

General Membership Meeting

Details of UPI pay deferral proposal

March 15, 2016

History

- Cause of crisis – no state funding.
- More detailed history in previous talk.
- Administration proposal failed ratification vote that ended March 11.

This presentation will detail the current UPI proposal that our executive board crafted in case of a failed ratification vote, and highlight similarities and differences with the failed administration proposal.

The UPI Proposal

In pieces, in order, with analysis and comparison to failed administration proposal

All references to “appropriations” herein will refer to monies assigned to EIU either as a general FY16 or FY17 appropriation or for FY16 MAP grants.

UPI proposal includes MAP grant refunding, FY16 AND FY17 appropriations in considering repayment of salary deferrals. Administration proposal included ONLY FY16 appropriations.

1) Bargaining-unit members with a yearly base salary of \$50,000 or less will defer a total sum equal to 2.5% of their annual base contract salary (e.g., 9 months for most faculty, 12 months for librarians, etc.). Bargaining-unit members with a yearly base salary from \$50,001 to \$75,000 will defer a total sum equal to 5% of their annual base contract salary (e.g., 9 months for most faculty, 12 months for librarians, etc.). Bargaining-unit members with a yearly base salary from \$75,001 to \$100,000 will defer a total sum equal to 6.5% of their annual base contract salary. Bargaining-unit members with a yearly base salary of \$100,001 or more will defer a total sum equal to 7.5% of their annual base contract salary.

Everyone contributes, those earning a lower salary contribute a lower percentage of their salary. The administration proposal had everyone contributing 5.6% of their annual base contract salary regardless of income.

Practically speaking...The table below is for gross income only and does not take into account deductions for health insurance, federal income tax withholdings, etc.

Annual Base Salary (excluding summer and overload)	\$49,000	\$74,000	\$98,000	\$110,000
Percent of annual salary taken	2.50%	5%	6.50%	7.50%
Total amount taken	\$1,225.00	\$3,700.00	\$6,370.00	\$8,250.00
Deducted amount over 4 pay periods	\$306.25	\$925.00	\$1,592.50	\$2,062.50
Deducted amount over 3 pay periods	\$408.33	\$1,233.33	\$2,123.33	\$2,750.00

1) *Cont'd*: Bargaining-unit members who are on less-than-100% contracts (such as Unit A faculty members on full-year sabbaticals, or Unit B members on reduced contracts) during the time period in '2' will have the deferrals calculated on their reduced base (e.g., a member with a normal yearly salary of \$80,000 would pay 7% of their salary. If that member were on a 50% Spring contract, s/he would have a 3.5% deferral.)

This is not substantively different from the administration's proposal.

2) The salary to be deferred (as defined in '1') will be taken in equal installments: 4 installments (the March, April, May, and June paychecks) for bargaining-unit members who are scheduled to receive a regular June base salary paycheck, or 3 installments (March, April, and May) for those bargaining-unit members who are not scheduled to receive such a paycheck.

No change from administration's proposal. Deferral taken out of 3 or 4 paychecks depending on whether or not you receive a June paycheck. Note previous table reflecting this.

3) Bargaining-unit members may choose to voluntarily defer additional pay during this time period with prior notification to the Payroll Office.

This is identical to the administration's proposal. If you want to defer more you are quite welcome to do that.

4) All deferrals end immediately if the University receives appropriations from the state in the sum of \$2 million or more, or if the University has permission to borrow against an appropriation of \$2 million or more.

This corresponds to some very loose language in the administration's proposal which read *"If the University receives FY16 appropriated funds or is in possession of funds borrowed against an FY16 appropriation before June 1, 2016, salary reductions will stop."*

Notice the use of "salary reductions" in administration proposal rather than "salary deferrals" in our proposal. UPI total salary deferrals is \$2 million explaining the number in our proposal.

5) From all appropriations, equal amounts will be assigned to the administration and to UPI until all deferrals have been repaid or until the entire appropriation has been exhausted. For example in the case of a \$4M appropriation, \$2M shall be allocated to refund UPI deferred salaries, and \$2M shall be allocated to EIU. This repayment will be made within 3 months of the receipt of the appropriation or permission to borrow in '4'.

In **UPI proposal** if EIU receives MAP refunding or FY16, FY17 state appropriations greater than **\$4M**, members' deferrals are **100% refunded**.

Administration proposal required **\$10M** of **FY16 appropriations** for most to receive **50% refund**, **\$37M** for a **100% refund**. FY17 or MAP refunding were not counted.

6) All repayments will be assigned to affected faculty members in equal dollar amounts until all are made whole or until all allocations to UPI are expended.

This means that members who contributed less money because they earn less will be repaid sooner than higher earning members who contributed more. This is an unlikely scenario in any case.

The administration's proposal had a different repayment mechanism in that prior to UPI members receiving any repayment there was plenty of money to meet those obligations, making this provision unnecessary.

7) If the state makes appropriations in multiple installments, the procedures in '5' and '6' will be followed until all deferrals are repaid for appropriations totaling greater than \$4M, or all appropriations have been allocated for appropriations totaling less than \$4M.

No matching language in administration proposal, a possibility left unaddressed. Also since EIU had \$5M before any UPI member received any repayment, there was no need to consider the possibility of insufficient funds.

8) If EIU receives appropriations in an amount less than twice the sum taken from bargaining-unit members' pay (defined in 1 and 3), then bargaining-unit members who are not re-hired for Fall 2016 or whose job is involuntarily terminated (except for cause) will receive their full deferred amount first. If funding from EIU falls short of repaying those members in full, then the members who are not re-hired or who are involuntarily terminated will receive repayment in equal dollar amounts.

In effect if EIU receives less than \$4M in FY16 and FY17 appropriations and MAP grant refunding, whoever EIU decides not to rehire will get their repayment first, or evenly split the repayment if there is not enough.

In the administration plan, to refund people not rehired required a \$27M FY16 appropriation from the state.

9) Bargaining-unit members who have an accepted and approved retirement date filed prior to March 1, 2016 to retire on or prior to August 31, 2017 will not have any salary deferred.

This is identical to administration proposal, warts included. We believe tightening this up would be a poison pill for the administration.

10) If no appropriation (as defined above) is ever made to the University, then the salary deferrals will be converted to salary reductions that the University will not be required to refund.

This converts salary deferrals to salary reductions if no MAP refunding, FY16, or FY17 appropriations are received. Administration proposal had salary reduction threshold of \$5M for FY16 appropriations only for bargaining unit members earning < \$50K.

11) UPI has the option to extend the current Unit A Agreement and Unit B Agreement for one additional year (from August 31, 2017 to August 31, 2018). If this option is exercised, there will be no across-the-board salary increase during this additional year. This option shall expire on January 15, 2017.

This is identical to administration proposal in intent.

Meetings & Voting

Voting begins Monday, March 21, during and after 2 general membership meetings in the Coleman Hall Auditorium at 2:30 and at 5:00pm.

Voting will continue at the bridge lounge in the MLK union on Tuesday, March 22, from 9:30 – 11:30am, and from 2:00 – 4:30pm. At 4:30pm voting will close.

Absentee voting: a ballot can be requested from Kathy McConnell

KMcConnell@ift-aft.org

Fill that ballot out and email it back to her.