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NOTES FROM THE PRESIDENT - WILL FACTS MATTER?

by [Don Larsson](#), IFO President

Today (Tuesday, February 15), Governor Dayton will release his official budget request for fiscal years 2012-2013 to the Legislature. Two weeks after that, around March 4, the state office of Minnesota Management & Budget (MMB) will release its official economic forecast for the next biennium.

Why should faculty care?

We should care because these two events will set the context for what we can hope for and expect in the next IFO-MnSCU contract. Dayton's budget will chart how much additional sacrifice public higher education (MnSCU and the University of Minnesota) may have to bear over the next two years. The MMB forecast will be the context required by law for the Legislature's considerations.

There is some reason for a bit of hope in these events. Yesterday, the IFO's lobbyist, Russ Stanton, and I, along with representatives of the two-year MnSCU college faculty and the two MnSCU student organizations, met with Hue Nguyen, the Governor's Liaison for Higher Education. It is clear that she and the Governor recognize the efforts and sacrifices that are already being made on our campuses, but she could not reveal any budget details or make any promises. In regard to the February state forecast, Tom Hanson, who was the state Finance Commissioner under Governor Pawlenty, has suggested that it might be better than the November forecast, which had raised the projected state deficit from \$5.8 billion to \$6.2 billion. You can see his analysis at the website [Inside the Minnesota Capitol](#).

We will learn more about the Dayton budget today, and time will tell if Hanson is right. You'll be able to find the MMB forecast when it is released [HERE](#).

In the meantime, we cannot afford to be complacent. Even Governor Dayton has promised that there will be real cuts and real pain in his budget. Even an improved economic forecast will still leave one of the largest state deficits that Minnesota has ever had to face. And we are still looking at major changes in the Minnesota landscape.

In a new report, State Economist Tom Stinson and State Demographer Tom Gillaspay once again have pointed to the changes in Minnesota's population as more Baby Boomers age, putting more demands on health care and other public dollars that cannot be provided by a smaller workforce that needs to catch up with Minnesota's educational

demands for an educated workforce and citizenry. A summary of their report is available at the [Minnpost website](#). The entire report can be found [HERE](#).

The facts that Stinson and Gillaspay provide are daunting, but even worse is the way in which some parties would use these facts to support their own biases and agendas. A recent Star Tribune article, titled "[Public Pay, Benefits Set Off New 'Civil War'](#)," highlights how understandable frustration and fear by the public can get transformed into resentment and bitterness directed against public employees. A quick glance at the "comments" section on the Star Tribune piece or the MinnPost story reveals how widespread those feelings can be—and how often they are based on misinformation or misunderstandings of what state university faculty do.

As scholars and teachers and as public employees, we cannot afford to counter anger with anger. We cannot be content to answer to misinformation and misunderstanding with condescension or bitterness of our own. We must continue to spread the message that we have been trying to bring to the Legislature and public every day:

- Minnesota will need to increase the percentage of its population with some higher education by 64% in less than a decade ([Georgetown University Center on Education and the Workforce, June 2010](#))
- Minnesota will rank 5th highest in the nation in jobs needing at least a bachelor's degree
- Over 1/3 of those bachelor's degrees will come from our state universities
- Those degrees will be the result of curricula created and taught by state university faculty
- State university faculty, through the IFO, have already led the way in working to meet the state's financial difficulties, with pay freezes and legislative solutions to state pension problems
- The faculty are on the front lines of higher education. Of all "stakeholder" groups in MnSCU, we are uniquely positioned to understand our institution, our students and their needs. We are not just "employees." We are the heart of Minnesota's higher education system, and we are the heart of Minnesota's future.

Let's spread those words. Let's educate ourselves, our legislators and our neighbors!

New Chancellor Chosen

As I have reported before, Dr. Steven Rosenstone has been selected by the MnSCU Board of Trustees to serve as MnSCU's next Chancellor, replacing Chancellor McCormick, who will retire this summer. Dr. Rosenstone served for a decade as the Dean of the College of Liberal Arts at the University of Minnesota, a unit that is larger and more complex than many colleges and universities. For the last three years he has served as Vice President for Scholarly and Cultural Affairs at the U. Official confirmation of Dr. Rosenstone should take place at the March Board of Trustees meeting, although he is already beginning some transition activities. I will be having lunch with him next week, and I hope and expect to maintain close contact with him as he eases into this new position. To get a sense of what Dr. Rosenstone's style is and what his priorities might include, see the excerpts of comments from his interviews with the Trustees at [MPR's Higher Education blog](#).

FACULTY & STUDENTS TESTIFY AT LEGISLATURE

by [Russ Stanton](#), IFO Director of Government Relations

On February 10th, students and faculty representatives from the MnSCU and U of M systems testified before the House Higher Education Policy and Finance Committee. IFO President Don Larsson and Metropolitan State University faculty member Monte Bute testified on behalf of the Inter Faculty Organization. Larsson emphasized the cuts already made by state universities and the growing enrollments within the MnSCU system. He said legislators should take these factors into account when balancing the budget. Bute spoke about how important affordable public higher education was to his success in life, and lamented the fact that opportunity is being diminished for today's generation of students because of declining state support for higher education. To view the



Don Larsson



Monte Bute

testimony, click [here](#).

DAYTON VETOES REPUBLICAN BUDGET CUTS

by [Russ Stanton](#), IFO Director of Government Relations

On February 10th, the Republican controlled legislature passed HF 130—a bill that would have cut nearly \$900 million from state spending, including \$185 million in cuts to higher education. The bill would have cut the MnSCU appropriation base from the \$630.5 million per year in law for FY 2012 and FY 2013, to just \$582.4 million. This was \$23 million below the \$605.5 million appropriation that MnSCU received this year (FY 2011). Within hours, Governor Dayton vetoed the bill. He said the \$6.2 billion state budget shortfall should be addressed through a comprehensive, balanced solution that included both program spending cuts and tax increases on higher income Minnesotans.

DAYTON PROPOSES BUDGET CUTS/TAX INCREASES/SHIFTS

by [Russ Stanton](#), IFO Director of Government Relations

On February 15th Governor Mark Dayton presented his FY2012-FY2013 biennial budget recommendations to the legislature. As he promised in his campaign, Dayton's budget and his plans to solve the \$6.2 billion budget shortfall he inherited from former Governor Tim Pawlenty include both deep budget cuts and tax increases.

Dayton proposes raising taxes on the highest 5.5% of income earners in the state—emphasizing that over 94% of Minnesotans will receive no tax increase under his budget proposal. His plan includes a \$4.129 billion increase in revenue and a \$1.940 billion cut in expenditures to balance the budget and erase the budget shortfall.

In the higher education portion of the budget, Dayton's plan calls for a total cut of \$171 million to higher education spending. This amounts to a 6% cut in appropriations.

- The Office of Higher Education, which runs student financial aid would be cut \$18.2 million. The core state financial aid program—the State Grant Program—would be held harmless. Several small aid programs started by Governor Pawlenty would be eliminated.
- MnSCU and the U of M's appropriations would be cut \$152.7 million over the two years—while this is a 6% cut to the appropriations base, it is close to a 3% cut in their total budget (which includes tuition revenue).
- The MnSCU system would be cut \$37.8 million each year, bringing its appropriation base down to \$592.6 million per year.

Dayton's budget proposal to the legislature represents the start of the real budget process at the legislature (most of what has happened so far has been posturing). Legislative committees will now examine the proposals in detail and assemble their own budget. The Republican controlled legislature has already announced their opposition to any tax increases. Without increases in revenue, the cuts to state programs would have to be about three times larger than what Dayton proposed. Where this will end is uncertain—it looks like a train wreck in the making.

UNIONS/PUBLIC EMPLOYEES UNDER ATTACK

by [Russ Stanton](#), IFO Director of Government Relations

The newly elected Republican majorities in the Minnesota House and Senate spent much of their time in the first six weeks of the legislative session attempting to implement their conservative agenda, particularly with regard to public employees and unions. In the last several weeks, much of our time has been consumed fighting the proposals, including:

A pay freeze for public employees

This legislation was introduced early in the session by Rep. Denny McNamara in HF 67. This was a hard freeze of indefinite duration—no step increases, no cost-of-living increases, no longevity increases—and it even prevented increases in current contracts (the career steps, promotional steps, final year two-step increases for retirees who give notice) from carrying forward. The pay freeze was included in HF 130—the bill to cut state agencies, local

government aid and higher education—but it was later amended out in conference committee (and HF 130 was vetoed by Governor Dayton). Almost immediately, the pay freeze was brought up again as part of HF 192—but fortunately Rep. Keith Downey (R-Edina) amended his bill to exempt MnSCU employees from the pay freeze. For right now, IFO faculty are exempt from the pay freeze—but there is still a long session ahead of us and we may have to fight this issue again.

The “Right to Work” proposed constitutional amendment

The “Right to Work” amendment would say that every employee is free to join or not join a union (fair enough—no one is required to join a union under current law). The tricky part of the proposed constitutional amendment is that it says no one could be forced to pay any sort of fee or dues to the union. Currently, members of a bargaining unit who are not members of the union still have to pay “fair share” fees to cover the cost of negotiating and enforcing collective bargaining benefits on their behalf. Under current law, fair share members of the bargaining unit do not have to pay for union activities that are not related to negotiating the contract (i.e. the cost of IFO’s lobbying activities and contributions to political candidates are not charged to fair share members). The Right to Work amendment, if passed, would require unions to negotiate benefits for all members of the bargaining unit (both union and non-union) but unions would not be able to collect fair share fees. The problem with this is it would incent “free-riders”—members of the unit who would enjoy the benefits of the union’s activities but let others pay the cost. In Right to Work states, unions tend to be very weak or nearly non-existent.

The Right to Work amendment is particularly threatening because, as a constitutional amendment, it cannot be vetoed by Governor Dayton. If it passed the Republican controlled House and Senate, it would go straight to the ballot at the next election. If it passes the legislature, it will cost millions to fight it as a general election ballot question.

The Right to Work amendment was heard last week in the House Government Operation Committee as part of Rep. Downey’s HF 192. A huge crowd of union members filled the largest hearing room, and monitors had to be set up in the basement and the cafeteria to handle the overflow crowd of opponents. Rep. Downey offered an amendment to take out the Right to Work provision—and it passed. However, the Right to Work legislation is still contained in HF 65 by Rep. Draskowski (R-Wabasha)—and I expect it will be revived later in the session.

A 15% reduction in the state workforce

Rep. Downey also introduced a bill to require a 15% reduction in the states workforce. This bill was heard in the Government Operations Committee, and Rep. Downey offered an amendment to his bill (which passed) to exempt MnSCU employees from the reduction. The bill passed the committee and is now in the State Departments Finance Committee.

Contracting out state employee jobs

HF 192 contains a provision that all state agencies, including MnSCU, would have to do a study on which of their functions might be performed cheaper by outside contractors. If a function was put up for outsourcing, state employees could form groups and bid to do the work they are currently doing. Obviously, this would undermine and destroy collective bargaining contracts and bid down employee pay. This provision is still in HF 192, which passed the Government Operations Committee by a vote of 9-6. The bill still has to clear other committees before it reaches the floor.

Other bills interfering with collective bargaining continue to surface. It looks like we will spend a good part of this session playing legislative Whack-a-Mole trying to knock down these bills as they pop up.

LEGISLATION ON ALTERNATIVE TEACHER PREPARATION PROGRAMS

by [Donna Brauer](#), IFO Academic Affairs Coordinator

Since the beginning of this legislative session, three bills addressing teacher licensure and alternative teacher preparation programs have been introduced. The introduction of these bills is not a surprise as such legislation has been introduced in each session during the last decade. IFO opposed those previous bills largely because they failed to require involvement of state university faculty in the alternative programs. This session, one House bill, HR 3 (Marianni, DFL) requires that alternative teacher programs involve partnerships with postsecondary institutions as well as require high eligibility standards for entrance into such programs; the other House bill, HR 63 (Garofalo, R), does not require university faculty involvement. IFO supported HR 3 and opposed HR 63 during committee

hearings. In the Senate, SF 40 (Olson, R) is similar to HR 63. Last week SF 40 was passed by the Senate, sent to the House, which amended it and then passed it, and returned to the Senate. Instead of either passing the amended bill or sending it to a conference committee, the Senate tabled the bill.

This action suggests that the Senate is negotiating with the Governor's office on the final language of the bill. Governor Dayton and the Department of Education prefer HR 3 and its language requiring involvement of state university faculty in alternative teacher preparation programs. IFO continues to support amending SF 40 to require partnerships with postsecondary institutions. To read the current SF 40 language, click [HERE](#).

PRE-TAX MDEA, DCEA, TRANSIT AND HRA ACCOUNT DEADLINE 2/28/11

The deadline for submitting 2010 pre-tax Medical Dental Expense Account (MDEA), Dependent DayCare Expense Account (DCEA) and the Transit Expense Account (TEA) pre-tax reimbursement requests is February 28, 2011. Be sure to have your completed Reimbursement Request Forms, along with all appropriate supporting documentation, to Eide Bailly by February 28, 2011. Requests received after the deadline will not be accepted and Any money remaining in your account will be forfeited, as required by federal law.

If you have a remaining balance from your 2009 HRA that has been moved forward into 2010, you may submit 2010-expenses by February 28, 2011. Again completed Reimbursement Requests (forms and online submissions) must be accompanied by the supporting documentation and submitted to Eide Bailly by the February 28, 2011 deadline. Unlike your MDEA, any balance in your 2009 HRA carries forward into future years if not spent.

If you have questions about account balances or reimbursements, please contact Eide Bailly at 952-944-6633 or 1-800-300-1672. You may also find information and forms on the [Eide Bailly website](#).

Reimbursement Request Forms and documentation can be submitted by fax at 952-918-3622, mail to Eide Bailly, 5601 Green Valley Drive Suite 710, Minneapolis, Minnesota 55437-1145, or electronically at the webpage above by following the instructions on how to login.

CONTACT US

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