Recommendation for a Temporary Pay Reduction

Nell O’Malley, Faculty Economic Welfare and Retirement Committee Chair, and Tony Wilcox, Faculty Status Chair, will present for approval a recommendation for a temporary pay reduction drafted by their joint committees. The recommendation and PowerPoint used during the presentation can be found online at http://oregonstate.edu/senate/Budget/index.html.

Wilcox explained that there are restrictions associated with furloughs, including that employees cannot be on campus or access the university server; OSU has policies regarding leave days. The projected savings results in a minimum of $1.5 million and the affected period would be January 1, 2010 through June 30, 2010; the issue would be revisited in May 2010 to determine if an extension is needed. Need to determine whether OSU can retain the savings. The pay reduction would be distributed evenly over a 12-month period (modeled after SEIU); employees would retain FTE, health coverage, etc. For those close to retirement, those in Tier 1 and 2 would need to use salaries in the highest 3 years for the calculation; for Tier 3 employees, the last 3 years would be used in the calculation. The committee also recommends using potential holiday closure as savings.

Discussion from the floor included:

• Senator Haggerty, Science, conducted an informal poll among 106 of his constituents which resulted in 58 opposed and 48 in favor of the proposal.
• Senator Gross, Liberal Arts, expressed concern that a pay reduction could severely impact those at the lower end of the pay scale.
• Senator Davis-White Eyes, Student Affairs, felt that mandatory pay reduction days would have a dominant effect on professional faculty who provide needed services. She questioned whether salary rates would return to the level of the pre-reduction and noted that the timeline of effective dates and 12-month pay back are inconsistent. O’Malley responded that the pay reduction would be prorated based on salary.
• Senator Huso, Forestry, reported that a poll in her college resulted in 64% in support and 36% opposed to the proposal. Senator Plaza, Liberal Arts, advocated for a vote across campus and noted that Senators don’t act as a collective bargaining unit. Doescher responded that President Ray has the authority to impose a pay reduction, but Ray asked for a recommendation from the Faculty Senate.
• Senator Gillies, Associated Faculty, questioned whether the proposal includes salary that is both grant funded and Education and General (E&G) funded. Wilcox responded that the reduction would only apply to E&G portion. Vice President Mark McCambridge mentioned that there are distinctions between salary reductions and furloughs and suggested that furloughs may need to be
considered if only E&G funds will be impacted. He noted that there is no federal guidance related to reductions, but furloughs with restricted days will protect the university from an eventual audit.

- Senator Bondi, Extension, reported that a straw poll of Extension faculty resulted in the idea of consistency and parity – if classified staff take furloughs, faculty also should. He noted that additional sources of non-state derived funding could be impacted beyond grants, such as county funding, and asked what would County commissioners think? Regarding 2025, some are concerned that OSU may be hiring faculty while existing faculty are taking reductions in pay and questioned whether is this equitable. He also noted that Extension faculty fall under a federal retirement system that may be affected differently than PERS. Randhawa responded in regard to the hiring issue that there is a situation of high student/faculty ratio, the institution has lost faculty over past years, and the current situation is not sustainable. He is not authorizing any positions for next 6-8 months; any new faculty would begin fall 2011. He also noted that the growth is not sustainable and there is a need to improve the student experience.

- Senator Perry, Agricultural Sciences, reported that the consensus from twelve faculty he talked with was moderately to strongly in support of the reduction. The comments from those polled included: a request that administrators participate in the pay reduction; faculty signing retirement papers by the end of the year be exempted from the pay reduction; due to returned overhead, revisit those faculty on soft money for whom furloughs have already been built in; and can vacation be used for furlough days? McCambridge stated that vacation could not be used to cover a furlough day.

- Senator Spitz, Oceanic & Atmospheric Sciences, noted both strong opposition and support for the proposal, but felt it was rushed. Regarding grant funding, she questioned whether it would apply to those both partially and fully supported by grants and felt that cutting grant salaries would reduce the benefit of the pay reduction – she felt this was not taken into consideration. The PERS recommendation should be expanded to include ORP and questioned whether the affected contribution would be from the university or the employee also? She felt it may be premature to vote. She also questioned whether there is a guarantee that the Faculty Senate vote will be honored. Ray stated that the sense of faculty will be abided by.

- Senator Trujillo, Liberal Arts, reported that a poll of Foreign Languages and Literatures, Ethnic Studies and Women Studies resulted in all being unanimously opposed to the proposal. He noted that there are faculty who would be disproportionately affected.

- Senator Porter, Engineering, questioned whether faculty could offset a pay reduction with grant money and would the reduction saving stay at the university or unit level? Randhawa stated that the savings would stay at the unit level.

- When asked to define ‘unit,’ McCambridge responded that the budget authority is with either the dean or department head and savings will stay with the budget authority. Vice Provost Warner responded that it refers to the index from which your salary is paid.
• Senator Putnam, Agricultural Sciences, felt it would be folly to vote unless there is a guarantee from the legislature that savings would stay at the university.
• Senator Magana, Engineering, reported results of a poll from 22 constituents – 1 supported the proposal 100%, 8 were supportive if the savings stay at OSU, and 13 opposed the proposal.
• Drew Desilet, University Housing and Dining Services, questioned why faculty paid by student fee funds would be included if grant funds can’t be taken? Wilcox responded that funds are not being taken, they’re being saved. Doescher noted that student fees are collected separately and paid to faculty. Randhawa stated that it comes down to what faculty, as a collective body, want to include or exclude. Wilcox noted that other institutions are spread across all entities. Doescher noted that potential savings are reflected across the board. Keith Deim, Extension, felt that this goes back to various sources of funding; to make it fair to everyone, salaries would be reduced and funding saved. He questioned whether the university contributions to any retirement fund will be the same as the pre-reduction rate? McCambridge responded that contributions will be the same percentages, and reduced with the reduction.
• IFS Senator Sorte supported the spirit of the proposal, noted that the land grant has a responsibility to the population of Oregon, felt the proposal sends a statement about who we are and that OSU should stand together with the state.
• Senator Orosco, Liberal Arts, urged to delay the vote because more information needs to be distributed, more input is needed, the models used are unionized, there are still questions regarding retirement, savings retention, etc.
• Senator Pence, Engineering, felt that a majority of constituents were opposed because the proposal was incomplete, faculty felt the strategy was insufficient to deal with the budget and no guarantees that additional reductions will not occur next year
• Senator Cardinal, Health and Human Sciences, determined that there are 93 open positions on the OSU website; the perception is that workloads have increased by 10-15%. He suggested, in lieu of pay reduction, asking faculty to donate funds which could be written off and would not affect retirement.
• Kate Sanders, classified staff, noted that faculty are being asked for a 6-month pay reduction while the classified pay reduction is for 2 years.
• Senator Braunworth, Agricultural Sciences, noted that some faculty have already taken a voluntary FTE reduction and hoped that this process does not further penalize those individual. He supported the proposal, but suggested that working out the details in a different setting by those knowledgeable about the details may be advisable.
• Bruce Weber, Agricultural and Resource Economics, put the proposal in context by saying that 100,000 Oregonians have lost jobs in the last year, 1 in 5 are not fully employed and urged faculty to agree on a proposal for a temporary pay reduction. He doesn’t want to read in The Oregonian that OSU faculty refused a pay reduction when classified have furloughs and many are unemployed.
• Doug Russell, Art, noted that there are year-to-year contract employees who took a 20% cut last year and hoped that those affected are not cut again. President Ray stated that those individuals will not be cut again.
At this point President Doescher reminded Senators that this is an advisory motion, non-binding, but that President Ray has indicated he will honor the vote. Doescher outlined the motion options, which could involve a Special session on November 19 and could include a continuation of the pay reduction discussion as well as a panel of the division deans because there is uncertainty regarding responsibilities.

The current motion on the floor was to approve a temporary salary reduction. Senator Trujillo moved to adjourn the meeting and reconvene at 3:00 on Thursday, November 19, 2009; the motion was seconded.

Senator Haggerty felt the body should vote on the motion now.

IFS Senator Sorte questioned what information would be different next week. President Doescher explained that the issue comes back as the original motion. Sorte asked if there would be clarity with respect to furloughs; Doescher responded that there possibly would not be clarity.

Senator Selker noted that his unit had broad support and concerns and felt there was a need for refinement and time for better understanding; he supported meeting on November 19.

A call for the question to adjourn to next week resulted in a hand vote of 44 in favor and 41 opposed.

The motion to meet November 19 passed by voice vote with dissenting votes.