Inter Faculty Organization

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

Faculty Update Newsletter

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NOTES FROM THE PRESIDENT

by Roderick Henry, IFO President

Dear Colleagues:

Campus Visits
This fall I have visited all of the seven state university campuses and met with faculty, new and returning, to talk about the upcoming year. I also met with many in your local administrations so that I may be better able to assist your local faculty associations should the need arise. The common start-up date resulted in a whirlwind tour of the state…there are times when I am glad that we don't have a university at Grand Marais. I discovered an almost foolproof way to produce rain, drizzle, and fog, namely by lugging my bicycle and portable telescope around with me on my journeys. Our first IFO Board of Directors' meeting - one of six scheduled this year - will be held at the end of the month in St. Paul. For a listing of your campus representatives, click HERE. It will be a pleasure to work with your representatives.

Statewide Meet and Confer
We held our first Statewide Meet and Confer with MnSCU on Friday, September the 11th. We discussed a number of issues including system-wide planning relative to potential disruptions caused by the H1N1 virus, transfer initiatives, and other new programs still in the development stage. An initiative that drew our attention and that we have been dealing with over the summer is the new "Students First" initiative. This originated, we understand, from the problems that students attending multiple institutions have trying to register or pay at a single site. The initiative quickly evolved from that to an "everything-in-the-whole-wide-world" initiative that would be where students would interact with MnSCU institutions cradle-to-grave. A single search engine would lead students to a single registration site, then to a payment site,...etc. Initial versions had NO indications whatsoever of interaction with a human advisor being in the mixture. I could go into great detail about the numerous concerns this raises, but for the sake of brevity, some major concerns are the current lack of a business plan or cost estimate (will it cost $50,000 or $50,000,000), the dilution or destruction of program and university uniqueness and autonomy, and the increased potential for a minor computer glitch to generate tens of thousands of complaints and ill-will. We have urged the Administration to take a phased approach, starting with the payment and then moving

on to the registration and other issues. You will be hearing more about this in the future.

Administration Bonuses
Another topic of interest was performance bonuses granted to the Chancellor and every university president. I have been hearing faculty concerns and complaints about these given our current "freeze." Several local or regional newspapers have had articles dealing with this issue, normally in the context of tight or reduced university budgets. As you recall, by taking our freeze we still received a 2% across-the-board increase as well as allowing from 10-20 percent of our faculty to receive additional steps if they qualify for career steps, receive promotions, or are eligible for Salary Equity adjustments. We discussed the issue with the Administration last spring and our understanding was that these are carry-overs from last year's contract, much like our 2% raise that returning faculty received last January. We have also asked for a complete listing of the bonuses and the criteria used to produce them. Should our information relative to the timing or nature of these bonuses change, we will pursue the matter further. We noted that faculty attitudes towards performance pay will be affected by the perceived fairness or unfairness of these bonuses.

Planning for the Looming Shortfall
By now, most of you are aware that two forces will cause major budgetary problems or adjustments for our universities with two years – the deferred cuts from this year's state budget meltdown as well as the end of federal stimulus funds. Many campuses are well along the way with their planning – but we seem to be running into a repeat of fast budget crises where the "quick fix" is to replace tenured positions with fixed term or adjunct/community faculty positions or look the other way as overload increases. Read the IFO MNSCU Agreement for the appropriate use of these positions – from past experience, these strategies rarely produce the intended results and create long-term problems for other faculty.

Important Notice: Deadline for Retirement Benefits and Phased Retirement Applications
October 15th is the deadline for giving your university notice of intent to retire at the end of this academic year. You must give notice in order to receive the final year two-step increase and the early separation incentive in the contract. Also, October 15th is the deadline for submitting a request to participate in either the phased retirement program or the annuitant employment program starting next fall. Information on your retirement benefits, as well as letters for giving notice or applying for phased retirement, can be found on the IFO web page. This year, your planning may or may not be impacted by the new Board of Trustees Early Separation Incentive.

We Need Your Participation!
Finally, your Faculty Association presidents will be asking for representatives on Joint IFO MnSCU committees as well as IFO Standing Committees and local committees dealing with the new nine-month appointments language and others that need your input and support. If you expect your union to stand up for your views, please be a part of that effort and volunteer. We are only as strong as you make us.

STATE UNIVERSITIES OFFER EARLY SEPARATION INCENTIVES

by Russ Stanton, IFO Director of Government Relations

During the last legislative session, the IFO initiated legislation that would give MnSCU institutions the ability to offer additional early retirement incentives as a tool for addressing the budget crisis that will occur in FY 2012, after the Governor's $50 million unallotment to MnSCU takes effect and the one-time federal stimulus money runs out. The legislation applies to all MnSCU employees, not just faculty.

The legislation allowed the Board of Trustees to adopt a policy that offered incentives consisting of cash, contributions to the tax fee Health Care Savings Plan (HCSP), or both. The incentives must be voluntary for the employees, and are in addition to benefits provided in the collective bargaining contracts. The legislature also authorized the use of federal stimulus money to pay for the incentives. It is up to the president of each MnSCU institution to decide whether or not to offer an incentive, how much the incentive will be, and which programs or positions will be eligible to receive the incentive. The minimum eligibility requirements for the employee is they must be at least age 55 with at least 5 years of service. The new incentives are called Board Early Separation Incentives, or BESIs.

The BESIs are targeted incentives that are being offered to save money or achieve reorganization goals. They provide a positive incentive to turn over high cost faculty and thereby prevent the layoff of less senior (and less costly) faculty. The IFO's motivation in pushing this legislation was to save the jobs of less senior faculty members while making retirement easier for senior faculty members.

Under the Board of Trustee's policy, the BESI incentive will go first to pay for a contribution to the postretirement tax free HCSP to pay for health insurance between the time an employee retires turns age 70 (age 65 for IFO faculty); the remainder of the incentive will be paid out as (taxable) cash. Since most members of the IFO unit already have a considerable amount of money already going into the HCSP from the IFO contractual early separation incentive and severance pay, it is likely that most IFO members that receive a BESI will get all, or almost all, of the BESI in cash.

So far, MSU Moorhead and Southwest Minnesota State University, have offered BESIs.

Moorhead has set aside $3.5 million for targeted BESIs. They divided employees into four tiers, based on cost savings. They will start with offering the BESI to the first tier and continue offering the incentive to succeeding tiers as long as the budgeted money holds out. The Moorhead BESI will consist of 4% of salary for each year of service up to a maximum of 90% of salary.

Southwest is offering the BESI broadly, and the incentive will consist of 3% of salary for each year of service, to a maximum of 50% of salary. Southwest is budgeting $750,000 for incentives, and if more people apply than the amount available, there will be a lottery to determine who is offered a BESI.

It does not appear that Winona State University will be offering a BESI this fall, but they are offering a special early incentive under the IFO contract through which faculty in designated departments and programs can receive a full year of salary as a separation incentive, provided they are at least age 55 with 15 years of service. The money will all go into the tax free HCSP.

MSU Mankato will probably offer a BESI of some kind, but we don't know the exact details at this time. St. Cloud may offer a very limited BESI targeted to achieve program reorganization goals. It does not appear as though the presidents at Bemidji State University or Metropolitan State University will be utilizing the BESI program.

I am conducting retirement workshops and setting up individual ½ hour appointments with faculty during September and early October. Retiring faculty members must give notice of intent to retire by October 15th for retirements effective before the start of next academic year in order to get the final year two step increase and contractual separation incentives. If you are nearing retirement and want to meet with me to discuss your contractual and statutory retirement benefits, please call your local faculty association office and schedule an appointment.

TRA FACES FUNDING DIFFICULTIES

by Russ Stanton, IFO Director of Government Relations

The Teachers Retirement Association (TRA) suffered huge losses on its assets over the past several years and will need to either increase employee/employer contributions, or cut some benefits (such as cost of living adjustments), or both, or it risks running out of money by the year 2032.

TRA's future obligations far exceed its assets and the amount of future contributions (at present rates) nessessary to pay those obligations. Based upon the present market value of TRA's assets (as of July 1, 2009), TRA has an unfunded accrued liability of $9.2 billion , and is only 60% funded. If one uses a five year average "smoothing" of the asset value, the unfunded liability is $5.1 billion, and the fund is 78% funded.

Given an assumed 8.5% annual return on TRA's investments, and the market value of TRA assets, it would take a combined employer/employee contribution of 22.58% of payroll to maintain present benefits and pay off the TRA unfunded liability by the year 2037. If one uses the five year smoothing method of evaluating assets, it would take a combined employer/employee contribution of 16.57% of payroll to pay off the unfunded liability by 2037. The current employer/employee contribution rate is only 11.75% of payroll.

It is clear something must be done to preserve the pension promises made to employees, and under which they worked and contributed throughout their employment years. The sooner we face the stark dimensions of this problem, the better our chances of solving it. Each year we delay the contribution rates nessessary to correct the problem increase substantially. Last session TRA sponsored legislation to increase the TRA contribution rates from 5.5% employer/5.5% employee to 7.5% employer/7.5% employee. The legislation failed in conference committee because the state did not have enough money to fund the employer side without raising taxes, and Governor Pawlenty made it very clear he would not raise taxes.

TRA is now exploring support for a new effort next year to increase contributions to shore up the TRA fund. If they don't secure a contribution increase, TRA may be forced to look at cutting the annual 2.5% increase for retirees. This will be an important issue next legislative session. This fall the IFO Government Relations Committee and the IFO Board will be developing IFO's legislative position on this matter.

PAYROLL SCHEDULE AND MEMBERSHIP

by Cindy Finch, IFO Membership Coordinator

This year returning full-time faculty (and some full-year teaching part-time faculty) can expect to see deductions taken from their September 25th paycheck for 16 paychecks until your March 7, 2010 paycheck (16 total). Fall adjunct/community faculty can expect to see their deductions start begin on their October 23rd paycheck. Both IFO members and fair fare facult are assessed dues or fair share fees. If you are unsure if you you are a member or not, one easy way to tell is by looking at your online paystub. HERE are the rates members and fair share faculty pay. If you would like to become a member, simply fill-out this online application and you will receive a welcome letter.

If you have any questions, please feel free to contact me at any time and I will be happy to help.

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.