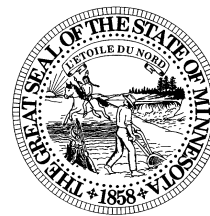


Subcommittee on Employee Relations Legislative Coordinating Commission



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Greg Hubinger, Director
Sally Kidd, Commission Asst.

DATE: March 20, 2009

TO: Members of the Subcommittee

FROM: Greg Hubinger

RE: Contract summary

This memo summarizes the contract negotiated by MnSCU and the Inter Faculty Organization which represents the state university faculty. Under the statute that governs the Subcommittee, actions taken during a legislative session are a recommendation to the legislature.

Inter Faculty Organization Contract

MnSCU has reached an agreement with the Inter Faculty Organization (IFO), which represents 2,834 FTE faculty (3,207 head count) at state universities. The tentative agreement essentially extends the current contract, with a limited number of amendments. The agreement is available at: <http://www.commissions.leg.state.mn.us/lcer/IFOTSA021209.pdf>

Financial provisions

- Faculty continue at their same step on the salary schedule.
- Faculty who were at the top of their salary range in FY 09 and received a lump sum payment of \$2,400 will receive that amount in each year of the new contract. (This only applies to a few faculty).
- The parties agreed to a conversion formula for calculating compensation of teaching graduate courses with respect to undergraduate courses.
- Faculty reaching 10, 20 and 30 years of service continue to receive career steps equal to two steps (\$4,800). The sunset date for this provision is 2013.
- Faculty who are promoted continue to receive a two step increase, but beginning on July 1, 2008 faculty may be eligible for larger increases. MnSCU will use the same salary setting methodology that it uses for new hires to determine the appropriate salary for faculty promoted on or after July 1, 2008.

- Faculty who give one year's notice of retirement continue to receive a two step increase in their final year of teaching. The faculty member must be at least 55 years old, and have at least 15 years of service. If the faculty member is at the top of their salary range, they receive a lump sum of \$4,800.
- Continue "University Scholars" to recognize faculty who have demonstrated outstanding teaching, service or scholarship for three successive years. Faculty receiving this designation are awarded a lump sum payment of \$6,000. No more than 5% of a university's faculty may be awarded this recognition each year, nor more than 10% in any one department.
- Continue the \$800 employer contribution to the faculty member's Health Reimbursement Account.
- Continue to match faculty member's contribution to a supplemental retirement account, to a maximum of \$2,250.

Other provisions

- Agree to implement changes to the State Employee Group Insurance Program through health coalition bargaining by a Letter of Understanding. The parties accepted MMB's estimate of 6% increases in premiums for costing the contract.
- Continue funding for professional study at \$1,300 for each faculty member. MnSCU also allocates \$400,000 each year for all faculty for professional improvement.
- Continue tuition waiver for faculty at 30 credits per year. If the faculty member does not use these credits, they can be used by the faculty member's spouse or dependent children.
- Continue phased retirement and annuitant employment programs. Faculty who are 55 years old and have 10 years of service may work between .33 and .67 FTE and receive insurance and retirement benefits as if they worked full time. These programs are authorized in statute.
- Continue the sabbatical leave program. Faculty with at least six years of service, who submit a plan, may take a sabbatical. A leave of one semester is paid at 100%. New language provides that full-year sabbaticals are paid at 80% of base salary regardless of the number of prior sabbaticals that have been taken. Previously, the rate of payment for full year sabbaticals increased from 67% to 90%. New language is proposed that describes the process for awarding sabbaticals when more than 25% of the faculty in a given department are eligible for and request a sabbatical.
- Continue the separation incentive, where faculty with 15 years of service and who are at least 55 years old receive up to a year's salary upon retirement. The incentive is decreased by 10% for each year the faculty is greater than age 55. A retiring faculty member receiving this incentive also receives the equivalent amount of the employer's contribution for health insurance for one year contributed to the faculty member's health care savings plan account. Faculty hired after July 1, 1996, are not eligible for this benefit.

Settlement Cost Sheet

MnSCU estimates that the cost of the increases (salary adjustments, insurance, FICA, retirement contributions) provided in the IFO contract will be 0.49% this biennium. The cost of these

increases will add 1.31% to the next biennium's base. (This figure captures the tails – those obligations made during this biennium whose full costs are not realized until the next biennium.)

The cost of these increases is approximately \$2,621,000 in FY 10-11.

Cc: settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2010-2011 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

March 18, 2009

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	%	% INCREASE BIENNIUM TO BIENNIUM (3)
	7/1/2009	1/9/2010	7/1/2010	1/1/2011				
AFSCME, Council 5 (excluding Unit 8)								
AFSCME, Unit 8, Correctional Guards								
AFSCME, Unit 225, Radio Communications Oper								
MN Association of Professional Employees								
Middle Management Association *								
MN Government Engineers Council *								
Minnesota Nurses Association								
MN Law Enforcement Association								
State Residential Schools Education Assoc								
> State University Inter Faculty Organization					\$538,947,621	\$2,620,733	0.49%	1.31%
MN State University Admin & Service Faculty								
Minnesota State College Faculty								
Personnel Plan for MnSCU administrators								
Personnel Plan for St Bd of Invest employees (5)								
Office of Higher Education Plan								
Managerial Plan								
Commissioners Plan (4)								
Office of Legislative Auditor								
TOTAL					\$538,947,621	\$2,620,733	0.49%	1.31%

The ">" indicates proposed contract or plan not yet acted on by the Subcommittee.

- (1) Includes all funds, including higher education agencies. Includes salaries, steps, FICA, insurance & pension.
 - (2) Percent of new money needed over base.
 - (3) This percentage reflects the annualized cost of the increases granted during the biennium.
This figure depicts all of the costs of the contract, including "tails."
 - (4) Groups within plan follow lead of comparable bargaining units.
 - (5) Costing of the SBI Plan was based on actual experience, and calculated by MMB in December, 2008.
This plan is not included in the calculation of the biennium to biennium total for all contracts and plans.
- * The across the board increase in the first year is effective July 11, 2007.