



Information about the UC furlough proposal

With UC facing a 20 percent decline in state funding, UC President Mark G. Yudof is proposing a one-year systemwide furlough program for UC employees. Below is information about the proposal.

Background

UC currently faces an unprecedented \$813 million deficit in state funding. The proposed furlough plan is part of a broad UC strategy to cope with this shortfall in state support, and is expected to yield approximately \$184 million in General Fund savings. The plan is based on the principles of fairness and shared sacrifice, with every member of the University community – faculty, staff, students and administrators -- being called on to shoulder some of the burden of addressing the budget deficit.

Proposal

In crafting the furlough proposal, President Yudof sought input from the entire UC community. Many of those concerns and suggestions were incorporated in the proposal. The proposal seeks to balance UC's organizational needs and the concerns that the UC community expressed. UC is also hopeful that such a plan will lessen the need for involuntary layoffs. Key aspects of the plan include:

- **Time off:** Provides additional time off for salary reductions.
- **Pension benefits:** Proposes pre-furlough salaries be used to calculate pension benefits.
- **Flexibility:** Provides flexibility as to when furlough days are taken.
- **Smoothed financial impact:** Spreads pay reductions evenly over the year.
- **Special circumstances:** Provides consideration for unique employee groups.
- **Graduated approach:** Seven tiers with higher earners having more furlough days/higher pay cuts:

Tier	Salary	Furlough Days*	Equivalent Salary Reduction
1	\$0 – 40,000	11	4%
2	40,001 - 46,000	13	5%
3	46,001 – 60,000	16	6%
4	60,001 – 90,000	18	7%
5	90,001 – 180,000	21	8%
6	180,001 – 240,000	24	9%
7	Over \$240,000	26	10%

**Senior Management Group members will receive a maximum of 10 furlough days, regardless of pay scale.*

How it works

Under the plan, employees' work time will be reduced by a specified number of furlough days according to their salary level, with a commensurate reduction in pay. For administrative reasons, furlough days will be added to employees' vacation bank and then they will be subtracted from the vacation bank when they are used (while furlough days will be tracked through vacation accruals, they are not the same as vacation days). In general, employees will choose their furlough days off with their supervisor's approval, however, some locations may specify furlough days to help manage operations. All furlough days must be used during the 12 months the plan is in effect.

Differences for certain groups

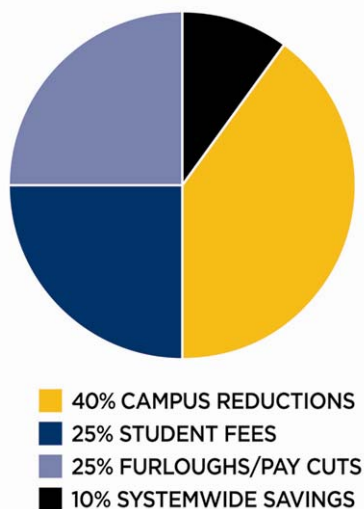
Because of UC’s organizational diversity, special consideration was required for certain employee groups:

- Faculty furlough days will vary depending on academic or 12-month calendars.
- Berkeley Lab employees are exempted per UC’s contract with the U.S. Department of Energy.
- Most student employees, such as graduate students, are also exempted, as well as personnel whose funding comes entirely from contracts and grants.
- To ensure essential patient services are not disrupted, alternate plans for achieving the required savings for some or all of the medical centers may be considered.
- Employees working reduced hours under the START program may also be exempt, if their reduced pay under START is already equal to or greater than the proposed cuts.
- Implementation of the plan for represented employees will be subject to collective bargaining agreements and all applicable laws.

Cost Savings

The furlough plan is built on the principles of fairness and shared sacrifice. The program is expected to achieve about one-quarter of the necessary savings. Previously-approved student fee increases will close another quarter of the budget gap. Cuts in campus and Office of the President spending and restructuring of UC debt will provide the remainder of the cost savings. This multi-faceted approach reflects the principal of shared sacrifice, with everyone in the UC community being called upon to contribute to the budget solution. The chart below reflects expected savings from each segment.

How UC will make up the \$813 million difference:



Percentages are approximate.

By the numbers

UC has approximately 180,000 employees, comprised of full-time, part-time, seasonal, contract and other employees. This mix of 180,000 employees translates into approximately 135,000 full-time equivalent (FTE) positions. Approximately 108,500 full-time-equivalent positions fall under the UC furlough plan proposed by President Yudof. The full headcount number is expected to be higher, as FTE positions may be occupied by more than one employee.

More Information

More information on UC’s developing budget situation, as well as answers to commonly asked questions about the furlough plan can be found online at: <http://www.universityofcalifornia.edu/budget/>