

Temporary FY21 Salary Reduction Plan

In his May 26 message to the OSU community, President Ray noted several actions the University will take to close a significant anticipated gap between Corvallis and Cascades Education and General (E&G) revenues and projected expenses. Among those actions is a temporary reduction in the salaries of unclassified employees (academic and professional faculty) that would save about \$12M in salary and associated OPE costs. The reduction would not begin before August 1, 2020.

The level of the salary reduction will vary depending on the size of the shortfall. As of June 1, the University is projecting a budget of \$583 million in Corvallis E&G revenues and a \$49 million gap between revenues and projected expenses. If this projection remains unchanged through early July, the salary reduction program outlined below would be implemented beginning August 1.

Annual salary rate :	Reduction percentage	Salary rate percentage
up to \$30,000	0.00%	100.00%
\$30,001 to \$50,000	0.00%	100.00%
\$50,001 to \$70,000	1.72%	98.28%
\$70,001 to \$90,000	3.01%	96.99%
\$90,001 to \$110,000	4.02%	95.98%
\$110,001 to \$130,000	4.88%	95.12%
\$130,001 to \$150,000	5.61%	94.39%
\$150,000 to \$170,000	6.29%	93.71%
\$170,001 to \$190,000	6.91%	93.09%
\$190,001 to \$220,000	7.76%	92.24%
\$220,001 to \$240,000	8.27%	91.73%
\$240,001 to \$260,000	8.77%	91.23%
\$260,001 to \$280,000	9.24%	90.76%
\$280,001 to \$300,000	9.70%	90.30%
\$300,001 to \$400,000	11.41%	88.59%
\$400,001 to \$600,000	13.25%	86.75%
over \$601,000	13.82%	86.18%

Examples

The level of temporary pre-tax salary reduction for a given individual is found multiplying the base salary by the salary rate percentage for the given salary range.

- An employee with a base salary rate of less than \$50,000: No reduction.
- An employee with a base salary rate of \$84,000: $\$84,000 * 0.9699 = \$81,472$ (a 3.01% reduction for salaries greater than \$70,000 but less than \$90,000)¹.

¹ Salary rates are then rounded to be evenly divisible by 9 or 12 depending on the appointment. If this example refers to a 9-month appointment, the final salary rate would be \$81,468.

Plan Exemptions

Employees in the following groups are exempted from the reduction program:

- Employees paid 100% from externally funded grants
- Employees whose FTE has already been reduced for FY21
- Employees paid on Athletics Contracts (these are subject to other reductions)

Other Budget Scenarios

If the gap between Corvallis revenues and expenses is less or more than \$49M the reductions would be scaled proportionately. If the gap is \$35M or less, no salary reduction will be implemented. The table below shows how those reductions would scale at different revenue forecasts for Corvallis Education and General funds.

Projected Corvallis E&G revenues	\$597.0M	\$592.5M	\$588.0M	\$583.0M	\$578.5M	\$574.0M	\$569.0M
Projected revenue gap (\$M) to historical expenses	\$35.0M	\$39.5M	\$44.0M	\$49.0M	\$53.5M	\$58.0M	\$63.0M
Target savings	\$0.0M	\$3.9M	\$7.7M	\$12.0M	\$15.9M	\$19.7M	\$24.0M

Annual salary rate :	Temporary reduction to annual salary rate						
up to \$30,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$30,001 to \$50,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$50,001 to \$70,000	0.00%	0.56%	1.10%	1.72%	2.28%	2.82%	3.44%
\$70,001 to \$90,000	0.00%	0.98%	1.93%	3.01%	3.98%	4.94%	6.02%
\$90,001 to \$110,000	0.00%	1.31%	2.58%	4.02%	5.33%	6.60%	8.04%
\$110,001 to \$130,000	0.00%	1.59%	3.13%	4.88%	6.47%	8.01%	9.76%
\$130,001 to \$150,000	0.00%	1.82%	3.60%	5.61%	7.44%	9.22%	11.23%
\$150,001 to \$170,000	0.00%	2.04%	4.04%	6.29%	8.33%	10.32%	12.58%
\$170,001 to \$190,000	0.00%	2.25%	4.43%	6.91%	9.15%	11.34%	13.82%
\$190,001 to \$220,000	0.00%	2.52%	4.98%	7.76%	10.28%	12.74%	15.52%
\$220,001 to \$240,000	0.00%	2.69%	5.31%	8.27%	10.96%	13.58%	16.55%
\$240,001 to \$260,000	0.00%	2.85%	5.62%	8.77%	11.61%	14.39%	17.53%
\$260,001 to \$280,000	0.00%	3.00%	5.93%	9.24%	12.24%	15.17%	18.48%
\$280,001 to \$300,000	0.00%	3.15%	6.23%	9.70%	12.85%	15.93%	19.40%
\$300,001 to \$400,000	0.00%	3.71%	7.32%	11.41%	15.12%	18.73%	22.82%
\$400,001 to \$600,000	0.00%	4.31%	8.50%	13.25%	17.55%	21.75%	26.49%
over \$601,000	0.00%	4.49%	8.87%	13.82%	18.32%	22.70%	27.65%