

INTER FACULTY ORGANIZATION

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FACULTY UPDATE

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TENTATIVE CONTRACT AGREEMENT REACHED IFO Board & President Recommend Approval

by [Nancy Johnson Black](#), *President*

Dear Colleagues,

A warm “welcome back” to your campuses; we need it after this cool summer.

On July 1st, my first day in office as IFO President, the IFO and MnSCU Negotiation Teams reached a tentative settlement on a FY04-05 contract after 15 months of intense negotiations and a lawsuit. To be implemented, this contract must be ratified by both the IFO membership and the MnSCU Board of Trustees. The proposed contract then goes to the Legislative Joint Subcommittee on Employee Relations (JSER), and if it is approved, or if it is not rejected by JSER within 30 days, it will be implemented, pending ratification by the entire legislature next session.

A faculty vote on the contract is scheduled for Wednesday, September 15th. If the contract is approved by the faculty, the MnSCU Board of Trustees will consider the contract at its meeting on September 22nd. Immediately following MnSCU approval, the contract will be forwarded to JSER. If all goes as planned, the new contract will be in place, and faculty will begin seeing their pay increases by the end of November.

The IFO Board is recommending a “yes” vote on contract approval.
I am recommending a “yes” vote on contract approval.

Let me be direct---this contract falls far short of what I would like and what I believe faculty deserve; but the agreement must be viewed within the context in which it was negotiated. Last year the state had a \$4.6 billion budget shortfall—the largest in the state’s history. The governor and the Minnesota House refused to raise taxes, so the entire shortfall was addressed by draining budget reserves and cutting programs. MnSCU’s budget was cut \$191 million for the biennium. Even 13% per year tuition increases could not make up the shortfall. Some state university campuses have had tuition and fee increases of more than 50% over the last three years.

The IFO Negotiations Team worked hard to capture every available dollar for faculty compensation. Our old contract expired on June 30, 2003, and we have been acting on a

continuing contract ever since. Earlier this year the IFO took MnSCU to court for not negotiating in good faith, and won a temporary injunction. Following the court victory our attorney advised us to settle while we had some negotiating leverage. Also factoring into this crucial decision to settle is the state's projection of about a one billion dollar shortfall next session. I see no point continuing negotiations when there does not appear to be any money for which to negotiate. While we have the right to strike, we must remember that strikes are always painful and their outcomes uncertain.

Our biggest disappointment of this contract involves health care. Not only will faculty pay larger deductibles and co-pays, but like all other state employees, we will have to pay 15% of the dependent health care premium. This is not an issue unique to IFO contract negotiations—all state unions, indeed employees all across the country, are struggling with higher health care costs.

There are numerous gains in the proposed contract. For example:

- The minimum salary placement for faculty at all ranks was increased one step (2.4%).
- All returning faculty, except those at the top step, will receive a one step (2.4%) increase in salary, effective July 1, 2004. Faculty at the top step will receive a one-time \$2400 payment in lieu of a step increase.
- Promoted faculty will receive a two-step (4.8%) salary increase in addition to a step increase as returning faculty. Importantly, promotion steps are no longer contingent on status of contract negotiation, but will be implemented immediately.
- Career steps remain in place from the previous contract. This amounts to a two-step (4.8%) increase in either FY04 or FY05 for faculty who have completed 10, 20 or 30 years of service as of the end of the prior fiscal year.
- All faculty members will receive a \$600 employer contribution (\$500 base, \$100 one-time) deposited into a new Health Reimbursement Arrangement (HRA) account. This tax-free money can be used to pay for health related expenses such as deductibles and co-payments. Unlike the present flexible spending accounts, unused funds in HRA accounts at the end of the year can be rolled forward and used in subsequent years, and even in retirement. The IFO is the first state union to use the new HRA accounts.
- Faculty who retire and are eligible to receive the early retirement incentive will receive an employer contribution, equivalent of a year's worth of health care coverage to their tax-free postretirement healthcare savings account -- this is in lieu of the one year of coverage currently in the contract. The advantage of putting the money in the postretirement account is that it can be used to pay for almost any type of postretirement health expense—health insurance premiums, co-payments, Medicare Part-B and Medicare supplement premiums, dental, optical, etc.
- About \$800,000 in salary equity money was provided to remedy faculty whose salaries were found to be low in the FY2002 salary study and in the annual reviews for fiscal years 1997-2001. Additional information will be posted on the IFO website.

There are other improvements for faculty in this proposed contract. For a complete detailed description of the proposed IFO contract, prepared by Wil Harri on our staff, [click here](#). Make sure to attend one of the scheduled [Contract Information Meeting](#) on your local campuses. All IFO [members](#) are eligible to vote on September 15, 2004. Polls close at 4 pm.

RETIREMENT NOTIFICATION DEADLINES

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

In order to receive the early separation incentive and the final year two-step promotion provided in the IFO contract, faculty members who are retiring at the end of the 2004-05 academic year must give their notice of intent to retire by October 1, 2004. Faculty members who want to begin participating in the phased retirement or annuitant employment programs next fall must submit

their applications by October 1st of this year. Descriptions of the retirement benefits, form letters for giving retirement notification, and form letters of application letters for both the phased retirement and annuitant employment programs are available by [clicking here](#).

RETIREMENT WORKSHOPS

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

During the month of September, Russ Stanton, IFO Director of Government Relations will be presenting retirement workshops on each of the campuses and meeting individually with faculty members regarding their retirement concerns. The workshops will focus on retirement related benefits in the IFO contract including:

- The early retirement incentive
- The final year two step promotion
- Severance pay
- The Postretirement Health Care Savings Plan
- The Health Reimbursement Arrangements
- Phased Retirement
- The Annuitant Employment Program
- Tax sheltering options

The workshops are designed to help faculty maximize their benefits under the contract and statutory programs. Checklists and form letters will be provided to assist faculty through the complex process of preparing to retire. Faculty members who are contemplating retirement in the next five years should attend these sessions. There are several changes to retirement related benefits in the proposed new contract, so even faculty members who have attended workshops in previous years should consider attending.

The following are dates that Russ Stanton will be on each campus. Check with your [local Faculty Association President](#) for specific times and locations or to schedule an individual half-hour appointment (45 minutes at Mankato).

Bemidji State University	September 24
Metropolitan State University	September 28 (St. Paul) September 29 (Midway)
Minnesota State University, Mankato	September 1-2
Minnesota State University Moorhead	September 7 & 14
St. Cloud State University	September 8, 13 & 15
Southwest Minnesota State University	September 27
Winona State University	September 20-21 (afternoon of 21 at Rochester)

Additional days for individual appointments will be scheduled if needed.

NEW FACULTY MUST CHOOSE A PENSION PLAN

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

All new faculty members (including fixed term faculty members) must choose between the Teachers Retirement Association (TRA) and the Individual Retirement Account Plan (IRAP) as their basic pension plan. The choice must be made within 90 days of hire. If a faculty member does not choose a plan within 90 days they will default into IRAP. Once made, the choice (or default) is irrevocable for life. The pension plan a faculty member chooses can make a difference amounting to thousands of dollars in the short term, and hundreds of thousands of dollars over a

career. It is important that new faculty members understand the choice they will be making and pick the plan that best fits their career plan.

On most campuses, Russ Stanton is presenting a workshop during orientation for new faculty members to assist them in choosing a pension plan. Russ will be presenting additional workshops for new faculty at Moorhead (September 7th and 14th), St. Cloud (September 8th), and Mankato (September 3rd). Interested members should check with their [local Faculty Association President](#) for specific times and locations or to schedule an individual half-hour appointment Russ Stanton to review their particular concerns.

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 also send us an email by clicking [here](#).