

# Inter Faculty Organization

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

## *Faculty Update Newsletter*

Volume XXXII No. 1

[www.ifo.org](http://www.ifo.org)

August 2009

### IN THIS ISSUE

- [Notes from the President](#)
- [MnSCU Faces Grim Long Term Budget Prospects](#)
- [IFO Made Progress on Legislative Goals](#)
- [IFO Holds Retirement Workshops](#)
- [Contract Update](#)
- [The IFO Moved](#)

### WELCOME BACK

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

To all returning faculty, welcome back to the 2009-2010 academic year. I hope you had an enjoyable summer and are ready to face a challenging new year.

To all new faculty members, welcome to the state universities and to the Inter Faculty Organization (IFO). The IFO is the exclusive representative for the approximately 3,300 full and part-time faculty members who teach at the state universities in Minnesota. We are the organization that bargains for your compensation and contractual rights, and we are the exclusive voice of the faculty in university and system affairs. We want your involvement in the IFO—this is your organization.

During the next few weeks I will be traveling to the campuses to meet new faculty members and explain the IFO. Please refer to the [IFO Master Calendar](#) for my schedule. In the meantime, to learn more about the IFO, click [HERE](#).

### OVER THE SUMMER

#### **The State's Budgetary Problems Continue**

Governor Pawlenty and the Minnesota legislature were unable to agree on a budget balancing bill, and vetoed a tax bill that would have brought the state's budget into balance. Unallotment followed, and although we have been spared the worse due to federal stimulus money, you may assume that this year will see more attempts to address the gap between state revenues and expenditures. Other states have used tools such as state employee furloughs and across-the-board cuts in pay to deal with the same sort of problems; IFO faculty have to date avoided those particular remedies. The legislative session was not a total disaster; our [2009-11 contract](#) was ratified as well as other important pieces of legislation that promote the IFO goal of getting as much money out to the campuses as possible and, when necessary, cutting the MnSCU central office. See Russ Stanton's summary [below](#). Rest assured that, while there are many short-sighted solutions to the state's long-term fiscal imbalance, the IFO will work for the best ways to adapt to the negative situation we face.

## THIS FALL

### New Faculty Workshops

In late August, Russ Stanton will be visiting the campuses to put on workshops for new faculty to help them select between the Individual Retirement Account Plan (IRAP) and the Teachers Retirement Association (TRA) as their basic retirement plan. The choice a faculty member makes can mean the difference of thousands of dollars in the short term and hundreds of thousands of dollars over the course of a faculty member's career. Because this is such a complex but important decision that new faculty members must make, the IFO provides these workshops to help faculty members make an informed decision. Click [HERE](#) for a schedule of new faculty workshops.

### Workshops for Faculty Nearing Retirement

In September and early October, Russ Stanton will also be putting on retirement workshops and meeting with faculty members that are nearing retirement. Over the years the IFO has lobbied for and/or negotiated an impressive array of retirement benefits for faculty, including severance pay, early separation incentives, phased retirement options, retiree health care savings plans, etc. (These are so impressive that we had several legislators complaining about them during the debate on our contract last spring!) The purpose of these workshops is to walk step by step through the retirement process and help faculty maximize their retirement benefits. During the last year there have been many statutory and contractual changes relating to retirement, so even if you have attended workshops in the past, you may want to attend again this year to get updated information. See Russ' article [below](#).

### H1N1/ Disaster Planning

Last spring's floods in Moorhead and Fargo showed how quickly situations can develop that can force major changes in scheduling or course delivery. This fall the IFO will be involved in discussions relative to a potential resurgence of the H1N1 virus along with the usual seasonal influenza. We want to be prepared in order to avoid major disruptions to our universities.

### STAY IN TOUCH

Each month during the academic year the IFO will publish an *IFO Update Newsletter*, letting you know what is going on within your union. In addition, I would encourage you to regularly visit the IFO web page, [www.ifo.org](http://www.ifo.org), for the latest developments on issues affecting faculty members.

## MNSCU FACES GRIM LONG TERM BUDGET PROSPECTS

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

Despite the infusion of federal stimulus dollars and legislative attempts to preserve higher education funding levels, MnSCU still faces serious long term funding challenges.

The economic meltdown last fall set the stage for one of the most difficult legislative sessions in Minnesota history. The November state budget forecast projected a \$426 million revenue shortfall for the remainder of Fiscal Year (FY) 2009 (which ended June 30, 2009), and a \$4.8 billion shortfall for the 2010-11 biennium. The Governor unallotted state appropriations in December to solve the FY 09 shortfall—MnSCU received a \$20 million cut to its appropriation (from \$688 million to \$668 million). In January, the Governor announced he would not support tax increases to solve the state budget shortfall (in fact, he proposed tax cuts for corporations) and he proposed a \$146 million in additional cuts for MnSCU during the 2010-11 biennium. By the February revenue forecast the projected budget shortfall for 2010-11 had grown to \$6.2 billion—and the Governor's proposed cut in state appropriations to MnSCU was increased to \$161 million.

In March, the budget outlook for MnSCU began to improve as the federal government passed a huge stimulus package that provided billions of dollars to the state. Both the Governor and legislators proposed

allocating a large portion of the federal stimulus money to higher education.

By the time the legislature adjourned on May 18th, they had passed a higher education bill that appropriated \$677.8 million to MnSCU in FY 2010 (\$63.9 million of this was federal stimulus money), and \$666.3 million in FY 2011. In addition, they appropriated \$15,273,000 in federal stimulus money FY 2009 that could be carried over to FY 2010-11. For a brief moment, it appeared that MnSCU would be spared from major budget cuts.

However, in the final days of the session Governor Pawlenty vetoed the tax bill which would have raised revenue to fund the higher education bill and other state appropriations, leaving a large gap between tax revenues and approved expenditures. The legislature was unable to override the veto, and the session adjourned with a large budget shortfall. Pawlenty then said he would unallot appropriations to balance the 2010-11 budget. As part of his budget balancing, the governor unallotted \$100 million for higher education--\$50 million each to the U of M and MnSCU. Because the federal stimulus money came with a "maintenance of effort" requirement, the Governor could not unallot higher education for FY 2010 (this fiscal year) so all of the unallotment cuts will fall in FY 2011.

The legislature capped tuition increases at MnSCU at 5% each year of the biennium, and they used federal stimulus money to "buy down" the increases to 3% per year.

With the appropriation, the federal stimulus money, and the tuition increases, MnSCU should be able to get through FY 2010 with a small (about 1%) increase in revenue. In fact, MnSCU is carrying forward about \$39 million of federal stimulus money into FY 2011, and that plus tuition increases will offset much of the cut due to unallotment in FY 2011.

The huge problem for MnSCU will come in the 2012-13 biennium. By then, the "one-time" federal stimulus money will have run out, and either the state will have to appropriate more money or MnSCU will have to dramatically raise tuition or cut programs, or both, in order to balance its budget. The prospects for increased appropriation do not look good at this point—the state is anticipating a \$4-6 billion shortfall again next biennium. Therefore MnSCU institutions are already making plans to cope with reduced budgets in the future.

## IFO MADE PROGRESS ON LEGISLATIVE GOALS

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

Despite the worst budget shortfall in the state's history, IFO made progress on achieving many of its legislative goals. Here is a brief summary of achievements.

### **Contract Ratification**

IFO recognized that the economy was headed down hill fast, and therefore settled its contract with MnSCU early. Even though the contract settlement provided no across-the-board step or pay increases, it did preserve promotional increases, career steps, sabbaticals and many other contractual provisions that could have been jeopardized by prolonged negotiations. The legislature ratified the IFO contract—in fact it was the only state employee 2010-11 contract ratified by legislature last session.

### **Controlling MnSCU Central Office Costs**

With the MnSCU facing the prospect of major budget cuts, IFO supported several measures to control the growth of the MnSCU central office and make sure that limited resources were used to support direct instruction at the campus level. The IFO supported, and the legislature approved, an audit of the MnSCU central office by the Legislative Auditor. The IFO supported a separate line item appropriation for the MnSCU office to control costs; the legislature not only passed a separate line item for the central office, but it reduced the appropriation from the previous year, thereby assuring that MnSCU central would absorb a share of appropriations reductions. The legislature also reduced the amount of the appropriation that

MnSCU could spend on central office technology. Finally, the legislative appropriation contained rider language directing MnSCU to protect direct instruction when making budget reductions.

### **Bonding**

IFO supported a bonding appropriation for Higher Education Asset Preservation and Repair (HEAPR) projects. These projects, which include roof replacements, heating/cooling system upgrades, safety improvements, etc., provide much needed improvements to university facilities while providing a stimulus to local economies. Thanks to the tireless efforts of Sen. Keith Langseth and Rep. Alice Hausman, the legislature appropriated \$40 million for HEAPR improvements.

### **Early Retirement Incentive**

The legislature passed legislation authorizing MnSCU to design and offer early separation incentives (in addition to incentives already in the contracts) for MnSCU employees. MnSCU was allowed to use federal stimulus money to pay for the incentives. The positions eligible for the incentives will be determined by the college and university presidents. The purpose of the incentives is to achieve savings by encouraging early retirement of higher paid senior faculty members instead of laying off less senior, lower paid faculty members. Several universities are already developing plans to offer incentives to faculty.

### **IRAP to TRA Transfer**

The legislature passed legislation to allow MnSCU faculty members a second chance to transfer from IRAP to TRA upon reaching tenure. All new faculty start in IRAP, and have one year from the time they were hired to choose TRA (about 80% stay in IRAP). In the future, faculty who achieve tenure will get a second one year window of opportunity to switch to TRA. If they switch, they must buy TRA service credit for the pre-tenure years, and they may use their IRAP savings to make the purchase. Faculty members who achieve tenure will receive a letter from TRA telling them they are eligible to switch, and included in the letter will be an estimate of the cost of buying back service for the pre-tenure years. Also included will be instructions on how to implement a transfer to TRA if the employee is interested.

### **120 Maximum Credit Cap Exceptions**

At IFO's request, the legislature allowed MnSCU to grant exceptions to the 120 credit cap on baccalaureate degrees. The new law says the MnSCU's policy may waive the credit length limit for emerging and innovative programs.

### **Funding**

IFO opposed spending cuts and supported using federal stimulus money to mitigate cuts to higher education. The legislature allocated over \$79 million of federal stimulus money to MnSCU. In addition, the legislature significantly improved state appropriations for MnSCU over the Governor's initial recommendations. (See article above).

### **Pawlenty's 25% On-line Requirement**

At the beginning of the session, Governor Pawlenty proposed that 25% of all MnSCU credits be delivered on-line by 2015. Although IFO does not oppose the expansion of on-line offerings to meet student demand, the IFO opposed having the government set artificial goals that are not in tune with market demand. The Pawlenty proposal made little progress at the legislature.

Not all of IFO's goals passed. A couple of major IFO goals did not make it through last session, including:

### **Tax Increases**

IFO supported increasing state taxes to solve the state's chronic budget shortfall problem. While the legislature passed tax increases on high income individuals, the tax bill was vetoed by Governor Pawlenty, and the House of Representatives fell three votes short of the 2/3 vote needed to over ride the veto.

### **Domestic Partner Benefits**

IFO sponsored legislation to grant state employees in domestic partnerships the same health care benefits as married employees passed all of the required legislative committees and the full House of

Representatives as part of the State Departments Appropriation Bill. However, the legislation was removed in conference committee because the Governor threatened to veto the entire State Departments Appropriation Bill if the provision was not removed. While the defeat was disappointing, it was heartening to see that there was much more support for domestic partner benefits than we have ever seen in the past. The legislation would have passed the legislature had it not been for the veto threat from the Governor.

## IFO HOLDS RETIREMENT WORKSHOPS

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

### **Workshops for New Faculty**

During the first week of the academic year, IFO will be holding retirement workshops for new faculty members. The primary purpose of the workshops is to assist new faculty members in choosing between the Teachers Retirement Association (TRA) and the Individual Retirement Account Plan (IRAP) as their basic pension plan. All new faculty members have one year from the time of hire to make the choice. The choice can affect take home pay, the portability of pension benefits, and it can have a dramatic impact on retirement income. The workshops will also cover an overview of retirement related benefits for faculty members and some large tax breaks available to faculty.

The workshops are as follows:

August 13—Winona  
 August 18—Moorhead  
 August 19—Mankato  
 August 20—Southwest  
 August 21—St. Cloud  
 August 24—Bemidji  
 September 18—Metro State

Faculty members should contact your [faculty association office](#) for times and room locations. They can also schedule a ½ hour individual meeting with Russ Stanton to discuss their particular concerns.

### **Workshops for Faculty Nearing Retirement**

During late August, September, and early October, Russ Stanton will be putting on retirement workshops for faculty nearing retirement and meeting with individual faculty members to assist them in preparing for retirement. The workshops will cover contractual benefits related to retirement including:

1. The final year two step increase
2. Severance pay
3. The contractual early separation incentive
4. Supplemental retirement
5. Retiree health care (the Health Care Savings Plan, staying on the state plan, etc.)
6. Phased retirement
7. The Annuitant Employment Program

The workshops will also cover TRA and IRAP benefit payout options. The purpose of the workshops is to show faculty how to maximize their retirement benefits. Faculty members who think they may be interested in retiring in the next five years should consider attending.

Some campuses will be offering special Board Early Separation Incentives allowed by recent legislation and MnSCU Board Policy. This new program will also be covered at the workshops.

The following are the dates that Russ Stanton will be at each university. Please contact your [local faculty](#)

[association](#) for specific times and places, or to schedule an individual ½ hour appointment.

Bemidji: September 30; October 1st and 2nd  
Mankato: August 26th, 27th, 31st; September 17th  
Moorhead: September 1st, 2nd, and 3rd  
Metropolitan: September 14th and 23rd  
St. Cloud: September 8th, 9th, 10th and 21st  
Southwest: September 28th and 29th  
Winona: September 15th and 16th

## KEY PROVISIONS IN THE 09-11 IFO/MnSCU MASTER AGREEMENT

by [Connie Howard](#), General Counsel

### COMPENSATION

**No across-the-board increases, but contract maintains provisions for:**

- 2 step increase upon promotion (Art.11, Sec. B)
- 2 step increase for providing notice of early retirement (Art. 11, Sec. C)
- Equivalent of 2 step salary adjustment for faculty at the top of their salary lane for 5 years (Art. 11, Sec. E)
- Salary equity reviews for all new hires and for possible increases upon promotion and/or award of a terminal degree (Art. 11, Sec. I)
- Career steps upon completion of 10, 20 and 30 years of service (Art. 11, Sec. K)
- \$400,000 per year for professional improvement grant funds to be distributed to universities based on the number of FTE faculty at each institution (Art. 19, Sec. A)
- \$12,500 per year of professional improvement funds for Metropolitan State University community faculty (Art. 10, Sec. J, Subd. 4)
- \$1,300 per year per FTE faculty for professional study and travel funds (Art. 19, Sec. B)

**Clarifies that graduate multiplier applies to courses compensated on a “packaged course” basis.**  
(Art. 10, Sec. A, Subd. 6)

### INSURANCE

(Art. 14, Sec. F, Subd. 1(b)(1)(IV))

**Waives facility co-pays for in-patient admissions to Centers of Excellence.**

**Reduces employee out-of-pocket maximum for Benefit Level 4 from 30% to 25%, subject to deductible, for:**

- Outpatient surgery
- Coinsurance for MRI/CT scan services
- Coinsurance for services not subject to copays
- Coinsurance for durable medical equipment

## THE IFO HAS MOVED

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

The IFO completed its move to a new office location on Wednesday, June 17, 2009. The new office is located about ½ mile north of our old office on the south frontage road of highway 94 between Dale Street and Western Avenue. Our new office address is as follows:

**Inter Faculty Organization**  
**490 Concordia Avenue, Suite 125**  
**St. Paul, MN 55103**

Our phone and fax numbers have remained the same as well as our website and email addresses. Directions to our new office can be found at [www.ifo.org](http://www.ifo.org). The IFO will be having an Open House for Board members in September and may have an Open House for Delegate Assembly attendees next April. However, faculty are always welcome to stop by and visit the new office whenever they are in the neighborhood.

## CONTACT US

The IFO *Faculty Update* is published and distributed by the [Inter Faculty Organization](http://www.ifo.org). 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](#).