

UCnet: Consultation continues on possible systemwide curtailment program

Wednesday, October 28, 2020

Earlier this month, the Office of the President commenced a 30-day consultation period to solicit input on a proposed 2020-2021 curtailment program that represents a shared systemwide response to the economic uncertainty posed by the COVID-19 pandemic and long-term core funding challenges.

No decisions have been made.

While the University can absorb some of the one-time losses, different campuses, necessarily, are situated differently.

The draft proposal, which is undergoing review and consultation throughout the UC community, was put forth to avoid, as much as possible, displacing our valued employees and contributing to a State unemployment rate which remains above 10%, where thousands of businesses have folded, remaining businesses have laid off tens of thousands of employees, and many enterprises, including the State, have imposed furloughs and salary reduction programs.

Although campuses across the system are experiencing different ranges of challenges, short-term shared sacrifice through this proposed program would position the University for long-term shared relief with respect to our underlying core funding challenges.

The proposed program would be progressive in its impact on employees: higher-compensated employees would carry a relatively larger percentage of the burden through a tiered plan designed to protect employees with lower earnings.

Under the draft proposal, employees would be grouped into salary tiers and employees in each tier would be allowed to use a different combination of paid and unpaid time off to cover a minimum five-day curtailment (inclusive of the existing three-day curtailment in December 2020). This program would be implemented in the 2020-2021 fiscal year. Any additional days of curtailment are subject to administration by campus-based policies and/or preferences.

As currently proposed, employees in the lowest income tier would be permitted to use accrued vacation days for the five minimum days of the curtailment period under this proposal. Each campus will provide direction as to how to administer any campus-based curtailment. Key points about the proposal include:

- The reduction in pay from the additional curtailment days will be spread over a number of months, regardless of when the curtailment days occur, to mitigate the financial impact on employees.
- In conversation with Academic Senate leaders, for academic-year appointees, we will consider possible non-instructional days off for the five curtailment days. The attendant reduction in academic-year salaries, which will be spread over a period of several months, will be at percentages equivalent to those proposed for other employees within the same salary bands.
- Higher-earning employees would be permitted to use accrued vacation or other leave for a portion of the curtailment period to varying degrees, based on their income level.
- Employees in the highest income tier would be required to take all five of the minimum curtailment days as unpaid leave.
- The University would seek changes to the University of California Retirement Plan or other policies, as needed, to avoid negatively impacting employee retirement

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benefits.

One possible set of tiers is shown below, along with its projected savings to various fund sources if this option was implemented across all positions and at every location.

Potential Salary Tiers and Required Unpaid Curtailment Days

Earnings Tier	Unpaid Curtailment Days	Percent of Annual Earnings	Projected Savings
\$59,000 and below	0	0.0%	\$0.0M
\$59,001 to \$89,000	1	0.4%	\$10.0M
\$89,001 to \$118,000	2	0.8%	\$17.6M
\$118,001 to \$176,000	3	1.1%	\$50.6M
\$176,001 to \$234,000	4	1.5%	\$30.9M
\$234,001 and above	5	1.9%	\$24.5M
Total		0.9%	\$132.6M

Estimated Savings by Fund Source if Fully Implemented

	Total salary expenditures	Percent of total salary expenditures	Potential Savings
State General Funds	\$3,459.7M	23.70%	\$36.2M
Nonresident Supp. Tuition	\$145.6M	1.00%	\$1.4M
Other UC General Funds	\$39.8M	0.30%	\$0.2M
Student Tuition and Fees	\$514.0M	3.50%	\$3.5M
Medical Centers	\$4,736.2M	32.50%	\$45.3M
Educational Activity	\$2,584.6M	17.70%	\$24.3M
Other	\$2,161.3M	14.80%	\$15.5M
Gov't and Private Funds	\$532.3M	3.60%	\$4.9M
Auxiliary Enterprises	\$412.8M	2.80%	\$1.3M
Total	\$14,586.5M	100.00%	\$132.6M

Again, the proposal is being put forth to preserve the jobs of fellow employees to the extent possible, by fashioning an approach that allows for those who earn more to bear more of this burden, and represents a 1.9% reduction in pay to the highest paid in the salary bands.

Please note, State of California employees have been asked to take two furlough days a month for the next two fiscal years, equaling a reduction in pay of roughly 10 percent. Others have forgone scheduled pay raises and/or deferred pay raises until 2022.

Comments about the proposal are welcome and may be emailed to 2021options@ucop.edu.

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