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

Dear Colleagues:

The IFO staff and faculty committee and task force members are working very hard for the membership especially as contract negotiations with MnSCU and coalition bargaining on health care begin this month while the legislative session is in full swing.

We are pleased to report that the legislature finally passed the bonding bill this month, a successful end to two years of effort by all the MnSCU constituencies. As Russ Stanton, IFO Director of Government Relations, has been informing you, we owe special thanks particularly to Senator Keith Langseth and to Representative Dan Dorman for their leadership and very strong support.

Right now, the Legislature is assembling the higher education bills that will appropriate money to run MnSCU for the next two years and set policy. On March 23, 2005, Professor Sonja J. Meiers, School of Nursing, Minnesota State University, Mankato, and I testified before the Higher Education Committee, chaired by Representative Bud Nornes. We presented the IFO's support of the following policy issues:

1. A bill to allow students who attended and graduated from Minnesota high schools to attend public postsecondary institutions at resident tuition rates. This legislation is very important to the children of illegal immigrants who were brought here by their parents as youngsters and who graduated from Minnesota K-12 schools, but now cannot attend public postsecondary schools without paying out-of-state tuition rates.
2. A bill authored by Representative Opatz allowing state universities to offer applied doctorate degrees. Our faculty are well prepared to teach in applied doctoral programs; many teach in the 163 graduate and 4 postgrad programs offered by MnSCU. Indeed some of you have taught in the doctoral programs for the University of Minnesota when those programs were offered in the outstate areas. I reminded them that state universities are in a favorable position to deliver practice-oriented doctoral programs to increase the much needed supply of nurse educators, educational administrators, and counselors, because of our lower costs and our locations in the state. Right now only state universities within Minnesota are barred from planning to offer these programs.

The big issue we testified on, of course, was the budget. Our state universities and the faculty have suffered with

the state appropriation to MnSCU for this year of \$546 million dollars, which was 3.5 million dollars less in actual dollars than the appropriation in 1999. In those same six years, enrollment at MnSCU increased from 106,000 (FYE) to 136,000 (FYE)—a 28% increase with no additional money from the state. Still worse—since 1999 there has been 15% inflation increase that hasn't been recognized. As a result of appropriations not keeping up with enrollment and inflation in the last 6 years, student tuition rates have skyrocketed approximately 67%. At the same time the Citizen's League says we should be raising the expectations of students to achieve more higher education, the state is making higher education less accessible.

We supported the MnSCU request for enrollment growth. The IFO's highest priority is funding the \$130 million in enrollment growth we have counted on under the funding formula. In particular we support the base enrollment funding of \$72 million. These students are still on our campuses, they need to be educated, and we still need the money to educate them.

Our second highest priority is inflation recognition. At 2% per year it would cost \$63 million dollars to cover inflation for the next two years. Inflation is going to occur—the price of utilities will go up, the price of health care will go up, the price of supplies will go up. We think the state should cover inflation through appropriations rather than having students cover it through higher tuition.

We told legislators we appreciate the governor's recommendation for a \$107 million dollar increase for MnSCU. While it falls short of inflation and enrollment growth, we do recognize that compared to some other segments of the budget we were treated better. There are some things however, that we suggested doing differently:

- We did not support the line item (fencing) approach to budgeting with the one exception--for nursing.
- We support the past practice of sending a lump appropriation to MnSCU, and allocating as much of that money as possible out to the campuses to be spent on educating students. We believe in letting local campuses determine their spending priorities based on their mission, on the needs of their students, and the needs of their regions.

Professor Sonja Meiers addressed the health care needs of the state in her presentation. Her testimony supported not just nursing faculties but all other faculty members at state universities whose courses and advising supports nursing students. My thanks go to Sonja for her efforts on behalf on our faculty—she made us all look very good.

IFO Office Personnel

As some of you are aware, Frank Conroy, Director of Labor Relations, has begun a 3-month leave of absence. Frank will be returning to his position on July 5, 2005. Effective immediately, the IFO Board of Directors has appointed Patrice Arseneault as Interim Director of Labor Relations. She will retain all her regular job responsibilities as Equity Advocate.

IFO/MnSCU Task Force Recommends Improved Salaries for Faculty

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

The joint IFO/MnSCU Task Force on Salary Competitiveness had its final meeting on April 8th and made several important findings and recommendations to improve the competitiveness of state university faculty salaries and compensation.

The task force concluded that state university salaries need to be compared with national salaries of faculty at AAUP Category IIA (Master's) institutions, and found those state university faculties were paid below average at all ranks:

Mean Salaries from AAUP data and Minnesota State Universities

				Percentage
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Academic Rank	AAUP mean base salary	Minnesota mean base salary	Dollar difference (AAUP - Minnesota)	Difference (\$ Difference/ Minnesota)
Professor	76,112	73,356	2,756	3.76%
Associate Prof.	60,011	58,258	1,753	3.01%
Assistant Prof.	49,959	49,103	856	1.74%
Instructor	37,700	36,492	1,208	3.31%
Overall	62,246	60,387	1,859	3.08%
Source: 2003-04 AAUP salary survey				

The task force recommended that MnSCU and IFO, subject to available resources, should attempt to:

- Bring the mean base salaries of state university faculty up to at least the AAUP national average salary by the end of the current round of negotiations. This will mean keeping up with the salary growth rate nationally, plus catching up the amount we are currently behind.
- Bring the mean base salary of Minnesota state university faculty up to the 70th percentile of the mean base faculty salary of AAUP Category IIA (Master's) institutions within four years. This would mean that MnSCU would pay more on average than 70% of comparable institutions nationally.
- Bring the mean base salary of Minnesota state university faculty up to the 75th-80th percentile in the longer term (timeline unspecified).

Comparison of Minnesota State University Mean Salaries and 70th Percentile of AAUP Salary Survey Data

Rank	AAUP 70th Percentile	Minnesota State University means	Dollar Difference (AAUP - Minnesota)	Dollar Difference as Percent of Minnesota mean
Professor	77,594	73,356	4,238	5.78%
Associate Prof.	61,185	58,258	2,927	5.02%
Assistant Prof.	50,891	49,103	1,788	3.64%
Instructor	41,628	36,492	5,136	14.07%
Overall	63,629	60,387	3,243	5.37%

In addition to salary goals, the task force recommended doing additional salary equity studies, taking into account external salary data, and allowing for review-based salary increases at regular intervals under a process similar to that used for promotion in rank. Finally, the task force recommended that MnSCU use the flexibility currently allowed under the contract to bring up the salaries of new hires to above the national averages.

The task force report will now go the MnSCU Board of Trustees and the IFO Board for approval.

For a list of the IFO representatives serving on this taskforce, please click [HERE](#).

SRC Conducting FY04 Annual Reviews

by [Patrice Arseneault](#), Equity Advocate and Interim Director of Labor Relations

The joint MnSCU IFO Salary Review Committee (SRC) is in the process of conducting the FY04 Annual Review of the salaries of newly-hired faculty and faculty awarded terminal degrees for the 2003-2004 academic year. Faculty included in the FY04 Annual Review include all new hires during the 2003-2004 academic year, faculty whose appointment status changed from fixed term to probationary status for the 2003-2004 academic year, and faculty awarded a terminal degree between October 1, 2002 and October 1, 2003. A list of faculty included in the FY04 Annual Review is [posted on the IFO website](#). If you believe you should be included in the FY04 Annual Review and you are not on the list, please contact a member of the [Salary Review Committee](#).

At its next meeting on April 29, 2005, the SRC will be reviewing FY04 salary data in order to make recommendations regarding step increases for faculty whose salaries are lower than 5% below “predicted” salary. A faculty member’s “predicted” salary is based on a faculty member’s rank, appointment status, program, prior years of employment experience, highest degree attained and years since highest degree.

As part of this review process, the Salary Review Committee has sent a memorandum to each faculty member hired during the 2003-2004 academic year with each faculty member’s data (rank, appointment status, program, prior years of employment experience, highest degree attained and years since highest degree). If you believe your data are inaccurate, please advise a member of the [Salary Review Committee](#) as soon as possible, so that the Committee will have accurate data to review at its meeting on April 29, 2005.

FY03 Annual Review Update

We have received notification from a number of faculty regarding data errors for the FY03 review of salaries. As soon as we complete the corrections to our database, the SRC will re-review faculty salaries using the corrected data.

For clarification or additional information, please contact [Pat Arseneault](#).

Negotiations Report

by [Rod Henry](#), Chair of Negotiations Team

Thanks to all who have supported our “Stop the Slide” action! It should help that you want interested parties to know that we are genuinely concerned about the state of our system and level of support for existing and future faculty. At my campus, Bemidji State, this action has initiated a number of discussions about the contract and negotiations as well as generating interest from our local administration.

The [Team](#) has met once since the last report and is in the process of improving our initial language and economic proposals. We have worked on our initial proposals prior to receiving reports from the IFO Board on several IFO/MnSCU task forces and may modify our proposals accordingly. We have scheduled an initial meeting with the MnSCU team on April 22nd – such a meeting is usually a time to set the “ground rules” for the negotiations process and determine when future meetings may occur. Another task the IFO team undertook was to review several proposed Letters of Understanding relating to the contract. Lastly, the IFO negotiators had a meeting with the IFO Executive Committee that had the goal of improving communications and support during the negotiations process.

MnSCU Gains \$213 Million in Bonding Bill Projects

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

It was 11 months overdue and it was a difficult birth, but on April 11, 2005 the governor finally signed a bonding bill into law that provides \$885,892,000 in general obligation bonds to finance state buildings and repair projects. MnSCU was by far the big winner in the bill, receiving authorization for \$213,598,000 in projects. The U of M received \$108,383,000.

The process by which this bill became law represents government at both its worst and best. The bill should have passed last year, but it went down to defeat when all but four Senate Republicans voted against the bill to hold it hostage for leverage on other legislation. The move didn’t work—instead all of the major budget legislation crashed at the end of what became known as the “do nothing session”. The delay cost taxpayers tens of millions of dollars due to skyrocketing construction costs. It was government at its worst. The voters retaliated last November, throwing out many incumbents who were up for re-election.

When legislators returned to the Capital in January, the mood had turned 180 degrees as most legislators in both caucuses decided there was more to gain politically through bipartisan cooperation than through fighting. The bonding bill was the first bill introduced in the Senate and the third bill introduced in the House. While there was

still political maneuvering going on, all but the most conservative members of the legislature made sincere efforts to overcome differences and get a bill passed. It was government at its best.

A list of the MnSCU projects can be found at:<http://www.house.leg.state.mn.us/fiscal/files/bond05.pdf>. This side-by-side comparison shows the positions of the Governor, House and Senate on each of the bonding projects. In addition, it shows the final agreement.

Sen. Langseth and Rep. Dorman--Legislative Heroes

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

In the long drama leading up to the passage of the bonding bill, the heroic actions of the two legislators who authored the bills and shepherded them through the process stood out. The legislators were Sen. Keith Langseth (DFL-Moorhead) and Rep. Dan Dorman (Republican—Albert Lea).

Langseth is an old DFL warhorse. He is not eloquent, but he represents the best of the citizen-legislator tradition. He is a retired dairy farmer who believes passionately in educational opportunities for future generations and he isn't afraid to advocate spending money to improve educational quality. He fought tirelessly to fund every single project that MnSCU requested, and he was successful. Governor Pawlenty proposed only \$100,321,000 for MnSCU. The Republican controlled House passed a bill giving MnSCU \$154,762,000. Langseth got the Senate to pass a \$243,971,000 appropriation for MnSCU. In the final compromise bill MnSCU got \$213,598,000--but they would have never gotten that much if Langseth hadn't staked out such a high position coming out of the Senate.

Rep. Dan Dorman was a newly-appointed Chair of the House Capital Investment (Bonding) Committee this year, but he lost no time becoming a strong advocate for improving the state's infrastructure. Dorman had a hard row to hoe—he had conservatives in his caucus who fought the bonding bill right up to final passage. Dorman's strength is his ability to transcend partisanship. In the end, he put together a bill that drew praise from both sides of the political isle. If it were not for his efforts we would not have received nearly as much money for MnSCU. These legislators deserve a quick note of congratulations and thanks for a job well done.



[Rep. Dan Dorman](#)

[Sen. Keith Langseth](#)

Center for Academic Transformation (Carol Twigg) Follow up Report

by [Debra Japp](#), IFO Academic Affairs Chair

On March 18, 2005, I attended “Increasing Success for Underserved Students: Redesigning Introductory Courses,” a day-long seminar by the National Center for Academic Transformation (NCAT) which is part of the Center for Academic Transformation. I was joined by several MSCF faculty, MnSCU staff and one other IFO member. We heard presentations from four different institutions that participated in NCAT's Pew-funded “Project in Course Redesign”: Rio Salado College (PreCalculus Math), University of New Mexico (Psychology), University of Southern Mississippi (World Literature) and Portland State University (Spanish). Rio Salado Community College adopted a completely online model, while the other three institutions adopted models that blended traditional methods (lectures, small-group recitations, peer tutoring) with online and/or computer-based learning (online quizzing, exercises, recorded lectures).

As presented to you, NCAT recently made a presentation before the Board of Trustees (see <http://center.rpi.edu/docs/2004-MNSCU-CarolTwigg.htm>). What has received the most attention is the claim of this organization to restructure large, introductory courses can save money (usually through using technology resources). While this certainly is a significant component of NCAT's presentation (they are a business and their claim of saving money is a strong "hook"), we should not lose sight of several other important points in their presentation.



First, we suggest that all introductory courses in an institution should be re-designed. There should be specific reasons to take on such a project: a significant failure/drop/withdrawal rate, difficulty in recruiting enough staff to meet demand (and/or the overuse of adjunct faculty), a need for continuity among the sections of the course, etc.

Second, while re-designing a course can potentially save money in the long-term, it does not do so initially. There can be significant up-front costs in faculty reassigned time, development or purchasing of soft-ware, increased need/costs of technology, and the redesigning of space. For departments that already employ large-lecture sections in their introductory courses, there is little to no cost savings to be had. Additional savings might be achieved if re-design can reduce drop, failure or withdrawal rates. But again, this "savings" might be minimal and it is long-term.

Third, like any curricular and structural change, re-design needs the commitment of the institution and the specific departments undertaking course re-design. NCAT utilizes a team approach; each team includes at least one administrator, faculty with curricular expertise, experts in learning technology, and someone who helps with developing assessment. Again, re-design takes time and resources. Re-design cannot be done quickly, nor to be effective, can it be done top-down or without the involvement of faculty.

Fourth, NCAT is not re-inventing the wheel here. The need to offer curriculum to large numbers of students in a cost-effective manner is not new. Given the budget constraints that all of our state universities have faced over the past decade we have adopted a variety of methods of instruction to save money and to improve student learning. All of our state universities are utilizing technology to facilitate instruction and student learning. (The problems we had with D2L early fall semester is a testament to this!) Currently most if not all of our state universities offer some of their courses on-line to facilitate the needs of non-traditional students. We offer majors and degrees that blend on-line instruction with a minimum requirement for face-to-face class time - and we have some majors offered completely on-line. Again, we are already doing a lot of what is advanced by NCAT. The question is could we do it better with additional resources?

For additional information about NCAT and the final reports of participating institutions, go to: <http://center.rpi.edu> I encourage you to provide your input to local [Faculty Association Presidents and IFO Board members](#). As your IFO Academic Affairs Coordinator, I also welcome your input and observations (dkjapp@stcloudstate.edu). Lynda Milne, Director of MnSCU's Center for Teaching and Learning, has noted that she believes that we are currently already incorporating many of the ideas advocated by NCAT. Perhaps, as the Chancellor observed at the most recent IFO-MnSCU Meet and Confer, we just need to tell our story better. If you can provide examples of what we're doing at the state universities that meet the goals advocated by NCAT, please send them to me. We at the IFO would like to help "tell our story better."

Brace Yourself! The Need for Retiree Health Care

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

Each fall I visit university campuses to meet with faculty members to help them maximize their benefits under the contract and state law. One of the most frequently asked questions is "how much will I need for health care in retirement?" It is a good question, and the answer is astounding to most people.

If a person retires at age 65, they are eligible for Medicare. Medicare participants must pay a premium for Medicare Part B coverage--currently about \$78 per month or \$936 per year.

Medicare, however, only provides partial coverage of medical expenses. To have adequate coverage, a person needs a Medicare Supplement (often called Medi-gap) policy to pick up expenses that Medicare does not cover. Currently, the cost of a Medicare Supplement under the Minnesota State Health Plan is \$381 per month or \$4,572 per year. Thus, between Medicare Part B and a good Medicare Supplement Policy, a person can expect their retiree medical expenses will be at least \$5,508 per year. This does not cover dental, eyewear, hearing devices etc.

On average, a female in TRA who retires at age 65 can expect to live 23.89 years—to almost 89 years old. Male can expect to live 21.46 years. So, let's assume a life expectancy about halfway between—22.67 years.

Medical costs have been going up by more than 10% per year in the last five years, and as the baby boom grows older, these costs are expected to continue to climb at a fast rate. For the purposes of this analysis, let's be conservative and assume an 8% growth rate in health costs. Let's also assume that retirement savings (moderately invested) will earn 6%.

Assuming present costs at \$5,508 per year, inflated at the rate of 8% per year for 22.67 years, then discounting the cost at 6% per year to account for interest earnings, the lump sum net present value (NPV) amount needed to cover minimum health care costs is \$145,293.

The amount of money a person should have in the bank at age 65 is \$145,293! That is per person—for a couple it is twice that amount! If a person retires prior to age 65 he or she should plan on spending and additional \$4572 per year for single coverage, or \$13,101 per year for family coverage (these are the rates under the state health plan), until they reach age 65.

Where do faculty members get the money to cover health care during retirement? Unlike many states, Minnesota does not cover retiree health care for state employees. I think the chances of the state doing so in the foreseeable future are nil—the state is cutting health care benefits for working employees and low income individuals. If faculty are going to have decent health care, they are going to have to save.

Several years ago, the IFO was able to get legislation passed creating tax-free postretirement health care saving plan (PRHCSP) accounts for public employees. Contributions to the accounts are tax-free—saving employees about 40% in federal taxes, state taxes and Social Security (FICA) taxes (about a \$10-12,000 tax savings for most retiring faculty). The IFO negotiated contributing severance pay (which is based upon unused sick leave) to the accounts. The maximum severance pay (for a person at the top of the schedule, with more than 30 years of service) is \$35,752. Usually, severance pay is in the \$25,000 to \$28,000 range.

Under the early separation incentive in the IFO contract, faculty with at least 15 years of service and between ages 55 and 65 are given one year of health care coverage upon retirement. In the last round of negotiations the IFO was able to negotiate contributing the dollar value of this one year of health care coverage to the postretirement healthcare savings plan. This will add another \$4572 (for single coverage) or \$13,101 (family coverage) to the health savings accounts of most faculty members.

In addition, the IFO negotiated a contribution of \$500 per year (\$600 this year) to Health Reimbursement Accounts for faculty. The amounts not used to reimburse faculty for uncovered medical expenses (deductibles, co-pays, etc.) can be rolled forward to pay expenses in future years. If faculty build up more than \$500 in their account at the end of each year, the excess will be swept into the faculty members postretirement healthcare savings plan to cover retirement healthcare expenses.

Despite the efforts made by the IFO so far, retirement healthcare savings are still woefully inadequate to meet the needs of faculty members. We must do much more. Here are a couple of options we should consider.

1. One thing the IFO could do to provide money for retirement health care is to negotiate placing the money provided by the early separation incentive into the tax-free post retirement healthcare savings plan. The separation incentive consists of a full year of salary for someone who retires at

age 55. This amount declines by 10% for each year a faculty member works beyond age 55, so that it disappears completely at age 65. Currently, the maximum separation incentive (for someone at the top of the schedule and who retires at age 55) is \$94,101. The maximum tax savings of contributing the separation incentive to the postretirement healthcare savings plan would be (40% \$94,101) or \$37,640. Very few faculty members ever get the maximum—the separation incentive for most faculty members is around \$24,000. A more typical tax savings (a faculty member retiring at \$80,000 at age 62) would be around \$9600.

2. Another thing the IFO could do is negotiate direct contributions of say, \$500 per year to the post retirement healthcare accounts. This money could then be invested and earn compound interest until retirement. While this approach would help young faculty members in particular, it has one big drawback—most young faculty members need cash to keep up with present day expenses.

It is up to the IFO Board to determine the goals for the next round of negotiations. If you want the negotiations team to negotiate for more contributions to the postretirement healthcare plan, talk to your [IFO Board members](#) and let them know what you want. Your union is here to serve you.

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](#).