



December 21, 2005

To: Administrative Non-Exempt Staff

Fr: Morgan R. Olsen, Executive Vice President and Treasurer
Sally K. Mason, Provost

Re: Payroll Adjustments for 40A and 70A Employees

In November 2005, Purdue University employees classified as operations assistants (40A) and technical assistants (70A) were informed of plans to alter their payroll frequency from a monthly to a biweekly schedule, effective March 1, 2006. The change as originally proposed would have resulted in significant cash flow problems and other inconveniences for some of the people in these categories. The initial plan for the conversion did not take these issues fully into account, and the materials mailed to 40A and 70A staff members did not clearly communicate all the impacts of the change. We are writing today to apologize for the way this important compensation matter was handled initially. We value very highly the work that you do, and Purdue will do everything possible to treat you fairly on this and any other employment matter.

We also are writing to inform you that the University has listened to your concerns and taken steps to address them. The planned conversion to biweekly pay will be implemented on March 1, as originally planned, but Purdue also will:

- Provide a conversion payment on March 15, 2006 to all 40A and 70A employees that is sufficient to assure they will receive the full amount of their pay for the year
- Absorb any benefit deductions shortfall that may result from the conversion
- Retain your current annual leave and retirement benefits

The initial interpretation of the U.S. Fair Labor Standards Act (FLSA) was that this change was necessary for Purdue to be in compliance with federal law. However, subsequent review has determined that the FLSA does not mandate this payroll change. When this became clear, the OnePurdue project team and Human Resource Services performed an evaluation of whether the current 40A/70A payroll process could be retained with the implementation of the SAP software, which is being implemented as part of the OnePurdue project. This evaluation revealed that current practices could not be accommodated in SAP without significant initial and continuing modifications to the system. Furthermore, substantial amounts of manual payroll processing by both Human Resource Services and departmental staff would be required under this approach. These special accommodations would be both inefficient and costly. Accordingly, we will implement the transition to the biweekly payroll as originally scheduled. Unfortunately, the original communication you received on this matter did not represent the OnePurdue ramifications accurately, and we regret this error.

We realize that the shift to a new pay cycle will require some adjustment on your part, but we hope that you will be able to make this transition successfully, and Purdue is taking steps to assist in the transition. Each Purdue employee affected by this transition to a biweekly payroll schedule will receive a personalized statement reflecting a gross pay comparison between the current monthly and new biweekly payroll schedules. These statements will be distributed by Human Resource Services in January, and open information sessions will be available in January for 40A/70A staff members who have questions about the transition. You will receive a schedule of these sessions in early January.

Please accept our gratitude for your patience during this difficult period and for the important feedback you provided. Your advice helped us bring this matter to what we believe is the best conclusion possible. Also, please accept our pledge that Purdue will always recognize that its strength is rooted in the people who work here.