

## **Supplemental Facts/Figures Behind the University's Current FFA Contract Proposal**

### **FFA Proposal**

- Three-year contract
- 2.75% salary increase each year
- \$300,000 Supplemental Market Adjustment each year, which is approximately an additional .75% salary increase per year
- Increase in health care contributions to reach the hard cap maximum with retroactive payments for all of 2018 for those eligible
- Additional 3% increase per year for ancillary medical benefits (dental, vision, etc.)
- Increase in overload pay from \$85 to \$95
- Change in the benefit plan year to Jan. 1 in lieu of July 1

### **University Proposal**

#### ***Why does the University propose a five-year contract vs. a three-year contract?***

1. Market conditions for higher education enrollment in Michigan are hyper-competitive and are not projected to change positively in the near term:
  1. The number of high school graduates in Michigan is projected to continue to decrease steadily through the next decade.
  2. The total number of Michigan residents under the age of 20 has dropped 15%, while the total number of Michigan residents over the age of 64 has doubled.
  3. Total enrollment at Ferris is projected to decline by as much as 4% each year for the next five years. Next year alone, this decline will create a \$4.4 million loss in revenue.
2. Negotiations are time and resource consuming for both sides.
  1. To maximize the quality and competitiveness of our academic and student life programming, it is important that all faculty and staff focus their attention long-term on our respective work that supports the growth and success of our students.
  2. Longer-term contracts promote budget stability and effective long-range planning that benefit students, faculty and staff alike.

#### ***The University is offering the FFA the following salary increases and rationale behind the offer:***

1. 2.25% salary increase each year for the first three years, followed by a 2.50% salary increase for years four and five.
2. Currently, on average, Ferris professors at all ranks, earn more than their counterparts at like institutions in Michigan, according to the Chronicle of Higher Education (see chart 1 below). Like institutions include University of Michigan-Dearborn, University of Michigan-Flint, Eastern Michigan University, Grand Valley State University, Northern Michigan University and Saginaw Valley State University.
3. Currently, on average, Ferris professors at all ranks are the second-highest paid faculty among like institutions in Michigan according to the American Association of University Professors (see chart 2 below).
4. This offer is more robust than the currently scheduled increases for other Ferris employee groups.

5. More than \$28 million in additional funding will be needed to fund this offer over the next five years, specifically:
  - Nearly \$16 million for salary increases
  - \$4.3 million for health care contribution increases
  - \$4.6 million in added contributions for social security and retirement payments
  - \$3.3 million for scheduled promotions, merit and equity adjustments
6. Expands the current average faculty salary of more than \$90,000 to more than \$103,000, or nearly 11%, not including potential increases associated with opportunities for scheduled promotions, merit or equity increases.
7. The purchasing power for faculty is increased also by the cost shift for union medical insurance from the employee to the University.
  - The vast majority of faculty will experience an increase of over \$1,100 – equivalent to a 1.2% increase on average salary - in purchasing power.

***Why is the University not offering Supplemental Market Adjustment (SMA)?***

1. Supplemental Market Adjustment ended when the contract expired June 30, 2018. The previous SMA was bargained for in the last agreement with the FFA.
2. Under the FFA's proposal to include an annual SMA of \$300,000 in addition to their proposed annual salary increase of 2.75%, each year, this would equate to an additional potential salary increase of 3.5%. The \$300,000 annual increase would cost the University an additional \$5.56 million bringing the total additional funding needed to fund this proposal over the next five years to more than \$33 million.

***What is the University's position on health care and ancillary medical benefits?***

1. The University's contributions to health care will increase to reach the state's hard cap maximum. This is a significant cost shift from the employee to the university for the union insurance plan:
  - Family coverage (54.2% of those covered) - \$1,170 increase per member paid by the University
  - Dual coverage (23.2% of those covered) - \$1,159 increase per member paid by the University
  - Single coverage (22.5% of those covered) - \$423 increase per member paid by the University
  - This change will require \$4.3 million of additional funding over the five years of the contract including the costs of increasing ancillary benefits by 3 percent per year.
2. The University is willing to increase ancillary medical benefits by up to 3% each year (dental, vision, etc.). Accepting these changes will cost an additional \$4.3 million in conjunction with the other health/medical funding changes.

### **Overload pay – What is the University’s position?**

1. Increase overload pay in year four of the contract to \$90 and in year five to \$95 (stays at the current rate of \$85 for the first three years of the contract). Accepting this change increases the overload rate by 11.8% over the final two years of this offer.

### **Change in benefit year – What is the University’s position?**

1. The University is willing to agree to change the benefit plan year to Jan. 1. The change will require significant administrative effort to effect, doubling the annual employee open enrollment activity.

### **General Information**

- Labor negotiations between Ferris State University and the Ferris Faculty Association began May 16, 2018, and have included 11 sessions to-date, with a state-appointed mediator at the last five sessions. The University’s previous contract with the FFA expired on June 30, 2018.
- Faculty are integral to the education we provide to students. At Ferris, we have an excellent faculty committed to teaching, learning and student success, and we depend upon them for their work both in and out of the classroom.
- The next faculty contract will be reached during a time of reduced enrollment with resulting reduced tuition revenues.
- With our shared concern about student debt, we cannot reach a contract by increasing tuition to cover the cost.
- Contract negotiations and contract agreements are reached at the bargaining table. We look forward to working with the mediator to reach a positive outcome.
- The University filed a petition for a fact-finding on Friday, Aug. 24. Once docketed, a fact-finder will be appointed to conduct a hearing. The purpose of the hearing is to permit the parties to present facts in support of their position. Ultimately, the fact-finder will issue a report with written recommendations for settlement. The fact-finder’s report is not binding and the parties may accept his or her recommendations in whole or in part. It is expected that the parties would return to negotiations or mediation after fact-finding to resolve the outstanding issues. However, this process could take months to complete.
- It has been nearly three weeks since the last negotiation session with the FFA. The University remains committed and ready to continue negotiations and is hopeful, given the progress previously reached, that a tentative agreement can be reached. Doing so is in the best interest of our faculty, our University, and most importantly, our students.

**Chart 1: Chronicle of Higher Education**

**Chronicle of Higher Education  
Carnegie Classification - Master's (medium)  
Average salaries by rank  
2016-17 academic year - all Genders**

	Average	FSU	FSU to Average Amount	Percent
Professors	\$83,212	\$90,171	\$6,959	8.4%
Associate professors	\$68,012	\$78,012	\$10,000	14.7%
Assistant professors	\$58,801	\$67,428	\$8,627	14.7%
Instructors	\$46,275			
Lecturers	\$48,576			

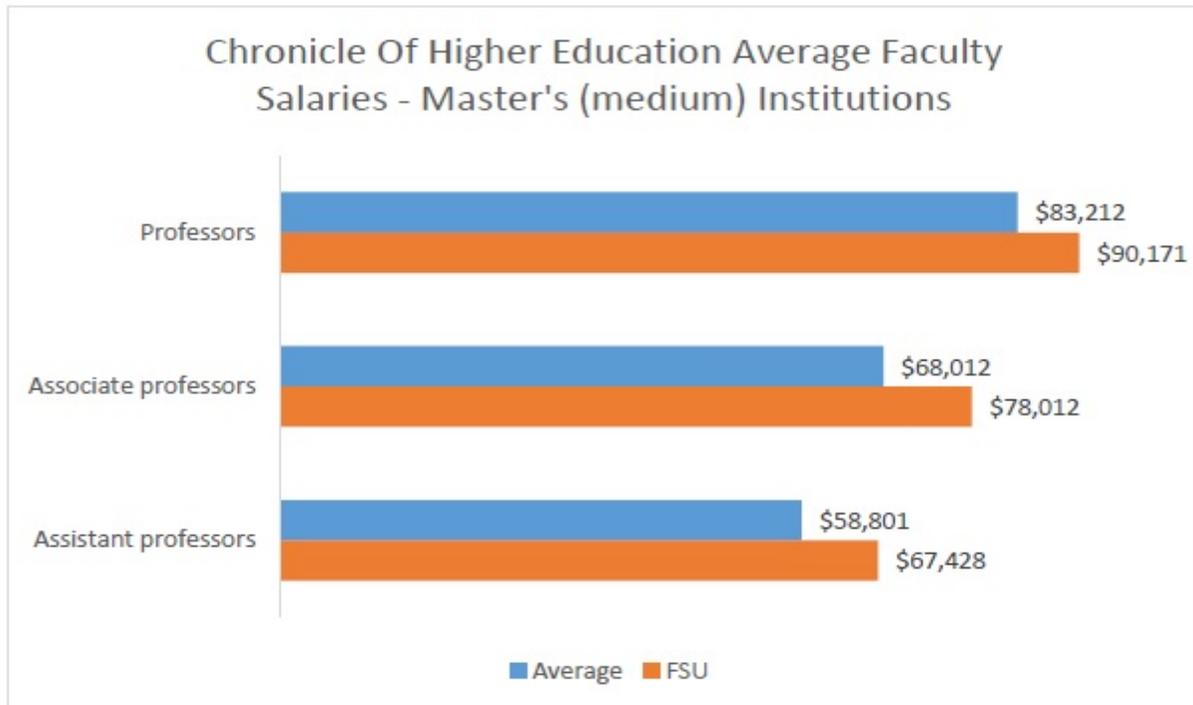


Chart 2: American Association of University Professors

American Association of University Professor  
**The Annual Report on the Economic Status of the Profession, 2017-18**  
**Michigan Masters Universities**

	Average Salary (\$1000s) - Master's Universities			
	Professor	Associate	Assistant	All Ranks
UMD	\$117.5	\$93.7	\$84.7	\$93.7
<b>FSU</b>	<b>\$112.0</b>	<b>\$87.2</b>	<b>\$76.7</b>	<b>\$86.1</b>
EMU	\$97.1	\$81.2	\$72.8	\$82.3
UMF	\$117.7	\$84.3	\$77.7	\$81.0
GVS	\$105.6	\$85.9	\$71.4	\$78.6
NMU	\$91.7	\$77.2	\$66.7	\$76.0
SVS	\$85.7	\$69.6	\$67.9	\$73.8

