

## An FAQ for the UPI Pay Deferral Proposal

The union membership has voted to reject Dr. Glassman's proposed pay cut and repayment, for many reasons that have been listed elsewhere. During the membership meeting and subsequent discussions, it became clear that all members recognize the need to contribute to EIU to help pay the payroll through Spring semester, but at the same time, we want to protect our members and ensure that we are paid back in a credible fashion. Responding to the wishes of our members, the UPI executive board met and drafted this pay deferral proposal.

The goals of this pay deferral proposal are:

- Provide EIU with the amount of cash needed to finish payroll through the end of FY2016
- Replace the pay-cut-with-repayment model with a pay deferral model
- Protect the pension levels of our members who are nearing retirement
- Ensure that the most economically vulnerable segments of our membership are shielded from the worst of the impact of having their pay reduced temporarily
- Define a clear and credible mechanism of EIU returning the money to our members

Given the short turn around time we have in ratifying this pay deferral proposal, we are offering the following explanations of the proposal to help our members understand the terms of this proposal. We will also provide a video of a presentation along similar lines, as well as an automated calculator for our members.

Some terms:

- *Annual base salary* – salary for a full-term employment (9-months or 12-months), but does not include over time pay, or summer teaching pay
- *Pay deferral* – Salary paid for work performed that is not received in the same period as when the work is performed
- *Pay reduction* – A lowering of annual base salary
- *9 over 12* – a model where a member with a 9-month contract chooses to spread the salary over 12 months

This FAQ is not intended to answer all the possible questions, only the ones that are anticipated to be the most common. If your question is not answered in this FAQ, or if you have questions on the answers in this FAQ, please pose them to the UPI executive board or to the listserve.

### 1. How will the pay deferral affect my pay?

The pay deferral proposal divides the 515 members in our bargaining unit into 4 categories, with each category being impacted differently:

	Annual Base Salary Range	No. of members	% pay deferred
(i)	At \$50,000 or lower	72	2.5%
(ii)	Between \$50,001 and \$75,000	271	5%
(iii)	Between \$75,001 and \$100,000	113	6.5%
(iv)	Above \$100,000	59	7.5%

### 2. How much will be taken from my monthly checks?

The pay deferral amount (see question 1) will be taken in 4 equal installments from the March, April, May, and June paychecks for any bargaining-unit members who receive 12 paychecks a year. This includes 12-month contract members as well as the 9-over-12 members.

The pay deferral amount (see question 1) will be taken in 3 equal installments from the March, April, and May paychecks for any bargaining-unit members who receive 9 paychecks a year.

For a more detailed look, please use the Excel spreadsheet we are supplying.

### 3. How will this proposal affect retirement pension?

In a deferral model, the university recognizes that you are doing the work in this time period, but simply chooses not to pay you for it at the time when the work is done. It will, however, issue the amount due to you at a later date. When that happens, SURS will re-calculate any pension level and make the appropriate adjustment.

Example: someone is scheduled to retire on Aug 31, 2016. This person's March, April, May, and June paychecks have been reduced due to deferral. EIU then receives sufficient funding to remit the deferred pay in October 2016. This will mean that for 2 months, the pension payout will be lower than what it should be, owing to the deferred pay of 4 months. But following October, the individual will see the pension pay adjusted upwards once EIU pays SURS the owed contribution, and the individual should also receive a back-pay of their pension for the months where it was shorted.

This will, however, necessarily mean that pension planning during this period will involve a degree of uncertainty, because there will be no information on an exact date of remittance of owed pay.

Since the deferral model does not affect the long-term pension level, the proposal left in tact the original language of exempting individuals who has declared on or before March 1, 2016, their intention to retire effective on or before Aug 31, 2017.

#### **4. What if my base salary is adjusted?**

For individuals on full-year sabbatical or who has their workload reduced by EIU, their deferral will be pro-rated based on their workload reduction rate.

Example: A bargaining-unit member with an annual salary of \$52,000 received a workload reduction of 50% for Spring semester, thus dropping their annual pay to \$39,000. This individual will receive a 2.5% deferral on the pay for the Spring semester.

#### **5. When will I receive the deferred pay back?**

For any state funding that EIU receives, and that includes MAP grants or state appropriated funds in the FY2016 and state appropriation in FY2017, EIU and UPI members will partake in a 50% split. For every dollar EIU gets, UPI gets one dollar. This means that if EIU receives a bit over 4 million, then all our members will be repaid in full.

#### **6. What if EIU does not receive any money for FY2016 and FY2017?**

If EIU receives no state funding at all in both FY2016 and FY2017, then the pay deferral will be converted to a pay reduction and EIU will not have to pay back the owed amount.

#### **7. What if EIU does not receive enough to pay everyone back in full?**

In the scenario where EIU receives less than \$4 million, then bargaining-unit members who are not re-hired or whose job is involuntarily terminated will receive their deferred pay first. Any money left over after that will be divided evenly amongst the rest of the members.

In the scenario where EIU receives less than is enough to pay back in full to all the members who are not re-hired or whose jobs are involuntarily terminated, the money will be divided equally amongst this group.