

Side Letter – Furlough/Salary Reduction Program

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UC Proposal #1
September 9, 2009
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FURLOUGH/SALARY REDUCTION PROGRAM

The University and the UC-AFT enter into this sideletter in order to address the emergent financial crisis facing the University of California as a result of proposed drastic reductions in the level of State Funding due the University. Effective upon agreement by the AFT, the University shall implement a Furlough/Salary Reduction Program (the "Program") for LX unit employees in accordance with the terms of this Agreement. Pursuant to the Program, LX unit employees shall 1) have their salary reduced and 2) be granted the furlough days according to the graduated formula in the table set forth below.

First Reduced Payments Under Plan:

It is anticipated that the first payment received by employees reflecting a reduction pursuant to the Program shall be the October 1, 2009 pay check or the November 1, 2009 date if the earlier date is not feasible.

Duration:

The duration of the Program shall be twelve months from the first day on which the employee's pay is reduced pursuant to this Agreement. For example, if the September 2009 pay period reflects the first reduction per this Agreement, the Program duration shall be through August 31, 2010. The final earnings that would be subject to the reductions in this example would be those paid September 1, 2010.

Employees covered by the Program will have their salaries reduced by the same percentage for each pay period covered by the Program. At the end of the Program, LX unit employees shall have their salaries restored to the annualized levels that existed prior to the date on which they were reduced.

Formula for Furlough Days and Salary Reduction:

An employee's full-time salary rate on January 1, 2009 (or the hire date if later), will be used to determine the number of furlough days (and corresponding percentage pay reduction) for the term of the furlough plan.

Tier	Salary (in dollars)	Furlough Days	Equivalent Salary Reduction
1	0-40,000	11	4%
2	40,001-46,000	13	5%
3	46,001-60,000	16	6%
4	60,001-90,000	18	7%
5	90,001-180,000	21	8%

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Partial Time Appointees:

Part-time appointees will be allotted furlough days and have their salary reduced in proportion to their full-time equivalent salary. For example, an employee who has a 75% appointment and earns \$33,000 per year (\$44,000 full-time equivalent) is within Salary Band 2 that allows 13 furlough days and a 5% salary reduction, so the employee will receive 9.75 furlough days (13 days x 75%) and a \$1,650 salary reduction (\$33,000 x 5%).

Employees Paid Partially from Extramural Funds:

Employees whose salaries are funded partially from extramural fund sources (i.e. contracts and/or grants) shall participate in the Program but only with respect to the non-extramurally funded portion of their salaries. Placement in the tier (see previous page) shall be based on the employee's total salary including that portion funded by the extramural sources but the portion subject to reduction shall exclude the extramurally funded portion. The furlough days provided to the employee shall be calculated based on the proportion of the employee's total salary subject to reduction under the plan.

As an illustration consider an employee who earns \$50,000 as a full time employee with 50% of her/his pay from extramural sources and 50% from state funds. Based on the employee's total salary s/he would fall into tier 3 on the graduated scale and would have her/his non-extramurally funded portion of salary (\$25,000) reduced by 6%. The extramurally funded portion would be exempt from the Program. As a result, the employee's pay would be reduced by \$1500 for the duration of the Program. The employee would receive 50% of the furlough days provided to employees subject to tier 3 (8 days).

Accrual and Scheduling:

Furlough days shall accrue on a monthly basis. Some or all furlough days may be formally scheduled by the campus, division or department. Employees will receive advance notice of scheduled days on which they are expected to use their furlough days. Any remaining furlough days may be taken at the discretion of the employee, with the approval of the employee's supervisor. Employees are expected to use their discretionary furlough days during the pay period when they are accrued. Employees must schedule and use their furlough days prior to the end of the consecutive twelve month period the Furlough/Salary Reduction plan is in effect. The University shall have the discretion to schedule off employees at the OP/campus/department level as a means of reducing employees' furlough day accruals for operational and/or budgetary reasons.

Practical Application of the Furlough/Salary Reduction Plan:

- In practice, the furlough days will be noted on an individual's time sheet just like any other paid day off (i.e. sick leave, vacation, etc.)

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- An employee's paycheck will reflect the reduced rate of pay for all regular hours worked.

Employees Exempted from Furlough/Salary Reduction Program:
The following employees shall not participate in the Program per this Sideletter:

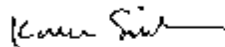
- 1) Employees whose salaries are fully funded by extramural contracts and grants;
and
- 2) Employees participating in START will be excluded from the Program if their reduction in time under START is the same or greater than the reduction required for their respective salary tier under the Program. For example, if an employee in START currently has a 10 percent reduction in time, and is required to take a 6 percent reduction under the Program (corresponding to 16 furlough days) the employee will be excluded from the Program.

Impact on Benefits Eligibility and Leave Accruals:

Employees participating in the Program shall be eligible for health and welfare and retirement benefits and leave accruals based on their annualized salary and appointment percentage rates prior to the commencement date of the Program.

It is the intent of the parties to this Sideletter that its provisions be interpreted, to the extent possible, in a manner that is consistent with provisions of Regents Item J2 as formally adopted on July 16, 2009.

On behalf of UC-AFT:

 9-9-09

Karen Sawislak
UC-AFT Executive Director

On behalf of UC:



Peter Chester
Chief Negotiator
University of California

9-9-09
Date