

ATTACHMENT 2

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.