Loftin builds goodwill as he prepares to get to work on campus issues

By Ashley Jost

Sunday, March 2, 2014 at 2:00 am

Exchanging maroon for black and gold wasn't too hard for R. Bowen Loftin, but he still has to remind himself not to say "howdy" to students or give the Texas A&M University "gig 'em" thumbs up.

The University of Missouri's new chancellor has settled in just fine, and one month into his new job he has started making plans.

In the next few weeks, Loftin said he anticipates announcing the next dean of the MU medical school as well as details for a search committee that will help identify the next provost. Additionally, he expects to announce the merging of some on-campus, non-academic offices.

"We've made some decisions already internally and are trying to communicate that properly to those who would be impacted," he said, adding that he doesn't anticipate any people losing their jobs.

Loftin said he's trying to find better ways of doing some things.

"It's going to be a phase process, so as I learn more and as we consult more, we'll probably have several iterations over the next year or so, making some tweaks to structures we have here," he said. "Those should be exciting things, I believe, because I think people will be energized to be with other people who have complementary functions and assignments so we can actually accomplish even better what we're trying to do right now."

At Texas A&M, Loftin worked with administration to privatize the dining operation, which is common among state universities, as well as the custodial and maintenance staff. That effort saved money, primarily from benefits, he said, but Loftin said he was still unclear about how successful the process was when he left.
"We are a long way from even thinking about those issues here," Loftin said. "I've learned a lot, so if we do decide to do something in the future, I can approach it much smarter."

During his first month on the job, Loftin has been busy building relationships.

He has met with Craig Roberts, plant sciences professor and chairman of the MU Faculty Council, several times to talk about an array of issues and to start indicating some of his plans, Roberts said.

So far, Roberts is impressed. Thrilled, even.

"He looks like he's not moving as quickly as he is because of his casual demeanor," Roberts said, adding that in reality Loftin "is flying along."

Roberts talked about his experiences with Loftin during a Faculty Council meeting this week, saying that so far "it's not that faculty adore him, but they definitely respect him."

"You talk to him and he's finishing your sentences for you," Roberts said. "Give him one sentence, put a period on it and he will give you two or three more sentences. He knows these issues that are important to faculty."

Roberts said he also has noticed Loftin is genuinely interested in building relationships with staff, which he said is rare. He said he thinks Loftin will help the university's "image issue," which he said is an air of entitlement that turns away some people from MU.

"He's someone who walks the walk with his character," Roberts said, adding that he thinks Loftin has small-town values and a demeanor that makes him approachable and trustworthy. "I just hope we're not just in the honeymoon period, but I don't think that's what this is."

Loftin has made an effort to meet as many people as possible during his first weeks on campus. He is approachable and welcomes questions about himself.

Loftin and his wife, Karin, have been married for 41 years. He laughs when he talks about where they met: at a foosball table in a bar.

While he was a graduate student at Rice University in Texas, the students requested and were given a space in the basement of Rice's chemistry building where they could hang out. Loftin said he and his friends cleaned the space, sprucing it up with oak paneling they salvaged from an on-campus building renovation. And they made a bar.

Volunteer bartending one night a week, Loftin remembers serving the one product they had: Shiner Bock beer.

One day, a friend brought two young women to the bar, and one of those women was Karin. Although they met at the foosball table, he said they got to know each other while he tutored her for a physics class. "I gallantly volunteered," he jokes. "It was a real sacrifice on my part."
A few years later, the two married. They have a son, a daughter and three grandchildren.

When he isn't with his family or in meetings, Loftin said he enjoys walking around campus talking to students because "it's all about the students."

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**Loftin plans to increase shared governance**

By Ashley Jost

Sunday, March 2, 2014 at 2:00 am Comments (1)

For years, University of Missouri faculty members have lobbied to have a greater say in decisions involving the budget and other broader university issues.

Now that R. Bowen Loftin is on the job, and there's a new provost on the way, some faculty members are optimistic that so-called shared governance is on the horizon.

Many people have different definitions of shared governance. Loftin's definition is broad and includes three sets of stakeholders: faculty, staff and students.

"Shared governance means you consult the university's constituents before you make decisions that affect them," he said. "And I don't mean just faculty."

While president at Texas A&M University, Loftin created the Council for Strategic Budgeting, which included members of all three stakeholder groups as well as university administrators. He is considering creating a similar panel at MU.

During his five years at Texas A&M, Loftin said he never rejected a recommendation from the shared governance committee because its suggestions were always seasoned and reasonable. Loftin said the council tackled fundamental financial issues such as the budget and tuition.

"When you give people a serious task, they take it seriously," he said. "What that means is they did their homework. The biggest problem I've seen that you can attribute to shared governance is
people who you want to provide input don't always take the time to invest in learning about all of the pieces. That's all I ask from them. It won't always be simple."

Loftin said he is confident that stakeholders at MU would make themselves well-versed in the issues if he creates a similar panel here.

Craig Roberts, plant sciences professor and chairman of the MU Faculty Council, said faculty members already have noticed Loftin's commitment to include them in decisions. "He has plans to load some really critical committees with faculty, which is what we've wanted," he said.

One of the committees Loftin has referenced is the provost search committee. He said he intends to have student, faculty and staff representatives — with an emphasis on faculty — to help steer the search for MU's second in command. Ultimately, Loftin will make the final decision on who fills the position.

Loftin said the timing for this year's budget is complicated because the fiscal year starts July 1 and many decisions are being made now. Because there isn't enough time to create a new committee and get everyone well-versed on the issues, Loftin said he hopes to bring any budget information this year to the stakeholders' governing bodies — the Graduate Professional Council, Missouri Students Association, Staff Advisory Council and MU Faculty Council.

University of Missouri suspends art program

February 28, 2014 8:02 am

COLUMBIA, Mo. (AP) — The University of Missouri has suspended its undergraduate art education program for the coming year because of a continuing lack of students.

The university says it won't accept new students but current students will be able to finish their coursework and graduate.

Interim Provost Ken Dean says in 2010, the art education staff asked for three years to improve the program. He says they were given the resources to do so.

Dean said the school is not ending art education. Students will be offered other options for earning art-related degrees. He says the change will not cause any job cuts.


The Tribune's View

Refining the curriculum

How hard it is

By Henry J. Waters III

Saturday, March 1, 2014 at 2:00 am

For a tutorial on the difficulty of eliminating programs at a large public university, please observe the reaction to a decision by the University of Missouri to eliminate art education as an undergraduate degree-track program.

The move comes during the temporary tenure of MU interim Provost Ken Dean. Perhaps he and his superiors decided to do the deed before a new provost comes on board only to step into the swamp first thing out of the box.

Years ago I was in the habit of writing occasionally in behalf of "reallocating," a juggling of the ponderous menu of MU courses to focus on priorities. Then, as now, funding was not unlimited. An editorial writer from across town thought it might make sense to eliminate marginal programs and shift the funding to areas deserving more priority. The ignorant critic thought the university, or any university, would be better off with highly regarded areas of concentration than with a hopeless potpourri intended to offer something for everyone.
I had the luxury of ignoring the political swamp that quickly would envelop any poor administrator seriously bent on such a policy. On the few occasions when someone did make the effort, he/she quickly was gobbled up by snarling partisans summoned from the woodwork by operators of threatened programs, a mighty force for the status quo.

But surely, it seems today, the case for eliminating art education is obvious. In 2009-2010 the program graduated two students. Eight graduated in 2010-2011 and seven in 2012-2013. Five freshmen were slated to enroll next year. The program had been given three years to improve, but the trend was not encouraging. Time to end art education as a separate program but not as an opportunity for study, the temporary provost said.

Even this seemingly sensible move evokes strong emotions. The program's remaining faculty member said the move “sends a really powerful message about the support from the university and how all of us value the arts and humanities as part of a holistic approach to education.” After this dire indictment, the teacher will continue to teach art education at MU.

A Facebook page has more than 3,300 followers. An online petition to "Reinstate the Undergraduate Art Education Program at MU" had nearly 900 names on Thursday. Armed minions might show up at Jesse Hall any time.

You can see how campus academic managers get nibbled or gobbled to death any time they try to rationalize course offerings, particularly in the age of the Internet. Every targeted program has a determined following, not least among graduates whose names are at the ready for recruiting into a fervent protest.

This is not to criticize supporters who love their memories, but maybe times have changed and their old program no longer is viable at MU and should be taught at other institutions. Maybe their beloved alma mater will be better off focusing elsewhere. This detached view is not appealing to many whose main affection is for the threatened program, small though it might be.

Sympathize with art ed lovers who mourn the end of their program, but celebrate campus managers who seem to be making a wise decision.

HJW III

It's a very important thing to learn to talk to people you disagree with.

— PETE SEEGER

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Posted in The Tribunes View on Saturday, March 1, 2014 2:00 am.
Officials' Pay at Public Colleges Rises Faster Than at Private Ones

By Benjamin Mueller

The median base salary of senior administrators at American public universities rose by 2.5 percent in the 2014 fiscal year, a rate slightly higher than that at private universities, according to a report being released this week that’s based on a survey by the College and University Professional Association for Human Resources. The report marked the first time in four years that the rate of salary growth for administrators at public colleges outpaced that of their peers at private ones.

Administrators’ salaries climbed by 2.3 percent at private universities and by 2.4 percent over all, comfortably outpacing the 1.5-percent rate of inflation in 2013. The increases signal that more institutions seem to be rebounding from the recession, at least enough to be able to carve out pay raises for senior officials.

"This has been a significant challenge during the last several years due to the economy," said Andy Brantley, president of the human-resources association. "Our hope is that in order for higher education to continue to recruit and retain employees, we’ll see the trend of increase continuing to match or outpace inflation."

Among the senior administrators whose salaries were surveyed were chief executives of college systems and single institutions, chief financial officers, chief academic officers, and deans. The association’s report reflects the pay of 54,853 individuals in 191 positions at 1,247 four-year and two-year institutions. Of the colleges surveyed, 48 percent were public and 52 percent were private.
The median salary for senior administrators at public universities stagnated in recent years, suffering two years without an increase, 2010 and 2011. Administrators’ salaries at public institutions rose by 1.5 percent in 2012 and by 2 percent in 2013 but still lagged behind gains at private institutions, where administrators’ pay rose by 2.5 percent in 2013.

This year’s rise in pay at public institutions reflected the recovery of state economies, Mr. Brantley said. While that trend is promising, he noted that the recovery remains uneven across states and institutions.

Medical professionals again eclipsed their colleagues on the list of highest-paid administrators. Deans of medicine topped the list, with median pay of $484,730, a 9-percent increase over 2013. Chief hospital administrators followed them with median pay of $426,002.

The median base pay of chief executives of university systems and of colleges saw slim gains from last year. Leaders of systems earned a medium base pay of $370,940, an increase of less than $500. Presidents of single institutions made $275,000, on average, an increase of $700 from last year.

Base salary represents only a portion of administrators’ full income, and other forms of compensation are becoming more common, the survey found. About 58 percent of system presidents and nearly 70 percent of single-institution presidents received a car or car allowance, according to the report.

The most common executive-only benefits at colleges in the association’s survey were performance-based incentives, often in the form of bonuses, designed to push priorities like improved retention rates or fund-raising goals, Mr. Brantley said. More than 25 percent of single-institution presidents and almost 15 percent of chief athletic administrators had the opportunity to earn performance-based incentives, according to the report.

Mr. Brantley said those percentages have grown, especially at large research institutions, as more executives are recruited from the private sector. They come, he said, wanting compensation opportunities similar to those available in their previous jobs.
"They’re frequently controversial because it’s a different compensation strategy than has traditionally been employed," Mr. Brantley said of performance-based incentives.

Despite an uptick in the economy, universities remain reluctant to plan future pay increases. The survey found that only about 25 percent of institutions had set goals for 2014-15 pay raises. As long as revenues remain uncertain and expenses for services and facilities continue to mount, Mr. Brantley said, universities will hesitate to plan the 3-percent annual pay increases that were once the norm.

MU interim provost finds way to fund merit raises

Dean's process relied on input.

By Ashley Jost

Saturday, March 1, 2014 at 2:00 am Comments (1)

University of Missouri faculty members who were chosen to receive midyear raises will soon be notified if they haven't been already — all 215 of them.

Last month, interim Provost Ken Dean expressed concerns about not being able to give raises to all the faculty members who were recommended to receive a raise. Recommendations from the deans — whose judgments Dean relied upon — came to about $2.1 million. The amount the university had available for raises was $1.7 million.

"I read all of the files and determined that the deans had done a thorough job in picking out and recommending people who would be the most highly productive based on the factors they had to write in a report," Dean said. "At the end of the day, it became very difficult to decide on an individual basis because these are our top performers."
It all worked out in the end as Dean implemented a series of processes by which he judged the amount employees would receive. Caps were the first part of the process to narrow down the final cost. Dean said he capped the amount of the raise at $15,000 or 10 percent of salary, whichever was less. Then, if the recommended amount from the dean was less than the capped number, he went with the recommendation.

In the end, Dean identified a little more than $1.72 million for 215 people, and he was able to come up with the extra $20,000.

Ten faculty members — not included in the 215 total — have not received their raises yet because they are in the process of being promoted or granted tenure. Dean said he felt it was inappropriate to provide them with raises and send "any messages" before those processes were complete. He said if they are promoted, those faculty members will receive the mid-year raise along with the resulting higher pay. The cost for that would be about $56,000 and would come out of next year's operational budget, Dean said.

Some faculty members are divided on the concept of merit-based rewards.

Sudarshan Loyalka, nuclear engineering professor and member of MU Faculty Council's executive committee, said last month that committee members wondered whether the raises were a step toward improving faculty salaries across the board.

The suggestion from the committee last month was to make 80 percent of the total amount of raise a "general" pool, which would have an emphasis on merit with cost-of-living adjustments, and a second 20 percent "excellence" pool that would be based on special merit recognition.

"I think a task force should be appointed to review — in a thoughtful manner — the entire matter of faculty salaries, raises, incentive payments over and above salaries, and other compensations at MU," Loyalka said, adding that he thinks competitiveness, merit, fairness, cost of living and transparency should all be factors.

Stephen Montgomery-Smith, a mathematics professor, said he has heard that all of the recipients from his department were "the right people." His concern isn't the merit-based so much as it is a matter of favoritism.

"Some deans are fair, and some are not," he said. "Also, some deans rely very much on advice they get from chairs. Some chairs are fair, and some are not. I've seen abuses."

Dean said there will be an evaluation process to determine how successful mid-year raises were or if administration should return to the Sept. 1 raise cycle.
MU buildings are not subject to regularly scheduled structural inspections.

That includes MU-owned University Village apartments, where a walkway collapsed Saturday, killing a firefighter and displacing residents.

The buildings are checked by maintenance workers during routine work requests made by residents, MU spokesperson Christian Basi said.

"If they see something that needs attention while they are working in and around the building, they will bring it to the attention of the university," he said.

Regular inspections are made to meet fire and sanitation regulations, and those take place once a year, Basi said.

As the result of records requests from the Missourian and other media outlets, the university is sorting through thousands of pages of work orders placed at University Village over the past 10 years to determine when walkways like the one that collapsed might have last been inspected.

Basi said the walkways at University Village had been inspected and "had some issues" that were addressed sometime in the past three years, but he said the details would not be available until next week with the release of the records.

Residential Life and Campus Facilities are going through more than 4,400 work orders in response to the records requests and have found hundreds of structural work orders, Basi said.
In an interview on KFRU-AM Wednesday, Chancellor R. Bowen Loftin also said that structural inspections are done in response to observations.

"You do look for events, look for signs of problems, as you do other kinds of inspections or maintenance activities, and those may trigger a structural inspection," Loftin said.

Trabue, Hansen and Hinshaw, Inc., a local structural engineering firm hired by MU, began Monday inspecting all facilities owned and leased by the university and by the end of last weekend had inspected all residential life buildings built before 2014. University Village was inspected immediately after the collapse Saturday. Wooden supports were installed beneath walkways to provide extra stability.

University Village was built in 1956 and designed to house graduate students and families. It is one of four student apartment complexes owned by MU, along with Manor House, Tara Apartments and University Heights.

MU Residential Life had been considering renovating or rebuilding University Village since 2008, according to previous Missourian reporting.

In 2012, Residential Life Director Frankie Minor told the Missourian he had spoken to private developers about the possibility of rebuilding University Village and University Heights but that it had been a struggle to find a financially feasible model for doing so.

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**Letter to the Editor:**

**Colleges are running an NFL minor league system**

I would like to expand on Elliot Gellman's letter (Feb. 28) that college athletes should receive a salary. Most of them are not students. The word "student" should be dropped. The smart ones can enroll if they want.

Also, I am tired of the taxpayers paying for all these athletes that are really the NFL’s semipro, minor league system. Instead of having the athletes take fake courses, why don't you teach them the basics of society? The basics would be how to manage their money, buy a home, buy insurance, or whatever they may need. They wouldn't need to be graded on this material.
One other thing: The concrete balcony fell off the university housing the other day in Columbia, Mo. But, down the road, they are adding on and updating the stadium. Hello, university president, where are your priorities? Are your priorities for the students or the NFL minor league system?

Bill Westmeyer  • Oakville

New UM Press director looks to make up ground lost during 2012 controversy, position press to thrive in future

By Ashley Jost

Saturday, March 1, 2014 at 2:00 am

When David Rosenbaum was up for the job of director of the University of Missouri Press, he wrote a 30-plus-page report outlining what changes needed to be made at the press to help it succeed.

Rosenbaum wrote the report as if he were an outside consultant, and he hoped the university would heed his advice even if he wasn’t chosen as the new press director. After he was hired in November, Rosenbaum decided to take his own advice. Now, the challenge is implementing the recommendations.

Rosenbaum was hired more than a year after the dust settled on the controversy over the press’s threatened closure. In May 2012, UM System President Tim Wolfe announced he was phasing out the UM Press. The announcement caused a backlash and led authors to threaten to take back rights to their books. By late August, officials reversed the decision and said the press would stay open but be shifted from UM System to MU campus control.

When the closing was first announced, Rosenbaum said authors fled and the press lost more than a year’s worth of titles.

“You have to keep in mind that when you lose titles on the front list, you don’t just lose the sales for that year,” he said. “These books stay in print for years, sometimes decades. There’s a gap
that we have in that list, and we’re scrambling to fill it back up. We’re actually in worse shape coming out of the closure” controversy “than we were going into it.”

Now, Rosenbaum is charged with rebuilding the operation. He’s optimistic it’s on the right track.

■

One way Rosenbaum hopes to jump-start the operation won’t cost a lot but could yield big results: subject-matter catalogs.

For years, the press has used seasonal catalogs that highlight the so-called front list items — books that are not yet in print — as well titles that are new to paperback and recently made into e-books. The problem with the seasonal catalog, Rosenbaum said, is that once a season is over, the titles featured in the previous catalog never get mentioned again.

“It doesn’t tell you anything about everything else,” he said, adding that the press has books dating back to the 1960s that are available but haven’t been well-promoted.

By the end of this year, the plan is to have four subject-matter catalogs in the following areas: Missouri and regional interests, journalism and literary criticism, politician science and philosophy, and history. Rosenbaum said the latter holds the most promise. The history catalog will have 429 titles and should be ready by the beginning of April.

The seasonal catalogs will continue to be printed, Rosenbaum said, adding that the cost for the new catalogs will be worthwhile.

“The way we think about it is, if we’re able to increase the sales of the backlist by, say, even 5 or 10 percent, that more than covers the cost of creating the catalog in the first place,” Rosenbaum said, adding that a potential cost-cutting measure is making the seasonal catalogs digital after this year. That’s still under discussion.

“It’s an extra expense,” Rosenbaum said of the subject-matter catalogs, “but that’s the risk we’re willing to take to be able to promote the books I feel are a gold mine we’re sitting on.”

■

Aside from losing financial momentum during the 2012 closure controversy, Rosenbaum said the press also lost a lot of credibility during that time period. The subject-matter catalogs, he said, are a pitch to interested authors to re-establish that “no, we are actually a real and for true publishing house.”

“We do publish this content, and we will continue to because we are committed to scholarly publishing, and we can prove it,” he said.

While planning for the release of these subject-matter catalogs, Rosenbaum also is taking a look at publishing in other areas.
The report Rosenbaum crafted before he was hired recommended expanding into areas of strength for the press and university, such as the sciences and professions.

“We really need to define sooner rather than later which sciences and which professions,” he said. “The decision will be based on an analysis of the market place for titles in those areas.”

Rosenbaum said agricultural science is one area that holds promise. Food for the Future, a Mizzou Advantage interdisciplinary program involving the development of safe, healthy and affordable food, is one of the programs that Rosenbaum has reached out to so as to gauge publishing interest.

Engineering is another area he hopes to explore.

“The difficulty we’re going to face in the future is we only have finite resources, and there’s only a finite amount of space in the publishing pipeline, which means we can’t publish everybody, even if it has merit,” he said, adding that if the UM Press is unable to publish an author, staff will suggest another publisher.

Rosenbaum said not much changed in the press’s day-to-day operation after the shift in oversight from the UM System to MU. Rather than reporting to the UM System president, the press director now reports to the MU provost.

“I recognize that the press has lost almost a year in terms of securing manuscripts during that unpleasant period that occurred,” interim MU Provost Ken Dean said. “It’s going to take a while to rebuild, and I recognize that.”

Dean said he hopes to see the press head “on an upward trajectory” soon but won’t set any specific benchmarks yet. Next year, approaching the fiscal year 2016 budget, might be a better time to start setting benchmarks, he said.

The goal at this point for Dean and Rosenbaum is to lower the amount of the subsidy the press receives from the university. Dean said the press received $400,000 for the current fiscal year.

“The time frame is long term,” Rosenbaum said about reducing the MU subsidy. “You have to understand that any publishing program — to be able to turn it around — these things don’t turn on a dime. Titles that are going to publish in 2015 — we’re looking at them right now. So that is basically helping define our financial situation in 2015 — 2016 and 2017, too.”

MU Chancellor R. Bowen Loftin said he is familiar with the press and its history the past few years. “The nation saw it,” he said. “This was not a small story.”

Coming from Texas A&M University, Loftin said he is very familiar with the issues a press faces. At A&M, Loftin said administration was working to find a model to make the press more self-sustaining and less dependent on subsidies or endowments.
“A press of quality is the hallmark of most great universities, and so it’s important for us to have that function,” he said, adding that he thinks Rosenbaum has the vision to take the press “from where it’s been to where it needs to be.”

Rosenbaum said he is grateful for people who “haven’t given up on us” and said the environment to help the press succeed “has been extremely positive.”

Rosenbaum has worked in a variety of roles in publishing for 18 years. He started at a small, scholarly-focused press at Iowa State University. That’s where Rosenbaum acquired his interest in the scholarly mission.

A few years later, the Iowa press was purchased by Blackwell Publishing Ltd., which is now part of John Wiley & Sons Inc.

Several years later, he moved to another company, Thomson Delmar — now Cengage — also in the commercial publishing realm.

“Money was good in commercial publishing,” Rosenbaum said. “But I wanted more than that. It wasn’t about money but experience. I wanted to broaden my experience, so I said it was time to move forward.”

The next step was in association publishing, working for the American Heart Association. The position was fulfilling, he said, but he missed scholarly publishing.

“University presses don’t exist simply to make money. They also serve a scholarly purpose,” he said, calling the press a “gatekeeper of credible scholarship.”

This article was published in the Saturday, March 1, 2014 edition of the Columbia Daily Tribune with the headline "Pressing ahead: New UM Press director looks to make up ground lost during 2012 controversy and position the press to thrive in the future."

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Posted in Saturday Business on Saturday, March 1, 2014 2:00 am.
Journalism school’s survey center to be closed

By Ashley Jost

Saturday, March 1, 2014 at 2:00 am

Officials at the University of Missouri School of Journalism plan to close a program that conducted polling research.

Although the timeline is still under discussion, Dean Mills, dean of the journalism school, said he made the decision last week to cut the Insight and Survey Center within the Reynolds Journalism Institute.

Three full-time staff members and a "handful" of part-time employees will be laid off, he said. The center primarily did telephone surveys for clients.

"The short version is just that this kind of business has changed along with a lot of other businesses connected with media," Mills said. "Technologies are different. People are no longer on landlines, and it's harder to reach people."

Mills said the surveying process became a lot more labor intensive as people abandoned landline telephones.

The center, also known as the Center for Advanced Social Research, has been part of RJI since 2008. Mills said a version of the operation has existed since before he came to the campus 25 years ago, but it really gained traction in the 1990s.

The original version of the center had been doing surveys of Missouri media, he said. "But as we increased research and doctoral program focuses, we ramped it up and made it national. It did really well for a time."

Mills said for the past few years the program has been on the decline financially. Last year, the center went into deficit, he said. The decision last year was to give the center "a little longer" to make a push for clients.
"There was some success, but not enough," Mills said. "At the very best, it looked like it would put it in the black."

In the past, the center has had clients including the Missouri Lottery, the Missouri Department of Health, St. Louis University and the Missouri Foundation for Health.

"A lot of the business was from the state, and state dollars have gotten fewer so there are less state dollars to spend on this — same with academic dollars," Mills said.

The cost of closing the center is about $200,000 to $300,000, Mills said. He said some staff will remain to fulfill contracts.

Ken Fleming, director of the center and one of the full-time staff members to be laid off, declined to comment.

Mark Tranel, director of the Public Policy Research Center at the University of Missouri-St. Louis, said his group has worked with the MU center for more than 10 years. The two centers partnered on projects a lot since both are within the UM System.

"We were always very pleased with the quality of their work," Tranel said. "That's one reason they weren't just colleagues of the university; they were great people to work with."

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**University of Missouri Faculty Council seeks answers on moldy books**

By Ashley Jost

Friday, February 28, 2014 at 2:00 pm Comments (3)

Of the 600,000 University of Missouri books affected by mold in off-campus storage caverns, about 120,000 are pegged for cleanup.
Jim Cogswell, director of MU Libraries, fielded questions from disgruntled members of the MU Faculty Council yesterday to update them about the timeline of events that led to the announcement of affected books last month.

Nursing Professor Rebecca Johnson called the situation "a catastrophe," a sentiment that was echoed by several others on the council.

Cogswell said the problem came to light in October when a library staff member retrieved a book from the cavern — operated by Con-Agg of MO LLC, the company that oversees the underground storage facility Subtera — and found white mold on the book.

Cogswell said he was trying to collect answers in the months between the discovery and the announcement to the campus community. Belfour, a St. Louis-based company, inspected the collection and said it had to assume all 600,000 books were affected.

Cogswell also had an on-campus environmental health and safety officer verify the type of mold, which was identified as aspergillus and/or penicillium, which are "allergenic but not toxic," he said. Between getting answers and the bustle of the holiday breaks, the announcement wasn't made until late January.

The books guaranteed remediation as of now are Missouri state documents, "rare and special projects," books related to journalism and agriculture, and prints published before 1870, Cogswell said. He anticipates the cleanup cost will be $3 per book. MU is accepting bids for remediation contractors until March 7.

Cogswell said he hopes to create and send out a list of the books that are not pegged for remediation so faculty can have input on any remaining titles that are necessary to save for a particular discipline.

The cause of the mold is still unclear, but Cogswell said he believes it came from a spike in humidity and temperature in July and August. He said another tenant of the storage caverns was moving out and left the door open, allowing heat and humidity to seep in, which dehumidifiers were apparently not enough to mitigate.

Remediation will likely go into the next year, Cogswell said, adding that he is working with the Risk and Insurance Management office from the UM System on insurance possibilities to help foot the cleanup bill.

Initially, Cogswell thought there was no insurance money available aside from a self-funded library insurance policy. Upon further review, he said, there is a chance the university might receive some money from the "landlord," Subtera. Cogswell said if the library received anything, it would be a five-digit figure.

The library also has a "give direct" account through MU for anyone to donate toward the remediation efforts. That account had raised $2,900 as of this morning.
Cogswell said the immediate need is for a new storage space for books that will undergo remediation. He said discussions about adding on to the library depository from years ago are being resurrected.

To be sure faculty members are included in future decisions or announcements, council Chairman Craig Roberts suggested an ad hoc faculty committee, to which Cogswell agreed.

MU to announce gift to veterinary college

Saturday, March 1, 2014 at 2:00 am

The University of Missouri on Monday will make an announcement about a gift to the College of Veterinary Medicine.

The gift "will create and enhance educational opportunities" for veterinary medicine students, the university said in a news release.

The announcement is scheduled for 1:15 p.m. Monday in the Great Room of the Reynolds Alumni Center. If there is a change because of the weather, that decision will be announced tomorrow afternoon.

The speaker list includes MU Chancellor R. Bowen Loftin, Vice Chancellor for Advancement Tom Hiles, College of Veterinary Medicine Dean Neil Olson and the donor representative.

Downtown items on city council's agenda

Sunday, March 2, 2014 at 2:00 am

Street closure set for a vote.

By Andrew Denney
At its regular meeting Monday night, the Columbia City Council will be presented with two measures related to proposed high-density student apartment complexes near the University of Missouri campus.

The council is set to take a final vote on a resolution that would allow St. Louis-based Collegiate Housing Partners to close streets to prepare the site of its proposed 350-bed student apartment complex near Fifth Street and Conley Avenue. The council also is scheduled to hold a first reading of a rezoning request and development agreement with Austin, Texas-based American Campus Communities for a 652-bed complex that would be built adjacent to Collegiate Housing Partners' project.

If Collegiate Housing Partners' street closure request is approved, the developer will close portions of Fourth and Fifth streets and Conley for 90 days starting March 17. According to a council report, the southbound lane of Fifth would be open from 3 to 6 p.m. weekdays.

Collegiate Housing Partners' proposed apartment complex is one of several projects that, taken together, caused city leaders to raise an alarm about downtown utility infrastructure. City leaders proposed a tax increment financing district to pay for infrastructure upgrades, but the council signaled opposition to the idea.

Deputy City Manager Tony St. Romaine said the city should be able to provide the Collegiate Housing Partners complex with electric and water service, but said sanitary sewer and stormwater infrastructure would need to be improved to allow the project to move forward. "If we resolve those issues, I think we might be able to move ahead with the project," he said.

For the American Campus Communities project to move forward, St. Romaine said, electric and water infrastructure likely would need to be improved. The council is not taking final action on the rezoning request and development agreement tomorrow. It likely will take a final vote on those issues at its March 17 meeting.

St. Romaine said the city still is working to determine how to fund infrastructure improvements. He said one option is to ask the developers to pay for some off-site improvements. "Nothing’s a done deal yet," St. Romaine said. "We’re still in the initial stages of that conversation."

Council members and city staff are scheduled to discuss alternative funding sources for downtown infrastructure improvements at tomorrow's pre-council work session, which is set for 6 p.m. The council's regular meeting starts at 7 p.m.

Also on the council's agenda tomorrow night is a public hearing for a project to improve a natural gas boiler at the city's Municipal Power Plant to reduce its output of nitrogen oxides. The boiler was installed in 1970, and in the years since it has not been used much because coal has historically been cheaper to burn.

The Columbia Water and Light Department has earmarked $2.5 million for the improvement project, which will be paid for from electric rate revenue. Water and Light recommends the council pass a motion authorizing the department to proceed with the project.
Water and Light's latest update of its integrated resource plan, or IRP, which was completed by an outside consultant, recommends that as the city looks toward its energy future it should strive to integrate more natural gas and renewable energy sources into its energy portfolio. "It aligns with the IRP and has a financial incentive," Assistant Water and Light Director Ryan Williams said of the natural gas boiler project.

He said if the natural gas boiler is back in the mix, Water and Light would be able to rely on the plant's coal burners less. The power plant produces between 4 percent and 7 percent of the city's total energy portfolio each year.

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Posted in Local on Sunday, March 2, 2014 2:00 am.

Michael Middleton shaped black history for MU

By Jessica Karins

Michael Middleton remembers a time when walking through MU’s campus as a young black man often meant hearing racial slurs shouted by other students and dodging objects thrown from cars.

This was during the mid-1960s, the height of the Civil Rights Movement, when Middleton was an undergraduate student at MU.

Today, things are different for Middleton, MU’s deputy chancellor and a professor in the School of Law.

As a civil rights lawyer, Middleton himself was instrumental in much of the work that made that change possible.

“I was sort of an activist,” he said.

In Columbia at the time, there was a lot to advocate for as an African-American student. Fraternities waved Confederate flags at football games and held “slave parades” at Homecoming. Confederate Rock, a memorial to soldiers who died on the South’s side of the Civil War, became a meeting place for white students and a “symbol of racism.”
“When I was here, this town was still segregated,” Middleton said. “I didn’t go into Columbia very much.”

Middleton worked to change that environment, as well as to establish an African-American fraternity, a chapter of the Legion of Black Collegians and hire Arvarh Strickland, MU’s first black professor.

Some of the administration reacted to the efforts with apathy, and most white students, Middleton said, were either hostile, uninterested or supportive but unhelpful.

In an interview with the Maneater as an undergraduate, Middleton was asked what black students wanted from their white peers, to which he replied, “We want you to leave us alone.”

He was describing what he had seen from “well-meaning white kids” who got involved in activism but did not have the background to really understand the issues; these students became the spokesmen who were taken seriously and praised, while black students were not.

“That’s why we formed the LBC,” Middleton said, referring to his role in establishing the Legion of Black Collegians at MU. “... We decided we needed to be speaking for ourselves.”

When it was time for Middleton to choose a law school, he was deciding between MU and Ole Miss, in his home state of Mississippi.

William Murphy, a law school professor, advised to him stay at MU because the political climate in Mississippi would have made it hard for him to focus on anything other than activism. So he stayed, becoming the fourth black student to graduate from the MU School of Law.

After graduating, Middleton’s career took him to Washington D.C., where he became a civil rights lawyer in the Justice Department and then with the Lawyers’ Committee for Civil Rights Under Law, a group that still works toward eliminating legal discrimination.

When Jimmy Carter was elected to the presidency, Middleton returned to Washington to work in the Department of Health, Education, and Welfare, working in new areas of anti-discrimination policy, including working with MU faculty to develop a plan for implementing Title IX by evaluating gender equity in sports programs.

“I’m pleased to say that that policy is still being used,” Middleton said.

It was not long, though, before a career in Washington began to feel much less satisfying. The first realization came in 1980, when Ronald Reagan defeated Carter in the presidential election, and Republicans gained control of the government for the first time in nearly three decades.

For Middleton, it felt like most of what he had worked for was suddenly in danger of being undone. The new people in power were against most Civil-Rights-era progressive legislation, were against welfare and were against the Department of Education. He was being asked to implement policy he vehemently disagreed with, and arguing against it did not work.
“It got to the point where I just said I can’t do this,” he said. “It certainly wasn’t worth my while to be in the way of this juggernaut trying to argue reason to them.”

He’d also realized that his work did not allow him to spend much time with his three young children.

“I seldom saw them because I was going to work before they woke up and getting home after they went to bed,” he said.

So he made the choice to leave government — which he calls “one of my better decisions” — and returned to MU, this time as a member of the law faculty. He’s now the deputy chancellor, a position he has held since 1998.

MU today is very different from the campus Middleton experienced as a student. Middleton said one of the changes he notices the most is the number of students of color.

“It was sort of surprising to see somebody that looked like you,” Middleton said, referring to his days as an MU student.

Now, there are more opportunities for interaction and connection.

Other signs of progress include the establishment of Women’s Studies and Black Studies departments, the thriving Black Culture Center, and the faculty, much more diverse than it was when Middleton fought to hire the first black professor.

The U.S. government has changed too. Most of the changes that spurred Middleton’s departure from public policy have been rolled back, and though there are still those whose views he finds regressive — “I don’t want to get too political, but you know who I mean,” he said — he’s reminded of a quote from Martin Luther King Jr.: “The arc of the universe is long, but it bends towards justice.”

It means that though progress will be slow, and face difficulties, equality will win eventually – a statement true of MU, Middleton said.

“I think we could do more to make this university even more accessible to marginalized students,” he said. “The same system that excluded African-Americans from the mainstream still excludes others.”

To those students who do feel excluded on campus, Middleton thinks that the African-American Civil Rights movement’s “dignity and grace” can be a model.

“Approach this with the view that these are who are oppressing me don’t know any better,” he said.

He also thinks that the administration is now much more open to hearing students’ concerns.
“Speak up; speak up,” he said. “You will get a much better reception when you speak up than I did when I spoke up.”

Marnae Chavers works to make powerful experiences for black students

By Marek Makowski

When Legion of Black Collegians President Marnae Chavers was a freshman, she left her hometown, which she said, was very homogenous with a strong African American community.

In search of the same on campus, she attended the Big 12 Conference on Black Student Government as a volunteer.

“It was amazing to me seeing all these African American students from all over the country coming together to learn and be leaders,” said Chavers, who is now a senior.

After the conference, Chavers applied to be on the LBC executive board and worked her way to becoming president. In her position, she has tried to help students more easily transition to a new culture in college, something she worked through herself.

An example of how she tries to help is the Black Book, a resource handbook once given to black students at MU from 1977 to 1985. Chavers is re-writing it with the help of the Gaines/Oldham Black Culture Center.

“(It will include) a lot of stuff that’s going to be general like housing and classes and who to contact in this department,” Chavers said. “But there are going to be things specific to African Americans that a lot of students just want to know, (such as) black faculty, black scholarships, black student organizations and churches.”

LBC’s mission statement says that it is “the leading voice on campus working to eradicate ignorance and promote positive change.” Chavers said that, yes, doing this amongst races is necessary, but that it is also important to do so within the black community itself.

“(We eradicate ignorance) through programming, knowledge, holding students to a high level of expectation and just learning through experiences,” she said.

For Black History Month, specifically, LBC has helped organize various events in conjunction with the university, such as forums on race.
“As the president of LBC, black history to me means celebrating a legacy,” said Chavers, who feels that she celebrates throughout the entire year.

Since she is president of LBC, Chavers takes part in weekly meetings for the One Mizzou Council, which is comprised of leaders of the biggest organizations on campus. There, members work together “to create a more inclusive campus community,” according to the organization’s website. And although Chavers feels that MU already has an inclusive campus, she thinks it could always use improvement.

“I definitely think there are places where it needs work, but I do see people trying to make that change,” Chavers said. “It’s slow and it’s steady, (but) it’s not just programming — it’s mindsets that need to be changed. It’s looking at me or looking at you as a person.”

Outside of MU, Chavers feels there is also a cultural divide. She thinks the challenge that a country with different cultures faces has changed since 1968 when LBC was founded.

“It’s a different struggle,” she said. “To me, it’s institutionalized racism. It is passed-down mindsets of people, both black and white, and just habit. I only know what I was taught and what I seek to learn.”

The solution to that problem, Chavers believes, is honesty. She has tried to stay truer to herself over the past four years, and she thinks that is essential in shirking the foundational shackles built by society.

“I think that when we’re honest and we open up about our feelings is the only way to move forward,” she said. “If you don’t recognize you have a problem, you can’t solve it.”

With her involvement as LBC president, Chavers said she has also changed as a person. She is more conscientious of people’s feelings, more flexible, a better leader, and more responsible. Chavers, though, said she also feels lot closer to her culture after her years spent with LBC.

“I take a lot more pride in being African American and making sure the experience of black students is powerful and what they want it to be,” she said.

She is also currently working on making changes to how LBC works so that powerful experience is more attainable through the organization.

“Right now, we’re working on just setting a foundation for others behind us,” Chavers said. “For me, as president, it’s important to leave a legacy.”

To do that, she is tinkering with LBC’s constitution, last updated in October 2010, with the hopes of improving it. She is also aiming to set new standards for members to come, improve programming and participation for events and increasing efficiency.
Although Chavers has already gone through the bulk of her college experiences, already extended her boundaries and improved her skills as president of LBC, she knows there is still more to come in life.

“It’s just all a learning experience,” she said.

Police: Thieves target catalytic converters

Saturday, March 1, 2014 at 2:00 am

The University of Missouri and Columbia police departments have received numerous reports of catalytic converters being stolen from vehicles, according to a news release from MUPD.

The thefts are occurring during daytime hours in various parking lots near MU and in the city.

According to the release, a person typically would need to get underneath a vehicle with a cutting tool to steal a catalytic converter, which is an emissions control mechanism that contains valuable metals. Most of the thefts are occurring from older vehicles from the 1990s or early 2000s, the statement says.

MUPD suggests reporting anyone seen loitering in parking lots or weaving between vehicles, especially if someone is spotted with tools or getting underneath a vehicle.

"Remember, people who may appear to be working on their vehicle in a parking lot may be committing a crime," MUPD Capt. Brian Weimer said in a statement. "Feel free to contact the police to have it investigated. Working together we can catch these individuals and reduce crime."

MUPD can be reached at 573-882-7201.

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Posted in Crime, Local on Saturday, March 1, 2014 2:00 am.
ST. LOUIS (AP) — In a first-floor gallery at the St. Louis Art Museum hangs a life-size portrait of three bathing women and a small red turtle. The painting, by Henri Matisse, changed the course of art, and is considered one of the most influential 20th-century paintings in the United States.

But it should not be here. It should be in a museum deep in German coal country, The St. Louis Post-Dispatch reported (http://bit.ly/NoIrHv ).

And it might be, were it not for World War II, the Nazi theft of millions of the most important artworks in Europe, and a St. Louis newspaper tycoon.

In the summer of 1939, Joseph Pulitzer Jr. traveled to Switzerland for a spectacular auction assembled by the Third Reich to raise money for the war.

Pulitzer flew home owning a Matisse.

With Hollywood’s help, moviegoers now know the harrowing tales of the Monuments Men, the group of roughly 350 men and women from 13 countries who recovered nearly 5 million pieces of art and artifacts stolen by the Nazis during World War II — including work by Claude Monet, Edgar Degas and Pablo Picasso.

But the story isn’t one that ends in Europe. Museums across the United States own a small piece of that history even now, more than 70 years later. After the war, artwork ejected from Germany made its way to heirs, galleries and private collectors across the ocean.

The St. Louis Art Museum has at least nine such works.

"There was a whole system, a whole set of measures, (the Nazis) put in place to turn art into either art they liked, or into cash," said James van Dyke, an art history professor at the University of Missouri-Columbia, who specializes in German work. "And many American museums and private collectors benefited from this move."

The Nazis stole millions of paintings and artifacts. They seized private collections from Jewish families before sending the paintings to secret mines for safekeeping, and the Jews to concentration camps.
They pulled iconic works — Jan van Eyck's Ghent Altarpiece and Michelangelo's Madonna of Bruges, for example — from churches, castles and museums across France, Belgium, Italy and Austria.

And they removed millions of pieces from their own museums.

Their goal was twofold. Adolf Hitler, a failed art student himself, envisioned a gigantic museum devoted to Nazi ideals, full of famous Renaissance, Romantic and realist pieces plucked from his spoils.

The modern art he confiscated would be sold or destroyed.

The pieces recovered by the Monuments, Fine Arts and Archives section of the Western Allied military effort — the Monuments Men — were the lucky ones. The soldiers returned many to their home countries, if not their actual homes.

Two on display in St. Louis for example, Hans Mielich's 500-year-old "Portrait of a Gentleman" and "Portrait of a Lady," were confiscated from a Jewish couple in Vienna, Austria, recovered from the Altaussee salt mines, and returned to the family, according to museum files. Years later, an heir gave the paintings to the St. Louis Art Museum.

But the art confiscated from German museums and sold on the international market is a different matter, art experts say.

In 1937, the Nazis put on an exhibition with hopes of ridiculing the modernists they called "degenerate" and raising interest in the eventual sale of the paintings.

Some of those pieces were sent to four German art dealers, handpicked by the Reich to sell on the international market. An additional 125 pieces were sent to Galerie Fischer in Lucerne, Switzerland, for a special auction.

The St. Louis Art Museum has at least six pieces that Nazis confiscated from their own museums as degenerate.

Morton D. May, heir to the May Department Stores fortune, purchased two by Ernst Kirchner and one by Karl Schmidt-Rottluff from dealers in the 1950s and left them to the museum when he died.

Two others — including Max Beckmann's "Christ and the Woman Taken in Adultery" — came to the museum from a New York art dealer, Curt Valentin, who specialized in Nazi confiscations.

But the most interesting, and valuable, traveled to St. Louis via Switzerland.

Germany's Museum Folkwang was founded in 1902 by a visionary art collector, Karl Ernst Osthaus, as the first contemporary art museum. He nearly single-handedly stuffed it with classical and modern art.
In 1937, the Nazis removed 1,400 pieces from the Folkwang, including seven Matisses. "Only a few dozen have found their way back," museum director Tobia Bezzola said Friday. Germans are increasingly interested in seeing artwork returned to their museums, he said.

But only works now owned by other Germans — not the Matisse that, in 1939, caught a young Joseph Pulitzer's eye.

Pulitzer, a recent Harvard grad, was honeymooning in Europe, well before his time running the St. Louis Post-Dispatch. He had already begun collecting art — Pulitzer famously hung an Amedeo Modigliani in his dorm room — and some of his art dealers had alerted him to the Nazi auction in Lucerne.

Pulitzer took his new wife to the auction. They bought the Matisse, "Bathers with a Turtle," for $2,400, less than one-ten-thousandth what it is now worth.

Pulitzer loved the piece. But he seemed to know the impact of his actions. Many thought any sale was too much of an aid to the Nazi effort.

To Pulitzer, it was an attempt to save the art from a certain fate.

He gave it to the St. Louis Art Museum in 1964.

"It's one of the great Matisses," said Simon Kelly, the St. Louis Art Museum's curator of modern art. "It's kind of our Mona Lisa."

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Taking a chance on a swing-rate mortgage

UNDER SOME CIRCUMSTANCES, AN ARM MAKES FINANCIAL SENSE.

March 02, 2014 12:15 am  •  By Jim Gallagher jgallagher@post-dispatch.com 314-340-8390

A mortgage shopper is like a contestant in a game show.

The bank’s lending officer plays the host and presents the choice: Do you want to take the sure thing, or spin the wheel and hope you’ll end up richer?

A good old fixed-rate mortgage is the sure thing. An adjustable rate mortgage is the wheel of fortune option.
Given the stakes involved — our homes and our bank accounts — the sure thing is best for most of us. But there are some people — those who plan to move in a few years — for whom an ARM is the right bet.

There is serious money at stake. Using last week’s rates, a homeowner with a $150,000 mortgage might save $7,533 over five years by choosing an ARM. Of course, the family also risks being zapped by much higher payments from year six on.

Let’s look at the mechanics first. A fixed-rate loan carries the same rate until maturity in 15 or 30 years. Rates averaged 4.4 percent on 30-year loans last week, according to Freddie Mac. ARMs carry a lower rate for the first few years, then the rate rises or falls with an index each year. At midweek, for instance, Midwest Mortgage was offering a fixed-rate loan for 4.25 percent, and an ARM with a 2.75 percent rate for the first five years.

You can get an ARM with rates frozen for three, five, seven or 10 years.

But after the freeze expires, you’re at the mercy of the market. ARM rate indexes are usually based on one-year Treasury constant maturity rate or 1-year Libor, an international bank lending rate calculated daily in London.

Right now, those indexes are at very low levels, historically speaking. They’ve been a lot higher. The 1-year constant-maturity Treasury rate is now around 0.012 percent. In 2006, before the Great Recession, it was 5 percent.

Once the rate resets, you pay the index rate plus a “margin,” which is often about 2 percent or more, depending on the index.

So, could today’s borrower end up paying more than 7 percent if the pre-bust interest rates return?

Maybe. All ARMs contain “lifetime caps” setting the max you’ll pay no matter how high rates go. Most also carry yearly caps, limiting the amount rates can rise each year, often to 2 percent.

Take a hard look at that lifetime cap. Could you pay it if you had to?

Who should get an ARM? “If you know you’re going to be transferred,” said George DeMare of Midwest Mortgage in west St. Louis County. If your company normally moves people around the country as it promotes them, an ARM might make sense.

It might also make sense for a young family that plans to get bigger. They may already be in a home, but hope to refinance to a lower interest rate, DeMare noted. If they plan to move to a larger house in a few years, an ARM would save them money.

“ARMs for the right people are phenomenal,” DeMare said.
The decision makes people gaze into the hazy future, and that’s always dangerous, said Suzanne Gellman, who teaches consumer finance at the University of Missouri’s extension service.

Nasty surprises happen: job losses, divorces. How would you like to be out of work when your mortgage payment takes a big jump? That’s why she recommends against ARMs for most people.

An ARM is a choice best fitted to the financially secure, said Ted Rood of Wintrust Mortgage in Creve Coeur. “It’s for a financially stable person who has some risk tolerance, who expects his income to grow, or doesn’t expect to be in the home for long.”

So, don’t do it if you’re in a business where big downsizings are common. Don’t do it if you live paycheck to paycheck.

“If you can’t afford to repair the car when it breaks down, how are you going to afford when the mortgage payment jumps by $150?” asked Rood, who noted that he is speaking for himself, not his company.

ARM buyers should understand that the loan involves some risk. “I’ve advised people, who I don’t think are financially savvy, that they should avoid an ARM,” Rood said.

ARMs got a bad name when the housing bubble burst. High-interest subprime mortgages were usually structured as ARMs. They offered reasonable interest rates for the first few years, then jumped sharply.

Borrowers had planned to refinance before the big bump-up but found themselves squeezed instead. They were caught between a big jump in monthly payments and falling home prices, which made it impossible to refinance the mortgage.

Today’s ARMs are less toxic. Subprime ARMs are gone. Gone too are most “option ARMs,” which let borrowers choose between making a full monthly payment, or paying the interest only. Some let borrowers could pay even less than the interest, meaning that their debt actually grew each month instead of shrinking.

Option ARMs are now strongly discouraged under federal mortgage rules, and most lenders won’t touch them. Some smaller banks still offer them, but generally to highly qualified borrowers.
JEFFERSON CITY • Missouri spends more on its Low-Income Housing Tax Credit program than nearly any other state. But of the $140 million it spends per year, less than half actually goes to housing. Only 43 cents of every dollar is used for construction, an inefficiency that has been cited in audits and criticized by state senators and Gov. Jay Nixon. The rest of the money is lost in an accounting haze or flows to federal taxes, investors and middlemen.

Yet bills scaling back the program have died in the Legislature repeatedly in the last four years. A group of financiers and developers has fended off changes and appears poised to do so again, despite pressure from the governor.

The political fight showcases a complex subsidy that has stymied most other economic development legislation.

Its defenders point to the thousands of affordable homes that have been built, which they say provide stability for working-class families and help elderly people stay out of nursing homes. Critics say the costs are bloated, enriching a small circle of insiders.

This year is viewed as the last-gasp opportunity to tackle the program’s shortcomings, given that few legislators understand the issue’s intricacies and those pressing hardest for change — Sens. John Lamping, R-Ladue, and Brad Lager, R-Savannah — are leaving the Legislature after this session.

“We don’t lead the way on many things, but we’re No. 1 or No. 2 on low-income housing tax credits,” Lamping said. “It doesn’t look right, it’s not right and it needs to be fixed. It doesn’t pass the smell test.”

HOW IT WORKS

Tax credits are basically vouchers that reduce the recipient’s taxes, with $1 in credits eliminating $1 of taxes owed. Thus, they are like grants of public money. In this case, developers sell the credits to generate equity for construction projects.

Congress set up the program by establishing a federal low-income housing tax credit in 1986. Each state receives an annual allotment of federal credits, based on population.

The Missouri Legislature approved a state credit in 1990 and expanded it to match the federal program in 1997.

Under that formula, Missouri could issue up to $145.3 million in federal credits and a like amount in state credits this year. However, the state plans to hold its share to $137 million.

Developers compete fiercely for the subsidies, which are awarded by a group of gubernatorial appointees and statewide elected officials who make up the 10-member Missouri Housing Development Commission.
The projects are geared to those who make no more than 60 percent of the median income. That means that in St. Louis, a single tenant can make up to $28,200 a year. For a family of four, $40,260 is the maximum. At least 40 percent of a project’s units must go to tenants in that income group. They pay rent that is at least 15 percent below the market rate.

While every state uses federal low-income housing tax credits, Missouri’s approach — matching the federal program with state credits — is somewhat rare.

Many states use bonds, low-interest loans or direct line-items in the state budget to help fund affordable housing development. Only 14 run their own tax credit program, according to Novogradac, an accounting firm that tracks tax credit programs nationwide. And of those 14, just two — California and Georgia — spend more on the credits than Missouri does.

When they’re awarded the credits, developers usually sell them to middlemen who recruit investors, typically insurance companies, large corporations or wealthy individuals hoping to write down their tax bill.

State low-income housing credits generally fetch only 40-something cents on the dollar. This payback is far less than other popular state tax credits, like the one for historic preservation. And it’s roughly half the payback of the federal low-income housing tax credit program.

Take Richardson Ridge Villas, a 48-unit apartment complex being built off Jeffco Boulevard in Arnold by developer Patrick Werner. When it’s done, it’ll rent to people 55 and older at $410 a month plus utilities, with 10 handicapped-accessible units.

Richardson Ridge will cost $5.8 million to build, according to its tax credit application, with other costs including an $850,000 developer fee, bringing the total project cost to $8.4 million, or $175,000 per unit.

In late 2012, the housing development commission awarded Richardson Ridge $12.3 million in low-income housing tax credits over 10 years — half state, half federal — which generated more than $8 million in equity after the developer sold them to syndication firms that put the deals together. While the federal credits fetched 85 cents on the dollar — generating nearly $5.3 million — the state credits sold for just 45 cents.

Supporters say the social and economic benefits offset the costs. Far from the eyesore image associated with public housing, privately managed projects funded by tax credits are built to high standards and include features such as energy-efficient windows and community rooms.

For elderly tenants such as those at Richardson Ridge, the apartments also will come with services such as nurses to provide free health screenings and vans for transportation to doctors’ appointments and the grocery store.

“It basically eliminates a lot of the problems that state agencies would have to fund or solve, and it does it at a much less expensive rate,” said Craig Henning, executive director of Disability Resource Association Inc. of
Festus, which will provide the in-home services at Richardson Ridge. He said there are already 400 people on the waiting list.

**INEFFICIENT CREDIT**

Missouri could build more housing to meet the demand if more of the state’s money went into the projects.

So why is the state credit so inefficient? The reasons are many and complicated, say people who work with the credits.

There are far more customers for the federal credits because big companies know they’ll have a tax bill to the IRS 10 years from now, but they may not in Missouri. And using a state tax credit reduces a company’s ability to write down its federal tax bill, which dampens state prices a bit further.

Another reason is what accountants call “the time value of money,” the idea that a dollar 10 years from now is worth less than a dollar today. To an investor, the 10-year payout stream on the state credits saps them of much of their value, and carries extra risk in case something goes wrong. Investors want to get paid for that, said Art Weiss, a tax credit broker in Chesterfield whose firm, Lisart Capital, has worked on a number of low-income housing deals.

“It’s kind of like a mortgage in reverse,” he said. “Investors are putting out all this money right now. They need to get some rate of return, because the benefit comes back over time.”

That may be, said Craig Van Matre, a retired lawyer in Columbia who served on two state panels studying low-income housing credits for Nixon. But he said there’s no reason why the investors’ return should come on the backs of taxpayers.

“There’s an enormous amount of — in my opinion — waste in this program,” Van Matre said. “If I loan you $4,000, and you pay me back $1,000 a year for 10 years, you’re paying 21 percent interest. Why are we doing that when the state has a AAA bond rating and we could borrow money at 2 percent?”

When he sat on the Tax Credit Review Commission in 2010 and 2012, Van Matre spearheaded a proposal to cut the payback time from 10 years to five. While that would cost the state more up front, it would make the program more efficient in the long run by lowering borrowing costs, Van Matre said. A commission report projected a five-year payback instead of 10 would fund 30 percent more housing units for the same amount of money.

The idea went nowhere.

“There is an enormous wall of resistance in the Legislature to seriously considering modifying this program,” he said. “The people in the House just don’t want to touch it.”
The stalemate centers on where to cap the program’s costs. This year, a Senate bill sponsored by Lamping proposes to limit low-income housing tax credit authorizations to $100 million a year.

The House leadership’s bill would set a higher cap, gradually phasing the program down to $110 million by 2019. The House plan also would use up any savings by adding a bunch of new tax credit programs. Fiscal hawks in the Senate oppose adding new programs.

**SYNDICATORS’ ROLE**

Ask senators why the tax credit bills have died five times in the last four years and they point to the political pull of an elite group of middlemen known as tax credit syndicators. Because they benefit from the status quo, “the syndicators have no desire for resolution,” Lager said. “There are literally three to five people keeping this from happening.”

Unlike other credits, low-income housing credits aren’t sold on the open market because federal rules require that the investors own part of the housing project. The syndicator puts together the deal and guarantees the credit stream.

The syndicators include St. Louis institutions such as U.S. Bank Community Development Corp. and the St. Louis Equity Fund. But the firms with the biggest chunk of the business are run by Jeffrey Smith of Columbia, Mo., Mark Gardner of Springfield, Mo., Stephen Holden of Dexter, Mo., and Joseph Shepard of Kirkwood.

Shepard, who is married to U.S. Sen. Claire McCaskill, D-Mo., is CEO of Webster Groves-based Sugar Creek Realty LLC, which bought the most credits of any syndicator last year — about $41 million worth. Sugar Creek also paid the highest average price: 44.2 cents on the dollar, which means more money went into construction than at other syndication firms.

It’s unclear how much of the remaining 56 cents amounts to profit for syndicators and investors given that taxes, the 10-year payout and overhead must be taken into account. The affordable housing industry pegs investors’ profits at 4 cents and syndicators’ take at 3 to 5 cents on the dollar.

Shepard, who has made millions in his decades in the affordable housing industry, declined through a spokesman to be interviewed. A lawyer for Sugar Creek said Shepard spends less than 25 percent of his time on tax credit syndication and most of the business is handled by others at the firm.

Stephen Holden, who is a distant cousin of former Gov. Bob Holden, said syndicators incur a lot of overhead and assume a lot of risk because they must keep the housing project in compliance with federal tax law at least 15 years and often 30 years. Tax credits can be forfeited if properties aren’t properly maintained and ready to rent.

“Remember these are restricted-rent projects, so it’s not like you’re getting a lot of cash flow,” said Holden, who owns CRA Investments LLC. “If somebody rips up the carpet and puts cigarette burns on the counters
and leaves it trashed, the question is, do you have available cash to get that ready and put it back on the market?”

**INDUSTRY’S LOBBY**

Given the millions of dollars on the line, the affordable housing industry stays well-connected at the state Capitol.

Gardner, who owns Gardner Capital Inc., has hired lobbyist Steve Tilley, the former House speaker. Tilley, who left the House in August 2012, also represents a housing developer, Maco Development Co. LLC of Clarkton, Mo.

Tilley keeps in close touch with his former colleagues by raising money for their campaigns. In 2012 and 2013, his firm, Strategic Capitol Consulting, received consulting fees from Lt. Gov. Peter Kinder and eight legislators, including House Speaker Tim Jones, R-Eureka, and Majority Leader John Diehl, R-Town and Country.

Other syndicators weigh in with legislators through an umbrella group, the Missouri Workforce Housing Association, which retains the high-powered lobbying firm of Gamble and Schlemeier. The association also employs as its executive director former state Sen. Jeff Smith, D-St. Louis, who lives in New York after serving a federal prison term for campaign finance violations.

Meanwhile, the other Jeffrey Smith — the Columbia-based syndicator who runs Affordable Equity Partners Inc. — has given thousands of dollars to House leaders over the years by using a web of committees with names such as Advocacy for Special Needs and Citizens for New Health Care Concepts.

In December, Speaker Jones received at least eight $2,500 checks from committees affiliated with Smith. The committees are all managed by Smith’s longtime lobbyist, Harry Gallagher. Gallagher dismissed the notion that he was working to kill the tax credit bill.

“I am not really paying any attention to it because it’s the same old stuff all over again,” Gallagher said. “To me it’s got to the point where it’s boring.”

Jones and Diehl denied Lamping’s and Lager’s accusations that the House is too close to the housing industry.

“It’s really just improper rhetoric levied by a couple people who don’t understand how to create jobs in this state and how to resurrect blighted communities,” Jones said.

**Diehl, a real estate lawyer, sits on the advisory board of the Jeffrey E. Smith Institute of Real Estate at the University of Missouri-Columbia, which was set up by donations from Smith. But Diehl said he was picked because he is a graduate of the MU College of Business. He said he barely knows Smith.**

“I think I’ve had one conversation with him,” Diehl said.
Nixon persuaded the housing development commission to delay releasing this year’s credits — $137 million for 30 projects — until mid-March. The idea was to give senators leverage to negotiate with those refusing to change the program. The vote was 6-1, with Lt. Gov. Kinder casting the sole “no” vote.

So far, it doesn’t look like the freeze has helped resolve the issue. Neither the House nor the Senate has debated the tax credit legislation yet.

Program backer Stephen Acree, executive director of RISE, a St. Louis-based nonprofit design firm, said shortening the payback from 10 years to five would mean less money getting lost in the gears of financing and more going to build housing. That’d be a good thing, he said, but those kinds of tweaks are not what the conversation in Jefferson City has been about.

“People hear cost cuts and it’s code for killing the program,” he said. “If we had people in a conversation about fixing this, and that conversation had goodwill about housing and community development, then there are ways to improve the program. But I don’t think that’s the case here.”

Tim Logan of the Post-Dispatch contributed to this report.

Lamping’s bill is SB740. The House tax credit bill is HB1501.