



Office of the President

NORTHERN ARIZONA UNIVERSITY

June 12, 2020

Dear colleagues,

For several weeks, we have discussed the possibility of furloughs, and their associated pay reductions, as one of many strategies aimed at maintaining our financial health. Given the immense contributions of our faculty and staff to NAU's student-centered mission, it has always been with reluctance that we have pursued these measures.

As we continue this important planning for the year ahead, we have determined that additional expenditure savings of approximately \$6 million in annual salary are needed in order to close the expected \$100 million revenue shortfall for FY21. As I have shared with our campus community, the FY21 budget challenges we face are the result of anticipated changes in student enrollment patterns and state support, both related to the COVID-19 pandemic.

We reviewed and considered multiple plans for furloughs and pay reductions, emphasizing a need to be as flexible, fair, and progressive as possible. Our guiding strategy has been to place the least amount of burden on our lowest paid employees and a proportionately higher burden on our more highly paid faculty and staff. The recently approved option from the Arizona Board of Regents (ABOR)—a pay reduction program accompanied by personal flex time to compensate for the salary reduction—provides the most streamlined and effective solution for FY21.

Using this model, we have finalized our plan, which is outlined below and will go into effect on July 1, 2020. Employees will see the change reflected on their paychecks beginning July 31.

- As previously announced, no employee earning under \$50,000 per year will take a pay reduction. This represents nearly 40 percent of our workforce.
- Employees who do not work full-time will have pro-rated pay reductions and associated personal flex time.
- All employees whose pay is reduced will be provided proportional personal flex time that can be taken similarly to standard vacation days.
- As previously announced, all members of the NAU Executive Team will take 10 percent pay cuts for FY21. They will not receive flex days. Further, deans, vice provosts, and associate vice presidents earning more than \$140,000 per year will forego personal flex time.
- Pay reductions will range from 2.3 percent, with six days of personal flex time, for employees earning between \$50,000-79,999 per year, to 4.6 percent, with 10 days of personal flex time, for employees earning \$140,000 or more per year. The full table with pay bands and corresponding pay reductions and personal flex time rates can be found below.
- Pay reductions are temporary measures for FY21. We will revisit our financial position during our FY22 planning and determine what, if any, impacts to compensation may need to be considered.
- These are the only pay reductions planned for FY21. We want to make a single change in order to close our revenue gap, which will allow both NAU and individual employees to better plan for the year ahead.
- Additional details and FAQs about pay reductions and personal flex time can be found on the [Human Resources webpage](#).

Salary Range	# of Employees Affected	% of Employees	Temporary Salary Reduction	Paid Flex Time Days
<\$50,000	1,116	38%	0	0
\$50,000-\$59,999	461	16%	2.30%	6
\$60,000-\$69,999	454	15%	2.30%	6
\$70,000-\$79,999	251	8%	2.30%	6
\$80,000-\$89,999	206	7%	3.10%	8
\$90,000-\$99,999	178	6%	3.10%	8
\$100,000-\$109,999	105	4%	3.10%	8
\$110,000-\$119,999	74	3%	3.80%	10
\$120,000-\$129,999	61	2%	3.80%	10
\$130,000-\$139,999	25	1%	3.80%	10
\$140,000 and greater	80	3%	4.60%	10*
Executive team	17	<1%	10%	N/A

**Paid flex time excludes Deans, Vice Provosts, Associate Vice Presidents (>\$140k)*

I want to close by once again expressing my deep appreciation for the intensity of your commitment to NAU and our students. You have persevered throughout this uncertain time, and the great work you have done will be fully realized when our students return in August. I am confident that the steps we have taken to adapt and pivot to different modes of instruction and innovative ways of serving our students will position us well to weather this time of uncertainty and emerge together as a stronger institution.

Sincerely,



Rita Hartung Cheng
President