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MEMORANDUM

To: FSU Campus Community
From: Kathy Snyder, Director of Human Resources
Subject: FY '11 Budget Reductions and Corresponding Actions
Date: June 22, 2010

As I am sure you are aware, the State of Maryland continues to suffer severe revenue shortfalls and as a result, Frostburg State University (FSU) has suffered major budget reductions over the past three fiscal years. As part of the effort to address Maryland's critical financial situation, all state agencies, including the University System of Maryland, are required to adopt salary reduction/furlough plans. Once again, as in FY 2010, the University System of Maryland (USM) must recover 26 million dollars through this personnel action. **FSU's portion is approximately \$814,775, mandated to come from reductions in salary.** In accordance with State requirements and the University System of Maryland Board of Regents Resolution, Frostburg State University is implementing the following plan.

To achieve necessary cost reductions as determined by USM, the University, following negotiations with our Unions and discussions with our shared governance representatives, has established procedures to implement a *Temporary Salary Reduction and Administrative Leave Plan*. All University employees will be assigned salary reduction days in FY 2011 and will have their pay reduced accordingly. (See chart below.) Like last year, employees will be given administrative leave equivalent to their salary reduction days, so that the pay reduction may be spread over 24 pays, through pay period ending 05/31/11 rather than being absorbed in any one period.

The University will close two (2) additional days over holiday break (December 20 and 21, 2010) and all five (5) days of Spring Break (March 21-25, 2011) for a total of seven (7) days. As stated above, those days will be designated as salary reduction/administrative leave days. Employees who are required to take *more* salary reduction days than the seven (7) days scheduled for closure will be responsible for scheduling those additional days. Employees who are required to take *fewer* salary reduction days than the seven (7) days the University will be closed cannot be granted additional administrative leave but must instead use annual leave, personal leave or leave without pay on those days. (Example: An employee required to take 5 salary reduction days will receive 5 administrative leave days and must use annual, personal, or leave without pay for the additional 2 days the University will be closed.)

While we regret the need to take this action, we believe this plan recognizes the differences in income of our employees and attempts to be fair to all concerned. In addition, through implementation of a Temporary Salary Reduction and Administrative Leave Plan, employees will have all of their salary reduction spread across multiple pay periods, limiting the amount of decrease one has to absorb at any one time. This is a benefit our employees have asked for and one we are fortunately able to provide. As you know the fiscal picture for FY '11 remains uncertain at best. We will, of course, keep you apprised should we find it necessary to take further action in FY '11 that may significantly affect your employment.

For now, the plan detailed below will allow the University to realize savings sufficient to meet the current budget reduction.

Allocation of Salary Reduction/Administrative Leave Days:

Annual Earnings	FY 2011 Salary Reduction - Administrative Leave Days Granted	Days University Closed	Personal, Annual or LWOP Required	Additional Salary Reduction/ Admin. Leave Days Required
\$0 - \$25,000	1 Day	7 Days	6 Days	0 Days
\$25,001 - \$40,000	3 Days	7 Days	4 Days	0 Days
\$40,001 - \$60,000	5 Days	7 Days	2 Days	0 Days
\$60,001 - \$80,000	7 Days	7 Days	0 Days	0 Days
\$80,001 - \$90,000	8 Days	7 Days	0 Days	1 Day
\$90,001 - \$100,000	9 Days	7 Days	0 Days	2 Days
>\$100,001	10 Days	7 Days	0 Days	3 Days

Guidelines:

- All regular employees, regardless of funding source, including FTNTT faculty, will be subject to the Temporary Salary Reduction and Administrative Leave plan.
- The amount of each individual's salary reduction will be spread equally through the pay period ending 5/31/11. Staff salary reductions will begin 7/1/10; faculty salary reductions will begin at the start of the 2010-2011 academic year (8/11/10). Retirement and other University benefits will NOT be affected.
- Administrative leave days, *in an amount equal to individual salary reduction days*, will be granted to each employee.
- Salary reduction/administrative leave days will be recorded on the timesheet as Code 459.
- The University will be closed on December 20 and 21, 2010 and March 21-25, 2011 (7 days). These days will be considered salary reduction/administrative leave days. Employees who are required to take fewer than seven (7) salary reduction/administrative leave days shall use annual leave, personal leave, or leave without pay on the remaining days the University is closed. (See chart above.)
- Employees who are required to take more than seven (7) salary reduction/administrative leave day(s) may schedule additional days at a time which best meets their needs, with approval of the supervisor. All days must be taken by 5/31/11. Days must be scheduled in one-day increments.
- Special arrangements will be made for employees whose services are essential during periods of closure and for emergency situations.