

Inter Faculty Organization

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

Faculty Update

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NOTES FROM THE PRESIDENT

by [Nancy J. Black](#), President

Dear Colleagues:

Welcome to a new academic year, and a special welcome to new faculty joining our ranks. The IFO is the union for approximately 3,400 full and part time faculty. I am pleased to report that membership in the IFO continues to grow, and one of the seven state universities has attained 100 percent membership for the second consecutive year.

Last year was a very busy year, and we have many challenges facing us this year. We settled our 2005-2007 contract last October, one of the earliest settlements in the IFO's history. With one exception, St. Cloud State University with a later start date for duty days this year, the salary increase for returning faculty will be implemented August 21 and should be reflected in your checks on September 15. St. Cloud State faculty will receive the new rate in the following pay period. For almost all faculty over the two-year period, the contract brought salary increases amounting to 6.24 percent, not counting promotions, career step increases, or Health Reimbursement Account contribution increases.

The IFO Negotiating Team will be starting to meet shortly for the new round of contract bargaining. Our contract runs until June 30, 2007, and we need to get our expectations out there "front and center" to MnSCU, especially concerning competitive salaries and workload for state university faculty. No round of bargaining is easy, but we have seasoned negotiators who work very hard on behalf of their colleagues. We will be more prepared than ever to address some very serious issues.

We were successful in many issues at the legislature this year. The legislature passed a major bonding bill to build and improve facilities. It was an issue that faculty and administration agreed upon—I testified right along side the Chancellor. Please see Russ Stanton's article on [2006 Legislation Outcomes](#) in this issue.

This fall we have some extremely important elections with the governor, the entire State Senate and all State Representatives up for election. As you know, Minnesota funding for public higher education is not

keeping up with inflation or enrollments. In his first budget, Governor Pawlenty slashed MnSCU's appropriations by \$189 million for the biennium. When Governor Pawlenty took office in 2002, the state appropriation for MnSCU institutions was \$601 appropriation for the biennium. This year the appropriation is back to \$600 million—only one million dollars short of where we were 4 years ago. Since 2002, MnSCU enrollment has grown by over 10,000 students, and inflation has risen by nearly 12 percent. Over the next couple months we will be sending you information on legislative voting records and candidate positions on higher education. Read this information, and please vote in November.

I want to remind you of a few services the IFO will provide members within the near future:

- During orientation for new faculty, Russ Stanton will be putting on sessions to help new faculty choose between IRAP and TRA as their basic pension plan. This is a very complicated decision that can mean thousands of dollars to a faculty member in the short term—hundreds of thousands over a career—and once the decision is made, it is irrevocable. I strongly encourage all new faculty to attend, and Russ will help you wade through this important decision.
- This summer, TIAA-CREF replaced Wells Fargo as manager of the MnSCU Individual Retirement Account Plan Supplemental Retirement Plan (IRAP/SRP) and Tax-Sheltered Annuity Plan (TSA). Please read this article, [TIAA-CREF Takes over Retirement Plan Administration](#) in this Update issue. Changes have occurred this summer and new opportunities are available including scheduling a one hour one-on-one financial planning meeting with a TIAA-CREF representative who will be on your campus.
- Finally, during August and September, Russ Stanton will be visiting all campuses and putting on workshops for faculty nearing retirement to show them how to get the most out of their contractual and statutory benefits. He will cover benefits such as the early separation benefit, severance pay, post retirement health care, phased retirement and the two-step bump for retirees. If you are thinking of retiring in the next five years or so, I would encourage you to attend one of these workshops and set up an individual meeting with Russ. It is free and will help you understand your options—and often times it can save you a considerable amount of money. I strongly encourage you to take advantage of this member service. Remember, that all faculty planning to retire at the end of this academic year must give their notice of intent to retire by OCTOBER 1, 2006 in order to receive the early separation incentive and/or the final two-step promotion. Please see Russ Stanton's article on [IFO Retirement Workshop Schedules](#) in this issue.

Thank you for all your support and efforts as we work together to serve the State of Minnesota. Onward and upward!

TIAA-CREF TAKES OVER RETIREMENT PLAN ADMINISTRATION

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

This summer TIAA-CREF replaced Wells Fargo as manager of the MnSCU Individual Retirement Account Plan/Supplemental Retirement Plan (IRAP/SRP) and Tax-Sheltered Annuity Plan (TSA).

This change brought much lower administrative fees to participants, as well as both enhancements and simplification to the retirement plans:

- A single point of contact (800/682-8969, 8 a.m. – 5 p.m. CT), and a dedicated web page (www.tiaa-cref.org/mnscu) for your IRAP/SRP and TSA plan accounts.
- New investment choices from Vanguard, TIAA-CREF and other mutual fund providers – all through one source (this will allow same day/next day movement of investments from fund to fund).
- One quarterly statement consolidating the activity in your IRAP/SRP and TSA plan accounts.

- Objective advice and one-on-one financial planning services.

NEW INVESTMENT CHOICES

The IRAP/SRP and TSA plans will feature many new investment choices. You will be able to choose from 10 TIAA-CREF annuity accounts and a selection of 13 mutual funds from different providers:

TIAA Traditional Account	Pennsylvania Mutual Fund
TIAA Real Estate Account	T. Rowe Price International Growth and Income Fund
CREF Bond Market Account	Vanguard Balanced Index Fund
CREF Equity Index Account	Vanguard Developed Markets Index Fund
CREF Global Equities Account	Vanguard Institutional Index Fund
CREF Growth Account	Vanguard Mid-Cap Index Fund
CREF Inflation-Linked Bond Account	Vanguard Prime Money Market Fund
CREF Money Market Account	Vanguard Small-Cap Index Fund
CREF Social Choice Account	Vanguard Strategic Equity Fund
CREF Stock Account	Vanguard Total Bond Market Index Fund
Dodge & Cox Balanced Fund	Western Asset Core Plus Bond Portfolio
Legg Mason Value Trust Fund	

The State Board of Investments selected the mutual funds to replace those in the previous retirement plans. These new mutual funds carry similar investment strategies to the previous plan.

If you had funds invested with TIAA-CREF in the past, those funds remain in the same TIAA-CREF fund(s)—no change. However, any accumulations you had in the mutual funds listed below were moved automatically to a comparable mutual fund in the new fund line-up. Of course, you can always choose to re-allocate your retirement plan contributions with just a simple phone call: (800/682-8969, 8 a.m. – 5 p.m. CT).

The mutual fund replacements are:

IRAP/SRP/TSA Plans	
<u>FROM</u>	<u>TO</u>
Fund in the Old Fund Line-up	New fund through TIAA-CREF
Dodge & Cox Income Fund	Western Asset Core Plus Bond Portfolio
SBI – Bond Market Account	Vanguard Total Bond Market Index Fund
SBI – Common Stock Index	Vanguard Institutional Index Fund
SBI – Fixed Interest Fund	Vanguard Prime Money Market Fund
SBI – Growth Share Account	Legg Mason Value Trust Fund
SBI – Income Share Account	Vanguard Balanced Index Fund
SBI - International Share	Vanguard Developed Markets Index Fund
SBI – Money Market Fund	Vanguard Prime Money Market Fund
STI Classic Small Cap Growth Stock Fund	Pennsylvania Mutual Fund
Vanguard Institutional Index Fund	Vanguard Institutional Index Fund
Wells Fargo Advantage Growth Balanced Fund	Dodge & Cox Balanced Fund
Wells Fargo Advantage Large Company Growth Fund	Legg Mason Value Trust Fund
Wells Fargo Galliard Stable Return Fund	Vanguard Prime Money Market Fund
American Funds Europacific Growth Fund	T. Rowe Price International Growth and Income Fund
Dodge & Cox Income Fund	Western Asset Core Plus Bond Portfolio
STI Classic Small Cap Growth Stock Fund	Pennsylvania Mutual Fund
Vanguard Institutional Index Fund	Vanguard Institutional Index Fund
Wells Fargo Advantage Growth Balanced Fund	Dodge & Cox Balanced Fund
Wells Fargo Advantage Large Company Growth Fund	Legg Mason Value Trust Fund
Wells Fargo Advantage Stable Income Fund	Vanguard Prime Money Market Fund

NOW IS A GOOD TIME TO REVIEW YOUR ACCOUNT

With the changeover in the retirement plans complete, now is a good time to review and update your investment strategy, and retirement plans:

- Schedule a free one-on-one financial planning meeting through TIAA-CREF.
- Revise your asset allocations to meet your financial objectives.
- Compare fees and rates of return on comparable TIAA-CREF, Vanguard Index Funds, and the actively managed mutual funds, and select funds with the best rates of return (net of fees).
- Update your beneficiaries—they often become out-of-date due to marriage, divorce, or children reaching adulthood. Make sure your account balances go to the beneficiaries you would like to receive the money.

FOR MORE INFORMATION

For more information on changes to the MnSCU retirement plans, you can call TIAA-CREF at 800/682-8969, 8 a.m. – 5 p.m. CT.

IFO RETIREMENT WORKSHOPS SCHEDULED

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

Each fall, Russ Stanton puts on two types of retirement workshops on each state university campus.

[New Faculty Retirement Workshops](#)

The first type of workshop is for new faculty, and is designed to help them choose 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 to choose between the two plans. If they do not choose, the default is IRAP. This is a complex decision, and can mean thousands of dollars to a faculty member in the short term, and as much as hundreds of thousands of dollars over a long career. The decision is irrevocable for life once it is made. At the workshops, the two plans will be compared feature by feature. In addition, Russ Stanton will provide some common sense tips on retirement investing. The workshops are free. IFO does not sell or endorse any products or services, or receive any fees. Our goal is to provide members with objective advice.

[Workshops for Faculty Nearing Retirement](#)

All faculty planning to retire at the end of this academic year must give their notice of intent to retire by October 1, 2006 in order to receive the early separation incentive and/or the final year two-step promotion. Faculty members wanting to participate in either the Phased Retirement Program or the Annuitant Employment Program next fall (2007) must also give their notice of intent to participate by October 1, 2006.

During the coming weeks, Russ Stanton will be putting on workshops for faculty nearing retirement on each of the campuses. The workshops will cover contractual and statutory provisions relating to retirement including:

- New Supplemental Retirement and IRAP changes/What you should be doing.
- New TRA benefit changes.
- The final year two-step increase.
- The early separation incentive.
- Severance pay.
- The post-retirement tax-free healthcare savings plan.

- TRA: Annuity options, maximizing your benefits, post-retirement cost of living adjustments.
- Phased retirement and the Annuity Employment Program.
- Tax sheltering options.
- Healthcare Reimbursement Arrangements (HRA's) and how they relate to retirement.

At the workshop Russ will distribute retirement preparation checklists, information on notification dates, form letters for giving retirement notification and applying for benefits, a list phone numbers, addresses, and Internet locations of retirement planning resources.

Individual ½ Hour Meetings

In addition to the workshops, Russ Stanton will meet with individual faculty members (and their spouses, if desired) to discuss particular retirement situations and concerns.

Any faculty member, both new and those contemplating retirement, can schedule an individual meeting by calling his or her [faculty association office](#).

Schedule

The following is a list of dates that Russ Stanton will be on each campus:

Bemidji:

August 22nd, September 21st and 22nd

Mankato:

August 31, September 5th, 6th and 26th

Metropolitan:

September 7th and 15th

Moorhead:

September 12th and 13th

St. Cloud:

September 11th, 18th, 28th and 29th

Southwest:

August 30th

Winona:

September 19th and 20th

Additional days will be added if needed. Call your faculty association president or the faculty association office for details on times and locations.

2006 LEGISLATIVE OUTCOMES

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

When faculty left on summer break last May, the legislature was still in session. The legislature finally completed its work on May 22nd, just hours before the constitutional deadline for adjournment. The following is a brief summary of legislative actions on IFO goals:

Contract Ratification

On the last day of the session the Republican controlled House of Representatives finally ratified the 2005-07 public employee contracts, including the IFO/MnSCU contract. The DFL controlled Senate had passed a contract ratification bill many weeks earlier, but the House held the bill and passed it as part of the Omnibus State Department's bill—apparently to get more votes for that bill.

Huge Bonding Passed

The major issue before the legislature this year was a capital bonding bill to build, remodel, and repair state facilities. IFO backed the MnSCU bonding request, plus regional recreational facilities at Bemidji and Marshall. The final bonding bill appropriated was \$999,980,000. The MnSCU institutions were the biggest recipient of money under the bill receiving a total of \$191,430,000. In addition, the Marshall recreational facility received \$11 million and the Bemidji facility received \$3 million.

Within MnSCU's appropriation, Mankato received \$32.9 million for Trafton Hall. St. Cloud received \$14 million for a Brown Hall and Science Math addition, plus \$4.5 million for Riverview Hall. Moorhead received \$9.68 million for MacLean Hall and \$300,000 to design renovations to Lommen Hall. Winona received \$11.2 million for Maxwell Hall and \$400,000 of planning money for Memorial Hall renovation. Metropolitan State received \$300,000 to plan a new classroom building. In addition to its regional recreational facility (funded separately from the MnSCU list), Southwest received \$300,000 for science and hotel restaurant lab renovation design. Bemidji received \$700,000 for Science Hall addition planning—in addition to the separately funded \$3 million for their recreational facility.

All of the projects requested by MnSCU were funded, albeit some were funded at a little less than requested. MnSCU also received \$40 million for Higher Education Asset Preservation and Repair (HEAPR)—about \$11.8 million is earmarked for state universities. Here are links to the complete list of projects funded, including the HEAPR appropriation to each campus: [MnSCU 2006 Capital Budget Bill & Systemwide Repair & Replacement Projects](#)

We owe a great deal of thanks to Sen. Keith Langseth (DFL-Moorhead) and Rep. Dan Dorman (R-Albert Lea), who carried the bonding bill. Langseth was particularly effective, passing a very large bill in the Senate and forcing the House and Governor to come up to the Senate numbers in conference committee.

TRA Improvements

The legislature bailed out the failing Minneapolis Teachers Retirement Fund and merged it with the statewide Teachers Retirement Association (TRA). As part of the deal the legislature improved the TRA formula by increasing the annual service credit multiplier from 1.7% per year to 1.9%. This increase only applies to service after June 30, 2006.

TRA contributions will also increase from 5% of salary to 5 ½% of salary. Overall, this is a good deal for TRA members—within 2 ½ years of retirement their benefit increase will have offset the increased contributions they will have to make.

Constitutional Amendment on Marriage Defeated

A constitutional amendment defining marriage or its equivalent as the union of one man and one woman was defeated in the Senate Judiciary committee—five DFL'ers voting against it, and four Republicans for it. Attempts to circumvent the committee process and bring the issue straight to the floor were defeated along party line votes. IFO opposed the amendment because it might have invalidated parts of our

contract and prevented us from negotiating domestic partner benefits in the future.

Alternative Teacher Licensure Bill Defeated

A bill that would have allowed individuals to be licensed as a teacher without going through a college or university teacher preparation program was defeated, because the measure was not included in the Senate Omnibus Education Bill. IFO opposed the bill because it represented a lowering of standards for teacher licensure.

Bill to Require Professors to "Speak Clear English" Defeated

A bill that would have allowed students to get a refund of tuition and have failing grades removed from their transcripts if more than 10% of the students complained about the inability of their professor to speak clear English did not pass. The bill required a process whereby professors accused of having poor English skills could be removed from classroom teaching.

"Dream Act" Defeated

A bill to allow the children of illegal immigrants who attended and graduated from Minnesota high schools to attend Minnesota public colleges and universities at resident tuition rates was defeated because of opposition by Governor Pawlenty. Currently these students, many of whom were brought to the United States as small children, are not eligible for financial aid, and at most institutions they have to pay non-resident tuition rates (which are double the resident rates). IFO supported the Dream Act legislation.

WELCOME TO NEW STAFF MEMBER, DONNA LYNN BLAKE

Donna Lynn Blake joined the IFO in June 2006 as Executive Assistant to the President, Accounting and Human Resources. She earned a Bachelor of Science in Business from the University of Minnesota, an Associate of Science in Accounting from Inver Hills Community College, and will complete her Bachelor of Science in Accounting from Metropolitan State University next spring. Donna has seven years of experience as a Controller, three years of experience as an Office Manager, four years of experience as Accounting Manager, and over seven years of experience as an Executive Assistant for local Minnesota companies. She lives in Eagan with two of her three daughters and two Shih Tzu dogs. She plans on obtaining her MBA from Metropolitan State University after finishing her Accounting degree. We are delighted that Donna has joined our staff. She can be reached at blake@ifo.org or 1-800-325-9644 extension 12.

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](#).