Columbia banker Fraser resigns as Missouri curator

COLUMBIA, Mo. (AP) -- Columbia banker Bo Fraser is stepping down from the University of Missouri Board of Curators with two years remaining in his six-year term.

Fraser announced his resignation during a special board meeting on Monday. He plans to spend more time at his Florida retirement home and said he didn't feel capable of devoting adequate time to the university assignment.

The Boone County National Bank chairman was named to the 10-member governing board by Republican Gov. Matt Blunt in 2007. His replacement will be chosen by Democratic Gov. Jay Nixon.

Fraser's departure comes as three other board members' terms expire in December.
UM Curator Bo Fraser steps down 2 years before term ends

By Janese Silvey

Bo Fraser of Columbia has resigned from the University of Missouri System’s Board of Curators. He announced his decision during a special board meeting today.

“I’ve wrestled with this decision,” Fraser told the Tribune before his announcement. “It wasn’t an easy one.”

Former Gov. Matt Blunt appointed Fraser to the board of curators in 2007, and his term doesn’t expire until 2013. But over the past couple of years, he has been spending as much time at his retirement home in Florida as he has in Missouri. That, Fraser said, has prevented him from being as active on the board as he’d like.

“A curator’s job is a very, very important job,” he said. “It’s a complex organization. It takes a lot of time, energy and effort to do that job right.”

Fraser knows, though, it’s a tough time for the board to lose another experienced curator. Not only will the board face difficult decisions in another tight budget year; he’s also leaving alongside three veteran curators: Doug Russell, John Carnahan III and David Wasinger will see their terms expire next month. Add to it the fact that Don Downing, Wayne Goode and David Bradley were appointed in 2009, and that means just two curators, Judith Haggard and Warren Erdman, will have had more than two years of experience on the board.

Fraser said he has thought about that and is hopeful Gov. Jay Nixon will appoint someone who already is familiar with the university system and won’t need as much time to get up to speed.

In a prepared statement, UM System President Gary Forsee said Fraser has been an “invaluable member of the board.”

“His leadership as board chair last year and ongoing expertise in financial matters, particularly related to the budget and the university’s retirement plan, have made significant and lasting contributions to the university,” Forsee said. “We wish him the best of luck.”

Fraser’s replacement must reside in the Ninth Congressional District but doesn’t have to live in Columbia or Boone County. Curators serve six-year terms, although whoever replaces Fraser will only serve the two remaining years of his term.
Curators don’t receive a salary, but they are reimbursed for expenses. The board has seven meetings scheduled for 2011, including two meetings in Columbia, one each in Rolla, Kansas City and St. Louis, and two via teleconference.

Earlier this month, MU faculty members said they’d like to see more diversity on the currently all-white, mostly male board. Fraser said he thinks that’s important as well. “There should be more diversity on the board,” he said. “The governor this time ought to be paying attention to that.”

Fraser was a member of the board when curators hired UM System Gary Forsee. That decision, he said, was the most important of his tenure.

“That was not an easy process,” Fraser said. “It was laborious and frustrating at times. But we stuck with it until we got the right person.”

On the flip side, he said he’s sorry he’s leaving the board while MU salaries remain among the lowest in the American Association of Universities. Three years ago, curators hoped to funnel more money into the payroll, but state cuts and flat tuition kept the revenues needed to do so from materializing.

“That’s a huge disappointment,” he said. “Faculty and staff over there, that’s what makes it happen.”

Board Chair Judith Haggard said she has known of Fraser’s plan for a while and praised him for his service.

“Working with you has been such a joy,” she told him during the meeting.

Reach Janese Silvey at 573-815-1705 or e-mail jsilvev@columbiatribune.com.
Bo Fraser announces resignation from UM System Board of Curators

COLUMBIA — As the UM System Board of Curators concluded its special meeting Monday, Chairwoman Judith Haggard said she had a surprise item to add to the agenda: the announcement of Curator Bo Fraser's resignation, effective with the new year.

"I've been wrestling with this decision for a long time," Fraser said in an interview following the announcement. "But I think it's the right decision."

The curator from Columbia has been a member of the board since 2007 and played a part in hiring UM System President Gary Forsee that year. He also served as the board's chairman in 2009.

Fraser, 68, said he has become increasingly unable to devote the necessary time to his curator duties because of the time he spends in his Florida home with his wife. He said he spent seven months in Florida this year.

"We're spending a lot of time out of state, and I'm not able to be involved in a lot of things around campus that I believe the curators should be there for," he said.

Although Fraser said hiring Forsee was his most important pride point, he has one regret: the board's "inability to do what needs to be done with faculty salaries."
Faculty salaries continually rank toward the bottom in a list of the school’s peers. Fraser worked in 2007 to at least elevate the rank to the middle of the list, but the board couldn’t secure the funding to do that, he said.

In leaving the board, Fraser joins three other curators whose terms expire at the end of the calendar year. That will leave a relatively inexperienced governing board for the UM System, as only two curators will have served more than one two-year term.

Amid a backdrop of certain cuts to higher education and an ongoing discussion about how to revamp the system’s retirement benefits, there likely will have to be a fast learning curve, which Forsee acknowledged at a post-meeting news conference.

"Curators build up their experience with experience over time," he said. "So, without question when a new class comes in, it takes time for them to get up to speed."

But Forsee said the board will be fine, adding: "We always are. We have a very thorough orientation process."

The question of who will succeed Fraser is out of the university’s hands. Gov. Jay Nixon is responsible for appointing new curators, but Fraser hopes the governor will choose from the Columbia area because of Boone County’s relationship with MU.

"I hope the governor can find someone that has some familiarity with the university so they can be productive early," Fraser said.
UM curators give green light to financing for building projects

COLUMBIA — Mark Twain Residence Hall at MU hasn’t had a major renovation since it was constructed in 1965.

With new debt financing approved by the UM System’s governing board Monday, the university can now go forward with a capital building project that could give the building at least 30 more years of life.

The UM System Board of Curators met via videoconference to decide whether the system should take on additional debt to finance various construction projects across its four campuses.

The board voted to issue up to $265 million in bonds via Build America Bonds to finance 12 projects, including the Mark Twain renovation. The bond program, part of the American Recovery and Reinvestment Act, was designed to boost municipal bonds following the stock market crash in 2008.

The construction projects will create thousands of jobs across the state, and “this is our role in part of the economic well-being of the state,” UM System President Gary Forsee said at a post-meeting news conference. “That’s a unique role we play.”

Other MU projects include renovations to the East Campus Chilled Water Plant, a heat and power upgrade for the power plant and a replacement for the South Campus storm sewer.

University of Missouri Health Care also will benefit from the board’s decision: Green Meadows Outpatient Care Center will receive $90 million to expand to 84,000 square feet, and $51.7 debt financing will aid the already approved $200 million project for the patient care tower and Ellis Fischel Cancer Center.

Although the curators voted on the projects collectively, they were considered on an individual basis, Forsee said.

“Each project had a case made for why it should go forward,” he said.

Left out of the list of approved projects were the Benton-Stadler building at University of Missouri-St. Louis and a chemical and biological engineering building at Missouri University of Science and Technology with a total projected cost of $67 million.

“We leave behind these projects for now but realize that the need is acute and needs to be addressed as quickly as we can find a way to do that,” Forsee said.
The two projects were eliminated from the list to avoid increasing student fees, which Forsce said the board should avoid because of the likelihood that in-state tuition across the four campuses will have to rise.

"I don't want to put us at risk because of the complexity that a facility fee would put on top of that," he said.

Curator Don Downing said the board should reconsider the two projects in the future, arguing that there is a business case to be made for them.

"Those buildings would be a very strong attraction to new students to the campus over the long term," Downing said during the meeting.

The curators will meet again Dec. 9 in St. Louis and are expected to discuss how much each campus should increase its tuition to offset expected cuts to the state budget for higher education.
Micromanaging?

The governor on higher ed

By Henry A. Waters III

Faced with a red-ink flood of biblical proportion, the governor of Missouri looks for savings in public higher education by asking campuses to list programs granting fewer than 10 bachelor's degrees, five master's degrees or three doctoral degrees per year, implying these programs should be eliminated.

Nixon denies he is micromanaging, but University of Missouri faculty disagree, asking why he did not target "top-heavy" administrative budgets as well. They explain why programs granting few degrees are important and eliminating them will not save significant money.

In this debate, I side with the pointy-heads on campus.

Gov. Jay Nixon does face an arriving deficit. Higher education is among the largest discretionary state spending options. Nixon and the state legislature have been relatively kind to higher education in recent budgets, but the squeeze is getting tighter and higher ed clearly will suffer reductions in the fiscal 2012 budget now under construction.

But Nixon’s approach is, indeed, micromanaging. If he decides money must be saved in this area of the budget, it would be better simply to announce the lower figure and let higher ed officials and their constituents decide where to cut. They might focus on degree programs with small populations, but the priority setting would come from within the education apparatus, not from the governor's office. (The strangely peripheral role of the Missouri Department of Higher Education is a subject for another treatise.)

The academics are right to question administrative costs, where quite a few fancy salaries reside. This is not to say I’m ready to identify certain jobs or salaries that should be cut, but it is logical to ask the governor not to pick only on such a small part of higher ed activity.

Of course, the institution, including its academic side, bears its share of the blame for a spending problem. Like all large bureaucracies, universities will spend all the money they can get. When money was steadily increasing, spending in all segments grew apace. Now that tight times inevitably are upon us, the scramble is on to stop the train.

In public bureaucracies, including governments, these squeezy moments are about the only effect capable of causing significant spending control. Priorities will be set with more diligence.
Systems might be streamlined. And, yes, programs on university campuses will undergo some fair-enough criticism. Gov. Nixon must address this situation, but picking particularly on degree programs with few graduates is not the right approach.

I was particularly worried by his targeting of the Rolla campus, where he said technology courses should be the sole focus without trying to expand into the humanities. Engineers and other assorted geeks can benefit from exposure to well-defined studies in the humanities. Indeed, the campus should be criticized if it conscientiously avoids such courses, as Nixon seems to suggest.

After going through a little exercise collecting names, let him say thank you and simply cut the total UM System budget as little as possible, leaving the fight over priorities to the system's officers and constituents.

HJW III
Curators OK bonds for health clinic

Green Meadows to get new property.

By Janese Silvey

The Green Meadows Clinic in Columbia will be getting a new home soon.

University of Missouri Board of Curators today approved issuing $30 million in bonds to relocate and build a new version of the health clinic, part of MU Health Care. The project was among a total of about $265 million in revenue bonds curators approved during a special session today.

Right now, the 25-year-old Green Meadows Clinic spans 48,000 square feet across seven buildings and is located on a 4.5-acre property. Because of increased demands and changes in the way health care is delivered, those facilities no longer are adequate, said Nikki Krawitz, UM System's vice president of finance and administration.

An MU Health Care analysis shows the clinic needs about 84,000 square feet of space, which would require a 7.5-acre property, Krawitz said.

The total cost of the project is expected to be about $32.5 million, which would include the purchase of land. The bonds would be paid back with revenues from patient care.

Curators also approved $18.6 million in bonds for renovations to Mark Twain residential hall on the MU campus and $16.5 million for completion of a chilled water plant to serve a new MU Health Care Patient Care Tower and a new stormwater main from Monk Drive to the outfall south of Memorial Station.

All of those projects either generate their own revenues or are being paid for with capital reserves built up for those purposes — allowing all of the bonds to be paid back in the normal 30-year timeframe.

UM System administrators, however, scratched two other projects originally slated for bonds because they do not have direct revenue streams.

Curators were not asked to issue $27 million to renovate Benton Stadler Science Complex on the St. Louis campus or $40 million for a new chemical and biological engineering building on the Rolla campus.
Both of those projects would have required the campuses to increase student fees, UM System President Gary Forsee said, adding that now isn’t the time to do that.

Early next year, the university is expected to ask the state for a waiver allowing it to increase tuition by more than inflation, and an additional student fee would complicate that discussion, Forsee said. The bond package needed to be approved this calendar year to take advantage of low-interest Build America Bonds, but a vote on tuition won’t happen until the January board meeting.

“Approval of a fee would be viewed as part of an overall student tuition package, and in our view, that would not be the right sequence of events,” he said.

Academic buildings on public campuses are supposed to be funded by the state. Curator Wayne Goode said he was leery of asking students to pick up that tab with higher student fees. “I hesitate to go down that path,” he said.

Curators did approve investing $21.8 million for a 900-seat classroom addition at University of Missouri-Kansas City and a student success center. Those bonds will be paid back with enrollment growth, Chancellor Leo Morton said. He said the campus is expecting not only a surge in new undergraduates based on regional demographics but also an increase in the number of credit hours those students take.

Administrators considered whether enrollment increases would also support the projects at St. Louis and Rolla but determined that they would not generate enough revenues without also increasing student fees.

Reach Janese Silvey at 573-815-1705 or e-mail jsilvey@columbiatribune.com.
School, Homework, Pump Iron

By KEVIN HELLIKER

Twelve-year-old Amanda Starr and her 10-year-old sister, Natalie, use medicine-ball exercises to build muscle. "I can do 15 military-style pushups," says Natalie, a San Diego fifth-grader, noting that six months ago she could do only seven.

The Starr sisters are part of a nascent muscle-strengthening craze among the nation's young. Strength training, once limited to high school football teams, has become a standard workout feature for participants in youth soccer, swimming, wrestling, basketball and baseball. And it is fast catching hold among kids who don't play organized sports at all.

The percentage of health clubs and community gyms offering youth fitness and strength-training programs is on the rise. Meanwhile, even as gym class fades as a school requirement, weight training as an elective is growing in popularity. At Walter Payton College Prep in Chicago, the student body recently persuaded administrators to open the school's weight room an hour before classes start each morning. "There are 20, 30, sometimes 40 kids in there lifting weights before school—girls and boys," says Arlene Benton-Mancine, Payton's physical education chief.

The trend is heartening to public-health officials who once opposed strength training for kids but now recommend it as a way to control weight, improve motor skills, increase bone density, normalize blood sugar, lower cholesterol and build confidence.

"In the past, PE teachers always emphasized aerobic programs that left bigger kids feeling like failures," says Stephen Ball, a University of Missouri exercise physiologist. "But the weight room is where those kids will develop a love of physical activity."
A large-scale embrace of youth strength-training faces a Catch 22, though. Even the most passionate advocates warn that children should engage in weight training only under expert supervision. But expertise is most common at gyms, health clubs and community centers, where strength-training equipment has often been off-limits to minors. Meanwhile, as more school districts have minimized or eliminated physical education, many school gyms have become the exclusive province of sports teams. "That's the real challenge—providing supervised opportunities for kids in the weight room," says Boyd Epley, director of coaching performance at the National Strength and Conditioning Association, in Colorado Springs, Colo.

Behind the caution is a history of strength-training injuries among children and adolescents. A federal study of strength training by Americans under 21 found that they incurred as many as 26,000 injuries during a five-year period, typically muscle strains involving the back, according to the American Academy of Pediatrics. Whether the rate for adults is lower isn't clear.

And there are sobering long-term implications for athletes who are still growing. In some cases, damage to growth cartilage—almost invariably the result of lifting excessive amounts of weight—can retard growth. And injuries are common among children and adolescents using strength-training equipment at home, according to a position paper issued in 2009 by the National Strength and Conditioning Association. Attributing such injuries to "unsafe behavior, equipment malfunction and lack of supervision," the paper cited the case of "a 9-year-old boy who died when a barbell rolled off a bench press support and fell on his chest."

Experts say kids' strength-training and aerobic exercise should be fun.

A 2009 study in the Journal of Strength Conditioning analyzed 4,111 emergency room visits because of weight-training injuries, and found that adults tended to suffer sprains and strains while children's injuries resulted largely from dropping weights on hands and feet—"accidents that are potentially preventable with increased supervision and stricter safety guidelines."

"I'm not a fan of strength training at home unless Mom or Dad has a background in PE and understands pediatric strength-training guidelines," says Avery Faigenbaum, a supporter of youth strength-training, a professor of exercise science at the College of New Jersey and lead author of the NSCA position paper. Strength training, he says, is "a lot more fun... in a class or with friends."

Yet even among active kids, injury rates from weight lifting are insignificant compared with injuries in sports such as football and soccer. "The risks of weight lifting are blown out of proportion," says the University of Missouri's Dr. Ball.

Experts say weight lifting is safe, beneficial and health-enhancing if children and adolescents follow some simple suggestions. First, they should warm up with a few moments of aerobic exercise or calisthenics. And before lifting actual weights, they should master proper technique, learning to pick up weights from a rack or the floor using leg and core strength rather than one's back. A bicep curl should be performed with a straight back and relaxed neck, engaging only the arm and shoulder.
They should disregard the question, How much can you bench? Never should children or adolescents try to lift their maximum potential. Instead, they should limit the load to what they can lift at least six to 15 times in three sets spaced about a minute apart.

As toned stars like Derek Jeter displace Hulk Hogan types as the face of strength training, kids are more easily sold on so-called low-weight high-rep programs. "When you max out on giant weights, you just look big and gross," says Sean McKay, 15, who takes strength-training classes at Fitness Quest 10, a San Diego gym. "Our trainers taught us that higher reps give you a better tone."

Federal guidelines call for children to engage in an hour a day of physical activity, twice the recommended amount for adults. Since 2008, the recommendation for children has included a call for strength training, or resistance training. By either name, it works muscle groups to the point of fatigue, ultimately increasing muscle mass and bone density, among other benefits.

Strength training need not involve barbells, dumbbells or machines. The safest weight to lift is one's own body. Pushups build muscle in the arms and chest; situps strengthen muscles of the abdomen. Squats strengthen muscles in the legs and buttocks, while pull-ups build the muscles of the back and shoulders.

Brett Klika, director of youth training at Fitness Quest 10 in San Diego, says his adolescent clients often have difficulty initially lifting their own weight. Not until they can do 50 pushups does he introduce them to dumbbells, barbells and kettlebells. For younger clients, such as the Starr girls, strength training consists of climbing and crawling or tossing medicine balls into a bucket. "Exercise shouldn’t be medicine—like go run a mile," Mr. Klika says.

Bull role models, such as Michelle Obama and her famous biceps, are stirring youth interest in toned bodies and opening the door to a previously adult establishment—the private health club. Today, more than 25% of health clubs have youth exercise programs. The number of YMCAs offering youth strength-training programs has risen 5% in five years, to 1,054 of the organization's 2,687 U.S. locations. And USA Weightlifting, the governing body that trains and selects America's Olympic weight lifters, has started youth programs in two cities, Chicago and St. Paul, Minn.
MU Twain editor offers reason for autobiography's appeal

COLUMBIA — MU English professor Tom Quirk knows a lot about Mark Twain, but he's having a hard time wrapping his head around the popularity of Twain's recently released autobiography.

Released a week ago on Nov. 15, the 770-page book is in its sixth printing and has already sold about 275,000 copies.

"The publishers came out with an initial print run of 7,500," Quirk said. "They weren't planning on it being so popular."

But Quirk has edited several collections of Twain's work and has an educated guess about why readers are embracing the autobiography with such enthusiasm.

"Somehow there is an appeal in Mark Twain's books that is universally human," he said. "Twain is a much more available writer than most. You don't need special training to read Mark Twain."

Quirk explained that one of Twain's overriding goals in his autobiography was "to speak absolutely truthfully."

"(Twain) figured the only way he could do that was to write from beyond the grave," Quirk said. "He wanted to write without the sense of self-consciousness that comes with writing for your contemporaries."

That is apparently why the writer specified that the book not be published until 100 years after his death. He died in 1910.

Quirk stressed the unusual writing style of Twain's autobiography, of which he said he had only read portions. Quirk said he has not been able to purchase a copy of the autobiography, as the stores he has visited had sold out.

"Twain would dictate in the mornings, and a stenographer would write it down," he said. "We'd make some revisions, but mostly it was like conversation. He would change topics anytime he wanted to. One minute he'd be talking about his childhood, and the next he'd go off about today's news."

The meandering, conversational style seems to have modern appeal.
"If you don't know Twain, picking up the autobiography is like chatting with an old friend," said Ryan Murray, community relations manager for the Mark Twain Boyhood Home and Museum in Hannibal. "You're able to hear it straight from his mouth."

Murray said he had seen a "huge increase of interest in Mark Twain" since the autobiography was released.

"We're sold out of the book right now, and we're getting a new shipment," he said. "It's a really great seller."

Brian Beahan, community relations manager for Barnes & Noble in Columbia, said the autobiography was a "strong seller," but it hasn't been selling out.
MU, city consider retirement system overhauls

By Jacob Barker
Nov 12, 2010

The financial crisis has caused the University of Missouri System and the city of Columbia to consider revamping their pension systems.

The university wants to shift the risk of its retirement fund to employees through individual retirement accounts. The city, to shore up its fund, will likely ask employees to contribute more to the pension plan or increase the retirement age.

As the Columbia area’s largest and fifth-largest employers, what the university and city eventually decide will affect thousands of workers and the amount of money future retirees pump into the local economy.

Both the city and the university offer defined benefit retirement plans, which promise a check to retirees until they die. Those checks are usually based on average salary and years worked for the institution.

Current employees would keep their accrued pensions; the change to defined contribution plans would apply to future employees, though contributions could rise for current employees.

Investment returns from funds managed by the institution pay for the majority of retirement obligations. That worked out well when markets were booming, but after the financial shocks of the past several years, each entity has had to make up for shortfalls by kicking in an increasing amount of its own cash. Strained budgets at all levels of government make it that much harder to meet the shortfalls.

“Baby boomers began retiring at exactly the time we’ve had two historic declines in the investment market,” said Steve Yoakum, who heads Missouri’s public education employee pension fund and was recently tapped to chair a task force examining the city’s funds. “Literally, those two things happening simultaneously is the perfect storm.”

The discussions in Columbia are not unique. Many universities and businesses as well as some cities have already moved to defined contribution plans. And public pension funds everywhere have been hit by both a bad market and budget shortfalls, which makes it more difficult to meet the extra funding necessary to keep the plans solvent.

The state of Missouri changed its employee pension fund rules this summer. New employees must contribute 4 percent of their salaries to the fund (employees didn’t contribute before), and the retirement age increased. The University of California’s pension plan has $21 billion in unfunded liabilities. Pittsburgh has only 28 percent of its pension liabilities funded, and the state of Pennsylvania might take over the fund by the end of the year if the city can’t cover more of its obligations.

Those are just some of the most extreme examples. But the city of Columbia is still struggling to meet the increased costs of its pension plans during a time of stagnant revenue. In September, Mayor Bob McDaVid appointed a special task force to study the city’s pension plans and develop options to deal with the fund’s growing liabilities.
Those liabilities stand at $255 million right now, with the funds' assets only worth around 65 percent of that. The city's liabilities have the potential to grow to $464 million by 2019 and $1.57 billion by 2039, according to a report from Yoakum.

The University of Missouri began to discuss changing its retirement plan more than a year ago. With 96 percent of its liabilities funded, the fund is in very good health relative to its peers. Still, the market value of its assets dropped from almost $3 billion in 2007 to about $2.5 billion as of Oct. 1.

The university's fund is expected to grow to about $3.8 billion by 2019, and administrators are concerned about the uncertainty of future payouts. The city faces the same issue. Uncertainty about investment returns, and thus employer contributions, becomes more pronounced as each fund grows larger.

Neither institution has a definitive plan for overhauling its retirement funds, but the health of the two funds is critically important for both the institutions and the region.

Disappearing defined benefits
More than a year ago, the University of Missouri began discussing a none-too-novel retirement plan change. Administrators want to switch from a defined benefit plan to a defined contribution plan. Similar to a 401(k), defined contribution plans allow individual employees to save a certain amount of their paycheck, often supplemented by employer contributions, in an investment account. The individual is then responsible for saving enough for retirement and putting his or her money into investments that will generate sufficient returns.

In the university’s case, such a move would actually increase the cost in the short term because the existing defined benefit plan would remain in place. But university administrators say the switch is necessary to lower the institution's liability and reduce uncertainty over future costs. Such a switch essentially shifts market risk from an institution to an individual.

"The trouble is when you have these (defined benefit) plans, you're making promises that are way out there in the future, and you don't really know whether you can deliver on these promises," said Glenn MacDonald, an economist at Washington University in St. Louis who studies business strategy and compensation.

The proposed shift at the university is one that has been ongoing for years. Defined benefit plans are a "relief," MacDonald said, and private industry has been moving away from them for decades.

The trend has been accelerating in recent years. 3M stopped offering defined benefit pensions to new employees last year. IBM froze its defined benefit plan in 2006. Out-of-control pension costs contributed
to GM's and Chrysler's bankruptcies, and all the Big Three automakers stopped offering defined benefit plans to new employees in 2007.

According to data compiled by the Center for Retirement Research at Boston College, the percentage of US workers covered by only a defined benefit plan fell from 62 percent in 1983 to 17 percent in 2007. Conversely, the proportion of workers enrolled in defined contribution plans rose from 12 percent in 1983 to 63 percent in 2007.

Pensions made a lot more sense 50 years ago, when people tended to stay with one job most of their lives, MacDonald said. Now, on average, people hold close to 10 different jobs. A 401(k) can be moved from job to job, which makes it more attractive to younger employees who don't necessarily plan to stay in the same spot for 35 years.

"In part, MU is not only dealing with its own budget realities, but also the competitive realities of hiring young and mid-level faculty," said Joe Haslag, an economics professor at MU.

Contributing to the trend is the increasing accessibility of financial markets. In the middle of the 20th century, many people didn't want to deal with investments, and they preferred a defined benefit package, MacDonald said. Investing is much easier these days, and people are less mystified by the markets.

"In your grandparents' generation, most people really didn't have investments," MacDonald said. "There was no Vanguard. There were no diversified mutual funds. If you wanted to have assets, you had to have a stockbroker."

**Downsides of defined contribution**

Critics of defined contribution plans, however, say that people often don't save enough for retirement, draw down their retirement accounts too quickly and don't allocate their assets as wisely as professional pension fund managers.

A 2009 study by the US Social Security Administration found that if defined contribution plans replaced defined benefit plans for people born from 1961 to 1965, 11 percent would retire with more money and 26 percent would have lower family incomes.

"On balance, there would be more losers than winners, and average family incomes would decline," the study's authors wrote.

Nancy Hwa of the Pension Rights Center, a Washington-based group that lobbies for defined benefit plans, said people weren't too worried about their defined contribution plans while financial markets were consistently making double-digit returns.

"The recent recession was a big wake-up call for people with only defined contribution plans because they saw their account balances plummet," she said.

Defined benefit plans are also more efficient than individual defined contribution plans, Yoakum said.

"There's no question that it's a better, more effective generator of benefits," he said. "More bang for your buck. But there is risk, either for taxpayers or shareholders."

Yoakum agrees with the concerns of those defending defined benefit plans. There is evidence that indicates people don't save enough for retirement, don't manage their savings well or spend it too quickly, he said.
"Control your own retirement: It's a lovely sounding thing," Yoakum said. "But do you really want them to do it? You may end up paying them in public welfare rather than having them pay for their own retirement."

But MacDonald said the data doesn't back up those concerns. Haslag agrees and said people are more than capable of planning for their future.

"To say that people are systematically stupid really bothers me," Haslag said. "I think people make very complex decisions looking forward."

### Expected Growth of Plan Assets

Based on the actuaries' projections, Retirement Plan assets will grow from about $2.3 billion today to about $3.8 billion, making the dollar impact of return and contribution volatility that much more significant to the University.

### The university's dilemma

The debate at the university is over who should bear the risk of retirement liabilities: the institution or the individual.

At a board of curators meeting Nov. 1, Rod Crane, senior director of government and religious markets for TIAA-CREF, said median return for public pension funds had been 8 percent. But in the past 10 years, that has fallen to about 6 percent. The question is whether the 8 percent assumption is realistic going forward.

Curator David Wasinger said at the meeting that the "private sector has adapted" and that the university's future contributions to its pension funds will ultimately be funded by tuition increases.

"I almost see it as a fiduciary obligation on our part to take some kind of action," he said.

Curator Wayne Goode, however, was skeptical about putting the entirety of retirement planning up to individuals.
"At least part of the money should be professionally managed similar to how our plan has been managed," he said. "If you give an employee total flexibility, some of them are going to really screw it up."

Allen Hahn, chairman of MU's Retiree, Health and Other Benefits Advisory Committee, said many older faculty and staff are skeptical of the possible switch and its possible effect on recruitment. Young faculty, though, are less concerned, he said.

Because the fund has been so well managed, Hahn is not convinced a change is necessary.

"I think the common knowledge is, well, everybody's doing a defined contribution program, so we ought to do the same thing," Hahn said. "And I think, in my opinion, we haven't really proven that case yet."

Curator Warren Erdman said at the curator's meeting that the university is trying to be proactive rather than "kicking the can down the road."

"We're trying to exercise an extra degree of prudence," he said.

A presentation at the meeting by Betsy Rodriguez, UM vice president of human resources, detailed retirement plans at peer institutions in the Big 12 and Big 10. All of them offered either a defined contribution plan only or a choice between that or a defined benefit plan. Only Missouri offered solely a defined benefit plan.

Missouri would be following the trend if it switches, Haslag said.

"Higher ed seems to have moved more toward defined contribution plans more like private industry than, say, a lot of other government agencies have," he said.

The plight of public pensions
The city has a more immediate problem. All of the money Columbia pays to shore up its retirement plans comes out of its general fund, which leaves less money to go toward other services. And the funds need more shoring up than ever after the 2008-2009 market downturn.
Columbia manages its firefighter and police pensions, which have combined unfunded liabilities of $54.6 million. These funds demand the most immediate attention, Yoakum said. The police fund is about 63 percent funded, and the firefighter fund is about 61 percent funded. To meet obligations for the police pension, the city will pay 34 percent of fiscal 2011 police payroll into the fund. For the fire pension, the city will have to contribute 48 percent of payroll.

The city's other employees are covered by the Local Government Employees Retirement System. One fund covers city utility workers, and another covers the rest. Although those are only 62 percent and 74 percent funded, respectively, they are in much better shape. The city will only have to contribute about 16 percent of payroll to cover each fund's obligations.

A study from the Center for Retirement Research at Boston College examined a sample of 126 pension plans. It found that in 2009, only 78 percent of all the funds' liabilities were covered — a $700 billion shortfall. The industry benchmark for a well-funded public plan is 80 percent. Only 10 years ago, before the tech bubble popped, public funds were 103 percent funded, the study's authors found.

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The future health of public plans depends mostly on the performance of the stock market, and the Boston College study asserts that the most likely outcome is that funding ratios will decline to 72 percent by 2013.

What the markets will do is an ongoing debate among the people who manage pension funds. Some wonder whether current conditions are a new normal. If that is the case, the lower returns mean institutions will have to significantly increase the money they contribute.

"There are a lot of people thinking that this low return is a new normal kind of environment," Yoakum said. "What one has to say is, don't get overly concerned about the short run. Is that the new return, or are we in a period that's just unusual?"

Columbia Finance Director Lori Fleming noted that though the city made all of the contributions required by its actuaries, it was still chasing a liabilities curve made steeper by increasing retirements and longer lifespans.

"Even if we earn 10 percent (from the fund's investments), our liabilities are growing faster than our contributions," Fleming said. "Part of this is the demographics of it. People are living longer. It's not just a rate-of-return issue."

Institutions making pension promises know there will be fluctuations in the market, MacDonald said. If you're depending on an 8 percent return from the markets, you better be putting away extra for when those returns dip below that. Pension funds didn't do that when markets were booming 20 years ago, he said.

"They always act like there's never going to be a rainy day," MacDonald said. "Every time anything good happens, they merrily spend the money. And any time anything bad happens, they're stuck. For the most part, it's really just bad planning."

Public funds have a difficult hurdle going forward. Yoakum said, but he thinks it's one they have to jump. Defined benefit pensions can serve public institutions better than defined contribution plans because they reduce employee turnover, he said. The public sector can't offer the salary the private sector can, but they can hold onto employees with a benefit that requires a worker to stay with the same job.

Columbia Human Resources Director Margaret Buckler said she hasn't heard too much from employees concerned about changes yet. But she said a generous defined benefit plan is very important in the city's recruitment efforts.
"You know our pay is lower than private, and pensions and benefits have always been the way to try and balance that out and try to attract people," Buckler said. "There is something to be said for a defined benefit plan. You know what you’re going to get."

The city task force is only evaluating the situation and developing options to deal with it, Yoakum said. Those options range from doing nothing to switching to a defined contribution plan — and Yoakum doesn’t believe either of those are viable solutions.

Yoakum praised McDavid’s foresight in tackling the issue early. Columbia is in a better position than many cities, Yoakum said, and it could have easily waited to act until the situation deteriorated further.

"I think the city has a challenge, but I don’t think it’s a crisis," he said.