A number of questions have been received about the financial situation at Kean University. To address some of these questions we have compiled the following information from audited financial statements, publications and other reports issued by the administration:

- The long-term debt at Kean University has increased from $46 million to $335 million in the last five years.

- $156.7 million of this debt was borrowed under interest rate swap agreements that locked us in, for twenty years, to variable rates expected to be relatively low. However, the collapse of the market for bonds called “auction rate securities” changed everything. A recent article in the Star Ledger sites NJ institutions that have had to pay up to 20% in interest for these failed auctions or face large cancellation fees to get out of the arrangements.

These institutions, according to the Star Ledger article, include the College of New Jersey which recently borrowed $291 million to replace auction rate holdings, including $17.3 million to cover the cost of canceling swap deals early, and the PA Turnpike Authority which paid $8 million to amend a $160 million swap arrangement.

Using these amounts as benchmarks, it appears that Kean University was looking at a $7-8 million cost to renegotiate its debt arrangement. This apparently has been done to level off the average interest rate to about 4% as indicated by VP Connelly. This is in addition to the actual interest expense of approximately $15,000,000.

- The amounts above do not include any principal payments on borrowed funds that may be required.

- The FY2009 Deficit Analysis that the administration presented to the Faculty Senate, explaining the Estimated changes in Revenues and Expenditures, makes no mention of any increased interest expense. In FY2007 and FY2006, interest expense was $4.4 million and $2.2 million respectively.

- On a positive note, recent budgets presented to the faculty, show tuition and fees to be projected at an FTE level of 8500 while the actual FTE level for Spring 2008 was over 9500. This translates into additional tuition and fee revenue of about $8.5 million if all were undergraduate resident students, and more if a mix including graduate and non-resident students as is likely the case.

Affordability is the primary reason for students selecting Kean University, as the Faculty Senate was told. But according to a recent survey conducted by the administration, requiring students to make additional trips to campus is a negative incentive for increasing enrollment and hence revenues. Anecdotally, we’ve also been told by working transfer students that their main reason for selecting Kean is to be able to take two classes in one night thus reducing the number of years it takes to complete their degree, since with family and other work responsibilities, they can only come to Kean one night.

In the “new schedule”, slated to take effect Spring, 2009, the number of classes offered Monday through midday Friday is not increased. Where is the additional revenue going to come from? With increasing gas costs, we will have fewer students registering, not more. Are we pricing ourselves out of reach for a significant population?

We urge the Board of Trustees and the administration...
I am honored to be writing to you in my new capacity as President of the Kean Federation of Teachers.

The unprecedented sweep of our entire slate of fourteen candidates over the Farahi-Lender slate in this spring’s KFT elections is an unambiguous mandate from our membership. With our membership rate up to 90%, the exceptionally high turnout of nearly 75% of eligible voters is a testament to your commitment to your Union and to the principles of shared governance. The result assures a KFT independent of administrative control, accountable and loyal to you alone.

This election outcome could not have happened without broad support for the KFT leadership, and for that we are indebted to out-going KFT President Maria del Carmen Rodriguez. Her tireless commitment to defending and advancing our professionalism and our terms and conditions of employment, and her dedication and courage during very difficult times have left our Union strengthened for the challenges ahead.

This summer the KFT has initiated a number of actions in response to administrative incursions on our professionalism. In May, the KFT co-sponsored with students a rally to protest the proposed schedule change that hurts our working-class students’ ability to pay for college thus slowing their progress to graduation.

The KFT has filed Unfair Labor Practice charges on the attempted imposition of non-negotiated student evaluations and changes in scheduling rules, for which we’ve succeeded in getting hearings fast-tracked.

We brought together more than two-thirds of the academic chairpersons who unanimously voted to form the Council of Chairs, an advisory group that facilitates communication between the KFT and the Chairs.

We have reached out to the AFT national organization and engaged AFT President McElroy’s direct intervention on our behalf with Governor Corzine (see the condensed version of the letter on the next page).

Under the continuing financial stewardship of Treasurer Ellen Comerford, the KFT’s finances remain the strongest in our sector with the largest reserve fund among our sister locals. By contrast, Ellen’s article in this issue provides an account of the Farahi administration’s burgeoning budget woes.

Thank you all for this strong vote of confidence in my team of courageous professionals. I reaffirm my campaign promise to have an inclusive leadership style, emphasizing outreach to all constituencies and welcoming personal contact with individual members. I will do my utmost to uphold the faith and trust that you have placed in me and my KFT team.

Whatever challenges and opportunities the future brings, be assured that this Union leadership will take the steps necessary on your behalf to defend your rights and protect your professional well-being. We reiterate our commitment to our shared principles of Professionalism, Accountability, and Service and our pledge to represent and advocate for all of our members.

In Solidarity,

James A. Castiglione
June 27, 2008

Dear Governor Corzine:

I am writing because, to our great disappointment and frustration, the state of labor relations at Kean University has deteriorated to a point that calls out for your personal attention.

Ever since Dawood Farahi became president of Kean, the administration has demonstrated an overt, continuous and destructive anti-faculty and anti-union stance. There have been more grievances and unfair practice charges at Kean University than at all the other eight state colleges/universities combined. In the latest incident, President Farahi announced unilaterally that he intends to expand the class schedule without demonstrating an academic or logistical reason to do so.

Faculty members need time away from the campus to conduct research and meet their community service responsibilities, and the work week is adjusted to accommodate that reality. No other state university president in New Jersey has taken this approach. Shortly after announcing the new class schedule, the administration followed up by announcing new work rules to assign faculty outside the academic year and to increase office hours—again, without any evidence that conditions necessitate this step. Even more disturbing, President Farahi announced that the new work rules were a direct response to the faculty union’s organization of a demonstration, in league with concerned students, opposing the new student class schedule.

The KFT first expressed its opposition to the scheduling plan when it was announced in early April. On May 5, the KFT organized a rally, along with student organizations, to protest the new schedule, ending with a demonstration in front of the President’s office.

The following day, the President used the occasion of a previously-scheduled faculty meeting to denounce those who attended the rally, to make disparaging remarks about allegedly overpaid and unproductive faculty, and then to announce major changes in faculty schedules and assignments that would radically increase their workload. The union has filed an unfair practice charge along with a request for an injunction to prevent implementation of the new work rules. The KFT also organized a Council of Chairpersons which passed two resolutions in opposition to the President’s plan. Since then, management has begun to call in the chairpersons and interrogate them as to their relationship with the union, another unlawful labor practice in our view. Meanwhile, as the situation at Kean keeps escalating, the clock is ticking and the opportunity for an accommodation becomes more difficult.

The abolition of a central body directing higher education policy in New Jersey has placed nearly unchecked power in the hands of individual college presidents and boards of trustees. Despite these impediments, the Council and its locals have established reasonable working relationships with all of the university/college presidents except Mr. Farahi, who until now has thumbed his nose, not only at the union, but at the state agencies in Trenton from the Office of Employee Relations to the Commission on Higher Education. We urge you to personally intervene to rein in the anti-labor Kean Administration. We hope you will consider appointing a special investigator to examine the condition of labor relations at Kean University and, in the interim, use the authority of your office to insist that President Farahi suspend his efforts to impose unilateral, unprecedented and punitive work rules.

Thank you.

Edward J. McElroy
President

cc: Nicholas Yovnello, Council of New Jersey State College Locals
Charles Wokkanec, New Jersey State, AFL-CIO

The Impact of State Pension Reforms on Kean University - Victory for Higher Ed

By Jon Erickson, KFT Legislative Action Chair and CNJSCL Vice President

A major issue before the state legislature in the coming year’s fiscal budget for the State of New Jersey was “Pension Reform.” These reforms were designed, in part, to curtail pension abuse by politicians and their appointees. One reform eliminates pension contributions from more than one public agency and prevents a person who had for many years a job with a low annual salary from significantly boosting their pension with a large three-year salary increase at the end of their working career.

Some of these reforms would have had a terrible impact on adjuncts and part-time employees. The State Council succeeded in changing the proposal in a way that not only derails the damaging pension reforms but also improves the pension system for the overwhelming number of adjuncts and part-timers.

Continued on back page
The first reform considered would have forced employees to designate their primary job and only contribute to the pension for those jobs, no matter how many other jobs they might have. Because Adjuncts and Part-Timers often work at more than one school, this would have severely limited any pension benefit. The second reform would have set a minimum pay standard below which there would have been no contribution to the pension system. For many Adjuncts and Part-Timers this would have denied them any pension benefit.

The adopted change removes higher education professionals from the current pension system (PERS) and places them in the Alternative Benefit Plan (ABP) to which all full-time higher education professionals now belong. This is an improvement. Most adjuncts and part-timers work fewer than ten years and are never vested in the system and only receive what they contributed and nothing more from the state. ABP members are immediately vested. Second, each job an adjunct or a part-timer holds now contributes to the ABP pension with no need to pick a primary job.

In addition, no full-time member moving to adjunct or part-time status will lose pension contributions because their salary falls below some dollar level. The budget bill was also changed so that adjuncts and part-timers can continue to buy health insurance at their own expense but at the state group cost. This is a significant benefit for those who participate in the program. Why should full-time employees care? For four reasons:

1. better salary and benefits for adjuncts and part-timers will result in Kean, and the other colleges, attracting and keeping qualified teachers who will be able to play a strong part in the college’s educational mission;
2. the changes will result in making the hiring of an adjunct or part-timer more expensive and thereby decrease the financial benefit to the college of replacing full-time teachers with adjuncts and part-timers;
3. the new system will allow adjuncts and part-timers to move to full-time status and allow full-timers to move to adjunct part-time status with less financial pain; and finally,
4. this new system eliminates the financial incentive for politicians already in the PERS system from seeking adjunct or part-time positions to lengthen time-of-service and thereby increase their pension benefits.

This victory was the result of the hard work of the State Council this legislative session and the years that State Council and the locals have worked to develop relationships with the Governor and individual state legislators. Your COPE contributions and your letters and emails are making a difference.

The Impact of State Pension Reforms on Kean University - Victory for Higher Ed

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