

Inter Faculty Organization

BEMIDJI - MANKATO - METROPOLITAN - MOORHEAD - SOUTHWEST - ST. CLOUD - WINONA

Faculty Update Newsletter

Volume XXXII No. 10

www.ifo.org

May 2010

IN THIS ISSUE

- [Notes from the President](#)
- [Notes from the President-Elect](#)
- [2010 Legislative Session Summary](#)
 - [Bonding - Fast start, then fizzle](#)
 - [The Budget Shortfall - an ever-changing target](#)
 - [Higher Education Budget Cuts Passed - MnSCU cuts relatively small](#)
 - [Legislature Passes Pension Reforms to Stabilize Pension Funds](#)
- [Donna Brauer, New IFO Academic Affairs Coordinator](#)
- [Notes from the Controller](#)
 - [Fiscal Year 2010 IFO Audit](#)
 - [Fiscal Year 2011 IFO Budget](#)
 - [Fiscal Year 2011 IFO Dues and Fair Share Fees](#)
- [Long-Term Care Insurance Open Enrollment](#)

NOTES FROM THE PRESIDENT

by [Roderick Henry](#), *IFO President*

Dear Colleagues:

The academic year ends as does my two years as IFO President.

I walked in through the doors of our old offices at the corner of Western and Selby Avenues and will leave through the doors of our new offices on Concordia Avenue. We are still located in Saint Paul, but in a very different Minnesota. Then, the seasonally adjusted unemployment rate was around 5.5%; now, it is about 8.5%. Many jobs have been lost, “re-engineered”, homes foreclosed – all part of the Great Recession of 2008. Our state’s budget situation has gone from bad to beyond bad with talk of another state shutdown framing talks between our governor and our legislature. Many campuses have had to make drastic adjustments including proposed retrenchments, program suspensions or closures, early retirements, and other short-term solutions to the long-term problem...which is the abandonment of the concept of higher education funded in most part by our state. Part of this process has been dramatic increases in tuition rates at the campus and program level...and our students are feeling the pain.

I believe we have weathered the storm well. We were able to reduce the IFO’s overhead through cost-cutting measures. We were able to maintain salaries for our faculty – and even getting increases for some – in the face of deflationary pressures. We have fought and will continue to fight attempts at eroding seniority through arbitrary and capricious roster changes. We have fought against permanently replacing tenured faculty positions with inappropriate contingent faculty. We have opposed and will continue to defend the rights to the intellectual property that we continuously create as academics. We have continued our commitment to equitable treatment for our diverse faculty. We continue to oppose the creation of new positions serving our central administration. We continue to believe that a quality, affordable, public education – not some gimmicky, untried, and expensive for-profit model – will best serve our students, our state, and our disciplines. In summary, we have stood – with much success - against the short-term, short-sighted, politically easy, but potentially disastrous trends that have wreaked havoc on universities and systems of higher learning throughout the United States.

I thank you for your support and the hard work of your local Faculty Association representatives. Your continued support of them and our incoming IFO President, Don Larsson, will enable us to weather the remaining storms.

NOTES FROM THE PRESIDENT-ELECT

by [Don Larsson](#), *IFO President-Elect*

Dear Colleagues,

In a few weeks I will officially have the exciting and daunting task of serving as the new President of your union. I enter this role with a few basic principles in mind:

- Respect for the contract: We must see that all parties understand both the letter and the spirit of the agreement that sets the guidelines for our professional lives
- Respect for the faculty: We need to know that our concerns are heard, that we are welcome participants in shared governance, and that our professional roles as teachers, researchers, creators, and public servants are appreciated on our campuses, in the system, and around the state
- Respect for the state universities: We need the MnSCU system, the Legislature, the Governor, and the people of Minnesota to understand the roles of baccalaureate and graduate education now and their potential for the future. We must be regarded as key elements of Minnesota's higher education system.

I will need your voices, help and support as we continue to insist on respect in all these matters. I look forward to working with and for you in the coming months.

2010 LEGISLATIVE SESSION SUMMARY

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

In my January Update article I predicted the 2010 legislative session would be full of chaos, rancor, and painful budget cuts. It was. Governor Pawlenty seemed to be positioning himself to run for President, half dozen legislators were running for Governor, and all 201 legislative seats were up for election. This created a toxic political environment that made problem solving difficult. The state's ever-changing financial situation further complicated the job of balancing the budget. In the end, higher education, and the MnSCU system in particular, got through the session with relatively small cuts compared to most of state government—but that was mainly due to federal stimulus money rules. The session ended amid rancorous debate, hostile veto messages, a short special session, and deep cuts to state programs. The following is a summary of session outcomes. For a more detailed summary of action on IFO's legislative goals, click [here](#).

Bonding—A Fast Start, then a Fizzle

The legislative session got off to a fast start. Within five weeks the legislature had assembled a \$999 million bonding bill to raise money for state infrastructure improvements—including \$239 million for MnSCU projects. Then governor took his veto pen to the bonding bill and reduced it to a \$680 million appropriation. He vetoed 16 MnSCU projects, reducing the MnSCU bonding appropriation from \$239 million to just \$106 million. The Governor vetoed a Clinical Science Building at MSU-Mankato; the Livingston-Lord Library project at MSU Moorhead, a Science and Math Building renovation at Southwest, and an Integrated Science and Engineering Laboratory at St. Cloud State University. The only state university project to survive was a \$5.8 million appropriation to demolish to old power plant and build a new classroom building at Metro State. MnSCU also received a \$52 million Higher Education Asset Preservation and Renewal (HEAPR) appropriation for fixing roofs, upgrading heating and cooling systems, etc., and the state universities will share in that appropriation.

The Budget Shortfall—an Ever-Changing Target

The legislative session started with the legislature facing about a \$1.2 billion projected revenue shortfall. They could not be sure of the size of the shortfall because in late December a district court had over-turned some of Governor Pawlenty's \$2.7 billion in budget unallotments made last summer, and the case was under appeal to the Minnesota Supreme Court. In early March, a new state revenue forecast projected a smaller shortfall—just under \$1 billion. Legislators began chipping away at the shortfall and by late March passed \$338 million in cuts to state agencies and higher education—which the Governor signed. They also began work on a bill to shift K-12

payments and cut health and human services budgets. State leaders then became aware of proposed federal health care legislation that might provide over \$400 million to the state, which slowed down budget balancing efforts as legislators waited to see what the federal government would do (the Congress has still not passed the legislation). Then, with only weeks to go in the legislative session, the Supreme Court ruled that Pawlenty's unallotments were illegal—meaning the legislature had to scurry to solve a budget problem that had grown \$2.7 billion larger. Legislators first put together a budget solution that included \$2.54 billion in budget cuts (which closely paralleled the Governor's unallotments) and \$435 million from an income tax increase on incomes over \$200,000 per year; the Governor vetoed the bill. In the final hour of the legislative session, the Governor and legislators finally reached a budget deal to reduce state expenditures by \$2.9 billion in FY 2011—all through budget cuts and shifts. The fix will get the state through this biennium, but still leaves a projected \$5.7 billion shortfall next biennium.

Higher Education Budget Cuts Passed—MnSCU Cuts Relatively Small

The supplemental budget bill that passed in late March cut \$47 million from higher education spending for this biennium; \$36,120,000 from the U of M, \$10,467,000 from MnSCU, and \$413,000 from the Office of Higher Education. The U of M and MnSCU cuts brought both systems down to their FY 2006 spending level. That is the most that is allowed under the maintenance of effort requirements attached to the federal stimulus money.

In the final agreement on the higher education article of the bill, worked out between Senator Pappas and Rep. Tom Rukavina, the Senate dropped its language that would have eliminated the line item limitation on how much money could be spent in the central office versus the campuses (IFO opposed eliminating the line item). The House dropped its language that would have cut the central office by \$3 million and reduced campus administration by 10%. The final agreement reduced the line item for the MnSCU Central Office and Shared Services Unit by \$500,000 per year.

The bill contains a rider that states “The Board of Trustees must make a good faith effort to make reductions required by this section at campuses and the central office in a manner that minimizes reductions related to providing direct services to students and that maximizes reductions for administrative services not providing direct services to students.”

MnSCU only took a \$10,467,000 cut in FY2011, reducing our appropriation to \$605.5 million. Under the federal stimulus money maintenance of effort requirements the legislature could have allocated the \$47 million in cuts differently between the U of M and MnSCU, and we could have suffered a much larger cut. Compared to most areas of government, the MnSCU institutions got off relatively easy. Also, the separate line item limiting spending by the MnSCU central office—something IFO worked hard to get last year—remains in place.

The final budget agreement, passed by a special session of the legislature, essentially ratified the \$50 million unallotment to MnSCU that the Governor made last summer by simply turning the unallotment into a legislative cut. The financial impact to the system was a wash. However, the final budget agreement directed that an addition \$2,079,000 of the budget reduction come from the MnSCU central office, with no charge backs to the campuses.

Legislature Passes Pension Reforms to Stabilize Pension Funds

One of the most important bills passed by the legislature and signed into law this year is a pension bill that will stabilize the funding of the major pension funds, including TRA.

TRA is in serious financial difficulty. The TRA fund for paying benefits has a \$9.1 billion unfunded liability (a \$5.2 billion unfunded liability if one uses a five year “smoothing” of asset values). The fund is only 59% funded. If nothing had been done to shore up TRA finances, the fund would have run out of money by 2032—and that is assuming an 8.5% annualized return on TRA assets.

TRA, with input from the IFO, put together a funding stabilization package that called for increasing both employer and employee TRA contributions from 5.5%/5.5% to 7.5%/7.5% of salary, phased in by ½% per year over four years, starting in 2011; eliminating cost of living increases for retirees for two years; reducing the long term cost of living adjustment for retirees from 2.5% per year to 2%; and reducing the interest rate paid on withdrawn contributions from 6% to 4%. The solution involved “shared pain” by employers, employees, and retirees to save the fund. While IFO, the retirees, and the Minnesota School Board Association actively pushed for passage of the legislation, Education Minnesota opposed the increases in contributions unless they received benefit increases. Education Minnesota's position drew much criticism from legislators, and eventually the legislation was passed

without their support.

DONNA BRAUER, IFO NEW ACADEMIC AFFAIRS COORDINATOR

Donna Brauer, Professor of Nursing from Minnesota State University Mankato, has been appointed to the half-time position for Academic Affairs Coordinator. Donna has been at Mankato since 2003 and has served as Mankato's representative on the Negotiations Team since 2007. A dedicated researcher and teacher, Donna is a Registered Nurse and has been integrally involved in the collaborative Doctor of Nursing program. With her labor and academic backgrounds, Donna will be a strong voice and advocate for faculty and IFO interests in her new role.

NOTES FROM THE CONTROLLER

by [Donna Lynn Blake](#), IFO Controller

FY10 Audit

The Board approved using the audit firm of Thomas Lewis & Associates for the IFO's FY10 audit. This will be their third audit for the IFO and they have quoted us the same audit fee as last year. The audit report will be posted on the IFO website as soon as it is completed and approved by the Board later this fall.

FY11 Budget

The 2010 Delegate Assembly approved the FY11 IFO budget at its April meeting at the Radisson Roseville Hotel. FY11 revenue from member dues and fair share fees is expected to be down about 10% from FY10 and so expenses were reduced wherever possible. The June 2009 move to the new office space has enabled the IFO to reduce rent, utilities, and meeting expenses for a total savings so far of over \$30,000 in just FY10 alone. These savings are expected to continue throughout the remaining four years of the lease.

FY11 Dues & Fair Share Fees

The 2010 Delegate Assembly approved to keep the member dues and fair share fees the same for FY11, so there will "NOT" be any dues or fair share fee increases next year. The current dues and fair share fee amounts that will continue for next year can be viewed [here](#).



2010 Delegate Assembly

LONG-TERM CARE INSURANCE OPEN ENROLLMENT

by [Donna Lynn Blake](#), IFO Controller

The Long-Term Care insurance (LTCi) Open Enrollment is being held from May 3, 2010 through May 31, 2010. It's been four years since the last opportunity to enroll in Long-Term Care was held. The LTCi Open Enrollment will provide employees with the chance to enroll for Long-Term Care insurance through Minnesota Public

Employee Long-term Care Insurance program, (M-PEL) and its carrier CNA without providing evidence of insurability or good health. Spouses and parents of employees may also apply, but their enrollments are still subject to evidence of good-health.

Employees who are currently enrolled in LTCi may also make changes to their current policies without providing evidence of insurability or good health. All employees who currently carry LTCi are encouraged to review their policy at this time, as the newly introduced Partnership Program benefit is now in place. The Partnership Program enables Minnesota residents to protect more of their assets if they later need the state to help pay for their long-term care.

Long-Term Care insurance helps pay for a variety of services that are “NOT” covered by health insurance or Medicare. The earlier you enroll for coverage, the lower your monthly premiums will be, since the premium is based on your age when you enroll and will not increase as you age. The coverage offered through CNA features a variety of affordable premium levels based on the type of benefit plan you chose. More information can be found on their website at <http://www.mpel.org/>.

CONTACT US

The IFO *Faculty Update* is published and distributed by the [Inter Faculty Organization](#). If you need to contact the Inter Faculty Organization, our 490 Concordia Avenue, Suite 125, Saint Paul, MN 55103, or you can reach us by phone at 800/325-9644 or 651/227-8442. You can send us an email by clicking [HERE](#).