

From: UC Senate Supervisors of Academic Council [UCSUPS-L@LISTSERV.UCOP.EDU] on behalf of Martha Winnacker [Martha.Winnacker@UCOP.EDU]
Sent: Monday, April 27, 2009 10:51 AM
To: UCSUPS-L@LISTSERV.UCOP.EDU
Subject: Expedited review - furlough & salary cut policies
Attachments: Furlough SO amend and guidelines DRAFT (3).pdf

CHAIRS OF ACADEMIC SENATE DIVISIONS
CHAIRS OF ACADEMIC SENATE COMMITTEES

Dear Senate Committee and Division Chairs:

On behalf of Academic Senate Chair Mary Croughan, I am distributing for systemwide review two draft documents related to furloughs and salary cuts. One is a proposed new Standing Order of the Regents, and the other contains the proposed implementing guidelines. These items will be presented to The Regents for discussion on May 6. Feedback from the Senate's review process and additional consultation will be incorporated into the drafts before they are presented for action at the July Regents meeting. In order to ensure that the Academic Senate's views are fully considered, your committees and Divisions should submit comments by no later than May 26, which will allow the Academic Council to consider them at its May 27 meeting.

The President has proposed the new Standing Order and implementing guidelines to address the lack of an existing policy by which temporary furloughs (time off from work without use of vacation, compensatory time off or other compensation) or temporary or permanent salary reductions might be implemented. Neither furloughs nor salary reductions are presently contemplated. However, if increased savings are necessary in the next fiscal year, such measures could become necessary. The proposed amendment to Standing Order 100.4 provides a framework in which the President could ask The Regents to declare a state of financial emergency and grant him or her specified special authority to implement furloughs or salary reductions at individual campuses (per Chancellorial request) or across the UC system.

During a declared financial emergency and consistent with applicable legal requirements, the President would have the authority to suspend the operation of any existing Regental or University policies otherwise applicable to furloughs and/or salary reductions as needed. Any request for a declaration of emergency submitted to the Regents would be required to describe the emergency conditions, the effect of such conditions on campus or University operations, the expected duration of the declaration, the plan for implementing the proposed furloughs and/or salary reductions, and the expected outcome of the proposed plan.

Under the proposed amendment, unless circumstances prevent it, prior to submitting the request for a declaration of emergency to the Regents, the President must engage in a consultation and review process with representatives of the systemwide and/or divisional Academic Senate and the appropriate systemwide and/or campus-based staff and non-Senate academic representatives. If the request for approval of a declaration is submitted by a chancellor to the President, the chancellor must first engage in similar consultations. Whether the request is systemwide or campus-based, the request must be accompanied by a proposed implementation plan.

Draft Implementation Plan Guidelines have been developed by the President and require any furlough and/or salary reduction plan to establish:

- That other reductions of University expenditures through established University regulations and procedures are insufficient to stabilize the financial position;

- That the contemplated actions are an essential element of financial savings under the current conditions;
- How operational issues will be addressed (e.g., police, fire, clinical and animal care, custodial);
- How operational issues related to academic research and teaching will be addressed; and
- How the Plan will be implemented in a fair and compassionate way.

The Guidelines also provide that the President will establish uniform guidelines and parameters to ensure consistency, fairness, optimized savings and avoidance of unintentional penalties on classes of employees or campus locations. The Guidelines also describe a detailed consultation and review process that will require any implementation plan to have been reviewed and commented upon by the systemwide and/or divisional Academic Senate and appropriate committees, as well as by staff and non-Senate academic representatives before being presented for action. If emergency circumstances prevent such a review prior to implementation, then a review must begin immediately after implementation.

In developing these documents with the administration, the Senate leadership has striven to incorporate strong Academic Senate consultation at the campus and systemwide level. Please submit comments by May 26, 2009 by email to: senatereview@ucop.edu. Thank you.

Sincerely,
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Proposed Amendment to Standing Order 100.4 – Duties of the President

100.4 Duties of the President

New Section

100.4(xx)

- (1) “Emergency” for purposes of this Standing Order shall mean any natural disaster or other major debilitating event or any extreme financial circumstance that significantly impacts the operations of the University or a part thereof.
- (2) The President of the University shall have authority to implement furloughs and/or salary reductions, on terms that the President deems necessary, for some or all categories of University employees, upon Declaration of an Emergency, as specified below. The President further shall have the authority, during the pendency of the Declaration and consistent with applicable legal requirements, to suspend the operation of any existing Regental or University policies otherwise applicable to furloughs and/or salary reductions that are contrary to the terms he or she deems necessary to the proposed implementation. The authority provided herein may be exercised with regard to the University as a whole or with regard to any campus or other part of the University system. For purposes of this section, Furlough means temporary unpaid time off of work where use of vacation, compensatory time off, or any other compensation may not be used during this time off.
- (3) Except as provided in subsection (5) below, an Emergency may be declared only by the President on approval of The Board of Regents. Any request by the President for approval of such a Declaration shall be made in writing directed to the Chair and Vice Chair of The Board of Regents and to the Chair of the system-wide Academic Senate, with copies directed to the Principal Officers of The Regents and appropriate University Officers. Such writing must describe with specificity the emergency conditions underlying the Declaration, the effect of such conditions on campus or University operations, the expected duration of the Declaration or provisions for renewal, the plan for implementing the proposed furloughs and/or salary reductions, and the expected outcome of the proposed plan.
- (4) Except as provided in subsection (5) below, the President shall engage in consultation with representatives of the systemwide Academic Senate and the appropriate systemwide staff and academic representatives concerning the matters to be included in the request for approval of a Declaration of Emergency prior to submitting the request to The Board of Regents. If the request for approval of a Declaration of Emergency is submitted by a Chancellor to the President, the Chancellor shall engage in consultation with

representatives of the divisional Academic Senate and the appropriate campus staff and academic representatives concerning the matters to be included in the request for approval of a Declaration of Emergency prior to submitting the request to the President.

- (5) Notwithstanding the provisions of subsections (3) and (4) above, when circumstances are such that seeking approval under those provisions would be impracticable or place the University at substantial risk, the President may exercise the authority provided herein by obtaining interim approval of a Declaration of Emergency under the provisions of the Regents Policy on Interim Actions. In such event, the President shall seek further approval by The Board of Regents under subsections (3) and (4), specifically will engage in the consultation process required under subsection (4) as soon as practicable, and in no event later than 60 days after the initial grant of approval by interim action.
- (6) The authority provided under this Standing Order is in addition to any authority otherwise provided University officials under other Regental or University policies and, except as provided herein, nothing in this Standing Order shall limit such other authority.

Draft Furlough/Salary Reduction Guidelines

I. Introduction

These Guidelines define extreme financial circumstances and describe a consultation and review process to be used in cases where the President is prepared to recommend that the Regents declare a state of financial emergency under the President's authority described in Standing Order 100.4x. These Guidelines also describe the process that should be used by campuses in preparing a Furlough/Salary Reduction Plan as may be requested by or presented to the President. For purposes of these Guidelines, Furlough means temporary unpaid time off of work where use of vacation, compensatory time off, or any other compensation may not be used during this time off.

II. Definition of Extreme Financial Circumstances

Extreme Financial Circumstances under Standing Order 100.4x are any event(s) or occurrence(s) creating an imminent and substantial deficiency in available University financial resources so severe that it jeopardizes the ability of the University to sustain its current operations in fulfilling its tripartite mission. The deficiency in available financial resources may result from significant reductions in any of the following: legislative appropriation; state revenues which make appropriated funds unavailable; income from other sources including auxiliary services, contracts and grants, gifts, tuition and fees; or from unforeseen financial demands from natural or other major disasters.

Extreme financial circumstances may exist on a campus or systemwide basis.

III. Declaration of Financial Emergency

As stated in Standing Order 100.4x, the President has the authority to recommend that The Regents declare conditions of financial emergency. Any request by the President for approval of such a Declaration shall be made in writing directed to the Chair and Vice Chair of The Board of Regents and to the Chair of the system-wide Academic Senate, with copies directed to the Principal Officers of The Regents and appropriate University Officers. Such writing must describe with specificity the emergency conditions underlying the Declaration, the effect of such conditions on campus or University operations, the expected duration of the Declaration if known, the plan for implementing the proposed furloughs and/or salary reductions, and the expected outcome of the proposed plan.

A declaration of financial emergency can be campus specific or systemwide.

Any request from a campus requesting the President to recommend that the Regents declare conditions of financial emergency at that campus must be in the form of a written communication from the Chancellor to the President and must describe with specificity the emergency conditions underlying the Declaration, the effect of such conditions on campus or University operations, the expected duration of the Declaration or a review date for possible renewal, the plan for implementing the proposed furloughs and/or salary reductions, and the expected outcome of the proposed plan.

A. Expected Consultation Prior to a Declaration of Financial Emergency

1. Academic Senate:

Unless circumstances prevent it, before a recommendation to declare financial emergency is presented to The Regents, the President will consult with the Academic Senate. The President should allow ample time (no less than 30 days) for Academic Senate systemwide or divisional Senate review of the facts and assumptions underlying the declaration recommendation. For purposes of these consultations, the President will consult the chair of the systemwide Academic Senate who will be responsible for communicating to the appropriate divisional chairs and/or committees of the divisional or systemwide Senate.

2. Staff Representatives/ Non-Senate Academics:

Unless circumstances prevent it, before a recommendation to declare financial emergency is presented to The Regents, the President will consult with the appropriate represented and non-represented staff and non-senate academic appointees and will comply with the Higher Education Employer-Employee Relations Act.

The process of consultation with the various stakeholders should proceed concurrently.

IV. Furlough and/or Salary Reduction Plan

Unless circumstances prevent it, any request by the President or a campus to impose furloughs and/or salary reductions must be accompanied by a Furlough/Salary Reduction Plan (The Plan). The Plan must establish:

- That reduction of University expenditures such as travel, equipment, non-operating expenditures and non-essential services proposed and or implemented through established University regulations and procedures are insufficient to stabilize the financial position of the campus;
- That the contemplated actions are an essential element of financial savings under the current conditions;
- How operational issues will be addressed such as continuation of essential services (e.g., police, fire, clinical and animal care, custodial);
- How operational issues related to academic research and teaching will be addressed;
- How The Plan will be implemented in a fair and compassionate way to the entire University workforce.

A campus-based Plan will be prepared under the direction of the Chancellor. A systemwide Plan will be prepared under the direction of the President.

A. Systemwide Guidelines and Parameters

Whether a Plan is campus-based or systemwide, it is expected that the President will establish guidelines and parameters by which any Plan can be implemented. These guidelines and parameters will be established to ensure consistency, fairness, optimized savings and avoiding effects of unintentionally penalizing classes of employees or campus locations.

B. Process for Preparing Furlough/Salary Reduction Plan

A Chancellor requesting the President to declare extreme financial conditions at a campus should prepare the Furlough/Salary Reduction Plan using the procedures described below, or through substantially similar procedures. If the President recommends a systemwide declaration, the President may request each campus to prepare a Furlough/Salary Reduction Plan using the procedures described below, or through substantially similar procedures. If the President prepares a plan without relying on campus plans, the President shall prepare the Furlough/Salary Reduction Plan using the procedures described below, or through substantially similar procedures, except that Office of the President personnel and equivalent academic senate representatives will be substituted for campus personnel.

1. Appoint a strategic planning committee or task force for the campus.

This Committee should be comprised of at least the following individuals:

- Executive Vice Chancellor or Provost
- Vice Chancellor of Administration
- Vice Chancellor or Provost for Academic Personnel
- Director of Planning and Budget
- Vice Chancellor for Health Affairs (if applicable)
- Vice Chancellor for Human Resources
- Chair of the divisional Academic Senate
- Chair of divisional Academic Senate's Faculty Welfare Committee (or equivalent committee)
- Chair of divisional Academic Senate's Academic Personnel Committee (or equivalent committee)
- Chair of divisional Academic Senate's Planning and Budget Committee (or equivalent committee)
- Medical Center Director (if applicable)

It is expected that the Chancellor will include other campus leadership members as appropriate, such as the Chancellor's Legal Counsel, the Academic Personnel Director, the Vice Chancellor for Research and staff representation.

For Campuses with a Medical Center, the Chancellor will request that the Chief Executive Officer and the Director of the Medical Center assemble a strategic team similar to the campus team which is comprised of key department heads or chiefs from Human Resources, Labor Relations, Operations, Nursing, etc.

2. Campus /Medical Center Assessment

The Committee should assemble with each representative being prepared to provide a preliminary assessment of steps taken to date to address the financial conditions from their functional perspective.

Based on these assessments, the Committee should prepare a Working Draft of the Plan. The Working Draft should include at least the following components:

- Analysis and documentation providing the identifiable factors contributing to the financial circumstances including a description of the current condition of the campus, actions that have already been taken to address it, and the projected amount of the deficit that would result during the current fiscal year;
- A projection of the fiscal condition that would result from the specific types of action anticipated to be taken by quantifying the cost savings of each proposed option;
- A projection of the campus' prospects for two succeeding years with the identification of programs or next steps to be taken with appropriate time lines and with an assessment of the impact on personnel programs, faculty and labor relations;
- Analysis and documentation of how The Plan will maintain essential services, including, police, fire, clinical and animal care, custodial and others;
- Analysis and documentation of how The Plan will address operational issues relating to current contracts, nine month appointments for faculty, wage and hour implications and other human resource issues;
- Analysis and documentation of how operational issues related to academic research and teaching will be addressed;
- For campuses with Medical Centers, a description of consultation with the Senior Vice President for Health Sciences and Services.

Once the Working Draft Plan is prepared, several detailed assessments should occur and be reported back to the Chancellor's Task Force.

The Assistant Vice Chancellor for Human Resources will consult with Human Resource managers to analyze and assess the impact on labor contracts, unrepresented staff employees, and identify any impact on employee benefits.

The Vice Chancellor or Vice Provost for Academic Personnel, together with the Academic Personnel Director, will assess the impact of the proposed plan on faculty, as well as non-represented and represented academic appointees.

For campuses with Medical Centers, the Medical Center team will assess the impact of the financial issues, quantify any cost savings, assess potential patient care issues, and the impact on continuing services to the hospitals and affiliates.

3. Campus/Medical Center Plan

The Task Force will combine the financial and personnel assessments into the draft Plan, providing recommendations and a summary of the reasons and evidence supporting the request.

Documentation supporting the recommendation should contain:

- A description of the situation that makes the recommended action advisable;
- A description of specific measures that have already been invoked, such as the reduction of support costs; hiring, salary, and bonus or award freezes, etc.;
- An explanation of how the proposed scope and implementation of the measures are proportional to the financial circumstances;
- An explanation of how the proposed scope and implementation of the measures will cause the least disruption to the teaching, research, and service mission of the University, and cause the least hardship to the employees.
- For campuses with Medical Centers, a description of consultation with the Senior Vice President for Health Sciences and Services.

The Chancellor will forward the plan to the divisional Academic Senate Executive Committee for its review and endorsement. The action of the divisional Academic Senate will be communicated to the Chancellor with a copy to the Chair of the systemwide Academic Senate.

Divisional Academic Senate consultation is to be completed within 30 days with notification to the Chancellor and the systemwide Chair of the Academic Senate.

4. Request to Declare Emergency Conditions

When the Campus Task Force has reviewed and amended the proposal as necessary, the Chancellor will forward the Request to Declare Emergency Conditions, the Furlough and/or Salary Reduction Plan, and the back-up documentation to the President with a copy to the Vice President for Human Resources and Benefits, and the Chair of the Academic Senate.

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