

University of Missouri System

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Rolla

As the University of Missouri System looks toward the new year, administrators and the Board of Curators look to a future in which the UM System can become not just adequate—but excellent. “We don’t want to be average—we want to be the best we can be,” said Curator Jim Sterling at the December meeting of the Board of Curators. Read Sterling’s remarks about the University System’s future and our need to reach not just for average accomplishments, but the best the University of Missouri System has to offer the state, inside on page 3.

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Plan includes provisions to boost compensation

The fate of increased compensation for faculty and staff throughout the University of Missouri System will be in the hands of the General Assembly when it begins its 1989 session in January.

That's when University President C. Peter Magrath will present the five-year funding plan to the legislature by asking the state for an additional \$52 million in operating funds for 1989-90.

"The legislature is likely to be sympathetic to the five-year plan but frustrated on how to pay for it," says Jim Snider, assistant to the president for state governmental relations.

UM System faculty, administrators and curators are working together to make the five-year plan reality by encouraging the legislature and the governor to help the UM System achieve the funding goal for 1989-90, the first year of the five-year plan.

Faculty councils from all four UM System campuses have adopted a resolution supporting increased funding for the University. "This endorsement of the need for state

support is most helpful, and I want to recognize the leadership of our faculties for this solid demonstration of support," Magrath says.



Magrath also has been meeting individually with the state's business, corporate and civic leaders to make the case for stronger state support. "The leaders in Missouri's private sector understand and appreciate the unique mission of this University, and I

believe their support will have a positive role to play in both public and private funding initiatives," Magrath says.

The five-year plan calls for an additional \$147 million annually — \$117 million in state funding plus \$30 million in University-generated funds. Repairing the funding base will cost \$102 million annually with the rest of the \$147 million to go toward moving the University forward. Included in repairing the base is \$51.4 million for faculty and staff salaries and benefits.

Starting out as a financial needs statement written by Magrath and endorsed by the Board of Curators in June, the five-year plan is designed to repair the UM System's budget base and to help the University meet Missouri's future educational and economic development needs. A resolution in support of the plan was passed by the board at its December meeting.

"We can't reasonably expect to solve our funding need in one year so our objective is to solve that need over five years," says James T. McGill, vice

president for administrative affairs, in explaining the genesis of the five-year plan.

Copies of the five-year plan are available from University Relations, 828 Lewis Hall, Columbia, MO 65211, (314) 882-4591.

How the funds will be used

The five-year plan for funding calls for repair of the University System's base support by providing additional funds generated gradually over the next five years for these annual needs:

- compensation (\$51.4 million)
- libraries (\$6 million)
- academic computing (\$10 million)
- equipment replacement (\$15 million)
- maintenance and repair of facilities (\$19.6 million)
- selected program improvements called for in the long-range plan and the Agenda for Action (\$40 million)
- student aid (\$5 million)

The budget process — an effort of combined decision making

University budgets can be built two different ways: a centralized approach or a decentralized approach. The University of Missouri System uses a decentralized process in which UM System administration delegates responsibility to the campuses, which, in turn, delegate considerable responsibility to the schools and colleges.

"The chancellors have a substantial amount of budget responsibility and authority at the UM System. They, in turn, rely heavily on deans for budget decisions. Philosophically, I think that's exactly the right approach for this University," says James T. McGill, vice president for administrative affairs.

In some states, the legislature becomes involved in line-item budgeting the number of faculty and staff positions and sometimes even in setting salaries. In some multicampus universities, all tuition funds and donations flow to a central treasury and are then returned to the campuses. "Budgeting in the UM System is highly decentralized compared with many public higher education institutions," McGill says.

The advantage of making key budget decisions on the campus is the people best able to determine whether to spend a dollar on alternative A or B are those who are closest to the situation. "If the president and the board had to decide whether alternative A or B was going to be chosen, it would be an awful bureaucracy," McGill says.

"With decentralized budgeting you have people who know they are responsible for their spending decisions," McGill says. "Better decisions are being made in the University as a result of vesting in campus academic officers some flexibility in the use of the funds they receive."

Part of the budget process involves the distribution of state appropriations to the campuses. Some institutions use formulas that may take into account factors such as the number of students at a campus, the

level of students (graduate students cost more than undergraduates), the research and service missions of the campus, the physical plant, extension activities and so on.

Currently, the UM System distributes most of the state money among the campuses and the System-level activities proportional to the state appropriation base of the previous year.

The general officers (the president, the four chancellors and the two vice presidents) begin discussing, even before the legislative session ends, how state funds will be allocated among the campuses and System-level activities. As the legislative session proceeds and the outlook for the appropriations becomes clearer, the general officers continue to meet to fine-tune the figures. On the campus level the chancellors meet with faculty groups.

"When we have an idea of how much money is actually going to be available and we have estimated what the mandatory expenses are, that gives the general officers a sense of the amount of money available to allocate," McGill says.

Sometimes legislative intent comes to play in the allocation decisions. If the legislature or the governor indicates that certain items should be funded, the UM System needs to follow those suggestions. For example, in the 1988-89 academic year, the General Assembly appropriated \$850,000 for veterinary medicine. "In a strict legal sense the University would not have had to spend those monies there," McGill says. "But had we shifted the funds, it would have been at great peril in terms of legislative relations in future budgets."

Another way the state can reduce the available funds is by withholding. The governor can withhold 3 percent to ensure a balanced budget. The withholding can be released if actual revenue allows it.

The president, in consultation with others, may determine there are certain systemwide priorities that should receive funding. For example,

in the 1988-89 year it was determined that \$750,000 of the new money would be put into enhancing the private fund-raising efforts at the University. In the 1987-88 academic year, minority scholarship funds were a systemwide priority.

Budget allocations are result of cooperation.

"The dollar amount the president stipulates for systemwide priorities is not trivial, but in terms of the overall operating budget of the UM System, it has been a very small percentage," McGill says.

After funding legislative intent, systemwide priorities and unavoidable costs such as utilities and benefits, the rest of the state money is divided among the campuses and System administration proportional to the state appropriation base of the previous year.

Determination of the systemwide priorities, mandatory expenses and distribution of the state funds to the campuses is made in June or early July. The chancellors then submit to the president a detailed description of how they will allocate those funds on the campuses.

At the July Board of Curators meeting, curators approve the budget. Most of the specific allocations are determined at the campus level. The curators also set some general guidelines such as salary and wage increases.

"But within those general guidelines and with the funds available, it is up to each chancellor, through whatever process he or she uses, to make the specific allocations on the campus," McGill says. The processes differ somewhat on each campus, but typically a chancellor will have consulted with campus academic

and administrative officers and faculty groups regarding priorities for funding.

Salary and wage principles provide that a certain percentage average increase for employees be given, with the specifics to be determined on the basis of merit and market. Each campus has its own detailed guidelines defining merit. "In this University, as is the case in most research universities with which I'm familiar, the criteria and the weights put on merit components are decided primarily at the school and department levels," McGill says.

The personnel evaluations and determinations for individual salary increases are made in July, August and sometimes early September.

If during the fiscal year the governor releases the withholding money, the UM System distributes that money according to already established priorities.

A factor built into the budget is a 1 percent reallocation of funds on each campus and at the UM System-level. "That is to say, some of the activities currently conducted in a year will be eliminated or reduced. Enough of those activities will be found to free up 1 percent of the budget base. Those funds are then to be used to finance higher priority items," McGill says.

The curators in 1984 set a specific numerical goal for reallocation of \$22 million in three years. The UM System actually reallocated \$24 million, roughly 2.3 percent a year for each of those years. Now policy is to reallocate 1 percent a year. "The 2.3 percent reallocation per year for three years squeezed a lot out of the institution," McGill says. "The University System did a lot more reallocation than any other comparable institution we know."

Reallocated money and any revenue generated at the campus level remains on that campus. For instance, fee revenue, grant money and private donations generated by a campus supplement state funds that campus receives. Keeping campus-generated funds at that campus provides an incentive to increase those funds.

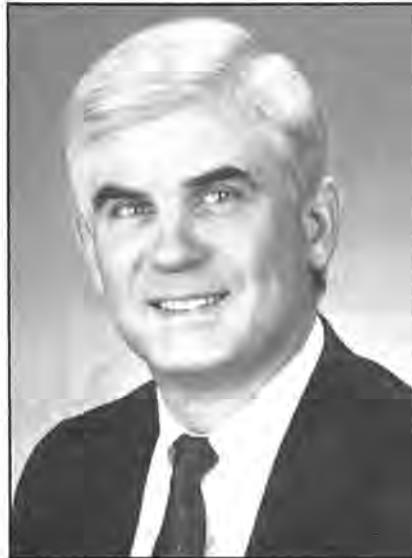
Commentary

Just being average isn't good enough

by Jim Sterling
Member, Board
of Curators

Editor's note: The following remarks are taken from a presentation made by Curator Jim Sterling at the December Board of Curators meeting. Sterling, who is from Bolivar and is a newspaper publisher, serves as chairman of the board Committee on University Resources.

It has been suggested intelligently and articulately by members of this board that we have two ways to go with this university. One, perhaps, would be to rethink the entire structure, assuming present state funding, and to become better in some



Sterling

ways — but with fewer students.

I would like to take the other route — first saying that quality should always be foremost in our thinking. However, I do not believe that quality and being a great, growing, living, vibrant people's university are mutually exclusive. Consider Michigan, Ohio and our peer institutions across the country.

I believe the University of Missouri is one of the great universities in America. It has a long and rich tradition. Today it serves Missourians in many ways, with more than a quarter of a million graduates and almost 55,000 students on our four campuses. I do not want to see this university become less than it is today because this university is essential to the economic well-being of this state

in the next century. We are not simply concerned with education; we are concerned with the economic future of our state and the unique role of this university in building that future.

I would urge this Board to drop our preoccupation with worst case scenarios and self-flagellation and begin instead to talk more about what we should be doing to build a great university to serve this state. I applaud our efforts to establish an Agenda for Action and our administrators' thoughtful efforts to repair the base of one of our state's greatest assets. We are significantly behind other states; however, if we are successful, we will move all the way up to average in funding for our university system.

Just up to average!

Think about it. None of us around this table likes to think of ourselves as "just average." Average is not satisfactory — not for my newspapers — not for Curator Sam Cook's banks — or for Curator Fred Kummer's hotels and construction company. The Botanical Garden is no average garden.

None of us wants an average lawyer representing our interests, and we want and will pay for the best when it comes to selecting a doctor. Why then should average or less be a goal of this board?

We as Missourians like our state. We think it is better than average. We think our university is above average, too, and it is. A great deal is being accomplished with smoke and mirrors. We do a tremendous job with what we have, and this is a credit to our dedicated faculty, our tremendous staff and the talented leadership in our administration.

I might say, too, that the students have not lost faith in us. Enrollments are up; test scores are up; and students have somehow been willing to pay higher fees for the privilege of attending one of the University of Missouri campuses.

But we have come to the brink. Time is running out. If we choose to be less than we should be, we are turning our backs on the essential role of the state's only public research University.

We must look to the present window of opportunity to be what we can and should be. We must marshal

the alumni. We must provide leadership in creating new coalitions and new partnerships of concerned Missourians willing to work for the future of our state.

We simply cannot give up on our state or on our mission to do what is right for the state. The future of Missouri will be jeopardized if this university is allowed to do less than it should. Evidence of the key role that higher education must play in future economic prosperity is already on the table. It is being done in other states. We must form this alliance — or we will fall farther behind.

Texas has done it in the worst economic era since the Great Depression. It has happened in North Carolina, in Massachusetts and in Colorado. It is even happening in Mississippi and Kansas.

I am competitive enough to find it very distasteful to be in a position to do something — and not to grab the ring. I am proud enough as a Missourian to want the same benefit for our state, and I think we can have it!

We are giving up on our state and short-changing our children's future when we accept only what we are given and do not devise new ways to get what we need and should have.

I do not think we have received messages from the governor and General Assembly saying that they want to be last in assistance to higher education. They respond to the public; and, somehow, they do not have the message that we are in trouble. We may be dealing with low funding as a reality right now, but I believe we have an opportunity — a challenge — through our leadership to change that tomorrow.

We must begin by sending a clear signal that we know what we are doing. We must challenge the perception of Missourians that everything is okay with higher education. When we suggest publicly that we can do more with less, we are doing a disservice to the state. We are ignoring a basic problem, which no thinking person can deny; we do not spend enough on higher education. If we were just average, we would reach most of our goals. We could do our job more effectively. Our state cannot

continue to try to get by on the cheap approach. We are mortgaging the future.

We have our plans; we have the Knight Report; we have our Agenda for Action; and we have the independent Opportunity 2000 report. They all tell us what we should be doing and where we should be going.

I believe the people of this state want to enjoy the benefits of an above average or excellent environment in which to live and raise their families. I do not know anyone who does not like to see a bigger paycheck. I believe Missourians — when asked, when presented the facts and when given the alternatives — will choose the right path. When Missourians know what is at risk, they will respond.

I think the corporate community already understands this. Moreover, I believe when things start to move in the right direction, the political leadership will find it advantageous to join the movement.

We do have two ways to go. We can challenge this state to live up to its potential, and we can help provide the leadership to make Missouri one of the premier states in the next century. Or, we can regroup, cut back, be less, abdicate our responsibilities and watch our state fall behind while other states move forward. I ask you as fellow curators to take up the challenge to do the things we must to increase resources for this university. Private funding will increase at a faster pace when we are properly funded by the state. We must work in a positive fashion to tell our story and to persuade the public that funding for education is truly an investment with huge dividends that will make this a richer state with more and better jobs and more opportunity for all of our citizens.

I was reminded recently of something the late Robert F. Kennedy said.

"Some people see things as they are and ask 'Why?' — While others dream of what might be and ask, 'Why not?'"

I want this Board of Curators — chosen for leadership roles for this statewide University System — to take the second route, to look at what we might be, and to say, "Why not?"

New rules allow use of 'MU'

At its December meeting, the University System Board of Curators approved a change in University System nomenclature that had been tabled from an earlier meeting.

University System regulations now allow the use of "MU" to relate to the University of Missouri-Columbia.

Previous regulations have disallowed the use of "MU" in any reference to the University System or any of its campuses.

Frazer is a member of the National Medical Association and the American College of Physicians.

She currently serves as chairwoman of the Finance Committee of the Board of Curators.

Board of Curators elects new officers for 1989

Ed Turner of Chillicothe was elected president of the UM System Board of Curators at the board's December meeting.



Turner

Eva Louis Frazer of St. Louis was elected vice president.

Turner, who is a real estate and insurance broker with Hutchinson and Co. in Chillicothe, joined the board in 1985. He has served as chairman of the Academic Affairs Committee, the Finance Committee and the Physical Facilities Committee. He is a lifetime member of the University of Missouri-Columbia Alumni Association.

Turner graduated from UMC with a degree in agricultural economics in 1962. He served as district representative for Quaker Oats Co. and district manager for Allied Mills Inc. before joining Hutchinson and Co.

Turner served as campaign coordinator for Congressman Jerry Litton and as administrative assistant and chief of staff for Litton from 1972 to 1975. He is the founder and a charter member of the U.S. House of Representatives Administrative Assistants Association.

Turner has served as president of the Chillicothe Chamber of Commerce, vice president of the Chillicothe Industrial Development Corp. and chairman of the Committee for Dependable Energy. He has served as chairman of the Cub Scout Executive Committee and president of the Chillicothe Shrine Club.

Turner received the Outstanding Member Award from the Chillicothe Chamber of Commerce in 1987 and the Outstanding Civic Leadership Award presented by the Missouri Municipal League.

Frazer is from St. Louis but is a 1981 graduate of the UM-Kansas City six-year medical program. She received her bachelor's and doctor of medicine degrees there with honors.

After her internship and residency at the Mayo Clinic's Graduate School of Medicine in Rochester, Minn., Frazer joined St. Mary's Health Care Center in St. Louis.

Utilization review — it can be easier than you think

Utilization review under the University System's medical benefits program becomes mandatory Jan. 1.

As of that date, any hospital admission for you or any member of your family covered under the medical plan should be cleared by HealthLink, the UM System's preferred provider organization.

It can be done with a simple phone call to HealthLink. Those numbers are 1-800-843-6254 (for employees on the Columbia and Rolla campuses), 872-9621 (for St. Louis employees) and 1-913-339-4400 (for employees on the Kansas City campus). If you need to call from outside Missouri, call 1-800-624-2356.

HealthLink should also assist you in obtaining a second opinion on certain surgical procedures. A list of surgeries requiring a second opinion is listed in materials HealthLink distributed in 1988 and appears in a new brochure dealing only with utilization review that should be available to employees early in 1989.

The HealthLink network consists of 27 area hospitals and more than 1,500 physicians. Using one of the preferred providers in the HealthLink network allows you to receive higher levels of reimbursement on medical costs.

Whether you use a preferred provider, the features of the utilization review program are

- preadmission certification,
- second surgical opinion,
- concurrent review,
- discharge planning and
- retrospective review.

What steps to take

Ron Monroe, manager of employee benefits, says the philosophy of utilization review is not to prevent anyone from receiving necessary care, but to provide a network through which we can all be better healthcare consumers.

"We're trying to help everyone receive the most appropriate medical care for their money," Monroe says.

"Prior to the mandatory concept of utilization review, HealthLink's philosophy was that it was the doctor's responsibility to make the call regarding a hospital admission. We felt that in going to the mandatory approach, we should give the employee or any member of the employee's family the option of calling to be sure the utilization review process is initiated."

When you call HealthLink, you only need to provide your name, the nature of the hospitalization and the name of your physician. HealthLink takes over from there to get more specific information from your doctor.

The hospitalization will then be reviewed according to widely accepted standards for the same kind of treatment. You and your doctor will then be notified whether your hospitalization meets those criteria. Since this process occurs before admission, you and your physician have opportunity to appeal or question the certification prior to your admission if there is any disagreement.

In the case of emergencies, admissions will not be denied. It is necessary that the utilization review team be contacted during the next business day, however, to confirm the admission.

Hospital admission for childbirth is not considered an emergency admission. Instead, the utilization review team should be contacted after the mother's sixth month of pregnancy. Upon admission to the hospital, HealthLink should be notified once again to initiate concurrent review while the employee is hospitalized.

Preadmission certification for hospitalization outside the United States is not required.

Concurrent review

Once a hospital admission — emergency or otherwise — is certified, a registered nurse from HealthLink will regularly review your medical process. This is done through consultation with your doctor and nurses and, with your written permission, review of your medical records.

Another benefit of this concurrent review is it allows the utilization review team to determine which cases will require use of the discharge planning program.

If you are enrolled in the \$100 deductible plan, you will be required to satisfy the \$100 calendar year deductible and room and board deductible, whether or not the hospital is part of the PPO network.

If you are enrolled in the \$500 deductible plan, the \$500 deductible is applicable in any case.

The benefit rate under the medical plan will be 70 percent, rather than 80 percent. If you have met the \$1,000 out-of-pocket limit, the benefit rate will be 90 percent rather than 100 percent.

According to Monroe, HealthLink will allow a 90-day grace period ending April 1 for employees to become accustomed to mandatory utilization review. Failure to comply during that time will not result in penalties.

Second surgical opinions

Certain surgical procedures may require a second doctor's opinion. This ensures all options for treatment have been considered before undergoing surgery.

than 90 percent for outpatient surgery. If you have met the \$1,000 out-of-pocket limit, the benefit rate will be paid at 90 percent rather than 100 percent.

Surgical procedures that require second opinions

I. General surgery

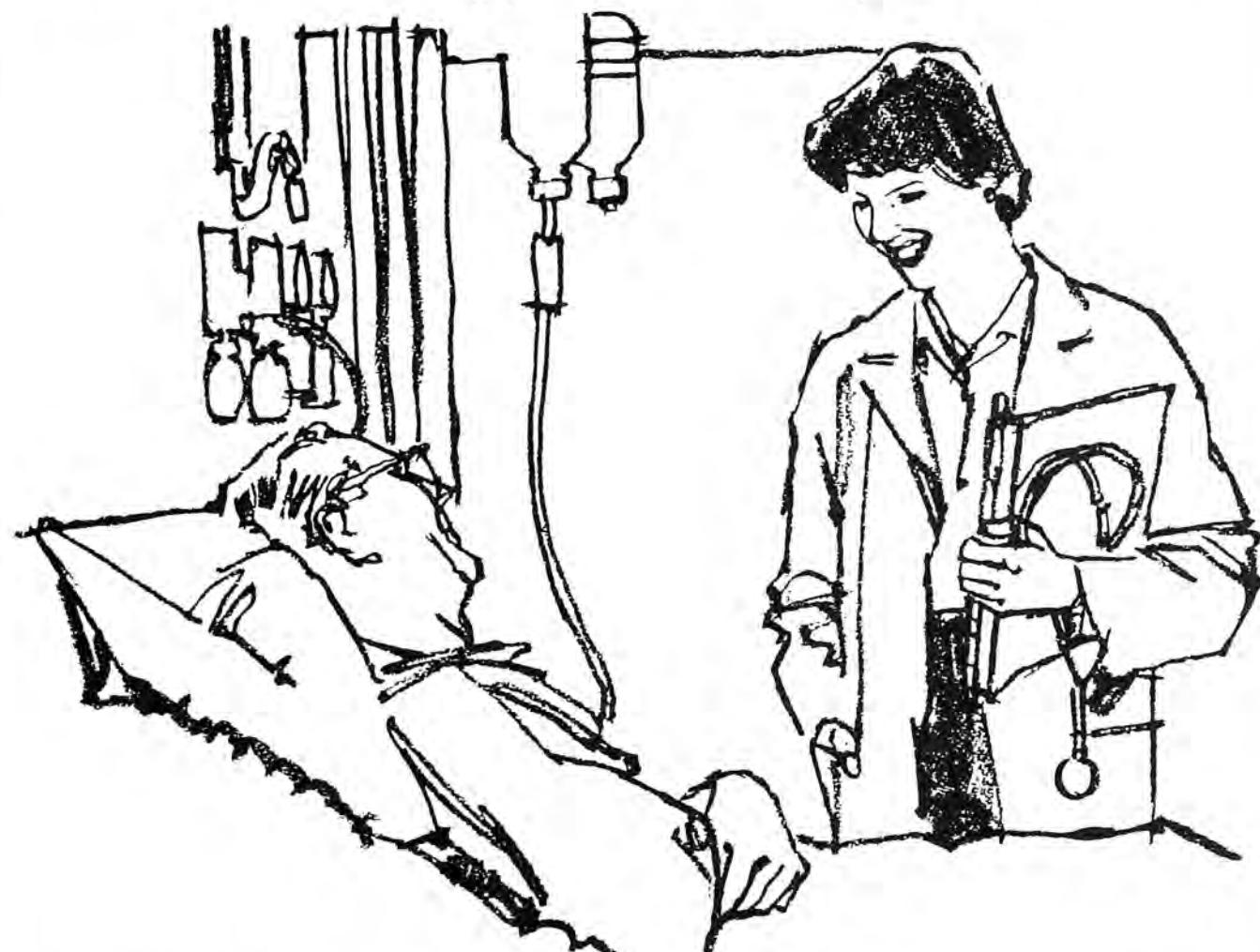
- A. Ligation and stripping of varicose veins
- B. Hernia repair: inguinal, femoral, ventral, umbilical
- C. Cholecystectomy
- D. Hemorrhoidectomy
- E. Mammoplasty*
- F. Surgery for morbid obesity
- G. Cervical rib resection

II. Orthopaedic surgery

- A. Laminotomy
- B. Arthrodesis-back
- C. Carpal tunnel release
- D. Arthroplasty; knee, hip
- E. Meniscectomy, knee

III. Foot surgery

- A. Bunionectomy
- B. Excision Morton's neuroma
- C. Metatarsal Osseotomy



Discharge planning guarantees discharge from the hospital only when it is prudent. Your discharge planning will be coordinated through your doctors, nurses and social service personnel. This ensures a smooth and safe transition from the hospital to home or another healthcare facility for extended care or home healthcare services.

Following your discharge, the hospital billings will be reviewed to guarantee that only necessary and appropriate care was given you and charged to your account.

Penalties

If the hospitalization certification process is not initiated, the benefits payable under the medical plan will be reduced. The amount of reduction depends on whether you were hospitalized in a PPO provider and the deductible arrangement in which you are enrolled in the medical plan.

For any days not certified by HealthLink, the following penalties will apply:

If your surgery is one that appears on the list of those requiring a second opinion, you should contact the utilization review team to determine whether a second opinion is necessary, based on your condition and health history.

If a second opinion is necessary, you will be given the names of two specialists. You arrange an appointment with one, take along any records or test results affecting your case and a second opinion form that will be mailed to you.

The form is then mailed to the original doctor and the utilization review team. If a PPO provider is used, the cost for the second opinion is covered 100 percent; for a non-PPO provider, the cost is covered at 80 percent after the deductible.

Penalties

If a listed procedure is performed without a second opinion, the benefit payable under the medical plan will be 70 percent rather than 80 percent for inpatient surgery and 80 percent rather

IV. Gynecological surgery

- A. Hysterectomy
- V. Ear, nose, throat surgery
- A. Nasal septoplasty*
- B. Rhinoplasty*
- C. Submucous resection*
- D. Tonsillectomy and/or adenoidectomy

VI. Eye surgery

- A. Cataract extraction

VII. Urological surgery

- A. Prostatectomy
- B. Urethroplasty
- C. Unroofing kidney cyst
- D. Marshall-Machetti-Krantz operation

VIII. Cardiac surgery

- A. Coronary bypass

* This procedure may not be covered. Be certain it is a covered surgery before a second opinion is obtained or before the procedure is performed.

Laurels

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Beryl Ortwerth, UMC professor of ophthalmology, received the 1988 Alcon Laboratories Research Award. This award is presented for outstanding achievement in vision research and carries a \$50,000 stipend to support the recipient's research program.

Michael Kaylen, UMC assistant professor of agricultural economics, was appointed to the American Agricultural Economic's Association's Outstanding Master's Thesis Awards Committee.

Tom Cooke, UMC professor of English, was appointed to the editorial board of Bestia, the journal of the Beast Fable Society of America.

UMSL Chancellor Marguerite R. Barnett has been elected to the Board of Trustees for the Committee for Economic Development, a New York-based national committee that seeks to enhance long-term economic growth and improve the standard of living for all America.

Guy Horton, executive assistant to UM System President C. Peter Magrath, has been elected to the Council for the Advancement and Support of Education's Board of Trustees.



UMR Chancellor Martin C. Jischke has been reappointed as chairman of the national Congressional Aeronautical Advisory Committee. The committee provides Congress with independent and professional advice about the National Aeronautics and Space Administration aeronautics program.

W.R. Miller, dean of the UMC College of Education, has been elected to the executive board of the South-Central Region Holmes Group.

William H. Pfander, associate dean of the UMC College of Agriculture, has been named a fellow of the American Society of Animal Science.

Herm Smith, UMSL associate professor of sociology, received a Fulbright grant to teach American Studies at Tohoku University in Sendai, Japan. He will spend a year in Japan beginning in January.

Dema Alpetekin, assistant professor of engineering management at UMR, has received the Outstanding Young Manufacturing Engineer Award from the Society of Manufacturing Engineers.

MRAA committee seeking research proposals

The Missouri Research Assistance Act Steering Committee is seeking proposals for applied and research projects for the next round of competition for Missouri Research Assistance Act funding.

The Missouri Research Assistance Act was enacted in 1982 to help fund research and applied projects that enhance employment opportunities, stimulate economic development and encourage private investment in the state. One-third of the direct costs of approved projects will be provided

through state funds; the remaining two-thirds requires matching funds from industry or other non-government sources. If a small business contributes the matching portion, two-thirds of the direct project costs will be provided by MRAA.

Proposals are due in the Office of the Vice President for Academic Affairs by March 15. Proposals must be processed through campus grants offices and endorsed by the chancellor or vice president. Interested faculty members should contact campus grant

offices for information concerning campus deadlines, format for submission and complete Research Assistance Act guidelines.

Further information is available from Nancy A. Marlin, assistant vice president for academic affairs (314) 882-6396.

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