Furloughs as an alternative to layoffs
Questions and Answers
June 10, 2009
Page 1 of 6

For CSUEU: Pat Gantt, Dennis Dillon, Teven Laxer
For CSU: Richard Barnes, John Swarbrick, Bill Candella

RB started the meeting by giving an overview of the CSU's budget problem.

- The CSU budget is being cut by $583,816,000. We were told that this the amount of the reduction proposed by the Governor in the May Revise and that they expect it to be approved by the Budget Conference Committee.
- [TL's calculation is that this represents a cut to the CSU’s base budget of 13.56%, but this figure has yet to be confirmed by the CSU.]
- RB stated that 80% of the $583 million was approximately $460 million. 80% of the CSU's budget consists of personnel costs.
- We were told that the Chancellor has two principals in dealing with the budget crisis:
  - Best quality of education for students as possible
  - Save as many jobs as possible
- The CSU is proposing to furlough all employees in all classifications. Represented Employees, Confidential Employees, MPP, Executives, even Consultants like them.
- Amendments to Title 5 were just posted which allow the CSU to furlough MPP
- They will probably exempt public safety from furloughs. This would include the police in BU 8 and the dispatchers in BU 7.
- Two furlough days per month for one year.
- The plan is to close campuses two Fridays per month. This would also save utility costs, which are high.
- BC emphasized that fixed furlough days maximized savings.
- The CSU wants “the pain” shared equally by all parties.
- The furloughs would save the CSU $275 million. RB: "We think this would generate enough money to keep everyone working."
- The numbers are "staggering." In CSUEU, we would be looking at 2000+ headcount, and just a bit under 2000 FTE. [The numbers given to CFA are also staggering. The non reappointment of 9,000 lecturers plus 3,700 FTE layoffs]
- In addition, 100% of the temporary employees in BU 2, 7, and 9, as well as 77% of BU 5 employees would not be reappointed. [TL note: this represents 3000 to 3200 employees.]
- Furloughs will not get us to the entire goal. Some other options are being looked at. Richard West plans to offset some of the cuts. [No specifics were provided.]
- The Chancellor has stated that the only option not on the table is the closing of campuses.
- The presidents have an off-site meeting on June 22-23-24. The Chancellor will be submitting a plan to the presidents at that meeting. They don't want to submit two plans
Furloughs as an alternative to layoffs
Questions and Answers
June 10, 2009
Page 2 of 6

to the presidents (layoffs and furloughs). They want to present one plan. If we don't have
a plan for furloughs, we have to go layoff scenarios.

- They prefer furloughs to layoffs because if they resort to layoffs, the presidents have the
authority to pick and choose which programs and classifications are targeted for layoffs
and "there may not be equal application." In addition, if they go to layoffs, more people
will get laid off because of the contractual time frames (at least 60 days notice
requirements) and the start of the fiscal year in just a few weeks. They want to take the
presidents out of the planning process. They want to avoid layoff scenarios. They want to
avoid panic. Meanwhile, the Chancellor has directed campuses not to make threats. PG
cites threats made to dispatchers at East Bay. RB wants to know the details of the
remarks made by the chief of police.

- The CSU is meeting with all of the unions, one at a time, this week. APC and SETC on
June 10th. UAPD on June 12th. UAW not yet scheduled. CFA meeting was June 8th.

- BC suggests we look at the DPA FAQ on furloughs in state service.

- RB asked us what our internal procedures were. PG explained that we plan to have a
conference call on June 10th and if we get the go ahead from the BOD, we plan on going
ahead with bargaining. PG also stated that CSUEU is considering a poll of our members.

- The presidents meeting starts at 2 PM on June 22nd. The CSU needs to know before noon
what direction we are going in. If we agree to the concept of furloughs, we will return to
the CSU to bargain a side letter on June 29th. If we do not agree to the concept of a
furlough, the CSU will initiate the layoff process for CSUEU employees.

- There will be a special meeting of the Board of Trustees on July 7th to discuss the budget
and plans for Fall 2009.

FAQ’s: The following are the answers CSUEU received to specific questions we posed:

Q1: If we agree to the 2 day per month furlough proposal, will that avert layoffs?
A1: We can't guarantee that there will be no layoffs.

Q2: Can you say that it is your intent to avoid layoffs?
A2: No, we can't say that. The legislature may give us additional cuts.

Q3: What if the May Revise numbers are approved and there are no additional cuts?
A3: We'll have to check.

Q4: What about agreeing that there will be no layoffs unless more cuts are made to the CSU
budget?
A4: We will have to talk with the Chancellor. His recommendation is not to go after any more
(furlough) days that we need to.

Q4: What about the non reappointment of temporary employees? Will furloughs keep
temporary employees employed?
Furloughs as an alternative to layoffs
Questions and Answers
June 10, 2009
Page 3 of 6

A5: RB - We're trying to keep employees on the payroll and retain their benefits. We can't guarantee future actions. If the budget stays the same, and there are no more cuts, we would have to take this issue to the Chancellor.
JS – Even if all of the unions buy in, there's still a shortfall and potential costs. There a constant process of looking at positions. There are no guarantees.

Q6: What about part-time employees?
A6: Yes. All employees are subject to furloughs. For the number of hours they work.

Q7: What about employees who work 4/10 schedules. Two furlough days would be 20 hours, not 16 hours.
A7: We'll have to look at that. Our intent is 16 hours furlough.

Q8: Is the plan to close campuses on certain days, or do employees have a choice in their furlough days?
A8: There might be some flexibility, but there is a phenomenal cost in energy bills, and we could save a lot of money if the campus closes twice per month.

Q9: If a specific day is chosen, what about employees who are already not scheduled to work that day (9/80, 4/10, 3/12)?
A9: We will have to work that out. The intent is for all employees to have two furloughs per month.

Q10: At Northridge, we have some departments that are operational six days per week.
A10: The furloughs would be 2 days off per month.

Q11: What about vacation or sick days that fall on furlough days?
A11: If it's prescheduled, we will allow it. But, you can't substitute vacation for a furlough day.

Q12: What about exempt employees?
A12: JS – Exempt employees who lose their FLSA exemption during the week they take a furlough day. We don't want them to work 40 and 50 hours; the intent if for them to work 32 hours. No overtime will be authorized unless it is essential. CSU told us that furlough days don't count as time worked for determining overtime in the workweek. They also provided us with a 2007 Dept of Labor regulation on this subject.


BC – Suggests that we look at the DPA website and read their FAQs.
http://www.dpa.ca.gov/personnel-policies/furloughs/main.htm

Here is one FAQ from the DPA website on this issue:
Q: I'm in Workweek Group E. How does the furlough apply to me?
A: During a week when you take a furlough day, you will not be allowed to work more than 32 hours.

In addition, there are numerous PMLs on the furlough program(s). Here is an excerpt from the very first one:

**Overtime**

Departments must manage furlough days so you don't incur overtime pay or contract for services to cover for employees who are taking furlough days. Department budgets will be reduced for the two furlough days and will not be augmented for overtime pay to supplement behind the furlough.

Departments must manage employees who are exempt from FLSA (Workweek Group E) to avoid overtime pay. On weeks FLSA exempt employees have a furlough day; they lose their exempt status and become hourly employees.

Q13: Is the CSU considering offering golden handshakes to faculty and staff?
A13: No. It is too expensive, especially in the first year, when we are trying to save money.

Q14: Has the Chancellor received any guarantees that budget cuts should be unallocated?
A14: RB – not to his knowledge.

Q15: Are there plans to raise student fees by another 5%?
A15: We don't know.

Q16: What happens if some unions agree to furlough days and some don't?
A16: RB - We'd go through the layoff process with that union.
JS – We can just not renew the appointments of lecturers.

Q17: Will the CSU go along with the Governor’s Executive Order on contracts (S-09-09), which was enacted on June 8th?
A17: We don't know yet.

Q18: Does the Board of Trustees have to approve a furlough plan?
A18: No, but we intend to take this to the special BOT meeting. It will be the Chancellor's call.

Q19: Will the furloughs have any impact on retirement?
A19: No. They don't affect retirement. We checked with CalPERS. Furloughs are treated the same as pay docks. The base pay remains the same.

Q20: Will the furloughs have any impact on health benefits?
Furloughs as an alternative to layoffs
Questions and Answers
June 10, 2009
Page 5 of 6

A20: No. The benefits remain the same. Again, there is no change in the employee's time base.

Q21: What about BU 12 and BU 13? Are furloughs proposed for employees in those units?
A21: No. Those programs are not funded by the General Fund.

Q22: How will this plan be communicated?
A22: We envision joint communiqués. We need to say we're in meetings in an effort to mitigate budget cuts.

Q23: Does the Chancellor's Office have updated seniority lists. We understand that PeopleSoft doesn't support seniority lists.
A23: BC – we built a seniority platform in our Oracle program. It is about 98% accurate.

Q24: Assuming we agree to the furlough concept, who will negotiate a side letter with CSUEU?
A24: Richard, John or Bill. Sharyn might also participate. Coordinate with Bill.

CSUEU Caucus and Strategy
Pat and Dennis want to poll our members on the question of furloughs vs. layoffs. CSUEU has scheduled a conference call for noon on Wednesday, June 10th. Pat will ask the BOD whether they prefer a scientific poll conducted by David Binder or a web-based poll.

- The timeframe for either poll is this:
  - Set up poll as soon as possible
  - Have results by the end of next week
  - Share the results with the BOD in another conference call late next week
  - Inform Richard Barnes no later than noon June 22nd of the direction we plan to take

If we agree to the concept of furloughs, we will return to the CSU to bargain a side letter on June 29th. If we do not agree to the concept of a furlough, the CSU will initiate the layoff process for CSUEU employees.

There will be a special meeting of the Board of Trustees on July 7th to discuss the budget and plans for Fall 2009. It is possible that the BOT will raise student fees again at this meeting.

New issues/concerns that arose during or after conference call. Teven is providing initial responses, but we will have to raise these with the CSU.

Q25. Employees who have already taken voluntary reductions should be restored to full time base prior to any furloughs becoming effective.
A25: We need information on campus and department and whether managers have encouraged employees to reduce their timebase or whether employees have done this on their own.

Q26: What about employees who are not funded from the state General Fund?
A26: As far as we know, all employees, regardless of funding source, would be subject to furloughs.

Q27: How can we protect against foundation/auxiliaries doing our work during furloughs?
A27: We can bring up this issue when we meet with the CSU.

Q28: Are foundations subject to the furloughs also?
A28: Not at this time. This is an issue we can raise when we meet with the CSU.

Q29: What about student employees? What protections do we have regarding student employees replacing employees who are being furloughed?
A29: If campuses close two Fridays each month, neither employees nor students would be working on those days.

Q30: Can exempt employees be put on 36-hour per week schedule?
A30: We can propose this concept, but one of the goals of the CSU is to save energy costs as well as avoid layoffs.

Q31: What about reducing the pain for the lowest paid of our employees? We represent many employees for whom a 10% pay reduction is very difficult.
A31: This is a good question and we can explore some options for our lowest-paid members.