Salary Reduction/Furlough Program Update

UCDHS

September 30, 2009
Furlough Savings Program

- Why?
- When?
- What?
- Who?
- How?
Furlough Savings Program – Why?

- UC faces an unprecedented $813 million deficit in state support.
- The furlough plan is part of a systemwide strategy to address the shortfall.
- Savings from the furlough plan will cover about one-quarter of UC’s budget gap.
- Student fee increases will close another quarter of the deficit.
- Debt restructuring, and cuts in spending on campuses and within the Office of the President will make up the remainder.
- This approach of shared sacrifice means that every member of the University takes part in solving UC’s budget problem.
Furlough Savings Program—When?

- **Monthly Employees**
  - 9/1/09 Effective Date & 10/1/09 Pay Date

- **Biweekly Employees**
  - 9/6/09 Effective Date & 9/30/09 Pay Date

- The program is scheduled to end 8/31/10 for Monthly Employees & 9/4/10 for Biweekly Employees
Furlough Savings Program—What?

- The plan is based on a sliding scale. Those who earn more have a larger number of furlough days and a correspondingly higher salary reduction.

- Salary reductions range from 4 -10 percent.

- Furlough days range from 11 – 26 days for full time employees.

- Furlough days will be scheduled through a combination of unit closures and floating days.
Furlough Savings Program—What?

<table>
<thead>
<tr>
<th>Band</th>
<th>Furlough Days</th>
<th>Salary</th>
<th>Equivalent Salary Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11</td>
<td>0 - $40,000</td>
<td>4%</td>
</tr>
<tr>
<td>2</td>
<td>13</td>
<td>$40,001 - $46,000</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>16</td>
<td>$46,001 - $60,000</td>
<td>6%</td>
</tr>
<tr>
<td>4</td>
<td>18</td>
<td>$60,001 - $90,000</td>
<td>7%</td>
</tr>
<tr>
<td>5</td>
<td>21</td>
<td>$90,001 - $180,000</td>
<td>8%</td>
</tr>
<tr>
<td>6</td>
<td>24</td>
<td>$180,001 - $240,000</td>
<td>9%</td>
</tr>
<tr>
<td>7</td>
<td>26</td>
<td>Over $240,000</td>
<td>10%</td>
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<tr>
<td>Employee Benefit Category</td>
<td>Furlough Program Impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------</td>
<td>----------------------------------------------</td>
<td></td>
<td></td>
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<tr>
<td>UCRP benefit calculations (based on HAPC and Final Salary)</td>
<td>Unreduced</td>
<td></td>
<td></td>
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<tr>
<td>UCRP Service Credit</td>
<td>Not impacted</td>
<td></td>
<td></td>
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<tr>
<td>Vacation Leave Accrual</td>
<td>Not impacted</td>
<td></td>
<td></td>
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<tr>
<td>Sick Leave Accrual</td>
<td>Not impacted</td>
<td></td>
<td></td>
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<tr>
<td>Holiday</td>
<td>Not impacted</td>
<td></td>
<td></td>
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<tr>
<td>H&amp;W Benefits Eligibility</td>
<td>Not impacted</td>
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<td></td>
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<tr>
<td>Medical Contribution Bands</td>
<td>Unreduced</td>
<td></td>
<td></td>
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<tr>
<td>Insurance premiums - Life, AD&amp;D, Disability, Executive Life</td>
<td>Unreduced</td>
<td></td>
<td></td>
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<tr>
<td>Insurance contributions - Life, AD&amp;D, Disability, Executive Life</td>
<td>Unreduced</td>
<td></td>
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<tr>
<td>Workers' Compensation</td>
<td>Unreduced</td>
<td></td>
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<tr>
<td>DCP Contributions (Mandatory Redirect)</td>
<td>Reduced</td>
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<tr>
<td>403(b), 457(b), and DCP After-Tax (Voluntary Contributions).</td>
<td>Reduced if employee has percentage contribution.</td>
<td></td>
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<tr>
<td>HCRA/DepCare</td>
<td>Not impacted</td>
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<tr>
<td>FICA</td>
<td>Reduced</td>
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<tr>
<td>Safe Harbor</td>
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<tr>
<td>Unemployment Insurance</td>
<td>Reduced</td>
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</table>
Furlough Savings Program—What?

- 11 closure days announced for Davis Campus
  - Dec 18, 21, 22, 23, 28, 29, & 30 (Seven days)
  - March 24 – 25 (Two days)
  - June 14-15 (Two days)
- Sacramento Campus will delegate authority to depts & units, require approval from Labor Relations and Dean’s Office for office closures
- SOM Davis employees will follow closure days to the extent possible
Furlough Savings Program - What?

• Salary Reduction
  • Two new DOS codes
    • Salary Reduction Base – SRB
    • Salary Reduction Stipend – SRS
  • Furlough Day Recording
    • New Kronos code for furlough leave taken (FUT)
Furlough Savings Program – Who Are Affected?

- Faculty – Academic Senate and Non-Senate
- Non-Senate Academics
- Health Science Compensation Plan Faculty
- Non-represented staff
  - Career, limited, floater, per diem, and partial year career appointments
  - Regular status and probationary employees
- Full-time and part-time
- SMG
Furlough Savings Program – Who are Not Affected?

- Students, residents, clinical fellows, post-docs
- Contract employees (prior to 9/1/09)
- H-type visa holders
- Research funded employees by % of exempt funding
- Medical center employees – MC Alternate Plan
- SOM employees approved in the MC Alt Plan
Furlough Savings Program – Who are Pending?

- Employees in the following bargaining units:
  - CX
  - RX
  - TX
  - SX
Furlough Savings Program—Who?

Staff

- UCDMC (Exempt – MC Alternate Plan)
- SOM / SON
  - Clinical (Exempt - Staff Physicians, and HX,NX, EX Employees, and some individual Clinical positions)
  - Research / Education
    - Represented (CX, RX, TX and SX Pending)
    - Unrepresented
      - Grant Funded (% Grant Funding Exempt)
      - Non-Grant Funded (Furloughed)
Furlough Savings Program—How? Calculations

- The salary reduction % is based on the employee’s Medical Contribution Base (UCRP compensation) as of January 1, 2009, or the employee’s UCDHS date of hire, whichever is later.

Calculation

- \[ \text{FTE (fte) \times \% of funding that is subject to furlough (stf) \times Furlough Band (fb)} = \text{Total \% of furlough deduction} \]

Example: \[ 1.00 \times .50 \times .06 = .03 \text{ or 3\%} \]
Furlough Savings Program—How?

PPS (Payroll Personnel System)

- UCOP created and ran a one-time program that denotes who will be furloughed and at what amount
Furlough Savings Program—How?

eHR

- New programming has been created in eHR that achieves the following results:
  - Provides a clear notation of who is furloughed
  - Notes which funding is exempt from being furloughed
  - When funding changes occur, provides automatic calculation of new eligible furlough amounts
  - Provides quick reporting tools for users
Furlough Savings Program—How?

Screen Changes in eHR

- Several screens were changed in eHR – General Deductions, Create Additional Pay, Position, UC Balances
- Example:
  - Position Distribution

Furloughed Employee

Non-Furloughed Employee
Furlough Savings Program—How?

Changes for Departments:

- Departments will see furlough information in the following screens:
  - Position Distribution
  - Manager Self Service
  - UC Department Roster
Furlough Savings Program—How?

Impact on Business Processes

- No retroactive changes to furloughs
  - After end of pay period—furlough changes cannot occur
    - Includes transfers, promotions, stipends

- Departments will insert a comment on a job requisition if the position is furlough eligible.

- Upon hire employee will be aware of furlough status
  - Offer letter will note employee’s furlough band
## Furlough Implementation – How?

### Routing Questions:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Department</th>
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</thead>
<tbody>
<tr>
<td>System Information, Reports, Implementation</td>
<td>Records</td>
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<tr>
<td>Calculation of MCB</td>
<td>Benefits</td>
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<tr>
<td>Labor/ Bargaining Unit/ Department Closure/Concerns</td>
<td>Labor Relations</td>
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<tr>
<td>Medical Alt Plan Eligibility</td>
<td>Compensation</td>
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<td>Pay Checks</td>
<td>Payroll</td>
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<tr>
<td>General Information</td>
<td>“Hot Topics” HR Website</td>
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The End