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Reassigned time or compensation for those on leave available.
Travel expenses reimbursed.

NOTES FROM THE PRESIDENT

by [Nancy Black](#), IFO President

Dear Colleagues:

The IFO Staff, Board, Committee Members and Negotiation Team are extremely busy. Coalition bargaining on health care has begun in earnest, contract negotiations are underway, and the legislature is in full swing. The main purpose of this April *Update* is to provide you with the latest information on these important issues.

The media is giving a good deal of attention to topics of higher education ranging from escalating university tuition, suspect private loan companies, dismal graduation rates at some for-profits, access to education, closing the achievement gap, and faculty compensation to name just a few. In terms of the latter, the Negotiation Team has been working diligently and persistently to achieve fair salary compensation during bargaining sessions now and in the past. The Minnesota State Universities as public higher education institutions have a fiduciary responsibility to the citizens of Minnesota as well as a commitment to excellence in the quality of education. The balance between these two serious responsibilities must be carefully weighed. In Minnesota, according to NCHEMS data, state universities educate students for about one-half the cost of private colleges. A recent

article, in *The Chronicle of Higher Education*, by Ronald G. Ehrenberg, author of *Tuition Rising: Why College Costs So Much*, raises some points worth considering. Among them, Ehrenberg, Director of the Cornell Higher Education Research Institute, claims that when other factors are held constant, the higher the level of educational institutional expenditure per student, the higher the earnings per graduate. In terms of student expenditure, the state universities are quite “efficient,” but at what cost? We fear that the continuing salary slide for faculty at between the 40th and 50th percentile nationally of peer institutions is not just costing *us* money, but jeopardizing the excellence in education we are working so hard to provide to our students.

NEGOTIATIONS UPDATE

by [Rod Henry](#), IFO Chief Negotiator

IFO Negotiators have been primarily involved in two separate activities since the last *Update* in March.

First, the union side has given its opening proposal for the coalition bargaining for health care and related benefits to the State. Our proposal - the result of shared work by a number of organizations - includes proposals of interest to our members such as rolling and altering deductibles, domestic partner benefits following the Hawaii model, a change in the ceiling for long-term disability benefits, and some new trial programs. We will hear more on this and have more details later.

Second, the IFO negotiators have met with the MnSCU side and a facilitator from the Minnesota Bureau of Mediation Services to explore the Interest-Based Collective Bargaining approach to negotiations. We had training on the 13th of April and will pursue it further on the 27th of April. This approach may or may not be the one adopted for the entire round of bargaining but the IFO Team feels it is worth continuing to explore.

STATE PRESENTS ITS OPENING PROPOSAL FOR HEALTH CARE INSURANCE

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

Last week the state unions presented their proposals for health insurance to the state (see Rod Henry’s article above). Today, the state presented its opening proposals to the unions. The two sides will get together on May 7th and 8th to continue negotiations.

The state negotiator said that the costs of the state plan (which is self-insured) are expected to go up by 12% each year, or \$174 million over the next two years. The state is willing to pick up \$50 million of the increase, but they say the remainder will have to be made up by employee premium increases, increased deductibles and co-payments, and cost containment measures. If the costs are not picked up in this way there will be less money on the table for salary increases.

The biggest item in the state’s opener was a proposal to have employer (the state) pick up 85% of the cost of employee health premiums. Currently the state picks up 100% of employee premiums and 85% of dependent premiums. This change would lower the state’s cost by \$43 million.

The state also proposed substantial increases in the amount of deductibles and co-payments employees would have to pay. Click [HERE](#) (42 page PDF file) for a copy of the state’s opener which contains a chart indicating the changes.

The state also wants to provide free nicotine replacement therapy and to expand health coaching efforts to reduce costs.

Needless to say, the state and the employee unions are far apart on the health care plan, but negotiations are still civil and professional, and both sides realize that in a self-insured plan it is in everyone’s interest to find ways to improve efficiency while maintaining quality.

LEGISLATIVE SESSION END IN SIGHT

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

The constitutional deadline for legislative adjournment is midnight, May 21st. As we head into the final stretch, here is how things stand on issues the IFO is tracking:

Higher Education Bills Head to Conference Committee

The Senate passed its version of the Omnibus Higher Education Bill in late March and the House companion bill will likely pass the full House this week. Next week the House and Senate versions of the bill will be sent to a joint House/Senate conference committee that will work out a final common version of the bill that will be re-passed and sent to the Governor.

The Governor, House and Senate have staked out their positions on higher education funding and policy. Click on the hyper links below to access the full text of these budget recommendations.

The [Governor's Recommendation](#)

The [House Higher Education Bill](#)

The [Senate Higher Education Bill](#)

Also, click [HERE](#) for a spreadsheet comparing the proposed funding of MnSCU by the Governor, House and Senate.

Overall MnSCU Funding Differences

MnSCU requested an overall appropriation increase of \$177 million for the two years beginning July 1, 2007. This is an increase over the appropriation base (\$1,204,388,000) of 14.7% over two years.

Governor Pawlenty recommended a \$123 million increase, but under his proposal only \$68 million would be a permanent increase to the base—the other \$55 million would be a one-time increase. While the overall increase in Pawlenty's proposal is 10.2% over two years, when the one-time money is subtracted, the increase over base is about 5.65% over two years.

The House recommended a \$168 million increase—all of it added to the base. This is an increase of about 14% over two years.

The Senate first appropriated a \$136 million increase—all of it added to the base. However, in a supplemental bill that raised taxes on the state's highest income earners, the Senate added an additional \$51 million to MnSCU's appropriation increase, bringing it up to a \$187 million increase for the biennium (\$10 million more than MnSCU requested). This is about a 15.5% increase over two years.

It's Taxes vs. Education and Higher Education Funding

The House and Senate bills fund education and higher education at levels much higher than the funding proposed by Governor Pawlenty. They are able to do so because they raise more revenue to fund the increases by raising the income taxes on the highest income Minnesotans. The Senate would raise about \$1 billion per year by increasing the top tax rate on individuals from the current 7.85% to 9.7%. This would only affect individuals earning more than \$141,000 per year, and couples earning more than \$250,000 per year. The House would raise the top income tax bracket from 7.85% to 9%--and this would only affect households earning more than \$1 million per year. If the tax increases do not pass, the legislators will have to trim back the amounts they are proposing for education and higher education in order to maintain a balanced budget.

Governor Pawlenty has maintained his stance of no tax increases again this session. He has taken out paid TV ads attacking the DFL legislators for having what he calls an uncontrolled appetite for spending. The Governor urged legislators to pass the budget bills quickly, so he could veto them. He claims taxing wealthy people will hurt the people who create jobs.

DFL legislators counter that due to tax cuts earlier in the decade, the wealthiest Minnesotans pay a significantly smaller percentage of their income in state and local taxes than the middle class, and the percent of personal income going to state and local taxes has been dropping. They point out that Minnesota's economic growth has trailed the national growth rate since the last tax cuts were enacted. They say a better way to make Minnesota economically competitive is to make strategic investments in education and higher education to produce a highly productive workforce.

During the next 5 ½ weeks the taxes versus education debate is likely to dominate all legislative discussion. Both sides have a lot to lose politically if they don't get their work done—voters have a history of turning on incumbent politicians when state government doesn't work.

Inflation/Tuition Freeze

Most of the debate regarding the MnSCU request concerned inflation and tuition, which are linked. IFO supports a 3.25% per year inflation adjustment at the cost of \$130 million paid entirely by state appropriations. If inflation is funded at \$130 million, IFO supports a tuition freeze for students. This is our highest priority this session.

MnSCU supports a 3.25% inflation adjustment, but only asked the legislature for \$57 million—MnSCU wants to raise the other \$73 million from a 4% per year increase in tuition rates.

The Governor proposed a 0% increase in inflation for MnSCU each year of the biennium, and simply didn't address what that would do to tuition.

The Senate bill, along with the supplemental appropriation for MnSCU, would provide enough money to fully fund inflation and MnSCU's other requests, and would hold tuition increases at 3% or less per year.

The House appropriated the \$57 million MnSCU requested for inflation, but then added another \$45.7 million to buy down MnSCU's proposed tuition increase from 4% per year to 2% per year (in essence, providing \$102.7 million for inflation).

Technology Funding

MnSCU requested \$70 million for technology improvements. They were criticized from many quarters for not having a clear plan on how the money would be used, and how it would help student learning. The plans they did produce showed \$60 million would go to the system level, and only \$10 million to the campuses. There would be around 70 new positions created at the system level. Only \$4.5 million would go to academic programs.

IFO's position was to fund inflation first, and if there was money left over, then fund specific new items, like technology.

The Governor recommended \$60 million for technology.

The Senate bill appropriates only \$10 million.

The House recommended \$30.5 million. The House bill directs that none of the new technology and infrastructure positions can be created at the system level—they must be at a campus level. However, MnSCU wants to get around this provision by saying that employees who are paid and directed by the system office, but are located on campuses, are really campus positions.

Other Funding Line Items

MnSCU asked for \$24 million for programs for underserved student populations; \$10 million for expansion of Science, Technology, Engineering and Math (STEM) programs; \$3 million for a Bioscience Center of Excellence; \$3 million for development of allied health curriculum; and, \$10 million for “Management Innovations” (read performance pay).

IFO supported these line items (except for the one on Management Innovations), but only after inflation was covered.

The Governor supported the underserved population request, but at \$12 million, and he supported all the other line item requests.

The Senate funded the line item for access for underserved populations at \$14 million, but zeroed out the remaining line items.

The House funded the line items in addition to inflation and a tuition buy down—but they zeroed out the Management Innovations line item.

Fencing the MnSCU Central Office Funding

The IFO supported funding the MnSCU central office as a separate line item. Up until the present, MnSCU received the state appropriation as a lump sum, and the central office decided how much stayed in the central office and how much went out to the campuses. As a result, a lot of the money remained under the control of the central office.

The House bill funds the system office as a separate line item—and didn’t provide any inflation increase at the system level. MnSCU administrators are not happy about this, and are lobbying heavily to get this removed in conference committee.

ACHIEVE II

The Governor proposed \$92 million for ACHIEVE II—giving students who passed AP, IB, and PSEO courses a \$314 per course scholarship to be used at a Minnesota postsecondary institution.

Rep. Rukavina didn’t like the program very much because he said small rural districts lacked the resources to offer these courses to their students. In the House bill, he reduced the ACHIEVE II program to a \$2 million pilot program to have MnSCU institutions deliver AP and IB courses to students living in remote and underserved areas.

The Senate bill does not include ACHIEVE II funding.

The Governor is not happy. Office of Higher Education (OHE) Director Susan Heegaard has been threatening the Governor may veto the bill if his pet proposals aren’t included.

DREAM Act

IFO supports the DREAM Act, legislation that would allow children who attend Minnesota high schools for three years or more, and graduate, to attend Minnesota public postsecondary institutions at in-state tuition rates. The legislation is included in both the House and Senate State Department Appropriation Bills, plus it has been passed out of committee as separate legislation. Attempts to delete it on the Senate Floor and in several House committees failed by about 2-1 margins. The Governor is threatening to veto the Higher Education Bill if the provision isn’t deleted. There will be a showdown on this item in conference committee...

Bonding

Normally, bonding bills are taken up only on even-numbered years. However, some bonding authority is available now and legislators are putting together a bonding bill.

The IFO supported a \$70 million appropriation for HEAPR to make up for the HEAPR not funded in the last bonding cycle.

MnSCU requested only \$30 million for HEAPR.

The House passed the bonding bill by a vote of 84-45. The House bill appropriates \$30,720 for HEAPR, plus \$2 million for Bemidji State University and \$1.8 million to Fond du Lac for land acquisition.

The Senate passed the bonding bill on by a vote of 56-9. The Senate bill appropriates \$30 million for HEAPR, plus \$2 million for Bemidji State University and \$1.8 million for Fond du Lac for land acquisition. The Senate bill (in the Economic Development section of the bill) also appropriates \$11 million to MnSCU for the National Hockey Center in St. Cloud.

The bills now go to conference committee, but since the differences are relatively minor, there should be relatively easy agreement on the final bill.

Domestic Partner Benefits

IFO supports legislation to require that state employees in domestic partnerships be granted benefits the same as married state employees. Sen. Sandy Pappas and Rep. Phyllis Kahn introduced bills to do this. The bills passed in the committees along straight party line votes—DFLers for and Republicans against. The Senate bill only covered employees in same sex relationships. The House Committee widened the bill to include employees in both same sex and opposite sex relationships.

The domestic partner legislation was included in the Omnibus State Department Appropriations Bills in both the House and Senate. The full Senate has passed the Omnibus State Departments Appropriation Bill. Attempts to remove the domestic partner provision were defeated 40-22. The Omnibus State Departments' Appropriations bill will reach the House floor this week, and I am sure there will be further attempts at trying to remove the domestic partner provisions. The Governor has said he will veto the bills if the domestic partner benefits are not removed.

Retirement Bills

At IFO's request, three retirement bills have been introduced in the House and Senate.

H.F. 1953 (Kahn, Murphy, Moe, Haws, Seifert) and companion bill S.F. 2154 (Olson, Clark, Langseth, Larson) would allow a faculty member a window of opportunity to voluntarily switch coverage from IRAP to TRA coverage upon reaching tenured status. They could buy back TRA coverage at full actuarial cost using their IRAP savings.

H.F. 1954 (Kahn, Murphy, Moe, Haws, Seifert) and the companion bill, S.F. 2152 (Olson, Clark, Langseth and Larson) would require MnSCU to offer a Roth Tax Sheltered Annuity to faculty by January 1, 2008. The Roth TSA (also called a Roth 403 b) is like a Roth IRA except a faculty member can tax shelter up to \$15,000 per year (\$20,500 per year if over age 50), and the income limits that apply to Roth IRAs do not apply to Roth TSAs.

H.F. 2170 (Kahn, Pelowski, Seifert, Haws, Moe) and the companion bill S.F. 2153 (Olson, Larson, Clark), would require MnSCU to place money from abandoned IRAP and Supplemental Retirement Accounts in a special account, and to exercise due diligence in locating the lost participants. If any former participants can be located, their accounts will be restored. Interest from the abandoned funds would be used to offset the \$20 per year fee charged to IRAP and Supplemental Retirement participants.

The legislature was really late in setting up the Pension Commission this year, and they have had only two meetings. There is a huge backlog of bills to be heard, so there is a chance that these bills could get laid over until next year. IFO is pushing hard to get at least the Roth bill heard this session because it is time sensitive.

IFO SEEKING TWO PART-TIME ACADEMIC AFFAIRS COORDINATORS

*REASSIGNED TIME OR COMPENSATION FOR THOSE ON LEAVE AVAILABLE
TRAVEL EXPENSES REIMBURSED*

At the March IFO Board of Directors meeting, a recommendation to revise the current Academic Affairs Coordinator's position was passed. We are seeking two faculty members to coordinate academic affairs on a part-time basis between the IFO and MnSCU for the coming academic year (fall 2007 through spring 2008). Please see the description below for complete information.

Please contact your [Faculty Association President](#) or [Nancy Black](#), IFO president for further information. **Send letters of interest to Donna Blake (blake@ifo.org)**. Open until filled. Executive Committee will recommend selections at the April Board Meeting or request an extension for an e-mail vote.

Position Title: *Academic Affairs Coordinator*

Term of Position:

Two IFO faculty members will serve on a staggered basis. Position one shall end on June 30, 2008 (one-year term), and position two shall end on June 30, 2009 (two-year term).

Major Responsibilities:

1. Convene and co-chair meetings of the IFO Academic Affairs Committee (AAC). Keep the AAC informed about various MnSCU initiatives. Seek input from the AAC on IFO positions on academic issues.
2. Under the direction of the President, serve as the IFO representative with respect to academic matters within MnSCU. Attend and report on IFO and MnSCU meetings dealing with academic matters. The two coordinators shall establish a master calendar of meetings and propose coverage.
3. Keep the President, Executive Committee, Board of Directors, Negotiating Team, and membership informed about academic matters involving the campuses, MnSCU and other state and national organizations. The coordinators shall meet with and give reports to the President, IFO Board of Directors, and Executive Committee on an established basis. Make recommendations to all of the above as appropriate. Shall attend statewide meet and confers.
4. Oversee Academic Affairs office and files at the IFO office. Includes responsibility for:
 - keeping records about and communication with IFO members of MnSCU committees to assure they are attending meetings and informed of IFO perspectives.
 - directing and providing information to IFO Website Coordinator on all committees including meeting agendas and notes for posting on the IFO website.
 - assuring records for all committees are organized and maintained at the IFO office.
5. The Academic Affairs Coordinators shall meet with the IFO President who will determine how the responsibilities will be shared between the two coordinators.

Compensation:

Academic Affairs Coordinators will be paid twelve (12) credits per year of reassigned time from their home institution or, if on leave from home institution, at regular duty day rate times 60 duty days. (By law may have to

be paid as wages – withholding as required.) In addition, possible compensation of \$1,000 for the summer (for serving after July 1). Reimbursement of travel expenses as per IFO policy. No additional benefits.

Expertise:

Academic Affairs Coordinators should have experience/expertise in at least one of the following areas: technology; P-16 education issues; and, academic policies.

Knowledge of or willingness to learn the Contract is required.

Seeking Letters of Interest Indicating:

- interest in position;
- union experience;
- expertise relevant to position;
- preference for a one or two-year term; and,
- whether reassigned time or duty day compensation is preferred.

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](#).