

# INTER FACULTY ORGANIZATION

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

## FACULTY UPDATE

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### President's Comments

by [Jim Pehler](#), IFO President

#### IFO Presidential Candidates

At their January 30, 2004 Board meeting, the Board approved the following candidates, listed in alphabetical order, to go forward for the election that will take place on Tuesday, April 13.

Nancy Black, Metropolitan State University  
Chris Brown, Bemidji State University  
Georgia Holmes, Minnesota State University, Mankato  
George Seldat, Southwest Minnesota State University

Further information on the candidates will be forthcoming from our office. My best of luck to all of them!

#### Negotiations Update

The state mediator, Alan Olson, is working with the parties to develop a settlement proposal that would be acceptable to both sides.

I wish to announce the appointment of a new negotiations chair from Metropolitan State University, Marilyn Vigil.

I want to take this opportunity to extend my appreciation, and that of the IFO, to John Hansen, past chief negotiator from Southwest Minnesota State University, for all his hard work. John did an excellent job and we want to express a very big thank you for his time and effort!

#### Delegate Assembly

What would a newsletter be at this time of year without a reminder of the Delegate Assembly?

The dates for the Delegate Assembly are March 26-27, 2004. Some campuses are still looking for delegates to serve. This assembly is the direct representation of faculty from across the campuses. The Delegate Assembly, through its resolution process, sets the goals and objectives for not only the union but also the negotiation goals for the next round of bargaining.

The IFO will cover lodging and meal expenses for all delegates. Delegates attending the assembly are contractually released from duty on Friday, March 27. Interested? Contact your local Faculty Association president as soon as possible to ensure your voice is heard.

For more information go to: <http://www.ifo.org/delegateassembly/home.htm>.

#### IFO Staff Negotiations

At their January 30, 2004 meeting, the Board of Directors approved and put into place the IFO

Staff Association contract. Although it took longer than we had hoped, I want to express my appreciation to the staff for their hard work and the IFO negotiating team who put together a very strong and balanced contract. Again, thanks to all parties involved.

## THE 2004 LEGISLATIVE SESSION

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

### The Session Begins

The 2004 legislative session convened on February 2<sup>nd</sup>. This is supposed to be a short off-year session. However, in recent years these sessions have often run far beyond the planned adjournment dates. The legislature will deal with some hot topics this session, such as the stadium bill, the death penalty, and attempts to repeal the conceal-and-carry gun legislation, but these do not affect higher education directly. Other than the capital bonding bill for building state facilities - where there is opportunity to make real progress, I see this as a “hold on to what you have” session for higher education. Most of our efforts will be focused on killing bills, such as the constitutional amendment banning gay marriage, and the campus closure bill.

### The Budget

This is not a budget session—the biennial budget was set last year. While the legislature occasionally passes supplemental budget bills in the off-year, it is unlikely they will do so this year because the November revenue forecast estimated a \$185 million budget shortfall. This is not a big shortfall compared to the \$31 billion budget. I don’t anticipate further cuts to higher education this year, but I don’t foresee budget increases either.

### Pawlenty Proposes a Small Bonding Bill for Higher Education

In mid-January the governor released his proposals for capital improvement bonding projects. MnSCU had requested \$274.9 million in building and repair projects. Governor Pawlenty recommended funding for \$88.6 million (32.2% of the request). Historically, MnSCU has gotten between 46% and 67% of its request.

MnSCU had requested \$100 million for Higher Education Asset Preservation and Repair (HEAPR), which covers items like roof repairs, asbestos removal, ADA Code compliance, etc. The governor recommended \$49 million. The HEAPR request contains the following amounts of money for state universities: Bemidji \$5,905,570; Metropolitan \$935,000; Mankato \$8,267,344; Moorhead \$5,522,092; Southwest \$3,766,468; St. Cloud \$8,160,000; and, Winona \$5,294,000.

Most of the money the governor recommended for specific MnSCU projects is for state university projects. The governor recommended \$10,235,000 for renovation of Pasteur Hall at Winona State University; \$9,645,000 for renovation of Hagen Hall at MSU-Moorhead; and, \$2,900,000 for renovation of Centennial Hall at St. Cloud State University.

MnSCU did better than the University of Minnesota under the governor’s proposal. The governor recommended only \$76.6 million for the University of Minnesota.

The economic climate is good for passing a bonding bill. Interest rates are at historical lows, and the building projects would stimulate local economies and create jobs. I believe the legislature will add a lot more money into the higher education portion of the bonding bill. Sen. Keith Langseth (DFL-Moorhead), who will carry the Senate bonding bill, is a big advocate for higher education, and a shrewd negotiator. I expect him to get most of the MnSCU request through.

For a complete list of the higher education bonding projects, and a campus-by-campus list of HEAPR projects, visit <http://www.facilities.mnscu.edu/mainpage/2004projectlist.htm>

### Sen. Michel Introduces a Bill for a Campus Closing Commission

Every few years someone in the legislature gets the idea that the state could save money by closing some higher education institutions. Other than the closing of the University of Minnesota at Waseca, these proposals received a lot of attention, but ultimately failed to pass. Recently Sen. Geoff Michel (Republican-Edina) proposed a campus closing commission modeled after the federal commission for closing military bases. The commission's recommendations would be implemented unless overturned by the legislature. If passed, the legislation would significantly alter the political dynamics of campus closure and make it easier to close campuses.

When he was in the House of Representatives, Governor Pawlenty authored a similar bill, which did not pass. However, several things are different this time. First, with redistricting, a lot of political power has shifted from the rural areas to the suburbs. Second, technology has increased the ability to deliver on-line courses to serve place-bound students in rural areas. Finally, state politics have shifted significantly to the right in the last decade.

This issue does not break down along Republican/Democrat lines. It is more of rural versus suburban issue. The IFO opposes a campus closing commission.

### MnSCU Pension Reforms will not Advance this Session

MnSCU is looking at some fairly substantial reforms to its pension plans, including the possibility of pulling out of TRA and forming a MnSCU specific plan. While we have not opposed the idea of looking at reforms of the current system, we have opposed any changes that would require employees to change pension plans against their will, or that would result in less benefits to any employee. Strategically, we have been very concerned that MnSCU not take this issue to the legislature this year. The Pension Commission currently has some very conservative members who would not hesitate to cut benefits to public employees in order to reduce state spending.

At the last meeting of the DCR Advisory Committee, the employee representatives were successful in convincing MnSCU to not take any reforms to the legislature this year. MnSCU will continue to work with employee representatives to refine and cost out various reforms. Some of the reforms being looked at are quite good, including giving IRAP members the option of switching to TRA once they get a clearer idea of their future employment. I am also asking MnSCU to cost out the idea of adding a retiree health care benefit to the MnSCU retirement program.

### Hearings Begin on Amendment to Ban Gay Marriage

On January 28<sup>th</sup> the House Civil Law Committee will begin hearings on a constitutional amendment that would ban same-sex marriages. This bill is likely to draw a lot of attention this session. Governor Pawlenty and Speaker Sviggum have come out in support of the bill, and I expect the bill to fly through the House of Representatives where the Republicans have a large majority.

The IFO has a position in opposition to the constitutional amendment. I believe the only chance of stopping this bill is by bottling it up in committee on the Senate side. The Senate is controlled by the DFL, albeit by a slim margin. The members of the Senate are not up for re-election for two more years, so they are more insulated from voter pressure on this issue. Nevertheless, Senate DFL'ers, particularly those from rural districts, are in a tough position on this issue.

What makes this issue even more volatile is that once this issue makes it to the floor, other anti-gay amendments can be offered to the bill, such as repealing the Human Rights Statute provisions banning discrimination against gays and lesbians.

### Sen. Dean Elton Johnson Replaces Sen. John Hottinger as Majority Leader

Earlier this month Senate DFL'ers elected a new leader for their caucus. Sen. Dean Elton Johnson of Willmar will replace Sen. John Hottinger of Mankato as the DFL Majority Leader.

Hottinger found himself in an impossible position last session. He had a slim majority (it takes 34 votes to pass a bill—there are only 35 DFL'ers) and his caucus was fractured. He was up against a big Republican majority in the House and a tough Republican governor. In addition, the state had the largest budget shortfall in history.

The change was not good news for the IFO. Hottinger carried many of our bills, such as the contract ratification bill and the waiver of state immunity legislation. He played the key role last session in defeating the wage freeze bill.

Sen. Dean Elton Johnson will be an effective Majority Leader. Johnson lead the Republican caucus during the 1990s, but was dumped as Republican Minority Leader because he supported gay rights. He later left the Republican Caucus and joined the DFL Caucus.

### Pension Plans Facing Difficulty

Because of poor market returns, demographic changes, and inadequate contribution levels, some of the public pension programs are facing difficulties. As of June 30, 2003, the Minneapolis TRA fund was only 57% funded and if nothing is done to rescue the fund it will go broke in about seven years. The St. Paul TRA is a little better off—it is 76% funded. The pressure is mounting at the legislature to merge the funds with the statewide TRA fund to have the state TRA fund absorb some or all of the unfunded liability.

In addition, the Post-retirement Fund, from which retirees draw their pension benefits, is now only 82% funded. Post-retirement cost-of-living adjustments are linked returns of the Post-retirement Fund. Retirees receive an inflation adjustment based on the CPI of up to 2.5% per year. If the returns on the Post-retirement Fund go over 8.5% per year, the retirees get the inflation adjustment plus an adjustment equal to the amount of the returns (based on a five-year average) that exceed 8.5%. Only a few years ago, retirees were getting annual benefit increases in the 9%-11% range. Last year the retirees received only a .745% inflation increase. This year retirees will receive a 2.103% inflation increase.

Because of the unfunded liability in the Post-retirement Fund, it will be a long time before retirees can expect to receive any post-retirement increases other than inflation. Even if the Post-retirement Fund earned 9% per year in the future, it would take until the year 2036 before the fund would be able to pay out more than the 2.5% inflation adjustment.

The pension funds are planning to introduce bills this session to change the post-retirement cost-of-living adjustment formula. One idea is to go to a simple 3% per year adjustment. Another idea is to link the cost-of-living adjustment to investment returns, but with a "ceiling" and "floor" to reduce the wild fluctuations in the cost-of-living adjustments. The pension fund directors do not plan to pass the legislation this year. They plan to put the idea before the legislature and study it over the interim.

## CONTACT US

The IFO *Faculty Update* is published and distributed by the Inter Faculty Organization. If you

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