utilizing this issue of President's Bulletin to make available information on several matters of interest and concern to all full-time employees of the University.

Included is material on (1) Distribution of Staff Change Forms and effective dates for wage and salary increases, (2) Changes occurring in

Staff Benefits programs, and (3) The University's 1972-73 General Operating Budget.

C. Brice Ratchford  
President

### STAFF CHANGE FORMS

University-wide and campus staffs now are well into the massive amount of work necessary for completing the 1972-73 detailed budget. Based on the present plans for the budget calendar the following information is applicable to the distribution of Staff Change Forms, often referred to as contracts or appointment papers:

Changes in status for staff members on a biweekly pay basis will become effective with the beginning of the August 28 pay period, and Staff Change

Forms will be issued the week of September 18. The first pay day for the new rates will be September 20, 1972.

Staff Change Forms for all faculty and full-time appointed staff will be distributed during the last week of September. All changes in employment status for faculty and other appointed staff members will be effective on September 1, 1972, and any increases in salary will be included in the regular September payroll.

### RETIREMENT PLAN

On August 4, 1972, the Board of Curators officially ratified an early retirement amendment to the University's Retirement, Disability, and Death Benefit Plan. Effective September 1, 1972, full-time members of the staff, who have accumulated at least 10 years of credited service under the plan, may request retirement with actuarially reduced benefits between ages 55 and 59.

Heretofore, the minimum age for such

early retirement was 60 years. The amount of annual actuarial reduction in benefits is in large part based on Internal Revenue Department policy, and is similar in principle to Social Security procedures for those wishing to receive such benefits before age 65.

Campus Staff Benefit Offices have been given tables indicating the amount of actuarial reduction for retirement with benefits prior to age 65. They will be glad to answer any inquiries.

## MEDICAL BENEFIT PROGRAM

Regretfully, though not surprising, monthly employee contribution rates to the Medical Benefit Program must be increased, effective October 1. Payroll deductions for bi-weekly paid employees will be made September 20 and deductions for monthly paid employees will be made

September 30. At the same time, the University will increase substantially its contributions to support this program.

The following tables show the current and new rates, according to type of coverage and persons covered:

### \$50 NRIC\* \$35 R & B\*\*

	Employee Rate	
	Current	New
Employee	\$ 3.45	\$ 4.07
Employee & Child or Children	4.74	5.59
Employee & Spouse	7.57	8.93
Employee, Spouse & Child or Children	8.85	10.44

### \$50 NRIC \$50 R & B

	Employee Rate	
	Current	New
Employee	\$ 5.66	\$ 6.68
Employee & Child or Children	7.61	8.98
Employee & Spouse	11.90	14.04
Employee, Spouse & Child or Children	13.85	16.34

### \$200 NRIC \$35 R & B

	Employee Rate	
	Current	New
Employee	\$ 2.29	\$ 2.70
Employee & Child or Children	3.10	3.66
Employee & Spouse	4.36	5.14
Employee, Spouse & Child or Children	5.15	6.08

### \$200 NRIC \$50 R & B

	Employee Rate	
	Current	New
Employee	\$ 4.49	\$ 5.30
Employee & Child or Children	5.97	7.04
Employee & Spouse	8.69	10.25
Employee, Spouse & Child or Children	10.15	11.98

\*Non-reimbursable cost

\*\*Room and Board

Medical costs have been rising at an annual rate of 15 to 20 per cent for several years. Most medical insurance plans have responded with increased premiums. During this period, the University has not increased employee contribution rates for the basic plan.

We have been able to hold the line in recent years because of the adoption of a self-funded medical benefits plan in January, 1970. Very significant savings were generated by that action. Those savings, however, have been eroded by swiftly rising medical costs. At the same time, there has been increased utilization of the plan by University

employees. Moreover, the benefits have been liberalized and broadened at no additional cost to the staff member. Statistics from the Health Insurance Association of America indicate that annual health insurance benefit payments have risen 303 per cent during the ten-year period 1960-1970.

The University's plan, being self-funded, is the least expensive approach to medical benefit coverage. If, for example, the University had continued with a commercially insured plan, contributions for the coming year would have had to increase approximately 50 per cent, to say nothing of the addi-

tional increases that would have been required in previous years.

A few words concerning the future are appropriate. Unless trends are reversed, medical costs will continue rising. The claims level of the University's Medical Benefit Program will be affected accordingly.

It would seem, therefore, that we may anticipate the need for further increases in contribution rates in the 1973-74 fiscal year. Because the University plan is essentially a cost-incurred plan, whatever additional contributions are required will be only for covering the additional cost of the program.

## LIFE INSURANCE

For those enrolled in the University Life Insurance Plan, certain automatic changes may go into effect September 1, 1972.

It will be recalled that the amount of coverage in the salary based plan is determined by annual salary and age. If the amount of annual salary increases, the amount of insurance may change, based upon the principle of rounding to the next higher \$1,000.

For example, if a staff member's annual salary is \$4,900, and he or she is under 55 years of age and is enrolled in the salary based plan, coverage would be \$5,000. If that salary is increased to \$5,080 on September 1, the amount of life insurance would automatically rise to \$6,000 and be effective on that date. The payroll deduction in this example accordingly would be increased 20 cents per month.

The plan also calls for automatic adjustments in percentage of coverage according to age on the September 1 following the attained age as specified:

<u>Attained Age</u>	<u>Applicable Percentage of Annual Salary Covered</u>
55 years	75 per cent
60 years	50 per cent
65 years	25 per cent

(In no case will the coverage be below \$2,500.)

For those in the non-contributory life insurance plan, the only change would be for those having reached age 55 during the past year. On September 1, 1972, the amount of insurance will be reduced from \$3,000 to \$2,500. The University pays the full cost.

Finally, there are those who elected to remain in the decreasing term plan. In this plan, the amount of coverage is directly tied to age with a constant monthly payroll deduction. The amount of insurance decreases with increasing age. The detailed schedules of coverage are included in your General American life insurance policy.

The premiums for this plan are deducted a month in advance. The premium adjustments will be made in September (bi-weekly on September 20 and monthly on September 30) and will reflect any adjustments that should have been made in August for September.

## THE UNIVERSITY'S 1972-73 GENERAL OPERATING BUDGET

Extremely difficult problems were encountered in drawing the proposed guidelines for the 1972-73 general operating budget. I think it will be helpful for you if I explained some of those problems and how they were resolved.

The total budget figure which I recommended, and for which the Board of Curators approved guidelines on June 30, is \$145 million. This represents an increase of \$7 million--or 5 per cent--over the 1971-72 general operating budget.

But the hard facts were that the University needed some \$12 million in additional funds to meet the budget necessities of 1972-73. The General Assembly had been able to provide the University only a \$5 million increase in state appropriations for fiscal 1972-73. As a result, the University was short about \$7 million in needed funds to support the new budget.

Faced with the dilemma of finding \$7 million in additional funds, the University was confronted with two

alternatives: (1) raise student fees and tuition, or (2) cut back present University programs and services and reassign those funds to more pressing needs. In order that neither of these would be forced to suffer the entire consequences, a compromise was reached and it was decided to acquire the needed funds through a combination of fee increases and cutbacks.

Last May 26 the Board voted to increase the student incidental fee \$20 per semester, bringing it to \$250 for a full-time student. At the same time, tuition for non-resident students was raised \$40 per semester, bringing it to \$500, which with the incidental fee makes the per semester cost \$750.

The fee and tuition increases will bring in an additional \$1.6 million next

#### EMERGENCY FUNDS REQUEST

On August 4, Governor Warren E. Hearnes announced that he will recommend to a special session of the General Assembly in September that an emergency appropriation of about \$3.5 million be made to the University for the 1972-73 fiscal year.

Should the appropriations be received, the University would rescind the recent increase in student fees, some of the programs that have been cut back would be restored and some other programs would be improved. Until such time as the additional funds might actually be appropriated, however, the 1972-73 operating budget guidelines for the University, as explained here, are in effect.

year and, coupled with about \$400,000 expected to be realized from various other sources, will make a total of \$2

million in additional funds available for the 1972-73 general operating budget.

This left \$5 million to be acquired through various cutbacks in campus programs and services from the 1971-72 budget base, and the reassignment of those funds to other areas for 1972-73. These cutbacks will be accomplished by the following means: \$3,222,526 in various budgetary reductions, including a reduction in number of positions; \$1,350,000 in the reassignment from Library acquisitions and Special Equipment fund included in the 1971-72 budget; and a reduction of \$500,000 in computer operations.

All of these steps--the increase in fees and tuition and the cutbacks in University programs and services--are bitter pills to swallow. But there were no other alternatives available during these times when the University is confronted with increasing obligations and rising costs on the one hand and a period of financial stringency on the other.

In summary, the \$12 million in additional funds needed to support the 1972-73 fiscal year budget is as follows:

\$4.7 million for opening and operating new buildings, for additional fuel and utility costs, for accepting the second year class at the new School of Medicine in Kansas City and for carrying previous salary and wage adjustments into the first two months of the next fiscal year; \$1,350,450 to care for next year's increased enrollment; \$2 million to meet inflationary cost increases in equipment and other expenses; \$500,000 for a contingency reserve for all campuses and programs; and \$3.5 million to provide salary and wage increases for University faculty and staff, which is a 4 per cent overall dollar increase in the University's salary and wage budget of the 1971-72 fiscal year period.

See Budget Chart on Page 5

UNIVERSITY OF MISSOURI  
1972-73 GENERAL OPERATING BUDGET GUIDELINES  
AT A GLANCE

1972-73 General Operating Budget.....	\$145,301,449
1971-72 General Operating Budget.....	138,295,237
Net Increase in 1972-73 Budget.....	\$ 7,006,212

ADDITIONAL FUNDS REQUIRED  
TO SUPPORT 1972-73 BUDGET:

<u>Absolute Necessities:</u>	
In order to meet mandatory cost increases such as opening new buildings, increases in fuel and utilities costs, admitting the second year class at the new School of Medicine in Kansas City, and carry salary and wage adjustments of 1971-72 fiscal year to September 1, 1972, etc.....	
	\$ 4,698,288
<u>Other Necessities:</u>	
Includes handling increased enrollment (both on-campus and Extension), faculty and staff salary and wage adjustments, increased costs of equipment and other expenses, a contingency reserve for all campuses and programs, etc.....	
	\$ 7,380,450
Total Additional Funds Required.....	\$ 12,078,738

CUTBACKS IN UNIVERSITY  
EXPENSES FOR 1972-73 FROM  
1971-72:

Various budgetary reductions including a reduction in number of positions.....	
	\$ 3,222,526
Reassignment from Library acquisitions and Special Equipment Fund included in 1971-72 budget.....	
	\$ 1,350,000
Computer expenditures.....	\$ 500,000
Total Cutbacks.....	\$ 5,072,526

Additional Funds Required.....	\$ 12,078,738
Less Cutbacks.....	\$ 5,072,526
Net Increase in 1972-73 Budget.....	\$ 7,006,212

SOURCES OF ADDITIONAL FUNDS AVAILABLE  
TO UNIVERSITY TO SUPPORT 1972-73 BUDGET:

Increase in State Appropriation.....	\$ 5,005,813
Increase in Student Incidental Fee and Non-Resident Tuition and From miscellaneous sources.....	
	\$ 2,000,399
Total Additional Funds Available.....	\$ 7,006,212