

# Inter Faculty Organization

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## Faculty Update

VOLUME XXIX No. 6

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

JANUARY 2007

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### NOTES FROM THE PRESIDENT

by [Nancy Black](#), IFO President

Dear Colleagues:

As we enter into negotiations this year for the IFO/MnSCU 2007-2009 contract, turmoil exists on campuses nationally. A recent article in *The New York Times*, "At Universities, Plum Post at Top is Now Shaky," recounts growing discontent by students and faculty concerning skyrocketing tuition and the increasingly high compensation paid to administrators. For example, the president of Pace University's annual compensation is nearly \$700,000, while faculty there have suffered a hiring freeze and students have been hit by double-digit inflation. From 1999 to 2007, tuition doubled at that institution.

Unfortunately, there are some parallels to this situation in our own state. The IFO has been patiently and persistently advocating for increases into base salary during past negotiations with MnSCU. At each of the seven state universities in Minnesota, the faculty salaries are below average at every rank in comparison with peer institutions in the country.

There seems to be a mistaken notion in some quarters that our faculty salaries have driven up tuition—nothing could be further from the truth. As you may recall, in FY04, tuition increased 14.9 percent, but the faculty salary increases for that year was zero. Faculty didn't contribute to that tuition increase. In FY05, tuition went up 15 percent while faculty salaries only went up one step or 2.4 percent, plus we had a 15 percent cut in employer contributions to dependent health care—we didn't cause much of that year's tuition increase either. In brief, in the last four years IFO salaries went up only about 9 percent, inflation was almost 12 percent, and tuition went up almost 54 percent.

At the last legislative session, the state passed an increase of an additional \$12 million over the biennium for "competitive compensation" to faculty and staff. Instead of receiving increased base salary, we received the opportunity to participate in "IPEL" ([Initiative to Promote Excellence in Student Learning](#)) - an "opportunity" for hard working faculty to take on yet more work for one-time money in the form of a grant. In contrast to MnSCU's interpretation, the IFO's understanding of competitive compensation means just what the legislature said—compensation that is competitive with peer institutions.

How long the excellence at state universities can be sustained depends on our ability to attract and retain talented professors. Faculty and students at private and public universities such as Gallaudet University, Case Western Reserve, Baylor, and, of course, Harvard have made their position known and changes are being realized. We think it is time for the Office of the Chancellor and the State to listen to our voices.

*The following are my remarks to the Senate Higher Education Committee on January 16, 2007:*

Chair Pappas and Members of the Committee,

I am Nancy Black, President of the Inter Faculty Organization, or IFO. For the new members of this committee, the IFO is the union, or exclusive representative, for approximately 3,200 full and part-time faculty members at the seven state universities in Minnesota.

We have only a few minutes today, so I would like to focus directly upon our highest priority of this session—the funding of MnSCU—especially inflation costs.

A month ago, the *Chronicle of Higher Education* published a comparison of higher education funding increases in the nation between last year and this year.

I have distributed [a copy of that ranking for you](#). Minnesota had a 2.6% increase. We ranked 45<sup>th</sup>; only five states had a smaller increase.

***But it is much worse than that for MnSCU institutions. If you look on page 3 of the handout—you will see the distribution of the increase.***

- ***The U of M had a 4.8% increase.***
- ***Financial aid had a 3% increase.***
- ***But MnSCU only had a 2/10 of 1% increase—the smallest of almost any system or institution in the nation! Even worse, this comparatively low funding has been going on for four years. Last year Minnesota ranked 33<sup>rd</sup> in the nation, the year before Minnesota ranked 44<sup>th</sup>, and four years ago we ranked 47<sup>th</sup> in the United States!***

In fiscal year 2006, which ended last June 30<sup>th</sup>, MnSCU received a state appropriation of approximately \$600 million dollars; but four years earlier, in fiscal year 2002, MnSCU received \$601 million. In other words, MnSCU institutions received less actual dollars than four years earlier---despite the fact that inflation was nearly 12 percent over those same four years, and enrollment grew by 8,005 full-time students (FYE) (the equivalent of a good sized university's enrollment or more than the total student population of Hamline's undergraduate and graduate population, Macalester College, and Concordia in Moorhead combined).

Minnesota was once a leading state in funding higher education but we have been coasting on our past reputation for a long, long time. At a time when higher education is more vital than ever for success, other states are passing us by. Minnesota's reputation for excellence in education was one of the primary reasons my family decided to move here 20 years ago.

My plea today is that you make higher education a priority again. That you fund inflation for higher education—all of higher education—not just MnSCU. In the last four years, because the state didn't fund its share of inflation costs, these costs got pushed on to students. Student tuition rates at state universities went up more than 53 percent in four years. Most of our students come from modest income

households and we are all reading about the enormous debt facing students when they graduate. We believe the state should pick up inflation costs this time—it's their turn.

MnSCU institutions graduate over 32,000 students each year—half the teachers; 80% of the nurses; 92% of the law enforcement officers—the people who will make our economy and society run in future decades. We shouldn't cut corners on quality. We need to keep these programs adequately funded so they will produce quality graduates.

Thank you for coming to visit Metropolitan State University on this frigid day. This is the university I am proud to have taught at for the past 15 years and look forward to returning to teach at when my term at the IFO is up. I want you to know that all faculty are very appreciative of the support that you have provided to our institutions.

## BIG HEALTHCARE COST INCREASES PROJECTED

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

At the recent Joint Labor/Management meeting the state announced it is projecting health insurance costs to increase 12% in each of the next two years. These increases would directly affect the employee contributions for dependent care, but they would also drive up employer costs, leaving less money on the table for bargaining.

The projected cost increases were somewhat of a surprise since last month the state granted a one pay period premium holiday because claims had come in significantly below projections. The State Health Plan is also sitting atop two large reserves—one for claims incurred but not yet processed, plus another reserve of around \$75 million (16% of annual costs) for unanticipated changes in claims experience.

The State Health Plan is self insured. The Department of Employee Relations is looking at a variety of methods to contain the cost increases, such as moving to a single prescription drug manager, directing more patients to “centers of excellence” and more aggressive risk assessment counseling rules. These will be issues in bargaining for health care which will take place in coming months. The state unions, including IFO, bargain as a coalition on health care coverages and rates. If you have concerns about the State Health Plan, talk to your campus' representative on the [IFO Negotiations Team](#).

## TRA FUNDING—TROUBLE ON THE HORIZON

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

At a recent meeting of a union pension coalition, some statistics were released on the funding of the state pension funds that are cause for concern.

On the face of it the Teachers Retirement Association (TRA) into which employers and employees make contributions looks like it is in pretty good shape. It is 92.6% funded, and the fund is pretty much on course at current contribution rates to both pay benefits as they are doing and paying off the unfunded liability within 30 years.

However, the Post-Retirement Fund, from which benefits are paid, is significantly under funded due to poor investment returns early in this decade. If TRA's share of the unfunded liabilities of the Post-Retirement Fund are taken into consideration, TRA is only 86.4% funded, and it would take an increased contribution of a little over 1% of salary by both the employers and the employees to keep the fund on track to full funding in 30 years. If the contribution increase is not made, the funding ratio will continue to slip and the fund could get into trouble like the Minneapolis Teacher Fund did over the last decade.

Even worse, some pension experts are criticizing the 8.5% long term earnings assumption of the state pension funds as being too optimistic (although the Director of the State Board of Investment points out the funds earn 11% compounded over the last 25 years). If the assumed long term investment earnings rate was dropped to 8.25%, the unfunded liability would increase more and it would take a combined employer/employee contribution increase of 3.4% of payroll to stay on course toward full funding in 30 years.

No one is panicking over this issue—in fact no one is even advocating a contribution increase yet. But this issue does deserve careful monitoring and, if necessary, contribution increases need to be implemented—the sooner it is addressed the smaller the contribution increase needs to be to correct the problem. For certain, this news will make it more difficult to achieve TRA formula enhancements until the funding deficiencies are addressed.

## THE 2007 SESSION GETS UNDERWAY—EVERYTHING IS NEW

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

The 2007 legislature got underway January 3<sup>rd</sup>. There are 52 new legislators—35 new Representatives, and 18 new Senators (out of a total of 201 legislators). The House went from Republican control last session to strong (85-49) DFL control this session. The DFL increased its control of the Senate from 36 to 44 members—giving them just one vote short of a veto-proof majority. All of the leadership has changed—the new Senate Majority Leader is Sen. Larry Pogemiller (DFL—Minneapolis), and the new Minority Leader is Sen. David Senjem (R-Rochester). The new Speaker of the House is Rep. Margaret Kelliher (DFL-Minneapolis), the Majority Leader is Rep. Tony Sertich (DFL-Chisholm), and the Minority Leader is Rep. Marty Seifert (R-Marshall). With the change in party control in the House, all of the committee chairs are new. In the Senate, many of the chairs are new due to retirements, defeats, and reshuffling after the leadership elections.

In the Senate, Sen. Sandy Pappas (DFL-St. Paul) is still the Chair of the Senate Higher Education Budget and Policy Division, but 8 of the 12 members of the committee are new. Sen. Kathy Sheran (DFL-Mankato) is Vice Chair of the Committee. Sheran is a faculty member from MSU, Mankato. The changes were more pronounced in the House. Rep. Tom Rukavina (DFL-Virginia) is the Chair of House Higher Education and Workforce Development Policy and Finance Division. Rukavina is new to the committee, as are 18 of the 21 members of the committee. The expansion of the committee charge to include workforce development issues is likely to shift the focus of the committee toward more emphasis on vocational education. Click for links to the new [House Higher Education Committee](#) and the [Senate Higher Education Committee](#).

### IFO Testifies On Legislative Goals

On January 16, IFO President Nancy Black testified before the Senate Higher Education Committee. She pointed out that, according to an article in the December 16, 2006, Chronicle of Higher Education, Minnesota ranked 45<sup>th</sup> from the top out of 50 states in terms of state appropriation increases for higher education in 2006-07. Last year the state ranked 33<sup>rd</sup>, the year before that we ranked 47<sup>th</sup>. She said that inflation has not been recognized for the last four years, during which the CPI increased nearly 12%. She urged legislators to appropriate \$140 million to cover a 3.5% inflation increase for MnSCU for each of the next two years.

IFO members are scheduled to testify before the House Higher Education Committee on January 30<sup>th</sup>, and again before the Senate Higher Education Committee on February 22 (during IFO Lobby Days).

### Legislation Starts Moving—Tuition and Teacher Tax Breaks

Despite all the new faces at the legislature, the legislature is moving fast to pass legislation to show the

public they are working hard. The House has already passed HF 8, which conforms Minnesota's tax code to federal changes made since the last session. The bill will allow an estimated 111,000 Minnesotans to deduct up to \$4,000 in college tuition costs from their income taxes, resulting in an average net savings of about \$165. Teachers will be eligible for a deduction of up to \$250 for classroom supplies they purchase. The Senate plans to pass the bill this week.

### Legislators Move to Recognize Inflation Costs

Last week Rep. Rukavina and Sen. Cohen introduced legislation to require the Governor to include inflation estimates in future budget forecasts, starting with February 2007. The legislation should move through the committee process this week. This is an important piece of legislation—the Governor has not recognized inflation adjustments in his budget forecasts and budget recommendations for the last four years. In that time, inflation (the CPI) grew by 11.83%, eroding purchasing power. If inflation is recognized, there really isn't a budget surplus. This will be a sobering realization for many legislators who had plans to use the surplus for new initiatives. The IFO's #1 budget priority is to fund inflation at 3.5% for each of the next two years. To do so will cost \$140 million.

### Rukavina Wants to Hear from Students/Faculty First

Rep. Tom Rukavina set the tone for how he will run his committee by announcing he will hear from students first, then the faculty, and then what he called "the bureaucrats." Last week the House Higher Education Committee heard from the students from the two year institutions. The students talked about skyrocketing tuition and student debt. This week the students from the state universities, the U of M, and the private colleges will testify. IFO will be testifying on January 30<sup>th</sup>.

The Senate Higher Education Committee will be hearing from MnSCU on January 16<sup>th</sup>, and they will be doing a tour at Metropolitan State University. IFO President Nancy Black will be testifying as part of the hearing. The Senate Committee will be taking testimony from all faculty groups on February 22<sup>nd</sup> (IFO Lobby Day), and several IFO members will be testifying.

### Some Legislators Question MnSCU's Technology Request

This past week I visited with numerous legislators regarding the MnSCU budget request. One thing I discovered is there is a lot of skepticism over MnSCU's \$70 million technology request. Legislators want to know what exactly the new technology money will be used for—and how much of it will benefit the campuses. There was some concern over the proposal making the campuses too dependent upon the central office. MnSCU circulated some talking points that said of the \$70 million in new money requested, \$10 million would go to the campuses, and the remainder would be used centrally to purchase hardware, software and to hire personnel. Rep. Pelowski was told that 70 new positions would be created if the request is funded. Apparently, MnSCU wants to continue to build (and patch up) its own system—some legislators and staff want to know if the need could be served more efficiently by buying off-the-shelf systems. Rep. Pelowski's committee has jurisdiction over technology matters, and it looks like he will be holding hearings to scrutinize the technology request.

## HOW YOU CAN BE AN EFFECTIVE LOBBYIST FOR HIGHER EDUCATION

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

The Internet has made it easy for ordinary citizens to influence the legislative process. Both the Minnesota House of Representatives and the Minnesota Senate have developed web sites to allow citizens to participate in the legislative process: <http://www.house.leg.state.mn.us/> or <http://www.senate.leg.state.mn.us/>.

By visiting these sites you can:

- Track bill introductions and the progress of bills through the legislative process.
- Download copies and/or summaries of bills.
- Download House and Senate votes on legislation.
- Find lists of legislators, along with their addresses, phone numbers and e-mail addresses.
- Simply click on the e-mail address of any legislator and send them an e-mail expressing your opinion on issues before the legislature.
- Find a brief biography of each legislator.
- Find lists of legislative committees and their jurisdictions.

I would encourage you to take advantage of these powerful Internet tools and become an advocate for public higher education and IFO's legislative goals. You can find a copy of our legislative goals on the IFO web page at [www.ifo.org](http://www.ifo.org). Also on the IFO web page you can find lists of campus area legislators and legislators who serve on key committees affecting higher education. During the legislative session I will be sending out frequent Legislative Updates to all faculty members regarding legislation under consideration. I would encourage you to follow-up on these updates by e-mailing legislators and expressing your opinion.

If you write legislators, I would give you the following simple tips:

- Be polite and temperate—legislators react badly to hostile criticism.
- Be brief and to the point—legislators are very busy, and if your message is too long it won't be read.
- Be honest—legislators are pretty good at spotting exaggerated claims, and they discount the input of those making such claims.
- Don't feel you have to be an expert—just give your opinion as a citizen. Legislators have expert staff to advise them on details.

## 2006 FACULTY SALARY STUDY

by [Cathy Summa](#), IFO Chair Salary Equity Committee and [Patrice Arseneault](#), IFO Equity Advocate

The Salary Equity Committee (SEC) is pleased to report that MnSCU has signed a contract with The Segal Company (<http://www.segalco.com/index.cfm>) to conduct the 2006 Faculty Salary Study. The Salary Review Committee (SRC) interviewed two firms and recommended the Segal Company to MnSCU. The Segal Company impressed the SRC with its extensive higher education experience, including work with other unionized state university systems, and with their emphasis on open communication. The SRC will meet with Segal representatives on Friday, January 19<sup>th</sup> to begin the 2006 salary study. The study will be conducted during the spring and early summer of 2007. The SRC anticipates that Segal representatives will visit campuses in September 2007 to share the results of its work.

For more information on the Faculty Salary Study, contact [Cathy Summa](#) or [Pat Arseneault](#).

## CONTACT US

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