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Memorandum

To: All MSU Employees
From: Jay Morgan, President
Date: February 9, 2018

As you are aware the Commonwealth of Kentucky has been under a state budget strain and continual pension system issues which are applying budgetary pressure to all Kentucky university campuses. In light of the state budget issues, it is likely that all state university budget appropriations for next year will be reduced by as much as 6.25%, and our pension costs are set to skyrocket on July 1, 2018 by over several million dollars as well. In order to account for this we are exploring options for student enrollment growth areas for the future, but must also unfortunately look at the cost containment side as well.

This spring will ultimately result in a need to make a significant reduction in our employee FTE across all areas of the campus. Our preference is to make those position reductions in vacant personnel lines created through normal employee attrition and 'voluntary separation options' before having to consider potential involuntary reductions in force of current employees.

With that in mind, we have put together the following options for employees who might be interested in considering a 'voluntary separation' in their employment at MSU. Anyone interested should submit their short, written proposal (paper or email) to their supervisor for consideration, and also provide a copy to their Vice President. Each proposal will be evaluated based on the impact it will have on the specific department/unit and the overall University. It is important to note that **all proposals are subject to final approval by the division Vice President and the President, and must be in accordance with Kentucky Revised Statute and/or University policy.**

The following 'voluntary separation' options include:

- 1) Any MSU faculty member who may wish to voluntarily separate from MSU may do so through a transitional/phased employment contract for next year, 2018-2019 AY. The faculty member would be eligible for half-time salary for a half-time teaching load. The faculty member may retain their office for the transitional year, plus 6 months. **Proposals are due February 16, 2018 to the Provost in writing.**
- 2) Any full-time faculty or staff separating from MSU on or before June 30, 2018, for any reason (other than cause), may retain their eligibility for tuition benefits for themselves, their

spouse, or their legal dependents (per MSU Policy) for three (3) years post separation (July 1, 2018-June 30, 2021). **Proposals are due by March 15, 2018 to your Vice President in writing.**

- 3) Any staff member wishing to voluntarily reduce their employment from full-time to part-time status (not to exceed 22.5 hours per week) effective July 1, 2018, may retain a pro-rated salary congruent with their hours worked. Individuals exercising this option may retain their tuition benefits for themselves, their spouse, or their legal dependents (per MSU Policy) for three (3) years post June 30, 2018. **Proposals are due March 15, 2018 to your Vice President in writing.**
- 4) Any faculty or staff member voluntarily separating from MSU, or voluntarily reducing their employment from full-time to part-time as noted in #1, 2, or 3 above, may receive, if desired, a free MSU parking tag and two free memberships to the MSU Recreation Center for 2018-2019. **If you wish to be considered for these items please notify your supervisor and Vice President in writing by March 15, 2018.**
- 5) Any staff member wishing to voluntarily reduce their employment from 12 months to no less than 9 months in duration should speak to their Vice President by March 1, 2018. The annual salary would be adjusted from 12 months to the corresponding months, accordingly. **Proposals are due March 15, 2018 to your Vice President in writing.**

Finally, in the spirit of transparency, I want to also share with you two changes in employee benefits that we plan to recommend to the MSU Board of Regents with the 2018-19 Annual Operating Budget. Both are in an effort to save a substantial amount of money.

- Effective July 1, 2018, MSU will discontinue institutional purchases of six months of employee sick leave as service credit upon retirement with the respective pension system(s). Any employee separating from MSU on or before June 30, 2018 may still have their sick leave purchased by MSU with their respective system(s), if applicable to the individual.
- During 2019 Open Enrollment for Employee Benefits, dental coverage will become an optional benefit paid for by the employee and no longer funded in whole by the University. This is a substantive cost savings measure and will make MSU consistent with most other four year universities in Kentucky.

I encourage anyone interested in considering these 'voluntary separation' options to discuss them with your supervisor and consult your division Vice President if you have questions.

Thank you for helping our University through this time and over our state budget challenges.