UM curators discuss tuition increases

By Janese Silvey

ST. LOUIS — University of Missouri System administrators say they will try to keep a tuition increase in the single digits next year.

A formal tuition and fee recommendation won’t go to the Board of Curators until next month, after the system has seen Gov. Jay Nixon’s budget recommendations. To set the stage for that vote, Nikki Krawitz, vice president of finance and administration, spent part of yesterday’s board meeting outlining reasons why the increase is needed.

Typically, that talk starts in January, and curators don’t approve rates until March. The process is earlier than normal because the university expects to seek a waiver from higher education Commissioner David Russell to increase tuition beyond the consumer price index of 1.28 percent.

That waiver requirement is part of a state law approved in 2007 that has not yet been enforced because tuition has remained flat for two years under an agreement with the state. Under the law, universities that increase tuition by more than the CPI without the state’s permission will be punished with a cut in state funding.

Curator Wayne Goode said he’s not convinced the Board of Curators needs to go through that waiver process, though, because the board has constitutional authority that makes it autonomous of the state. Asking the state for permission to increase tuition, he said, sets a bad precedent, and he urged the university to challenge the statute.

Curator Warren Erdman said the board’s authority to set tuition isn’t the question; rather, it’s whether the state has the power to reduce the university’s state appropriation if the board bypasses the waiver process. He said he thinks lawmakers have that authority. He suggested, though, that the university ask for a tuition waiver up to a certain amount but not officially set the rate until March. That would allow curators to have a better idea of how much state funding the system can expect in 2012.

Tuition rates are expected to vary among all four campuses next year for the first time. Erdman said the idea makes sense because the campuses have different focuses and needs.

In-state students with a standard 15-credit course load pay $3,684 in tuition each semester. A 9 percent increase would mean an extra $331.56 per semester.
Additional tuition revenue won’t solve all of the UM System’s money woes. The system is expecting at least a 5 percent reduction in state resources. On top of that, the UM System is budgeting for a 2 percent increase in merit salary and wages and a 5 percent increase in benefit costs. Although it’s not the case on other UM campuses, MU faculty salaries remain last among peers and Association of American Universities institutions.

At the same time tuition has remained flat, the university has seen a decrease in state appropriations and an increase in enrollments, Krawitz said, outlining her justifications for a tuition waiver. During that time, campuses also have improved retention and graduation rates, she said.

“The balance is the need for resources to sustain quality of education and research against student accessibility and affordability,” Krawitz said.

Although it varies by campus, MU sets aside 20 percent of any tuition increase for scholarships, most of which are awarded to needy students, Chancellor Brady Deaton said.

Reach Janese Silvey at 573-815-1705 or e-mail jsilvey@columbiatribune.com.
COLUMBIA MISSOURIAN

UM System tuition increases slated for 2011-12 school year

By Megan Cassidy
December 10, 2010 | 5:53 p.m. CST

COLUMBIA — The UM System Board of Curators said Friday the probable tuition increases for the four system campuses would begin in the summer of the 2011-12 school year.

Citing state budget cuts and expanding enrollment rates, officials said a tuition hike was likely to be unavoidable.

The curators met Thursday and Friday at the University of Missouri-St. Louis. Officials at the meeting stressed that current resources did not meet the demands of swelling campus populations, and a two-year freeze on tuition was likely to come to an end.

State reduction in appropriations is one factor that could contribute to a tuition increase. Although the system won't have the governor's recommended budget until mid-January, they expect cuts from 5 to 15 percent. That could create a funding gap as large as $105 million. The legislature approves a final budget in May.

Nikki Krawitz, the system's vice president for finance and administration, said the gap would not be filled entirely by tuition increases. For instance, she said a 5 percent net increase in tuition and fees would generate about $22.1 million for the university; a 10 percent increase would generate $44.2 million.

Board Vice Chairman Warren Erdman suggested students at the Columbia and Rolla campuses could feel the impact more than their counterparts in St. Louis and Kansas City because the system is considering uncoupling tuition increases among the schools.

With the nature of their markets, MU and Missouri University of Science and Technology have the potential to charge more, Krawitz said. Given their urban
environments, she said UMSL and UMKC faced greater competition from surrounding universities and may feel a greater need to keep their tuition costs low.

"The system is very cognizant of each school's market," she said.

In order for public higher education institutions in Missouri to raise tuition more than the consumer price index, they will have to apply to the Missouri Department of Higher Education for a tuition waiver.

"When inflation is under 2 percent, that doesn't leave you much of a choice," Erdman said.

Final action on tuition increases will likely be taken at the Board of Curators meeting Jan. 27-28 in Columbia.
Building fee idea unpopular with students

By Janese Silvey

ST. LOUIS — Students from all four University of Missouri campuses told the system’s Board of Curators yesterday they’re not interested in paying student fees to fund academic buildings.

Students understand tuition needs to fund education, but an additional building fee would be like double taxation, Tim Noce, MU’s student body president, said during a roundtable discussion.

Traditionally, the state has appropriated money to upgrade crumbling academic buildings at public colleges, but that hasn't been the case in recent years.

The most recent attempt, former Gov. Matt Blunt’s sale of Missouri Higher Education Loan assets to pay for capital projects, saw its funding dry up when MOHELA fell behind on payments. That, and a state budget shortfall, prompted Gov. Jay Nixon to withhold funds for MOHELA projects.

Students have paid for other types of buildings with fees, though, including the recreation center and new student center on the MU campus. That just goes to show when students really want something, they’ll pay for it, Noce said.

“If students overwhelmingly want a general academic building on campus, they’ll pass a general referendum to do that,” he said, adding that he doesn’t think it’s the right time to do that at MU.

Students also agreed using a campus fee to fund educational buildings would set a bad precedent.

“When do student fees start paying for a whole lot more?” Noce asked.

Joe Karl, an MU senior who has advocated for the university at the state Capitol, said he fears letting students pick up the tab would ultimately cause lawmakers to cut higher education even more.

“Legislators would start saying, ‘Let’s let students pay for it next time,’” he said.

Curator Wayne Goode — a former state senator — said he supports a statewide bond package Rep. Chris Kelly, D-Columbia, has proposed for two years. Kelly has suggested the state issue some $800 million in bonds to fund public building projects on campuses and in state parks. Now is the time to issue those bonds because of low interest rates, Goode said, adding that university lobbyists will have to convey that message to conservative lawmakers.
Without student fees paying for nonrevenue-generating academic buildings, the only other option is to wait and let derelict buildings get worse, said Nikki Krawitz, vice president of finance and administration.

"Let's hold off," student Curator Laura Confer said, "Hopefully legislators will open up to the idea of the bond issue."

During the lunchtime conversation, students also shared success stories from the four campuses with curators and agreed that the primary factor contributing to their educational achievements has been faculty member mentors who care about them and their successes. The most important thing curators can do to assist students is listen, Noce said, responding to a question from Curator David Bradley.

"Students are on the front lines, and every decision made by the Board of Curators trickles down to students," he said.

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Four Missouri curators leave board

By MARÁ ROSE WILLIAMS

Fri, Dec. 10, 2010 12:00 PM

In their last meeting of the year, University of Missouri curators today said good-bye to four members, all honored as curator emeritus.

Leaving the board were John Carnahan of Springfield, Doug Russell of Lebanon, David Wasinger of St. Louis and Bo Fraser of Columbia.

Warren Erdman of Kansas City, who was appointed to the board in 2007 by then Gov. Matt Blunt, was named board chairman, replacing Judith Haggard of Kennett, who remains on the board.

“This is certainly a very high honor,” Erdman told the board. “I’m very grateful to each of you for your expression of support.”

David Bradley of St. Joseph, appointed last year by Gov. Jay Nixon, is the new vice chairman.

In his first address to the board as chairman, Erdman said the board would take a fresh look at how tuition is set across the University of Missouri System’s four campuses.

The board on Thursday discussed tuition increases expected to come from all four campuses and a new plan that for the first time will allow each campus to set separate rate increases.

Tuition and fee recommendations won’t go to the curators until January, though, after Nixon makes his budget recommendations.

For the past two years, Missouri’s public colleges and universities have not raised tuition because of a deal made with the governor, who kept a promise to keep funding stable if tuition did not go up.

With the state projecting a budget shortfall this year, that deal will not be extended for a third year and universities and colleges are preparing to hike tuition. The UM system expects at least a 5 percent reduction in resources from the state. But campus administrators have said they will try to keep tuition increases to single digits.
Report finds tuition explosion in Big 12

By MARÁ ROSE WILLIAMS

Fri, Dec 10, 2010 11:23 PM

Schools in the Big 12 are part of a “troubling trend” where students pay much more without getting much more classroom instruction, a new report says.

A 19-page report reveals how Big 12 schools fared over a five-year period in terms of tuition cost, spending on instruction and student benefit.

“We have never done a conference-specific report like this before, but we thought that with the Big 12 in the news so much this year because of its reorganization, people would be curious about how these schools are doing off the field,” said Michael Pomeranz with the American Council of Trustees and Alumni, a nonprofit group promoting excellence and accountability at U.S. colleges and universities.

The report also found that the schools do better than the national average in the number of freshmen who continue after their first year and getting students to graduate, at least within six years.

The soaring cost of higher education is fairly common knowledge, but, according to the council, “it has exploded among Big 12 institutions.”

The spike averaged 21 percent nationwide, but 30 percent in the Big 12.

Some point to expensive technology and keeping salaries competitive. At the same time, spending on administration at some of the conference schools has grown faster than on instruction.

Texas Tech University, the University of Kansas and the University of Oklahoma all doubled their spending on administration in the time studied by the report.

The University of Missouri, meanwhile, reduced administrative spending more than 39 percent while increasing spending on instruction 48 percent.

“If current increases continue, Big 12 schools will expect the average family with a middle school student to spend a full quarter of its annual household income on that child’s college tuition,” the report said.
University of Missouri provost Brian Foster said: "It’s true that tuition has become a much bigger piece for supporting the core function of the institution. But I just don’t see any evidence that students are getting less for their dollars. I don’t buy that the quality of education or the student experience has gone down at all. If anything, it has improved."

According to the report, KU, which still has the fourth-lowest tuition among conference schools, has seen a 52.5 percentage increase in tuition in the period examined, from 2004-2005 to 2009-2010.

Only the University of Colorado, which is leaving the Big 12, saw a bigger leap, 61 percent.

KU's tuition is $8,206 this year, compared with MU's $8,501.

Tuition at MU went up 13 percent in the period reviewed. For the last two years, MU undergrads enjoyed flat tuition as part of a deal between schools and Gov. Jay Nixon. Significant jumps in tuition are expected next year.

The Big 12 fares better than average in graduating about six to eight of every 10 students by six years, the council said.
UM caucus planned for state legislature

A new University of Missouri System legislative caucus is being formed in Jefferson City in the upcoming legislative session.

Steve Knorr, the system’s vice president of government relations, told the Board of Curators yesterday that Sen. Rob Mayer, who will be president pro tem this coming year, and Rep. Steve Tilley, who will lead the House, have agreed to be part of the caucus. Mayer received his law degree from UM-Kansas City, and Tilley graduated from UM-St. Louis’ School of Optometry.

Knorr said he envisions the caucus being made up of mostly UM alumni as well as Columbia representatives. The caucus will be used to educate lawmakers about university issues.

Rep. Chris Kelly, D-Columbia, said he thinks the caucus is a good idea and will be an “easy vehicle” through which to communicate university issues to lawmakers.
MU hospital to add robotic surgery tool

The University of Missouri System Board of Curators this morning approved spending $3.2 million from a University Hospital equipment account to buy a second da Vinci Surgical System.

Currently, the da Vinci Surgical System is the only robot-assisted surgical system available for use in minimally invasive procedures, according to board materials. MU’s Women’s and Children’s Hospital uses the system.

The newer da Vinci Si Surgical System is an advanced surgical system with dual consoles, which enables two surgeons to work simultaneously. The second da Vinci surgical robot will be in the main operating room suite on the third floor of University Hospital.
To manage shortfall, Missouri lawmakers will look to cut state programs

By JASON NOBLE

Sat, Dec. 11, 2010 10:15 PM

JEFFERSON CITY | Missouri officials are girding for another bad budget year and hundreds of millions in additional cuts to state programs and services.

The state is projecting a shortfall in the $700 million range for the coming year, said Budget Director Linda Luebbering. The gap will require major cuts in addition to the substantial staff reductions, program restrictions and efficiencies wrung out of state government over the last three years.

“That $700 million is huge just thinking about it all by itself,” Luebbering said. “But after three years of making ongoing reductions, it is just even more challenging to figure out what we’re going to downsize, what we’re going to quit doing.”

Despite an improving economy and modest gains in tax revenues, state spending will still outstrip income.

That’s because federal “budget stabilization” funds that have buoyed the state for the last two years are dwindling. The current year’s budget relies on $900 million from Washington. In the coming year, that will shrink to around $200 million.

The question for Gov. Jay Nixon, his administration and for lawmakers in the months ahead is what will get the ax?

The administration is working through its options, Luebbering said, although she noted more layoffs of state employees were likely. Higher education funding, which has largely avoided cuts so far, could get slashed as well, along with state spending on K-12 education.

The state’s various health-care expenses — such as its Medicaid programs for the poor and its insurance plans for employees — also will be scrutinized for possible savings.
"The things we're looking at are things that state government probably should be doing if we had the revenue to support it," Luebbering said. "We simply don't."

Rep. Ryan Silvey, a Kansas City Republican and chairman of the House Budget Committee, also pointed to K-12 education as a possible target of budget cuts.

"I'm not promising cuts to education, but they need to brace for that possibility," he said.

Silvey noted he would be working over the next few weeks to adequately describe the scale of the state's budget woes, particularly for the many new lawmakers elected last month.

The looming shortfall is more than $200 million larger than the entire University of Missouri System budget, he said. The General Assembly could close every prison in the state and still face a deficit.

"I'm trying to put this in perspective for people," Silvey said. "It is a big number."

Republican lawmakers in the House and Senate flatly rejected the notion of a tax increase, and Luebbering, likewise, said that the Nixon administration did not believe new taxes were a viable solution.

Other potential income — including reforms to revenue-diverting tax credit programs and legislation allowing the state to collect sales taxes on Internet purchases — would take a couple years to yield returns to the state, if they can pass the legislative gauntlet.

However, not all of the state's budget news is bad. Modestly improving tax revenues are keeping the state on track in the current year, so it's unlikely Nixon will have to make mid-year budget cuts.

The administration is now crafting a budget proposal to present to lawmakers next month. Following that presentation, the General Assembly will design a final budget for Nixon's approval by early May.

The state fiscal year runs from July 1 to June 30, meaning the current fiscal year 2011 is nearing its midpoint."
County property values drop, but taxes continue to rise

By PAUL HAMPEL | phampel@post-dispatch.com > 314-727-6234 | Posted: Monday, December 13, 2010 12:00 am

Taxes are regarded as one of life's certainties. But in St. Louis County, one of them has proved more certain than others, even during bad economic times.

While revenue from income and sales taxes has wilted during the recession, many governmental entities in the county have remained flush because of a harder source: property taxes.

On the property tax bills that are due at the end of this month, almost all county residents will owe more this year to school and fire districts, municipalities and other agencies.

The reason: Even as the value of St. Louis County's real property dropped by about $1 billion since 2007, most governmental entities were able to roll up their tax rates and bring in more money while remaining below their tax ceilings.

The result is that taxing entities in the county will collect an additional $67 million, or 4.6 percent, this year in real estate taxes over 2007, the year before the recession began.

For school districts, which account for more than 60 percent of the average tax bill, the increase over that period was about $60 million, or about 6.2 percent.

The largest percentage increase over that span was for fire districts, which will collect an additional $12.5 million, an increase of about 10 percent. Meanwhile, revenue for municipalities has grown 8.8 percent, or $4.1 million, over the last four years.

"Property taxes have proven to be a very dependable way to fund governmental growth," said Michael Podgursky, an economist with the University of Missouri-Columbia. "Income taxes are the most volatile, sales taxes next. But even as the bubble popped with the housing market, you see increases in St. Louis County in terms of (government) revenue."

Indeed, sales tax revenue in the county fell to $148 million this year from $167 million in 2007. Income tax collections are not broken down by county, but statewide they dropped to $6 billion this year from $6.4 billion in 2007.

Podgursky said the upward pressure on property taxes, especially in school districts, comes from rising salaries and pensions.
And over the last five years, county school districts have added 1,058 jobs, including teachers and nonteaching staff, according to the Cooperating School Districts. "On top of that, we're seeing sharp increases in health care costs and unfunded pension liabilities," said Podgursky, who often does research for the conservative Show-Me Institute. "So, by taking this labor-intensive approach, schools have created huge costs to the public sector."

Of the county's 23 school districts, only Bayless, Ferguson-Florissant, Lindbergh and Riverview Gardens have seen a decrease in property tax revenue since 2007.

The rest collected more property tax revenue over that span.

**STORY CONTINUES...**
State and federal policies drive interest in biomass as renewable energy

By Jeffrey Tomich • jtomich@post-dispatch.com | 314-340-8320 Greg Cancelada of the Post-Dispatch contributed to this report. | Posted: Sunday, Dec. 10, 2010 12:00 am

The workhorse of renewable fuels in Missouri may be found in its forests, farms and pastures.

Across the state, the idea of using plant waste such as wood scraps, wheat straw or tree trimmings as fuel for electricity generation is gaining steam.

**In Perrville, a private developer is planning a $100 million plant that will burn wood waste from nearby forests to generate enough electricity to light 23,000 homes.** The University of Missouri-Columbia is spending more than $60 million to replace a boiler at its power plant that will burn exclusively wood waste. Even the state's largest utility is looking at how to use biomass at its power plants to displace some of its coal usage.

A combination of new and proposed state and federal policies is driving interest in renewable energy.

Among them is a ballot initiative approved by Missouri voters last fall that requires investor-owned utilities to use renewable fuels, including biomass, to generate 15 percent of their electricity by 2021.

Geography and the state's natural resources also play a part in the emerging interest in biomass as a power plant fuel.

Missouri isn't considered a prime candidate for commercial-scale solar projects. And wind farms have so far been limited to far northwestern Missouri. Meanwhile, the state's forests, pasture and farmland could all be considered potential fuel sources.

**By one estimate, found in a June report by the Natural Resources Defense Council, using just a fourth of the state's agricultural and wood waste would equal 7 million tons of biomass per year—enough to generate about 10 percent of the state's power needs.**

Biomass is generally defined as any kind of plant-derived organic matter. The term often means wood waste such as mill residue from paper or pulp mills; forest residue left behind by loggers; agricultural waste such as corn cobs or any number of dense fast-growing crops such as switchgrass that's planted specifically for use as fuel.
When used to generate electricity, biomass can be burned directly to generate electricity or it can be mixed with coal, a process known as co-firing.

Nationwide, biomass fuels less than 1 percent of the nation’s electricity. But that figure is expected to grow to 4.5 percent by 2030, according to the Energy Information Administration, the statistical arm of the Energy Department.

The use of biomass is generally embraced by environmentalists, who see potential to displace coal and help cut emissions of carbon dioxide, the main greenhouse gas linked to global warming.

Facilities that burn biomass emit only the CO2 that trees and plants absorb while they’re growing. But it’s the same gas that would be released when they die and decompose. Coal combustion releases CO2 that was captured millions of years ago and wouldn’t otherwise be vented into the atmosphere.

The state’s forest products industry also sees benefits from biomass by creating a market for agricultural and wood waste that is often left in the fields, forest floors or sent to landfills.

In the past, pulp and paper mills bought wood chips and similar byproducts. But the mills have since left Missouri, so much of timber that would have been used is instead left behind in the woods or isn’t harvested, said Brandon O’Neal, director of education and government relations for the Missouri Forest Products Association, based in Jefferson City.

“We have a lot of unused timber supply,” O’Neal said. “You don’t want to go out and clear cut everything. But there is definitely a lot of timber out there that can be harvested in a way that’s healthy for the forest.”

Compared with neighboring Illinois, Missouri is relatively rich in forest-based biomass. Missouri could produce an estimated 2.9 million dry tonnes of forest and mill residues annually, three times the volume in Illinois, according to a 2005 report by the National Renewable Energy Laboratory.

Farmers and private owners of forest land also stand to benefit under a provision in the 2008 Farm Bill that provides matching payments for feedstock that’s sold to electric generators.

Advocates of the fledgling biomass industry say the emergence of a market for wood chips and energy crops in Missouri could not only displace fossil fuel use; it could improve the health of forests by selectively thinning them of dead and diseased trees and replacing them with healthy ones.

AmerenUE, which sells electricity to 1.2 million customers in Missouri, sees the potential to displace 3 percent to 10 percent of the coal used at some power stations with biomass, said Richard Wright, managing executive for renewables.
The St. Louis-based utility has already had consultants Black & Veatch study biomass opportunities, and it will probably conduct pilot projects at certain plants within a couple of years, Wright said. But there's a lot of analysis to be done before then.

"There are different barriers to being able to co-fire things other than what (the plant) is designed to burn, such as coal," he said. "First you have to decide what type of biomass is available. Then you have to look at transportation. Then you go to the next step and evaluate the facility and can your facility handle that fuel."

Making a biomass project cost-effective is another barrier. Right now, a woody biomass is still more expensive on an energy equivalent basis than coal, most of which is delivered from Wyoming's Powder River Basin, Wright said.

AmerenUE investigated the potential for burning wood at its Sioux plant in St. Charles County a few years ago after severe storms downed trees and limbs across its service area, Wright said. But the plant's coal-crushing machine wouldn't take trimmings that were larger than a quarter-inch in diameter. And tree trimmers couldn't mill the fallen limbs and branches to the required size. In the end, executives scuttled the idea.

The University of Missouri-Columbia is already meeting 10 percent of its power plant fuel needs with biomass by co-firing wood waste with coal. It's also replacing one of five coal boilers with one that exclusively burns biomass. When the project is complete in late 2012, the university will have reduced its coal purchases by about 15 percent, said Gregg Coffin, the plant's superintendent.

Over the past few years, the university has experimented with various types of feedstock, including corn cobs, storm debris, wood chips and chopped up wooden pallets. In the future, the school could look to dedicated energy crops grown in river bottoms that can't be developed or used for farming.

By the time the boiler project is finished, the school will need 100,000 "green tons" of wood waste per year. By contrast the plant proposed for Perryville would require almost 400,000 annual tons.

The university shouldn't have trouble finding enough biomass to meet its needs, Coffin said. But he and other biomass advocates agree that realizing the state's potential as a fuel supplier will take time.

Any power generator looking for a fuel supply will first look to the cheapest and easiest source. In most cases that's waste from saw mills, cabinet and flooring plants. But only about 3 percent of such mill residue goes unused in Missouri, said Hank Stelzer, a state forestry extension specialist and assistant professor at the University of Missouri.

Of course, Missouri is flush with potential fuel sources: dense hardwood forests, acres of farmland and miles of rolling prairie - a seemingly endless supply of biomass feedstock.
But logging companies working in Mark Twain National Forest lack the expensive equipment needed to harvest forest residue. Much of the rest of the state’s 14 million-plus acres of forest land is divided among 350,000 or so private landowners - potentially a logistical nightmare for a plant developer trying to convince lenders that they have a sustainable fuel supply.

Location is yet another challenge. Plants that burn biomass must be near their fuel source because it’s too expensive to transport thousands of tons of wood chips more than 50 miles or so, depending on diesel prices.

They and others are concerned the biomass industry - nudged by generous incentives - will develop too quickly and with too little forethought.

"If it’s done in balance, it can be a good thing," Stelzer said. "The problem we tend to have as humans is, we say, 'A little is good, so a lot is going to be really great.'"
The Game Plan

How some people are saving for retirement—and what financial advisers think of these strategies

Juggling Several Retirement Plans

Phil Thompson and Catherine Riordan have always put a premium on saving for retirement. But after switching jobs multiple times, they have a lot of different retirement plans and little current savings.

"We'll have a number of sources" for retirement, says Mr. Thompson, assistant professor of economics at Western Washington University. "One of the things we need to look at is consolidating some of these things and simplifying our financial lives."

Mr. Thompson and his wife, who is provost and vice president for academic affairs at Western Washington, earn healthy incomes from their university posts. He gets $70,000 for a nine-month year, while she earns $200,000 annually. But recent expenses, including a new house and their daughters' schooling, have taken a toll on short-term cash flow.

Mr. Thompson, 56, and Ms. Riordan, 58, moved to Bellingham, Wash., in 2009 from Central Michigan University. After renting for a year, they bought a home in May. To avoid taking on a "jumbo" mortgage with a high interest rate, they used $50,000 in savings to make a larger down payment. They now have about $8,000 in cash savings.

The couple expects to replenish that within the year, at which point they will start contributing to the university's voluntary 403(h) plan. In the meantime, they're each socking away 10% of their gross income toward a university retirement plan, with matching contributions by the school. They currently have a combined $67,000 saved in the plan.

Mr. Thompson and Ms. Riordan also have $330,000 in defined contribution, 403(b) and 457(b) plans from Central Michigan, as well as defined benefit plans expected to pay out $30,000 to $35,000 annually, and $178,000 invested via 403(h)s from the University of Missouri, where they taught previously. Additionally, Mr. Thompson has an $8,000-per-year defined benefit plan and $44,000 in a 403(h) from working for the state of Missouri, and Ms. Riordan has a few thousand dollars in an IRA.

The couple met with a financial planner in fall 2008, right before the market tumbled, about how to invest their assets. They also sought advice on paying for their two daughters' private college educations, which were more expensive than anticipated. Mr. Thompson and Ms. Riordan opened college savings accounts when the girls were born but saved at a pace appropriate for state-school tuitions.
The girls, one a senior at Oberlin College and the other a sophomore at Lewis & Clark College, received partial scholarships. Cutting back on some spending, Mr. Thompson and Ms. Riordan are covering the rest of tuition, room and board. The girls are responsible for their own pocket money.

Ms. Riordan says her retirement outlook has clouded as she sees more 20-somethings return home. She fears her own children will need to do the same. She would like to stop working full time within the decade, while her husband doesn't see himself retiring for at least 10 years.

Though they had agreed only to cover undergraduate expenses, Ms. Riordan says her girls' future is a concern. Retirement is "a moving target," she says. "It's a lot less predictable than I hoped it would be at this point in our lives."

ADVICE FROM THE PRO: Bill Morrissey, a fee-only financial planner and president of Sound Financial Planning Inc. in Mount Vernon, Wash., says Ms. Riordan and her husband should focus on rebuilding their savings.

Mr. Morrissey recommends they keep four to six months of cash in case of an emergency. While neither is in poor health or facing imminent layoff, he says it's a good idea to keep some assets liquid in case things change.

At the same time, the couple should begin contributing to their current university's voluntary 403(b) plan as soon as possible in order to continue building for retirement. He says it's important for them to focus on their own financial security, their daughters can always take out low-interest federal loans for graduate school.

Mr. Morrissey recommends the couple roll over their old 403(b) plans into two IRAs to simplify their administration. Once they have a snapshot of what's where, he says it also would help to annually reassess their asset allocation, insurance coverage and cash-flow projections.

"You can't just develop a financial plan and let it collect dust," Mr. Morrissey says. "If you're not doing it annually, you're not able to monitor how you're doing, whether you're on track."

Because Mr. Thompson and Ms. Riordan don't expect to retire immediately, they can still take on some risk. Still, Mr. Morrissey suggests they keep a relatively conservative portfolio because they won't have much time to rebuild wealth if the market slides.

He recommends they put at least 40% of their holdings into conservative bond funds; 15% in large-cap domestic value stocks; and 10% to 15% in international stocks. The rest should be split into real-estate funds, mid-cap and small-cap value funds, managed futures and commodities and tactical allocation funds for hedging, Mr. Morrissey says.

He also recommends the couple work with a fee-only certified financial planner, "unless they feel they are sophisticated enough to try to do this on their own."

Melissa Korn
Salem rejects proposal to build power plant

December 11, 2010

Salem -- The towering pine, maple and oak trees in this former Union stronghold in southern Missouri are more than just a backdrop for fall scenic drives and summer float trips. Around here, wood puts food on the table and money in the bank.

So when an international energy company based across the state announced plans to build a 20-megawatt energy plant using lumber byproducts and wood waste as fuel, project supporters expected quick approval -- not loud objections from some of the very people who roam the Ozark forests for their livelihood.

On Monday, after a courtship that lasted nearly one year, Salem's five-member Board of Aldermen unanimously rejected ProEnergy Services of Sedalia's plans to build a wood-burning power plant. The rejection captures the challenges posed by a 2008 mandate from Missouri voters requiring investor-owned utilities to use more renewable energy, starting with a 2 percent minimum next year and increasing to 15 percent within a decade.

Those on opposite sides disagree over just how much pollution-causing carbon is generated by "woody biomass" -- a catch-all term that includes sawdust, bark, branches, wood pellets, corn cobs and small trees left behind by loggers.

The workers and owners of area charcoal plants, pallet factories, sawmills and other wood product manufacturers also fear excessive demand of a limited resource in a community that bills itself as the gateway to the Ozark National Scenic Riverways, the designation given to the Current and Jacks Fork rivers, the country's first national park area protecting a wild river system.

They invoke the arrival of two high-capacity woodchip mills in the late '90s that brought out-of-state crews with heavy machinery and "strip and flip" speculators before a global decline in the pulp and paper market led to plant shutdowns.
"There's a wave coming," said forest activist Hank Dorst, referring to the rejected Salem plant as well as a similar project slated for Perryville in southeast Missouri, the University of Missouri in Columbia and possible projects in nearby Rolla and Viburnum. "The key concern in the industry, and in the forestry community, is 'Are we going too big, too fast?'

The Missouri Forest Products Association suggested in a January 2010 report that the forests surrounding Salem could support a 10-megawatt plant -- half the size of the ProEnergy proposal. Such a plant would have only added to an industry that state economists suggested accounted for nearly 28,000 jobs with a $4.3 billion statewide economic impact, according to a 2007 study.

For forest manager Terry Cunningham, the ProEnergy project was simply too big.

"It's highly unlikely that trees will be harvested like weeding a garden," said Cunningham, manager of Pioneer Forest, the state's largest private landowner.

By his estimate, a limited supply of wood would cause area charcoal plants to cut 150 to 200 jobs, far more than the 25 new full-time jobs promised by ProEnergy. And the Salem facility's need for 325,000 tons of biomass a year would require each logging crew to invest a minimum of $1.5 million for the necessary mechanized tree harvesters, wood chippers, tractor trailers and other heavy equipment, creating a financial incentive to overharvest.

"Clearcutting would become the most practical option for the logger to keep himself in the black on his equipment investment," Cunningham said.

Company officials remain confident the forest floors have plenty of surplus wood waste to meet their needs without compromising the area's natural beauty. And they're well aware that a $35 million investment, along with hundreds of temporary construction jobs, would be otherwise welcomed in the poverty-stricken, job-starved region.

Project consultant Mike Mills, a former aide to Republican U.S. Sens. John Ashcroft and Kit Bond, told a group of industry officials and state regulators in October that the Ozark towns' "damning social statistics" make them "poster children of challenged communities in our country."

"How do we develop the resources that God gave us in the Ozarks of Missouri?" he asked. The vote by Salem city officials hasn't deterred ProEnergy, Mills said. The company continues to woo officials in other prospective locations.

"The opportunity looks too attractive and makes too much sense for some location in the Ozarks," he said. "ProEnergy is still very keen to do a project in their backyard."

Bond, who is retiring from the Senate at the end of the year, is one of the state's biggest boosters of wood-burning energy plants. He convened a meeting of state business leaders at the University of Missouri in August to push for more private investment in what an organizer later suggested could be an "adrenaline shot to Missouri's rural economy" in a state that "sits atop a fuel dome of biomass."