

June 18, 2009

## **UC Furlough/Salary Reduction Plan Options – Questions & Answers**

A summary of options for systemwide furloughs/salary reductions was sent to the UC community on June 17, 2009. Following broad consultation, President Yudof intends to present a specific option for approval to The Regents at their July 2009 meeting. To date, no decisions have been made as to which option will be implemented. Below are answers to questions about the proposals. Additional information will be added throughout this process as answers to other questions become available and as the University approaches a decision on this issue.

### ***Are these furloughs/salary reductions intended to be permanent?***

No – the intent is for these actions to be temporary or short-term in nature, to help the University through the current budget crisis. As indicated, the proposed duration for all three options is August 1, 2009 through July 31, 2010, unless extended by the Regents following another review by the University community.

### ***Will furloughs/salary cuts apply to all employees, including faculty and represented employees?***

Yes. In order to ensure equity across the University, whichever option is chosen would apply to all faculty and staff, except student employees. The Chair of the Academic Senate has been closely involved in considering these options. Implementation of the final plan is subject to collective bargaining for represented employees. The President may recommend a hybrid Plan that achieves the eight percent reduction in slightly different ways for the various employee groups.

### ***If my salary is not supported by state funds, will I still have to take a furlough or salary cut?***

Yes – participation is not based on the source of salary funds. Each of the options would apply to UC employees whose salaries are funded by contracts and grants, clinical income and other auxiliary activity, and general funds.

### ***Will the proposed reductions apply to employees at the Lawrence Berkeley National Laboratory?***

The intent is for whatever option is selected to apply to all UC employees, including LBNL employees. Since LBNL is funded by the Department of Energy (DOE), UC will comply with all contractual obligations with the DOE.

### ***Will this be additive for the senior leaders who have already taken a five percent pay cut?***

The senior UC officials who voluntarily agreed to have their salary reduced by five percent will have their salaries reduced by a total of at least eight percent under these options.

### ***How will the furlough/salary reduction impact vacation and sick leave accruals, UCRP service credit and benefit calculations, and other benefits?***

Under each option, the intent is to protect benefits and leave accruals to the extent possible. This may not be possible in all situations. This issue continues to be evaluated and no final decisions have been made yet. Approval from the Regents is required to protect UCRP benefits from being impacted by a furlough/salary reduction plan.

### ***I volunteered to participate in START to help the University manage the budget situation. Will I have to take further reductions if a systemwide furlough or salary reduction is implemented?***

How these options impact/relate to the START program is currently being analyzed. More information on this issue is expected soon.

***What's the difference between the three options?***

All three options are intended to achieve the same budgetary savings and have the same impact on employee pay -- each option is closely equivalent to an eight percent pay reduction. Option I is a straight pay reduction with no changes to work hours. Under Options II and III, employees will be scheduled to work fewer days and a number of holidays will no longer be paid holidays.

***In Options II and III, will I be able to schedule the unpaid day at a time that's convenient for me and my department, or will the days be pre-scheduled?***

This is still being looked at. The unpaid days would include a combination of University holidays and additional days, but the precise mix of holidays vs. additional days has not been determined. The additional days may be pre-scheduled by the University in order to manage critical operations, for example to ensure patient care at a medical center.

***For unpaid days, can I "make up" for the lost salary by using my vacation leave, sick leave, or compensatory time off?***

No. The objective of these options is for the University to achieve budgetary savings. Accrued vacation, paid time off (PTO), comp time and/or sick leave all are forms of paid time off and thus may not be substituted for unpaid days.

***Will furloughs or salary reductions affect the health of the UC retirement plan?***

The potential impact of the options on the funding status of the UC retirement plan is being analyzed by the Plan Actuary, and this will be taken into consideration as decisions are made. More information on this issue will be available once the analysis is complete.