

## **Fact Sheet: CSU's Employee Furlough Proposal**

As part of the state's overall effort to close a \$24.3 billion shortfall, Gov. Schwarzenegger's May revision proposes a \$584 million cut to the CSU's general fund support for 2009-10, representing a 13 percent reduction in state support from 2007-08. The joint conference committee on the budget has also included the cuts in the budget they are continuing to debate. As part of an overall strategy to address this unprecedented funding reduction, the CSU is proposing a two-day per month furlough for all employees, including management and executives, but not public safety personnel.

A furlough is a mandated period of time off without pay. Furloughs differ from salary reductions and pay cuts in that they are temporary and do not affect employment status, health benefit eligibility, or pay rate for retirement benefits. Employees are not required to work on furlough days.

For full-time employees, this proposal would mean a total of 24 unpaid days for 12 month employees and 20 days for academic year (10 month) employees over the next fiscal year. Employees who are not in full-time positions would have the unpaid-time calculated pro rata to their timebase.

The furlough, as proposed, would save approximately \$275 million. Although this furlough proposal will not generate all of the cost savings needed by the CSU, it will produce significant savings, and other cost saving options will need to be implemented.

### **Employees Covered by Collective Bargaining Agreements**

Collective bargaining agreements between the CSU and its employee unions include provisions covering mandated non-retention and layoffs, but not furloughs. Each bargaining unit, therefore, must agree to negotiate furloughs. As of June 23, two of CSU's employee unions representing more than 18,000 employees – California State University Employee Union and the Academic Professionals of America – have already voted to enter negotiations over furloughs.

### **Management Employees**

Although employees classified under the Management Personnel Plan (MPP) are not covered by a collective bargaining agreement, the CSU's ability to furlough its approximately 3,200 MPP employees requires changes to Title 5 of the California Code of Regulations for management and executive personnel. On June 5, the CSU initiated changes to Title 5 altering provisions related to furlough, salary reductions and unpaid holidays. The change was put into place to meet a 45-

day requirement for action at the CSU's Board of Trustees meeting on July 21. The Title 5 revision can be found here: <http://www.calstate.edu/title5/index.shtml>.

Below are some additional facts on furloughs:

- Furloughs would not affect health benefit eligibility, rate of pay for retirement benefits or vacation/sick leave accrual. This has been confirmed by CalPERS.
- CSU has not finalized the details of how furloughs would be implemented, but expects to negotiate the details over the next few weeks with labor unions that have agreed to furlough.
- If any collective bargaining unit does not agree to furlough, the CSU would need to follow the process outlined in the labor agreements.
- The CSU is proposing to furlough all employees, including part-time employees, with the exception of public safety personnel
- The two-day per month furlough is the equivalent of about a 10 percent pay reduction.

June 25, 2009