

Benefit Considerations for Contract Reduction or Reduced FTE

ACTION/Applicable to	Option/Action Needed	Impacts to Benefits and Pay
<p>CONTRACT REDUCTION Staff (APT/Exempt & Classified)</p>	<p>Reducing contract length from 12 months to shorter duration, minimum 9 months in fiscal year.</p> <p>Off contract period(s) are leave without pay (with benefits), requires job form to place off-and on-contract.</p>	<p>Benefit and other deductions must be changed to the 19-pay schedule to fully recover plan year goal amounts.</p> <p>ORP does not consider off contract periods for vesting purposes.</p> <p>PERS <i>service credit</i> will be reduced which will extend time needed to vest and reach service thresholds.</p> <p>PERS DB <i>salary credit</i> will be granted for months in active work status; only the months in active work status are used in calculation of high three or five years' salaries.</p> <p>Plan contributions (PERS DC, ORP, Pension, 403b) will be reduced (fewer pay periods for deductions/contributions).</p> <p>Employees in off contract status may not use annual or sick leave.</p> <p>Employees must be prepared for period of no income while in off contract status.</p>
<p>FTE REDUCTION Staff (APT/Exempt & Classified)</p>	<p>Effort is reduced over course of 12 months.</p> <p>Job form required to reduce FTE of 80 hours (e.g., 90%, 80%, 75%)</p>	<p>Benefit deductions stay on 26-pay schedule if employee is 12 month.</p> <p>Schedule of 30 hours per week (.75 FTE) is the minimum to maintain full time service credit with PERS.</p> <p>20 hours per week (.5 FTE) is the minimum required to maintain benefit eligibility at UA.</p> <p>Pay, sick and annual leave accrual, PERS salary credit and ORP and UA Pension plan contributions are all reduced correspondingly to FTE reduction.</p>
<p>OTHER ISSUES/CONCERNS</p>	<p>Timely job forms to accurately reflect employee assignment and FTE are critical.</p> <p>Workload adjustments should correspond with contract or FTE reductions.</p>	<p>Reduction in FTE (reduced work week) may affect employees in PERS Tiers I, II or III (defined benefit, or PERS DB) who are in their three (Tiers I and II) or five (Tier III) consecutive high years. Reduced contracts might be better for these employees. Vested PERS employees who are within 5 years of retirement should consider the effects of a reduced contract or reduced FTE on their future benefits.</p> <p>Annual and sick leave accruals and retirement contributions to ORP and UA Pension will be reduced accordingly.</p>