Inter Faculty OrganIzatIOn

UPDATE

Volume XXIII No. 1 SERVING THE FACULTY OF THE MINNESOTA STATE UNIVERSITIES September 2000

PRESIDENT'S WELCOME

Welcome to all returning and new faculty at our State Universities. Our first priority is to secure improved funding from the Legislature. The Student/Faculty Coalition has been working on an alternative budget to achieve these goals:

(1) Funding enrollment growth (we project a 2% increase each year of this biennium);
(2) Recognizing inflation (the Department of Finance has excluded higher education from the Legislative mandate for agencies to include inflation in budget requests);
(3) Reestablishing nationally competitive salaries (moving average salaries from less than 50% back to a prior level at the 70th percentile or higher);
(4) Increasing funding for faculty development and instructional equipment and technology; and
(5) Reducing the student/parent portion of tuition funding (referred to as a tuition buy-down; the State would take responsibility for a greater percentage of instructional costs).

It is my firm belief that with your help on the campuses, the questioning of your legislative candidates about their support, the involvement of your student body, along with letters to the local newspapers in your area, **WE CAN MAKE A DIFFERENCE.**

Will it just happen? No. Will legislators promise to help? No. Will MnSCU fully support our mission? No. You can be sure, however, if we (faculty, staff, administration, students) don't work together on this, not one part of our goals will be achieved.

NEW FACULTY MUST CHOOSE A PENSION PLAN

by Russ Stanton

All new faculty members who work more than 25% of the time have 90 days from the start of work to select between the Teachers Retirement Association (TRA) and the Individual Retirement Account Plan (IRAP) as their basic pension plan. Faculty members who fail to make an election will be defaulted into the IRAP plan. Once a decision is made (either actively or by default) it is irrevocable.

The decision between TRA and IRAP is complex, but it will have profound impact on the portability, volatility, flexibility and size of your retirement benefits. TRA is a traditional defined benefit plan where retirement benefits are based on a formula that is based on years of service, age, and salary at retirement. TRA benefits are more predictable in some ways, but there are severe financial consequences for pre-retirement job changes (voluntary or involuntary) to non-TRA covered employment. Members risk losing all the employer contributions to the fund on their behalf, if they change jobs before they vest or withdraw their funds upon changing jobs. IRAP is a defined contribution plan more commonly found at higher education institutions. Employer and employee contributions are invested at the member's direction among a menu of investment funds. Under IRAP, members have more portability of benefits, more investment options, and more withdrawal options at retirement. However, they also assume the risk associated with their investment decisions.

The personnel office at each university will be supplying all new faculty members with a packet of information to assist them in making the decision between IRAP and TRA. I would encourage all new faculty members to read this information carefully before making a decision.

If you were unable to attend your campus' workshop on this issue, we will make the handouts available on our website at www.ifo.org. You may also call me at 1-800-325-9644, extension #14.

IMPORTANT RETIREMENT NOTIFICATION DEADLINES APPROACHING

by Russ Stanton

The IFO/MnSCU collective bargaining contract contains many benefits and options for retiring faculty, including severance pay, an early separation incentive, a final year two-step salary increase, phased retirement and the annuitant Employment Program. However, to be eligible for some of these benefits, faculty must give advance notice to their university of their intent to retire. The following is a summary of important benefits for which faculty members must give advance notice of retirement.

- **THE FINAL YEAR TWO-STEP SALARY INCREASE.** Article 11, Section C of the IFO/MnSCU contract states that faculty members with at least 15 years of service and who are at least age 55, shall have their salary increased two additional steps (beyond any normal step increases to which they are entitled), **provided they give notice of their retirement prior to October 1st**, for retirements that will occur at the end of the academic year. The two-step increase will increase the final years salary by 4.85%, and because severance pay and the early separation incentive are based on the final years salary, the two-step salary increase also increases those benefits by 4.85%.
- **THE EARLY SEPARATION INCENTIVE.** Article 16, Section D of the IFO/MnSCU contract provides that faculty with 15 years of service and who are at least 55 years of age are eligible for an early separation incentive. The incentive is a full year of salary for retirements at age 55, but that amount decreases 10% for each year a faculty member works beyond age 55. In addition to the cash benefit, eligible faculty members receive one year of employer-paid health insurance following retirement. In order to receive the early separation incentive **the faculty member must give notice of intent to retire by October 1st**, for retirements that will occur at the beginning of the next academic year (or another date mutually agreed upon by the faculty member and the administration).
- **PHASED RETIREMENT.** Article 15 of the IFO/MnSCU contract provides a mechanism whereby a faculty member nearing retirement can phase back to part-time employment, but he/she and the university contribute to Teachers Retirement Association (TRA) as though he/she were working full-time. The member gets a full TRA service and his/her high-5 salary for pension benefit calculation will be based on what he/she would have earned if working full-time. **The request to participate in phased retirement requires one year of advance notice.** The universities have been somewhat flexible on requiring a full year of advance notice, but my advice to interested faculty members is to play it safe and get the notice in as soon as possible.
- **THE ANNUITANT EMPLOYMENT PROGRAM.** Minnesota Statutes allow faculty members to enter into agreements with their university whereby they can retire and start drawing a TRA retirement annuity, yet come back and work between 1/3 and 2/3 time. Thus, they will receive two income streams—a TRA benefit and a part-time salary. In addition, they will receive employer-paid health and dental insurance as though they were working full-time. This program is not an entitlement. Each individual agreement to participate must be approved by the university president. **The statute says the president may require up to one year of advance notice for participation.** In actual practice, the presidents have been quite flexible regarding the notice, but to increase the chances of approval, I would advise interested faculty members to submit their requests to participate approximately one year in advance.

Faculty members may combine their notices for the above benefits into one simple letter to the administration. If you would like a form letter or assistance drafting a retirement notice, contact me by calling 1-800-325-9644, extension #14, or send me an e-mail message at **stanton@ifo.org**.

2000-2001 IFO Dues and Fair Share Fees

All faculty teaching more than **three semester** credit hours **or** teaching more than one course during the academic year are employees in the IFO bargaining unit and pay either dues (if a member) or a fair share fee (if a nonmember) according to the following schedule adopted by the IFO Delegate Assembly in March 2000:

Appointment	**Annual Dues**	**Pay Check Deduction**	**Fair Share**	**Pay Check Deduction**
Full-Time (75% or More)	$600.00	$40.00	$510.00	$34.00
45% to 74% of Full-Time	$300.00	$20.00	$255.00	$17.00
Adjunct/Community Faculty	$120.00	$40.00	$102.00	$34.00

Faculty on sabbatical or phased retirement will pay reduced dues if the sabbatical or appointment reduces salary below 75% of base salary. Faculty on unpaid leave must pay the adjunct rate to maintain membership status.

Payroll Deductions

Faculty with full-time, year-long 2000-2001 appointments will ordinarily have their dues or fair share fees deducted from their paychecks in 15 equal installments. Deductions will begin in September or October, 2000 and extend into April, 2001. For faculty with less than 75% of full-time assignments, faculty at MSU-Akita or faculty with other types of appointments deductions will follow a schedule determined by the Inter Faculty Organization. Dues deductions will ordinarily be $40.00 per pay period and Fair Share payments will be $34.00 per pay period. Adjunct dues or fair share assessments will normally be deducted in three equal installments.

Please complete the form below and send to your local FA office.
Or become an instant member by signing up on our website at www.ifo.org.

Payroll Deduction Form *Please Print*

Application for Continuous Membership in the Minnesota State Universities Inter Faculty Organization/Faculty Association

NAME (LAST, FIRST, MI) LAST 4 DIGITS OF SOCIAL SECURITY 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

MnSCU Uses Average Pay Rate For 2000-2001

by Wil Harri

Because of numerous technical difficulties, MnSCU has recommended that faculty paychecks for this fiscal year be paid by utilizing an average rate of pay. During negotiations, the parties agreed to a mid-year salary increase for returning faculty. The IFO and MnSCU have agreed that salary payments for returning faculty will reflect an averaging of the pay rates before and after the mid-year salary increase. Therefore fall paychecks for returning faculty will reflect a higher initial pay rate this year which will remain in effect throughout the contract year.

Because of (1) variations in each campus's academic calendars; (2) the overlapping of pay periods over two fiscal years; (3) the wide variety of contract assignments; and (4) the nine-month versus twelve-month election of pay options, the calculation of your pay rate has become more complicated.

Please be aware that using the averaging method described above means that returning faculty will not see an increase in their payroll check in January. The IFO hopes that this information will assist faculty in their personal budgeting for this contract year, and that this adjustment will not create confusion for faculty.

A standard nine-month contract pay rate can be verified at MnSCU's website at **www.hr.mnscu.edu/ifo.**

The Salary Study Continues...

by Patrice Arseneault

The joint MnSCU/IFO Salary Review Committee is continuing the review of all salaries of non-adjunct/non-community faculty as governed by the MnSCU/IFO collective bargaining agreement. As part of the salary review process, faculty received a data verification form in late May of 1999. Faculty were asked to make corrections to their demographic data and return the form. The Salary Review Committee has completed its review of returned data forms, and we are in the process of updating our database in preparation of the analysis of faculty salaries.

The Salary Review Committee desires to provide the consultant with the most accurate and complete data. Therefore, the committee will be sending a letter to faculty who returned data forms to us, to advise you of changes we have made to your data. The letters will be sent to the faculty on a campus-by-campus basis.

Beginning in mid-September, the faculty at Southwest State University and Minnesota State University, Mankato will be the first to receive their letter from the Salary Review Committee. The remaining campuses will be informed when faculty should expect a letter from the committee.

After you receive the letter, you will have approximately two weeks to notify the committee if you believe your data is inaccurate. Your letter will inform you on how to notify the committee of inaccurate data.

Once faculty on all campuses are advised about the information that will be utilized for the study, a consultant will be asked to conduct the salary analysis.

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

Inter Faculty Organization
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