

# 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:

As the euphoria of the 2008 elections subsides, the grim reality of our state's economic situation is sinking in. Foreclosures continue at a record pace, unemployment is skyrocketing, and our nation's finance and auto industries are on the verge of collapse. Early next month the Minnesota Department of Finance will release its budget forecast for the coming biennium. We know the news will not be good (see [article below](#)). Already we have seen copies of a memo from the Pawlenty administration telling agencies to develop scenarios for a 5% cut. So far, MnSCU is proceeding with its request for a \$126 million appropriation increase next biennium, but we have been hearing rumblings that some Trustees want to modify the request. Other states are in similar financial straits and have or are taking drastic steps to get their budgets back in balance. One thing is certain--we face a very steep climb during the next legislative session and the next round of negotiations.

I repeat my earlier advice to members not to react to the financial crisis by making hasty changes to their retirement investments. I have heard stories of people nearing retirement deciding to use the "double-up and catch-up" strategy - making riskier investments with the hope of regaining losses. The history of financial crises and panics is filled with sad tales of people who have chosen just such a strategy, and my wish is that no members of our faculty join their ranks. Few people are immune from the urge to follow the crowd - even the great scientist Isaac Newton lost tens of thousands of dollars (pounds, actually) as the result of his attempt to maximize profits in the South Sea stock disaster in 1720. Retirement funds should be invested according to a long range strategy—changing investments during a down market can lock in losses. Seek professional advice before making changes. As part of their contract to be the vendor for MnSCU retirement plans, TIAA-CREF provides free financial planning and advice to faculty. Call them for advice before making major changes to your investments. They can be reached at 1-800-682-8969.

The IFO [Negotiations Team](#) under the leadership of our new Chief Negotiator, Brent Jeffers of Southwest, is already hard at work preparing for the next round of negotiations. The Team met for the first time as a

group on October 30 – 31. At that meeting, the Team began reviewing Delegate Assembly resolutions, prior bargaining history, contract disputes arising during the current contract, and the MSCF and MSUAASF contracts in preparation for negotiations. The next meeting of the Team will be November 20 – 21, 2008. On the 21st the Team will meet jointly with the [Academic Affairs Committee](#) to get its input.

The Joint Labor Coalition (JLC), which negotiates the health/dental/life insurance portion of the collective bargaining contracts for state employees met November 10th. The coalition asked each of the 16 state employee bargaining units to prepare their insurance related goals and bring them to the JLC meeting on January 26th. During February and March the JLC will be refining their bargaining proposals and they expect to have the first exchange of proposals with the state by early April. Several issues have already surfaced as possible goals. The first is the improvement of dental coverages. The second is that the state passed a law last session that requires insurance plans to cover dependents until age 25; however, the law excluded the state health plan for state employees.

Do you have suggestions for bargaining goals related to our state health plan? If so, send your suggestions to [Russ Stanton](#), [Brent Jeffers](#), or [myself](#). The IFO Negotiations Team will be making recommendations to the JLC. In addition, the JLC will be reviewing the 2008 Open Enrollment process to make suggestions for future improvements. If you have encountered problems with open enrollment, let us know.

The IFO [Government Relations Committee](#) met on November 6th and 7th and developed a list of 22 legislative goals for consideration by the IFO [Board of Directors](#) on November 20th and 21st. The GRC met with Judy Borgen, MnSCU Budget Director, and reviewed the MnSCU budget request to the 2009 legislature. Recognizing that it is highly unlikely that MnSCU will get all, or even most of, its budget request, the Committee focused much of its time on prioritizing the various parts of the budget request, with a 3% per year inflation adjustment as its highest priority. In addition to budget goals, the Committee recommended goals to support domestic partner benefits, the DREAM Act, exceptions to the 60/120 credit cap legislation, and a variety of other matters. The IFO plans to have its goals set and to be ready to hit the ground running when the new legislature meets in early January.

The Executive Committee and IFO staff continue to deal with issues like appropriate notice to prospective hires about the "nine month appointment" aspect of our contract, implementation of Fleet Safety initiatives, transfer issues, e-learning issues, and much, much more. As an IFO member, your concerns, comments, and participation are crucial to the IFO being an effective representative of MnSCU's university faculty. The IFO needs representation on local and [statewide IFO](#) and [joint IFO - MnSCU committees](#) - so please consider participating...your [local Faculty Association](#) will have information on committee vacancies.

## ELECTIONS BRING SMALL CHANGES AT THE STATE LEVEL

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

The elections on November 4th brought enormous change at the federal level, but relatively small changes in the make up of state government.

Governor Pawlenty was not up for election this year.

The Minnesota Senate was not up for election this year, but there were two special elections to fill the seats of Senator Betsey Wergin (R-Princeton) and Senator Dan Larson (DFL-Bloomington) who resigned. The DFL won both seats. This was a net gain of one seat for the DFL, giving the DFL a 46-21 majority in the Senate—one more than what is needed to over-ride a veto.

The entire Minnesota House was up for election this year. Twenty-three members of the 134 member House will be new next year. Overall the DFL had a net gain of two seats, giving them an 87-47 majority in the House. This leaves them three votes short of a veto-proof majority.

Legislative changes of special note concerning the state universities include:

- Rep. Ken Tschumper, a DFLer from near Winona, was defeated by Republican Greg Davids—who Tschumper had replaced two years ago.
- DFLer John Persell won the seat that includes Bemidji. He replaces Rep. Frank Moe, who did not seek re-election this year.
- DFLer Andrew Falk won a House seat just north of Southwest State University. Falk replaces Rep. Aaron Peterson, who did not seek re-election.
- One surprise result this election was the defeat of long time Republican Representative Sonja Erickson by DFLer Gail Kulick Jackson. Erickson was a leading proponent of teacher licensure without going through a college or university teacher preparation program.

While the balance of power did not change much in state government, the next legislative session could be quite different from the last term. The national political mood shifted significantly to the left this election. The main reason the DFL picked up only a few seats in the legislature is they already had very large margins gained in the last two elections. Governor Pawlenty, who began his career as a moderate and then turned conservative, may start to move more toward the center to reflect the public mood. In addition, the state faces a sobering financial crisis and both parties will probably have to set aside idealistic differences and cooperate to solve the problem. One clear message out of the recent campaign cycle is that the public has become very intolerant of partisan bickering.

## BUDGET CRISIS LOOMS

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

On December 4th the Minnesota Department of Finance is scheduled to release its budget forecast for the coming biennium. This is the first forecast since last legislative session. Expect the worst.

At the end of the last legislative session the state was projecting about a \$1 billion budget shortfall for the coming biennium—assuming no adjustment for inflation. Even with a modest 1.9% per year inflation adjustment—the budget shortfall would be about \$2 billion.

The financial markets began to seize up this fall and the nation is teetering at the edge of a deep and long recession. This means layoffs, lower profits and income, and lower income and sales tax collections. Human services expenditures will likely increase substantially. We will probably see huge budget shortfalls and proposals for budget cuts session. Unlike the federal government, which can deficit spend, the Minnesota Constitution requires a balanced budget. The state spent down almost all of its “rainy day” fund to balance the budget last session. This means the shortfall will have to be made up by budget cuts, tax increases, or both.

MnSCU is still proceeding with its proposed budget request to the legislature that calls for a \$121 million in new appropriations from the legislature to cover a 3% per year inflation increase, tuition relief, and a variety of new initiatives, including a special request to improve the competitiveness of state university faculty salaries relative to peer institutions nationally. However, MnSCU’s request is likely to hit a brick wall when the Governor announces his budget request to the legislature in January.

We face a very difficult session next year.

## IFO RECEIVES CLEAN AUDIT REPORT

by [Donna Blake](#), IFO Controller, and [Cathy Summa](#), IFO Treasurer

The external independent auditing firm of Thomas Lewis & Associates, P.A., conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards

require the auditor to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The IFO Audit Committee (consisting of campus FA Presidents, the IFO President, and IFO Treasurer) received the results of our fiscal year 2008 audit (fiscal year ending June 30, 2008) during its October meeting and unanimously approved the audit report. The IFO Board of Directors was given the approved audit report at its October 24, 2008 meeting.

The organization received an unqualified (clean) report. We attribute this finding to improvements in our internal operating procedures that have been approved and instituted by the IFO Board of Directors over the past two years. We will continue to refine internal operating procedures in anticipation of upcoming IRS reporting requirements.

The [audit report](#) is posted on the IFO website. Please feel free to email any questions regarding the audit to [Donna Blake](#), IFO Controller, or [Cathy Summa](#), IFO Treasurer.

## 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](#).