Furlough/Salary Reduction Guidelines

I. Introduction

These Guidelines 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 Extreme Financial Emergency under the President's authority in Standing Order 100.4(qq). These Guidelines also describe the process that should be used by campuses or the Office of the President in preparing a Furlough/Salary Reduction Plan summary 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 accrued vacation leave, compensatory time off, or any other paid leave or compensation may not be used.

II. Definition of Extreme Financial Emergency

"Extreme Financial Emergency" for purposes of Standing Order 100.4(qq) is any event(s) or occurrence(s) creating an imminent and substantial deficiency in available University financial resources which could reasonably be expected to jeopardize the ability of the University, campus, or multiple campuses, to sustain its current or future operations in a manner which would allow it to fulfill its tripartite mission consistent with past practices. 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 enterprises and services, contracts, grants, gifts, tuition and fees.

A Financial Emergency may exist on a campus, multiple campuses, or systemwide basis.

III. Declaration of Extreme Financial Emergency

As stated in Standing Order 100.4(qq), the President has the authority to recommend that the Regents declare conditions of extreme 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 systemwide Academic Senate, with copies directed to the Principal Officers of The Regents and appropriate University Officers. Such writing must generally describe the emergency conditions underlying the Declaration, the current or future effects of such conditions on campus or University operations, the expected duration of the Declaration if known, which in no event may extend beyond one year, a summary of the plan for implementing the proposed furloughs and/or salary reductions, and the expected outcome of the proposed plan.

Any request from a campus requesting the President to recommend that the Regents declare conditions of extreme financial emergency at that campus must be in the form of a written communication from the Chancellor to the President and must generally describe the emergency conditions underlying the Declaration, the current or future

effects of such conditions on campus or University operations, the expected duration of the Declaration if known, which in no event may extend beyond one year, a summary of 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 Extreme Financial Emergency

1. Chancellors

Before a recommendation to declare extreme financial emergency is presented to the Regents, the President will consult with each of the campus Chancellors, individually or as a group.

2. Academic Senate

Before a recommendation to declare extreme financial emergency is presented to the Regents, the President will consult with the Academic Senate. The President should allow a reasonable amount of time (no less than 30 days) for Academic Senate systemwide and/or divisional Senate review of 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.

3. Staff Representatives/ Non-Senate Academics

Before a recommendation to declare financial emergency is presented to the Regents, the President will consult with the appropriate representatives of 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 Chancellors, Academic Senate and staff representatives/non-Senate academics 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 should be accompanied by a summary of a Furlough/Salary Reduction Plan (Plan). The Plan should discuss the following elements:

- Any 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 implemented or suggested to stabilize the financial position of the campus;

- Importance of the contemplated actions as an essential element of financial savings under the current conditions;

- How critical operational issues will be addressed such as continuation of essential services (e.g., police, fire, clinical and animal care, custodial, payroll);

- How critical operational issues related to academic research and teaching will be addressed;

- How the Plan will impact, in a fair and compassionate way, the University or affected campus 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 Guidance and Parameters

Whether a Plan is campus-based or systemwide, it is expected that the President will establish guidance and parameters by which any Plan can be implemented. This guidance and these parameters will be established to encourage 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 emergency 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 summary 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 or University System

This Committee should be comprised of least the following individuals, if applicable, and others identified by the President or Chancellor:

- 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 Chancellor shall be responsible for preparing an initial working draft of the Furlough/Salary Reduction Plan. Based on that assessment the Committee should be prepared to comment on the Working Draft. The Working Draft should address the following topics:

- Analysis of 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 actions anticipated;

- A discussion of the campus' prospects for the two succeeding years including any material impact upon on personnel programs, faculty and labor relations and student experience;

- A discussion of if and or how the Plan will materially impact any other essential services, including, police, fire, security, clinical and animal care, custodial and others;

- A discussion of if and or how the Plan will materially impact other operational issues including those relating to current contracts and nine-month appointments for faculty;

- For campuses with Medical Centers, a description of consultation with the Senior Vice President for Health Sciences and Services.

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

The Vice Chancellor or Vice Provost for Academic Personnel, together with the Academic Personnel Director, will assess any material 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 Planning Committee/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 recommendation. The action of the divisional Academic Senate will be communicated to the Chancellor with a copy to the Chair of the systemwide Academic Senate. Appropriate notice will also be provided to representatives of academic appointees who are not members of the 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.

In following the steps outlined above, whether systemwide or campus-specific, the University is committed to fulfilling any bargaining or other consultative obligations it may have under the Higher Education Employer-Employee Relations Act regarding its represented employees.

4. Request to Declare Financial Emergency

When the Planning Committee/Task Force has reviewed and commented on the proposal, the Chancellor will forward the Request to Declare Financial Emergency, the Furlough and/or Salary Reduction Plan, and any 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.