FREQUENTLY ASKED QUESTIONS
Implementation of the Temporary Salary Reduction
Bargaining Unit 7
January 2010

1. For faculty members paid through a combination of appropriated and non-appropriated funds, how will their salaries be adjusted?

The percentage of their full-time equivalency (FTE) paid from appropriated funds will be reduced by 6.667% (or 5% if hired after January 1, 2010) and the percentage of the FTE paid from non-appropriated funds will remain unchanged.

For example, if a faculty member’s total monthly salary is $6,000 and 50% is paid from appropriated funds (e.g. general, special, revolving or appropriated federal funds) and 50% is paid from non-appropriated funds (e.g. trust, agency, or extramural funds), the new, temporary, monthly salary will be $5,800 (*rounded to the nearest whole dollar).

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\begin{align*}
50\% \text{ appropriated: } & \quad \$3,000 - 6.667\% = \$2,799.99 \\
50\% \text{ non-appropriated (no reduction): } & \quad \$3,000.00 \\
\text{New Monthly} & \quad \$5,800.00^* 
\end{align*}
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Please be aware that a reduction to the salary paid from appropriated funds will result in a change to the percentage of the total salary attributable to the appropriated and non-appropriated funding sources as indicated on the payroll notification form (PNF). This change in funding percentage is for payroll and accounting purposes only and does not affect a faculty members’ FTE certification for contracts and grants.

2. Where can I find the new, adjusted lecturer fee schedule, non-credit fee schedule, and additional compensation fee schedule rates?

The rates for all three schedules, which reflect a temporary 5% reduction regardless of source of funding, can be found on the System Office of Human Resources homepage at: http://www.hawaii.edu/ohr/
3. **Will the temporary salary reduction affect my summer/research overload rate?**

Yes. Since the overload rate is determined by the faculty member’s base rate of pay at the time the overload work is performed, any reduction will also affect their overload rate. The overload rate is not exempt from the reduction based on the source of funding used to pay for the overload work.

4. **Will the temporary salary reduction affect the calculation of my pension benefits?**

Faculty members who retire on or before June 30, 2010, are exempt from the temporary salary reduction, therefore, their pension benefits will be unaffected. However, the temporary salary reduction may affect faculty members considering retirement soon thereafter.

Pension benefits are based on actual pay. The “average final compensation” for service and disability retirement benefit purposes is the average of the faculty member’s three (3) or five (5) highest paid years of creditable government service. A salary reduction may lower the “average final compensation” level only if it is considered in the “high three” or “high five”.

5. **As a faculty member intending to retire at the end the spring 2010 semester, what do I need to do to take advantage of the exemption from the salary reduction?**

Faculty members who retire on or before June 30, 2010 (close of business) will not be subject to the temporary salary reduction. To take advantage of this incentive, faculty members must submit written notification of their intent to retire to their Dean/Director/Vice Chancellor. Upon receipt of the notification, the designated personnel representative will process the payroll action necessary to rescind the temporary pay reduction effective January 1.

Any prorata summer pay owed to the faculty member for the 2009-10 academic year will be paid as a lump sum payment upon separation.

6. **Will the temporary salary reduction affect the calculation of my vacation leave payout upon separation from the University?**

It may. The faculty member’s lump sum vacation payout will be calculated in the normal manner using the employee’s base rate of pay at the time of separation. So, if the faculty member resigns from service between January 1, 2010 and June 30, 2011, or retires from service between July 1, 2010 and June 30, 2011, their vacation leave pay out will be based on their reduced rate of pay.
7. **Will the temporary salary reduction affect the number of hours of vacation or sick leave earned?**

No.

8. **Will the temporary salary reduction affect a faculty member’s eligibility for participation in the EUTF (Hawai‘i Employer-Union Health Benefits Trust Fund) health and life insurance benefits?**

No, the temporary salary reduction does not affect a faculty member’s eligibility for membership in the EUTF.

9. **Will my 403(b) Tax Sheltered Annuity and/or 457 Island Savings Plan salary deferrals be affected?**

It may. The IRS maximum contribution limits are not affected by the temporary salary reduction. Faculty members may continue to contribute up to the maximum limit of:

- $16,500 (employees under age 50) or 100% of salary, whichever is less, or;
- $22,000 (employees age 50 and up) or 100% of salary, whichever is less.

If a faculty member contributes a fixed dollar amount per pay date, he/she will continue to have the same amount deferred from their salary. Faculty members who contribute a percentage of their salary will experience a small decrease in their annual deferral amount.

To make a change to the contribution amount:

- 403(b) participants should complete a UH Salary Reduction Agreement available at [http://www.pers.hawaii.edu/tda/tda-index.asp](http://www.pers.hawaii.edu/tda/tda-index.asp) and submit it to the Office of Human Resources, 2440 Campus Road, Honolulu, HI 96822 by the advertised submission dates. If assistance is required, faculty members should consult with their financial advisor or the Office of Human Resources at 956-8643 or via email to uh-tda-l@hawaii.edu.
- 457 Island Savings Plan participants may choose to make changes using their secure log-in at [https://islandsavings.ingplans.com](https://islandsavings.ingplans.com) or by calling 1-888-712-5642.

10. **When will the temporary salary reduction be reflected in my paycheck?**

- BU 7 faculty members: **January 15, 2010**
- BU 67 excluded faculty hired before July 1, 1998: **January 20, 2010**
- BU 67 excluded faculty hired on or after July 1, 1998: **February 5, 2010**
- BU 7 lecturers: **January 29, 2010**
- BU 67 excluded lecturers: **February 5, 2010**
11. **How will salaries be determined for newly hired faculty members paid from appropriated funds?**

When hiring new faculty members between January 1, 2010 and June 30, 2011, using appropriated funds, the appointing authority will need to establish a full salary rate for the new hire. The established salary will then be temporarily reduced, upon appointment, by 5%. The new faculty member’s salary will be increased to the full established rate effective at the close of business June 30, 2011.

For example, a new faculty member hired effective August 1, 2010 at an established full annual salary of $60,000 will have a temporary 5% reduction applied upon appointment, adjusting their annual rate to $57,000. The new faculty member’s salary will be increased to the established rate of $60,000 effective at the close of business June 30, 2011 - at the conclusion of the temporary salary reduction period.

When determining an established salary rate for new faculty members, please be mindful of the new minimum salary rates by rank. These rates apply to faculty members in all classifications, campuses, and duty periods (9-month and 11-month).

12. **How does the temporary salary reduction affect my prorata summer pay earned during the fall 2009 semester?**

For 9-month faculty, the prorata summer pay earned during the fall 2009 semester, but payable during the month of July 2010, will be paid at the full, unreduced salary rate. In the coming months, faculty members will receive a payroll notification form (PNF) documenting the payment of the prorata at their fall 2009 rate.