Inter Faculty OrganIzatIOn

UPDATE

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President's Welcome

The new 2002-03 academic year is upon us (perhaps too quickly), and I hope your summer was productive, restful and you have had an opportunity to recharge yourself for the year ahead. We never accomplish as much as we want but by continually striving we make progress; an example I use is our contract settlement. We waited through the legislative session for both the House and Senate to pass our contract as agreed to and ratified by the IFO membership. The last day of the legislative session, May 20th, came and went with no resolution. That afternoon, after the Senate adjourned sine die, we immediately resubmitted our contract, word for word, to the Department of Employee Relations (DOER). DOER accepted it at about 2:30pm and immediately forwarded it to the Legislative Employee Relations Subcommittee. This quick turnaround allowed us to have a contract in place by June 20th, and our back pay in our July 26th paycheck. (See article by Wil Harri about the contract settlement.)

I also want to remind you of a very important negotiations proposal that we were only partially successful in reaching. This is the reassignment of time from our teaching load for the other duties we perform as faculty members at the seven state universities. We requested a three-credit reassignment for each semester. Our last negotiations proposal was to start off with a three-credit non-teaching reassignment once each year. We did not have the support of our campus presidents. We did agree to a study committee composed of seven local faculty members and hopefully seven local administrators, as well as one IFO and one MnSCU representative. This issue will not go away, and it will remain our top priority in our next round of negotiations.

The summer also brought about many changes in legislative races, which will have a dramatic impact on the House and Senate next year. At the same time, we have a four-person race for governor; any three of the four could win. (See article by Russ Stanton.) Twin Cities Public Television did a very interesting exercise with the four major candidates on how they would allocate $100 among seven major funding categories. Results can be viewed at http://tpt.org/almanac/money/.

Even with concerns about budget projections for the State of Minnesota, cuts in student work study and child care funding, and additional increases in tuition, more students appear to be selecting state universities as their higher education choice. This demand is occurring at a time when we are experiencing a shortage of full-time faculty to meet the students' academic needs. In budget meetings with MnSCU, we have stressed four major points or themes:

1. Restore the $22.7 million base cut in the last legislative session;
2. Cover the cost of additional student enrollment over the last biennium;
3. Insure money to cover the increase in inflation costs; and,
4. Implement the allocation funding formula only if MnSCU can guarantee full funding. If not, retain the funding status of the past two years.

We have had a very busy summer and obviously have a busy academic year ahead of us. Best wishes for a very successful year. If you have any questions or comments please email me at pehler@ifo.org or call 800/325-9644 or 651/227-8442 extension 0.

Highlights of Contract Changes

by Wil Harri, Office Administrator

The contract settlement for July 1, 2001 to June 30, 2003 became effective on June 20th. The items described below are important changes to the previous Agreement. A summary of all language changes as well as the complete text of the new Agreement may be found on our website: www.ifo.org.

Health Benefits

Faculty, like all other state employees, are now covered under the State's Advantage Health Insurance Program. However, unlike other state bargaining units, faculty will continue to receive 100% employer-paid health premiums for family coverage.

All faculty will receive employer-paid family coverage for the summer months. This provision was expanded to include faculty members having fixed-term appointments even when the appointment ceases at the end of spring semester and has not been renewed for the following academic year.

A same-sex domestic partner of a faculty member will be eligible for insurance benefits under the State's insurance plans. However, the premiums paid by the employer to insure such individuals will be treated as a taxable benefit.

Across-the-Board Raises

All returning faculty will receive a one-step (2.4%) salary increase for the academic year 2001-2002 and a two-step (4.8%) salary increase for the academic year 2002-2003. Back pay for last year should have already appeared in your paycheck this summer and the two-step increase will appear with the first paycheck of the fall.

Faculty newly hired last year will receive the salary agreed upon at the time of hiring but will receive the two-step increase for this year. Faculty newly hired this fall will receive the salary agreed upon at the time of hiring.

Adjunct and community faculty receive a 7.5% increase with the minimum credit hour rate rising from $1,000 to $1,075. This increase is retroactive to July 1, 2001.

Professional Travel Funds

The amount allocated for professional travel funds was increased to $1,100 for both last year (retroactive) and this academic year. Those on full-year sabbatical, phased retirement or the annuitant employment program will qualify for the full $1,100 amount each year of this biennium.

These funds may now be used to pay for professional memberships and online services (not internet service providers) including electronic subscriptions.

A change in the State plan used to determine maximum reimbursable amounts for meals permits a higher daily amount for more expensive cities throughout the country.

Special Eligibility for Early Separation Incentive

A faculty member who is age 55 and older and has not served 15 years before age 55 now has a 6-month period in which to apply for the early separation incentive after serving 15 years in the state universities.

Evaluation Timelines for First and Second Year Faculty

The timelines for submission of professional development plans, reports on such plans and administrative evaluations have been simplified. New faculty must submit their initial professional development plan by the end of fall semester and their progress report on the plan by the end of spring semester.

Faculty members in the second year of their appointment must submit their professional development plan within 15 days after the evaluation process has been completed by the administration for the first year's evaluation.

Career Steps

Effective the 85th duty day of each university's academic calendar, faculty having 10 or more years of service will receive a 2 (10-19 years of service), 4 (20-29 years of service), or 6 (30 or more years of service) step salary increase. A protocol for calculating years of service is being jointly developed by MnSCU and the IFO and will be posted as soon as possible. July 1, 2002 is the first date used to determine years of service and July 1st will be the date used for succeeding years. Such steps become part of your salary base and continue for future years. Following this year's implementation, those reaching a decennial employment anniversary will receive two career steps.

Career steps were introduced to address salary compression so prevalent in our institutions. Long-time employees who received only the standard across-the-board step increases and promotion steps would qualify for the career steps. Years of service before an interruption in service (other than approved leaves) or resignation would normally not be counted for purposes of the career steps.

Tuition Waiver

The annual tuition waiver for a faculty member, spouse or domestic partner of the faculty member or dependent children has been increased from 24 to 27 credits per year.

Part-time fixed-term, adjunct and community faculty also qualify for the tuition waiver in any Minnesota state university but the waiver is limited to the number of credits taught by such faculty members in the year.

This provision becomes effective with fall semester 2002.

Early Notice of Retirement Effective Date Change

Faculty who provide early notice of retirement by October 1st, may work until the beginning of the next fall semester rather than having a retirement date at the end of spring semester.

Retirement News

by Russ Stanton, Director of Governmental Relations

Notification Deadlines Approach

The IFO contract contains an early separation incentive, which is equal to a full year of salary and a year of employer paid health insurance if an employee retires at age 55. The incentive is reduced by 10% of salary for each year an employee works beyond age 65. The contract also gives retiring employees a two-step increase during their final year of service. **In order to get these two benefits, employees must give their notice of intent to retire by October 1, 2002 for retirements effective before the beginning of the next academic year, and by January 15, 2003 for retirements effective at the end of fall semester 2003. Generally speaking, these same deadlines apply to submitting applications for participation in the phased retirement and annuitant employment programs.**

You can obtain a form letter for giving your retirement notice or applying for phased retirement by visiting the IFO web page (www.ifo.org), or by contacting me at 1-800-325-9644 x14, or email at: stanton@ifo.org.

Retirement Workshops

During the month of September, I will be visiting each of the state universities to put on workshops for faculty nearing retirement. I will also set up half-hour individual appointments with faculty members. The workshops will cover retirement related benefits and options available to faculty under federal and state law, TRA, and the IFO contract. I will supply descriptions of the programs, step-by-step instructions for accessing the benefits, form letters, etc. Among the subjects I will cover are the separation incentive, severance pay, the tax-free health care

savings accounts, buying TRA service credit, TRA annuitization options, supplemental retirement payout options, phased retirement and the annuitant employment program.
Watch for notices of the retirement workshops on your campus. To schedule an individual appointment, call your local faculty association president.

IRS Ruling Allows the Use of Supplemental Retirement for TRA Buy-Backs

After nearly two years, the IRS finally ruled that faculty could use their supplemental retirement to purchase TRA service credit for prior uncovered teaching service (anywhere in the world), military service, Peace Corps and VISTA service, and maternity leave. If you are interested in doing a buy-back, contact me at 1-800-325-9644, x14, or email at: stanton@ifo.org, or set up an individual appointment for when I visit your campus to host retirement workshops.

Postretirement Tax-Free Healthcare Savings Plan in Operation

A year ago, the legislature passed the IFO's proposal to set up tax-free postretirement healthcare savings plans for public employees. The IFO has entered into an agreement whereby severance pay will be deposited into the plans, thereby exempting severance pay from any federal and state taxes so long as the money is spent on any kind of health care expense. The money is available to former employees until it is used up. Any unused amount at the time of death is passed on to dependents and heirs. The program became operational for faculty on June 20, 2002. In most cases it will save retiring faculty members $10,000 to $12,000 in taxes that would have otherwise been levied on their severance pay.

2003 Legislative Session - New Faces and a Bleak Outlook

by Russ Stanton, Director of Governmental Relations

New Faces in New Places

There will be many new players in the 2003 legislative session. We are likely to see the biggest turnover of state elected officials in several decades. To begin with, there will be a new governor. Governor Ventura is quitting. Senate DFL Majority Leader Roger Moe, House Majority Leader Tim Pawlenty, and former DFL Congressman Tim Penny (running on the Independence Party ticket), are locked in a close three-way race to succeed Ventura. Green Party member Ken Pental and several minor party candidates are also running.

With the departure of Moe and Pawlenty, the powerful position of majority leader will open up in both the House and Senate. Assistant Majority Leader John Hottinger (DFL-Mankato) appears to be the leading candidate to succeed Moe, who has held the post for 22 years. If the Republicans can hold on to the majority in the House, House Majority Whip Marty Seifert (Republican-Marshall) appears to be the leading candidate to take Pawlenty's spot.

Rep. Peggy Leppik, Chair of the House Higher Education Committee, is not seeking re-election. This is a great loss because she was a very effective advocate for public higher education. Five of the seven Republican members of the House Higher Education Committee are not seeking re-election to the House. If the Republicans control the House next year there will be an almost entirely new majority on the committee, and Rep. Doug Stang, who represents the area around St. John's University, is a leading candidate for chair. If the DFL takes control, Rep. Gene Pelowski (DFL-Winona), Rep. Joe Opatz (DFL-St. Cloud) and Rep. John Dorn (DFL-Mankato) are leading candidates for chair. Since all three represent state universities, we would be in a very good position regardless of who becomes chair.

Of the 67 state senators, 14 are not seeking re-election: 7 DFLers; 6 Republicans; and, 1 Independence Party member. [Sen. Jane Krentz (DFL) and Sen. Michelle Bachman (Republican) were redistricted into the same district, meaning at least 15 incumbents (22%) will not be returning.] Of the incumbents running for re-election, 34 are DFLers and 18 are Republicans, giving the DFL a decisive incumbency advantage. The Republicans lost an incumbent

when Sen. Sheila Kiscaden of Rochester defected to the Independence Party. The DFL is likely to pick up the seat of retiring Independence Party member Sen. Bob Lessard of International Falls.
The battle for control of the Minnesota House is too close to call. Of the 134 House seats, 42 do not have incumbents seeking re-election. In another five districts, two incumbents are paired against each other, meaning another five incumbents will not be returning. At a minimum 47 seats (35%) will turn over. Of incumbents seeking re-election, 52 are Republican, 49 are DFL and one is an Independence Party member.

The turnover in the legislature is likely to exceed the minimums cited above. With redistricting, many incumbents only represent a portion of their former constituency. In some districts even the Independence Party and the Green Party have a shot at winning.

Bleak Session Ahead

Regardless of who controls the state government next year, it will be a bleak session. The budget shortfall for next biennium was already projected to be well over $2 billion, assuming no inflation increases for state agencies, higher education and K-12 education. The Department of Finance recently released an update for the fiscal year just ended that showed that actual revenue collections fell another $212 million short of projections. Overall, the shortfall amounts to about 10% of the state budget.

Coping with the revenue shortfall will be much harder next year than it was this year. The state has depleted almost all of its budget reserves and has exhausted some of its options to solve the problem with creative bookkeeping. It is down to raising taxes, cutting programs, or both. Already the Department of Finance is telling agencies and higher education systems to prepare budget requests that are 10% less than this year's budget. A 10% cut in state funding would result in lay-offs, increased tuition, or both. If a 10% cut in state appropriations were made up entirely by tuition increases, it would require a tuition increase of over 25%.

Since the last revenue forecast, the stock market has plummeted. Since over two-thirds of the state's pension assets are invested in stocks, we are likely to see state pension plans go from funding surpluses to funding deficits. While this will not affect current TRA benefits, it will make pension improvements very hard to obtain.

The controversy over ratification of the state employee collective bargaining contracts was not solved last year; it was just postponed until after the elections. Next year we will have to fight the same fight all over again. If the DFL captures control of the House and the governor's office, the contracts could be ratified. However, Tim Pawlenty was a leading opponent of domestic partner benefits last session, and if he becomes governor he will likely veto any contract with domestic partner benefits. Many of the moderate House Republicans quit after last session, and the new House Republican caucus is likely to be much more conservative. If the Republicans control the House next year there is a very slim chance of the contracts being ratified in their present form.

One glimmer of hope for next session is that many legislators, in both political parties, are refusing to take the "no new taxes" pledge as they run for re-election. Even House Speaker Steve Sviggum, who led the charge for reduced taxes over the last decade, has not taken the pledge. Among the leading candidates for governor, only Pawlenty has said he absolutely would not raise taxes. If the legislature simply suspended the income tax rate cuts granted in 1999 and 2000, and returned tax rates to the pre-1999 level, it would raise enough money to offset the revenue shortfall.

2002 Legislative Session - Wins, Losses, and Draws

by Russ Stanton, Director of Governmental Relations

The Minnesota legislature adjourned sine die on May 20, 2002, bringing to a close a very partisan, contentious, and generally speaking, unproductive legislative session that was scheduled to have adjourned before Easter.

WINS

$75 Million in State University Building Improvements, Plus $60 Million for HEAPR Projects

The biggest gains this session came in the area of capital bonding projects. Winona received $30 million and Moorhead received nearly $20 million for new science buildings. Metro State received $17.4 million for a new library, plus they are part of a remodeling project at Minneapolis CC/TC that will receive $9 million.

Overall, MnSCU institutions received $60 million for Higher Education Asset Preservation and Repair (HEAPR). HEAPR projects include roof replacements, mechanical system upgrades, and emergency repairs.
About $5.6 million of the HEAPR appropriations will be designated for repairs and rebuilding the food service building that burned at Southwest State.

While the bonding bill was one of the best ever, it would have been much larger had it not been for vetoes by Governor Ventura. The MSU, Mankato athletic facility ($9 million), the St. Cloud State University Centennial remodeling project ($10 million), and the Bemidji State University field house planning appropriation ($1 million) all fell victim to Ventura vetoes.

Teachers Retirement Association Service Buy-Back Extended

The legislature approved an IFO proposal to extend, by one year, the expiration date for laws authorizing TRA members to buy service credit for years spent in the military, VISTA, the Peace Corps, teaching in other states or nations, or on maternity leave. The reason the IFO sought the extension was because MnSCU was awaiting an IRS opinion on whether faculty could use college supplemental retirement funds to pay for the service credit purchases. Shortly after the session adjourned, MnSCU did receive a favorable opinion from the IRS allowing faculty to use supplemental retirement funds. The new expiration date for the buy-back legislation will be May 16, 2003.

LOSSES

Labor Contracts Not Ratified

The House Republicans refused to ratify any public employee labor contracts or compensation plans this session, mainly because the contracts included domestic partner benefits. The unions, including the IFO, resubmitted their agreements to the Legislative Subcommittee on Employee Relations for approval on May 20th, the day of adjournment. The resubmitted IFO contract agreement was exactly like the agreement ratified by the faculty in April, which included domestic partner benefits. Because the Legislative Subcommittee did not meet within thirty days to act on the resubmitted contracts, they were automatically implemented on June 20, 2002, pending ratification by the end of the legislative session next year. If the legislature does not ratify the contracts next year, the unions may have to go through this whole process again in order to keep the contracts in force.

Revenue Shortfall Costs MnSCU $22.7 Million

The legislative session began with the state facing a $1.953 billion budget shortfall caused by declining state revenue. Fortunately, the state had substantial reserves that they used to cover most of the shortfall, but $216.5 million of the shortfall was made up through cuts to state agencies and higher education. MnSCU received a $22.7 million cut, offsetting the $100 million increase received in the 2001 session.

The governor vetoed the first budget balancing bill, and released a new revenue forecast that showed the state to be another $430 million short of projections. The Senate overrode the veto with ease, but the first attempt at an override in the House failed because the House DFLers would not support it. Finally, the House Republicans gave the DFLers a promise that there would be no more cuts to higher education in the second round of budget cutting if the DFL would help override the veto. The strategy worked – enough campus area DFLers voted for the override for it to pass.

MnSCU did not suffer any additional cuts during the second round of budget balancing. During the second round of budget cutting the legislature shifted expenditures into the next biennium in order to balance the budget this biennium. From a financial management perspective it was a terribly irresponsible way to handle the revenue shortfall, but it was the only solution legislators could agree upon. It was better than doing nothing. If they had not balanced the budget, the governor would have had to unallot budgets of state agencies to balance the budget, and that could have resulted in deeper cuts to higher education.

DRAWS

MnSCU Dodges the Bullet on Krinkie Initiatives

Rep. Phil Krinkie, arguably the most conservative member of the legislature, was a fount of ideas on balancing the budget: he proposed a state employee travel ban; a hiring freeze; and, a moratorium on professional and technical contracts. Fortunately, MnSCU was able to extricate itself from each of these initiatives, saving MnSCU money and a lot of headaches.

Krinkie also proposed exempting fair-share employees from union dues but the measure was killed in the Ways and Means Committee.

2001-2003 Contract Uses New Step Numbering Scheme

by Wil Harri, Office Administrator

To simplify use of the salary schedule for payroll and other purposes the salary schedule now uses a new numbering scheme consisting of only numbers. Prior contracts used a combination of numbers and the letter "A" for step designations. Referred to as "new style" in Article 11 of the Agreement, the step designations replace the "old style" step designations. The salary schedule itself is unchanged in terms of the values found in the grid with the exception of the elimination of several steps at the bottom of the salary schedule and the addition of several steps at the top of the professor lane. For example, old style (os) step number 14a is now designated as new style step number 28 (ns). Your appointment letters will reflect the new style step designations.

Who to Contact at the IFO

Jim Pehler, President	extension 0	pehler@ifo.org
Pat Arseneault, Equity and Discrimination Issues	extension 15	arsen@ifo.org
Frank Conroy, Grievance and Contract Issues	extension 17	conroy@ifo.org
Wil Harri, Membership Issues	extension 12	harri@ifo.org
Denise Haugen, Administrative Assistant*	extension 13	haugen@ifo.org
Russ Stanton, Retirement, Pension and Legislative	extension 14	stanton@ifo.org
Cindy Webber, Administrative Assistant**	extension 10	webber@ifo.org

* = Assistant to Pat Arseneault and Frank Conroy
** = Assistant to Jim Pehler, Wil Harri and Russ Stanton

For local calls, you may reach us at 651/227-8442 or toll-free at 800/325-9644.
Our fax number is 651/227-0505.

FY 03 Membership Dues and Fair Share Fees

APPOINTMENT	ANNUAL DUES	PAY CHECK DEDUCTION	FAIR SHARE FEES	PAY CHECK DEDUCTION
Full-time (75% or more)	$652.50	43.50	$554.50	36.96
45% to 74% of full-time	$326.25	21.75	$277.25	18.48
Adjunct/Community Faculty	$130.50	43.50	$110.88	36.96

For the 2002-03 academic year, the IFO Delegate Assembly increased dues for: full-time from $600 a year to $652.50 and from $510 to $554.50 for fair share fees; 45-74% of full-time from $300 to $326.25 for dues and from $255 to $277.25 for fair share fees; and, adjunct/community faculty from $120 to $130.50 for dues and from $102 to $110.88 for fair share fees.These amounts translate into 15 successive payroll deductions beginning in September/ October and ending in April, except for adjunct/community faculty which are deducted in three equal payments.

Dues or fair share fees may be deductible for tax purposes if you meet the required threshold for "miscellaneous itemized deductions."

With membership status, you will be given voting privileges for your contract as well as for your campus officers. Non-members are not eligible to participate as a delegate or committee member of the Faculty Association or the IFO. These positions set goals, priorities and objectives for all aspects of your work environment. By joining, you secure the right to express your professional concerns about your employment. You can become a member by logging onto our website at www.ifo.org, or by filling out the following form and sending it to your local Faculty Association office through campus mail.

PAYROLL DEDUCTION FORM ***Please Print***

APPLICATION FOR CONTINUOUS MEMBERSHIP IN THE MINNESOTA STATE UNIVERSITIES
INTER FACULTY ORGANIZATION/FACULTY ASSOCIATION

NAME (LAST, FIRST, MI) EMPLOYEE ID NUMBER

ADDRESS CITY STATE ZIP

UNIVERSITY DEPARTMENT

I hereby apply for membership in IFO/FA. I understand that my membership will continue in effect until cancelled by me in writing or by termination of my employment.

I authorize my employer, the State of Minnesota, to deduct from my earnings an amount sufficient to provide for the regular payment of the current rate of membership in the IFO/FA, and will continue this method until further notice.

SIGNATURE DATE

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