

# **Oregon University System**

## **2009 Voluntary FTE Reduction Program**

### **FAQs - Frequently Asked Questions**

#### **1. What is the 2009 Voluntary FTE<sup>1</sup> Reduction Program?**

The 2009 Voluntary FTE Reduction Program is a temporary work reduction for budget-required reasons. The Voluntary FTE Reduction Program applies during the last four months of the 2009 fiscal year, from March 1, 2009 through June 30, 2009. Participating employees who currently work 1.0 FTE will reduce their FTE's to 0.954 FTE. The program provides a 4.6% reduction that corresponds to the State's 8 hours per month reduction.

#### **2. What purpose does the Voluntary FTE Reduction Program serve?**

This voluntary program is one of many tools available to offset budget reductions necessary to balance the 2007-2009 budget. The Oregon University System is using this short-term strategy to accomplish parity with measures taken by other state agencies, including furlough and salary reductions.

#### **3. To whom does this program apply?**

Initially, the program is available to senior leadership on each of the OUS campuses and the Chancellor's Office, including but not limited to: the institution presidents and chancellor; institution vice presidents and provosts; institution associate vice presidents or vice provosts; vice chancellors, assistant vice chancellors, and associate vice chancellors; deans; executive directors; and similarly situated employees.

#### **4. Why is this program voluntary?**

OUS recognizes that administrators, managers, and directors have a wide array of personal and professional obligations. In recognition of these responsibilities, flexibility is built into this OUS budget reduction plan to foster commitment to share in, and contribute to, the resolution of the financial challenge affecting the system and the State of Oregon. An employee shall not be subject to retaliation for not participating in the Voluntary FTE Reduction Program.

#### **5. Is an FTE reduction the same as a temporary reduction in salary?**

No. An FTE reduction allows the person to work less in return for agreeing to a concomitant reduction in base pay. The salary rate, expressed as the amount earned at 1.0 FTE on an annual basis, remains unchanged. The employee's gross pay, however, is reduced by the amount of the FTE reduction. In this voluntary program, both FTE and gross pay are reduced 4.6% in each of the 4 months that the Voluntary FTE Reduction program is in effect.

#### **6. Is FTE reduction the same as a taking leave without pay?**

No. An FTE reduction is not reportable leave, but is an earnings change and will be recorded as "FTE Change -Temporary" on payroll records.

#### **7. How do I elect to participate in the Voluntary FTE Reduction Program?**

Complete the 2009 Voluntary FTE Reduction Program Election Form, and transmit it to the appropriate office indicated on the form for your institution by March 16, 2009. Your earnings statement will reflect your reduced pay effective March 1, 2009.

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<sup>1</sup> "FTE" is a percentage of one "full time equivalent". If you work 3 out of 5 days per week, your FTE is .60 or 60% of a full work week.

**8. If I elect to participate in the Voluntary FTE Reduction Program after March 16, 2009, when will my FTE reduction begin?**

An FTE reduction election that is received after the payroll cutoff date in any month will be effective the first of the following month. Voluntary FTE Reduction requests will be accepted only until June 11, 2009.

**9. Will the Voluntary FTE Reduction Program have an effect on my benefits?**

Voluntary FTE Reduction affects some benefits. Details for each benefit program are addressed below.

**A. PEBB Health Insurance.** Your health and welfare benefits eligibility and contributions will not be affected, so long as you have at least 50% paid time (including paid vacation or sick leave) in each month.

**B. PERS and ORP Pension Plans.** The FTE reduction will reduce contributions - both the employer contribution and the 6% "employee" contribution that is picked up for you - as a result of the reduction in your salary. The contribution rate (percent of salary) is not reduced, but the dollar amount will decline due to your reduction in FTE.

For PERS members, the Voluntary FTE Reduction and associated wage reduction will affect the Final Average Salary (FAS) calculation that determines your PERS/OPSRP retirement allowance. Typically, the FAS is based on your highest 3 years' salary and any reduction in pay will affect the "high three years" value.

**C. Voluntary Retirement Savings Plans.** Salary deferrals that you make to the voluntary supplemental retirement plans - the Tax-Deferred Investment 403(b) Plan (TDI) or Oregon Savings Growth Plan - may be a percent of salary that will decline when your FTE is reduced. When your base salary changes due to the Voluntary FTE Reduction, you may adjust your pre- and post-tax deferral amounts. Changes in your retirement savings plan deferral must be made by the 10<sup>th</sup> of the month in which they are to be effective.

**D. Sick Leave Accrual.** A new temporary rule, adopted specifically for this 2009 Voluntary FTE Reduction Program, provides that your rate of sick leave accrual will be unchanged from your pre-participation accrual rate during this 4-month Voluntary FTE Reduction Program.

**E. Vacation Accrual.** A new temporary rule, adopted specifically for the this 2009 Voluntary FTE Reduction Program, provides that your vacation accrual rate will be unchanged from your pre-participation accrual rate during the Voluntary FTE Reduction Program.

**10. When I elect to participate in the 2009 Voluntary FTE Reduction program, how will my duties be reduced?**

The net effect of the FTE reduction may be a reduction of time available to perform your current duties. You may need to adjust your workload to identify and address essential duties that must be completed within your newly reduced schedule. If this is an issue, consult with your supervisor about the need to maintain optimal functionality for your department/unit.

**11. May I choose days and/or hours to remove from my regular work schedule to reduce my FTE?**

Your supervisor will work with you to establish a plan that will assist you while minimizing disruption to regular functions and operations in your department/unit. To the extent possible, schedules and workload reduction will be developed consultatively. However, it is acknowledged that some work may be delayed as a result of this action.

**12. While participating in the FTE Reduction program, may I perform all of my duties as before by telecommuting ?**

Generally, if you are FLSA exempt, you may work whatever schedule is necessary for successful performance of your duties. Where you work is not an issue for this FTE reduction, but should be discussed with your supervisor and may be governed by your institution's policies regarding telecommuting.

**13. May I use vacation or sick leave to make up for the reduction in worked hours?**

No. The purpose of the FTE reduction is to reduce expenses and to provide a means to address critical operating fund shortfalls caused by a reduction or elimination of funds.

**14. If I use sick or vacation leave during in the 2009 Voluntary FTE Reduction Program, how should I report the hours?**

Paid leave use may be reported up to the maximum number of hours an employee would have otherwise worked on a regularly scheduled work day or week. If you elect to reduce your FTE by 4.6%, your daily use of leave would remain at 8.0 hours.

**15. If I leave employment during the 2009 Voluntary FTE Reduction period, at what rate will my accrued vacation be paid out?**

Your vacation payout will be based on your actual accrued hours, up to the 180-hour limit under OAR 580-021-0030(7), at your current rate of pay. FTE reduction does not affect this payout.

**16. Will my participation in the 2009 Voluntary FTE Reduction Program affect my holiday pay?**

Holidays are paid at the same rate as regular work days while the FTE reduction is in effect. Your election to reduce your FTE during this period applies to holidays and holiday pay.

**17. May I request more than the 4.6% Voluntary FTE Reduction through this program?**

Not through this program. It is designed to show parity with other state agencies.

**18. May employees volunteer to take the 4.6% FTE reduction on behalf of another employee?**

No. Each employee may only take the 4.6% FTE reduction (or equivalent reduction if part time) and may volunteer only on her or his own behalf.

**19. Is my participation in this Voluntary FTE Reduction Program confidential personnel information?**

Public officials' wages are public information. Your election to participate in the program will be incorporated into your contract or appointment and subject to public records law.

**20. Will a newly hired employee be affected by the Voluntary FTE Reduction program?**

Anyone who is hired during the FTE reduction period from March 1, 2009 through June 30, 2009, into an eligible position (see #3 above) may elect to participate.

**21. How will the Program impact an employee who is on Family and Medical Leave Act (FMLA) or Oregon Family Leave Act (OFLA) qualifying leave?**

An employee who elects to participate in the 2009 Voluntary FTE Reduction Program and then goes onto FMLA/OFLA-qualifying leave will not be required to pro-rate the FMLA/OFLA available leave to reflect the FTE reduction. The full amount of leave permitted under FMLA or OFLA will be available to an employee who worked at 1.0 FTE during the prior 12 months.

**22. May an employee work overtime during the period of Voluntary FTE Reduction?**

Senior leadership who are eligible to participate in the 2009 Voluntary FTE Reduction are generally exempt from overtime pay, and not affected by overtime issues. For the program, the primary goal is to maintain

the integrity of your Voluntary FTE Reduction that anticipates your paid work is reduced. This program affects your FTE, not your status as an exempt or non-exempt (hourly) employee.

**23. May an employee receive unemployment benefits to cover the loss of compensation due to the Voluntary FTE Reduction?**

A voluntary FTE reduction would not qualify for unemployment benefits.

**24. How does the Voluntary FTE Reduction Program affect overload appointments?**

An employee who is employed in excess of 1.0 FTE through an overload appointment by another OUS institution must notify the overload-sponsoring institution at the time the employee elects to participate in the 2009 Voluntary FTE Reduction program. The institution offering the overload appointment is responsible for applicable OPE, including retirement contributions, up to 1.0 FTE.

**25. Does an employee have grievance rights regarding the Voluntary FTE Reduction?**

Since this program is completely voluntary, it does not give rise to any grievance or appeal rights.

**26. Is the intent that the program will also apply to employees in addition to senior leadership at the OUS campuses and Chancellor's Office?**

This is a campus decision.

**27. Does the 2009 Voluntary FTE Reduction apply to employees who work on grant-funded projects?**

Individuals on grants and contracts must confer with their institution's grants and contract administration offices to confirm if participation is permissible.

**28. Is it appropriate for all employees to participate in the 2009 Voluntary FTE Reduction Program regardless of funding sources (restricted or unrestricted sources)?**

It is expected that the Voluntary FTE Reduction Program will be consistently applied and available. Federal OMB Circular A-21 requires the program to be consistent across each university.

**29. Will the 2009 Voluntary Pay Reduction Program continue past June 30, 2009?**

This and other cost reduction programs remain to be determined, based on revenue projections of the state and other measures that may be taken by the university system and individual campuses. By participating in this voluntary program, each person who elects to voluntarily reduce FTE contributes toward resolution of the fiscal shortfall that we face at the end of the 2009 fiscal year. This program is a first step to meet the challenges that we will face in this and the next biennium.