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NOTES FROM THE PRESIDENT

by [Roderick Henry](#), IFO President

Tentative Contract Settlement Reached

On February 12th the IFO reached a tentative settlement agreement with MnSCU on a FY2010-2011 contract (which would take effect on July 1, 2009). **On Friday, February 13th, the IFO Board of Directors reviewed the tentative agreement and unanimously recommended ratification.** The contract will now go out to a vote of the IFO membership. **I strongly recommend a “yes” vote on ratification.**

Major Provisions of the Tentative Agreement

The tentative 2010-2011 settlement agreement is very simple. It gives no across-the-board salary increases or regular steps, while maintaining current contract language. It continues current contract provisions for career steps, steps upon promotion in rank, and individual salary equity reviews. Basically, nothing has changed from the current contract.

There may be changes in health benefits as a result of the coalition health bargaining negotiations still underway between the sixteen state public employee unions and the State of Minnesota, but those negotiations are still in the early stages. We expect those negotiations to be finished by early summer, once the state negotiators know how the governor and legislature will solve the state budget shortfall. Once the health benefits are determined in coalition bargaining, they will be incorporated into the health article in our contract.

Why IFO took this Bold and Unusual Move

This is the earliest the IFO has ever settled a contract and it is a contract that involves sacrifice on the part of the faculty. Why did we make this proposal? The IFO Team believes that this is a proposal that is appropriate for these extraordinary times. With millions of people being laid off and taking pay cuts, and with an unprecedented state budget shortfall, the IFO Team believed that the usual contract bargaining process would get in the way of providing stability for our universities, the students and publics they serve.

We also want to focus on saving faculty jobs. At the IFO “Lobby Days” last week, legislative leaders and the governor’s spokesman, regardless of party, painted a bleak picture of the worst budget shortfall of their lifetimes, and the situation seems to be getting worse by the day. We will certainly face layoffs as a result of budget cuts, but we hope to ameliorate the damage by this settlement.

We know that an inability to accurately project finances over the next few years could require more layoffs, open positions, or greater losses for our universities. We know that the long-term commitment we make to our students and their families for the timely completion of a quality, reasonably-priced education is put in jeopardy by last-minute layoffs and class cancelations.

There has been much positive press about the IFO’s move. We believe that the good will generated by the timely agreement on a new contract will have a positive effect on our universities and our system.

We understand that there are risks with this proposal, but we live in risky economic times. IFO members risk the loss of improved economic benefits if the economy were to suddenly improve or the loss of improvements in contract language that might be traded for economic concessions; MnSCU also risks being unable to quickly decrease costs if the economic situation were to dramatically deteriorate or changes in our contract that it seeks.

We have proposals for improvements or additions to the contract that will not be achieved in this contract. I am sure that the employer also had a similar list of clarifications, new language and givebacks that they will have to postpone until the next round of bargaining. I feel that it is best to finish negotiations and get the contract ratified by the Board of Trustees and the Legislature before the real budget cutting begins later this spring.

In the weeks to come we will be implementing the contract ratification process and IFO members will have an opportunity to vote on this contract settlement. I urge you to support IFO contract ratification.

Next Steps in the Contract Agreement Process

The proposed Agreement must clear several hurdles before it becomes a contract:

- **Faculty Ratification.** The IFO members must vote on the proposed agreement. The vote will take place on **WEDNESDAY, FEBRUARY 25**. A summary of the tentative settlement and a text of the contract changes required to implement the new agreement can be found on the [IFO web page](#). We will be posting the times and places for the vote and sending this information out to all members in the very near future.
- **Board of Trustees Approval.** If the proposed Agreement is ratified by the IFO membership, it will go before the MnSCU Board of Trustees for approval. We are hoping to have the agreement before the Trustees at their meeting on March 17-18.
- **Legislative Approval.** If the proposed agreement is approved by the MnSCU Board of Trustees, it will be submitted to the Legislative Subcommittee on Employee Relations, which will review the contract and decide whether to include it, along with other state employee proposed contracts, in the bill for contract ratification. That bill must then pass the entire House and Senate and be signed by the Governor. We are really pushing up against deadlines for hearing bills, so we are eager to move this issue along. If the legislature adjourns without ratifying the proposed contracts, the proposed contracts are dead and we would revert back to the coverage of our current contract. If the legislature fails to approve the contract, employees would have the right to strike.

Information on the Contract

While we are trying to move the contract along for quick passage by the legislature, we also want to make sure every member has adequate time to read the proposed Agreement thoroughly and have their questions answered. Complete information on the contract, both in summary and detailed language, is posted on the [IFO web page](#).

[IFO web page](#). In addition, Chief Negotiator Brent Jeffers, Director of Grievances and Equity, Pat Arseneault, and General Counsel, Connie Howard, and I will be traveling to the campuses to hold open informational meetings on the proposed Agreement. The schedule for these meetings will be posted on the IFO web page soon.

If you have further questions on the contract please contact [me](#) or [Brent Jeffers](#).

LEGISLATIVE LEADERS PRESENT BLEAK OUTLOOK TO FACULTY

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

On February 11th and 12th, members of the IFO Executive Committee, Government Relations Committee, and Academic Affairs Committee attended the annual IFO Lobby Days at the Capitol. The many legislative leaders the faculty met with included:

- Senate Higher Education Committee Chair, Sen. Sandra Pappas;
- House Higher Education Committee Chair, Rep. Tom Rukavina;
- House Speaker, Rep. Margaret Anderson Kelliher;
- Senate Assistant Majority Leader, Sen. Tarryl Clark;
- Ways and Means Committee Chair, Rep. Loren Solberg;
- Finance Committee Chair, Rep. Lyndon Carlson;
- Senate Minority Leader, Sen. David Senjem;
- House Minority Leader, Rep. Marty Seifert;
- Senate Capital Investment (Bonding) Chair, Sen. Keith Langseth;
- House Capital Investment (Bonding) Chair, Rep. Alice Hausman; and,
- Rep. Bud Nornes and Sen. Clair Robling, the lead Republicans on the Higher Education Committees.

Mark Misukanis, the Acting Director of the Office of Higher Education and the chief spokesperson for Governor Pawlenty on higher education issues, also addressed the faculty and answered questions. In addition, faculty members in attendance had breakfast with their campus area legislators and discussed IFO goals.

Messages from Legislators

Faculty members heard consistent messages from legislative leaders, regardless of political party:

- This is the worst budget shortfall legislators have ever dealt with, and there are no easy solutions. The \$5.2 billion budget shortfall is likely to grow larger after the next budget forecast on March 4th--probably increasing to a \$6 billion to \$7 billion shortfall.
- Tax increases on high income taxpayers may reduce the shortfall by hundreds of millions of dollars, but that only solves a small portion of the problem.
- The federal stimulus package will supply money that will soften the blow to Minnesota in the short run, but it is just one-time money that will not solve the long range budget shortfall being faced by the state. Also, much of the federal funding is dedicated to specific purposes, such as infrastructure and Medicaid—it may not help the shortfall in operating revenue.
- This is not going to be a short term problem. Governor Pawlenty's budget solves much of the current shortfall by shifting K-12 expenses from this biennium to the next biennium. In addition, his budget is based upon borrowing nearly a billion dollars through the issuance of "tobacco bonds" and using the money to pay interest on current state debt. These bonds will have to be paid off over the next twenty years from future state revenues. There will still be a huge budget shortfall in the 2012-

13 biennium.

- There will have to be massive cuts in programs to balance the budget. Several of the legislators said that everyone is going to have to share the pain to solve the problem—even K-12 education, which makes up 40% of the general fund expenditures. If K-12 is not cut, other areas of the budget will have to be cut more deeply.

Faculty in attendance stressed the need to raise more revenue (taxes), even if it was only part of the solution. They also emphasized that when making cuts to the MnSCU system, legislators should strive to protect the core mission of the MnSCU institutions, which is teaching and learning (including student support). Currently only 40% of MnSCU's budget is spent on instruction, and faculty raised concerns about MnSCU central office costs.

LEGISLATORS TO HOLD TOWN HALL MEETINGS ON THE WORSENING BUDGET SHORTFALL

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

The Projected Shortfall

Minnesota is facing the worst budget shortfall in our lifetimes. The economic collapse last fall has resulted in plummeting state tax revenue. In December, the state budget forecast projected a \$426 budget shortfall FOR the remainder of this year and an additional \$4.8 billion shortfall for the 2010-11 bienniums, which starts July 1, 2009.

The December Unallotments Cuts

To solve the \$426 million shortfall, Governor Pawlenty drained the state's budget reserve and cut deeply into the budgets for local government aid, health and human services, state agencies and higher education. The MnSCU system suffered a \$20 million cut, of which \$16,230,000 was passed on as cuts to the campus budgets. Already, some universities are announcing plans for layoffs.

The Governors Proposed Budget

In January, Governor Pawlenty announced his plans for solving the budget shortfall for the 2010-11 bienniums. He proposed shifting about \$1.2 billion of K-12 expenses into the next biennium, borrowing almost a billion dollars to pay the interest on current state debt, and to cut deeply into the budgets for state programs. **The governor proposed a \$146 million cut to the MnSCU system, the vast majority of which will undoubtedly be passed on as cuts to the campuses.**

The Governor also announced that he wants to cut the business tax rate from 9.8% to 4.8%--further widening the budget shortfall by \$268 million.

The Deteriorating Situation

Since December the situation has worsened, and **it now appears that when the next forecast comes out on March 4th the state will probably have a budget shortfall in the \$6 billion to \$7 billion range—including an additional budget shortfall for the rest of this year, which will result in deeper cuts.** The sizes of the budget cuts necessary to make up this budget shortfall are simply unimaginable! We could be looking at the layoff of hundreds of faculty members if the budget is balanced by budget cuts alone.

The Legislative Response

The legislature must now develop and pass its own budget for the state. **On February 19 and 20 the legislature will be holding hearings in state university communities to seek public input on the Governor's budget and suggestions on how to craft their own budget proposals.**

It is absolutely essential that we have a large turnout of higher education faculty and students at

these hearings, and that people sign up to testify on the budget!! Many constituencies are competing for dwindling state resources, including constituencies that will be advocating tax cuts and deeper cuts in state spending. If we are to protect higher education from horrendous budget cuts, higher education constituencies need to turn out for these hearings and show their support for higher education.

Here are the times and locations of the legislative hearings:

Bemidji

Friday, February 20th, 7:00 p.m.
Bemidji State University—American Indian Resource Center
1620 Birchmont Drive

Mankato

Thursday, February 19th, 6:00 p.m.
Mankato Intergovernmental Center—Mankato River Room
10 Civic Center Plazas

Marshall

Friday, February 20th, 2:30 p.m.
Southwest Minnesota State University Lecture Hall

Moorhead

Friday, February 20th, 12:30 p.m.
Minnesota State University Moorhead—Comstock Union
(This is a meeting of the Senate Tax Committee.)

St. Cloud

Thursday, February 19th, 6:00 p.m.
St. Cloud City Hall—Council Chambers
400 2nd Street South

Winona

Friday, February 20th, 3:30 p.m.
Winona City Hall—Council Chambers
207 Lafayette

In addition, there will be numerous hearings in the Twin Cities metropolitan area. To find these locations and/or to sign up to testify at any of the hearings, visit the [legislative web page](#).

Messages we want conveyed to legislators:

- The state appropriation for MnSCU in FY2009 (this year) was \$682.4 million (before the \$20 million unallotments in December). Governor Pawlenty has proposed a cut to MnSCU's appropriation base by \$146 million—a 10.7% reduction from this biennium. This would lower the appropriation to just \$608.5 million in FY2010 and keep it at that level in FY2011.
- For comparison sake, the state appropriation to MnSCU in FY2002 was \$601.5 million. The \$608.5 appropriation proposed for 2011 would be only a 1.16% increase in funding over a nine year period (or 13/100th of 1% per year)! Meanwhile, inflation (CPI) has increased by 22% since 2002 and FYE enrollments at MnSCU institutions have grown from 126,215 in 2002 to a projected enrollment of 143,088 by 2011 (a 13.3% increase).
- The Governor's proposed cuts, if implemented, will almost certainly cause massive layoffs of faculty, which in turn will cause large scale cancellation of course sections, which in turn will make it difficult for students to complete in four years. This will cost students more money and delay their

entry into the workforce.

The IFO hopes the legislature will ameliorate the proposed cuts to higher education.

- If the federal government provides money to the states as part of the economic stimulus package, the IFO hopes that the legislature will do what it can to use a significant share the federal money to soften the blow to higher education.
- The IFO supports increasing taxes on high income earners to help solve the budget shortfall. A Department of Revenue study showed that Minnesotans who earn over \$105,000 per year pay a smaller percentage of their income in state and local taxes than Minnesotans earning less than \$105,000. Tax rates on higher income Minnesotans are significantly less than what they were a decade ago.
- The pain of the current economic crisis should be shared by all Minnesotans, not just students (through higher tuition) and public employees (through pay freezes and layoffs). The IFO feels it is better to raise taxes on high income earners than raise tuition on students. IFO opposes tax cuts because cutting taxes at this time would increase the budget shortfall. The best way for Minnesota to increase productivity and become more economically competitive is to maintain and improve our highly educated workforce.
- When the legislature is making cuts to MnSCU, the IFO supports protecting local campus budgets and MnSCU's core functions of teaching and learning. The IFO is disturbed that MnSCU spends only 40% of its budget on instruction (see [Governor's budget document, page 5](#)). MnSCU central office expenditures have grown significantly in recent years, particularly for technology systems to support administrative functions.
- This budget shortfall is so huge it can only be solved by everyone sharing the pain. The IFO has offered to take a pay freeze for two years and we will probably see the layoff of many faculty. But everyone should share the pain—including all segments of the state budget and high income tax payers.

For additional talking points, visit the IFO [web page](#).

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 address is 165 Western Avenue North, Suite 8, Saint Paul, MN 55102, or you can reach us by phone at 800/325-9644 or 651/227-8442. You can send us an email by clicking [HERE](#).