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Chair of the Assembly and the Academic Council
Faculty Representative to the Board of Regents
University of California
1111 Franklin Street, 12th Floor
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April 29, 2008

JUDY BOYETTE
ASSOCIATE VICE PRESIDENT, HUMAN RESOURCES & BENEFITS

Re: START Program

Dear Judy,

At its April 23, 2008 meeting, the Academic Council considered the proposal for a new Staff and Academic Reduction in Time (START) program, which would be in effect from July 1, 2008 through June 30, 2010. Per the proposal, participants would voluntarily reduce their percentage appointment, while continuing to accrue vacation, sick leave, and UCRP credit based on their regular percentage appointment.

In principle, Council supports the concept of allowing employees to take voluntary, temporary reductions in percentage time, while maintaining full benefits, as one way to help UC manage its current budget problems. Although START participants would earn their full UCRP service credit appropriate to their normal percentage time appointment, once UCRP contributions are restarted it is anticipated that they would contribute based on their reduced percentage appointment. Given the current funded status of UCRP, Council opposes funding any part of the START benefit by further drawing down the small and decreasing surplus. Therefore, Council endorses the University Committee on Faculty Welfare's support of the START program on the condition that, once employee or employer contributions resume to UCRP, then UCRP receive the full contribution that would have been made on the unreduced percentage time appointment. In this scenario, the employer would cover the full employer contribution on the employee's unreduced percentage employment plus the difference between the employee contribution on the unreduced percentage employment and the actual employee contribution, calculated on the reduced percentage employment.

Please do not hesitate to contact me if you have any questions regarding Council's comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael".

Michael T. Brown, Chair
Academic Council

Copy: Academic Council
María Bertero-Barceló, Executive Director

Encl. 1



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
James A. Chalfant, Chair
jim@primal.ucdavis.edu

Assembly of the Academic Senate
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April 15, 2008

**MICHAEL T. BROWN, CHAIR
ACADEMIC COUNCIL**

**RE: UCFW Recommendation on the UCOP-HR&B Proposed Staff and Academic
Reduction in Time (START) Program**

Dear Michael,

As you no doubt have heard, HR&B plans to propose that a new Staff and Academic Reduction in Time (START) program be in effect from July 1, 2008 through June 30, 2010. The goal of the program is to use salary savings from employees who volunteer to participate to address budget problems. It is anticipated that the new program will be comparable to the previous START program (June 1, 2003 to June 30, 2006). As before, participants would voluntarily reduce their percentage appointment, while continuing to accrue vacation, sick leave, and UCRP credit based on their regular percentage appointment. Our understanding is that the campuses are in strong support of this program.

Both TFIR and UCFW support the concept of allowing employees to take voluntary, temporary reductions in percentage time, while maintaining full benefits, as one way to help UC manage its current budget problems. However, START participants will earn the full UCRP service credit appropriate to their normal percentage time appointment, while it is anticipated that if UCRP contributions are restarted, START participants would contribute based on their reduced percentage appointment. Given the current small UCRP surplus, TFIR opposes funding any part of the START benefit by drawing down that surplus. TFIR therefore recommended that UCFW support the START program, but only on the condition that, once employee or employer contributions resume to UCRP, then UCRP receive the full contribution that would have been made on the unreduced percentage time appointment. Thus, the employer would have to cover the full employer contribution on the employee's unreduced percentage employment plus the difference between the employee contribution on the unreduced percentage employment and the actual employee contribution, calculated on the reduced percentage employment.

The members of UCFW are in agreement with TFIR, and recommend to the Academic Council that it support the START program subject to this condition concerning contributions to UCRP. For the Council's convenience, I have attached the statement provided by HR&B to the UCRS

Advisory Board. The Board also had a consensus in favor of supporting START, subject to the condition concerning contributions to UCRP.

Sincerely,

A handwritten signature in cursive script that reads "James A. Chalfant".

James A. Chalfant, Chair
UCFW

Encl: 1

Copy: UCFW

Maria Bertero-Barcelo, Executive Director, Academic Senate



UCRS Advisory Board

Meeting of April 4, 2008

AGENDA ITEM E

Item – New Business

UCRP – Proposal to Implement a New Staff and Academic Reduction in Time (START) Program Effective July 1, 2008

In response to the State of California's fiscal crisis and reductions in the University's State-supported budget, HR/Benefits is proposing that a new Staff and Academic Reduction in Time (START) program be implemented effective from July 1, 2008 through June 30, 2010. The proposed program would likely use similar provisions as the previous START program that was effective from June 1, 2003 through June 30, 2006. A new START program would achieve short-term salary savings in response to budget shortfalls. Campuses have indicated strong support for the implementation of a new START program, citing the success of the previous temporary program in addressing budget reductions by responding to both employee and employer needs and for reducing the need for layoffs.

The START program is designed to achieve temporary salary savings through the voluntary reduction of appointment percentage and corresponding pay. Under the prior START program, regular status (career/non-probationary) full and part-time UC employees and academic appointees, except for those in faculty and student academic titles, could voluntarily reduce their appointment percentage by a minimum of 10% of full-time up to 50% of full-time in monthly increments for up to 12 months per START contract. A participant's work schedule could not be reduced below 50% time in any given month of participation. In 2003, the START program was available for implementation by all UC locations; however, the national laboratories chose not to participate, as they were not subject to budget reductions at that time. Consideration would be given to allow Lawrence Berkeley National Laboratory employees to participate in the new START program if circumstances warranted and the necessary approvals were obtained.

In return for a voluntary reduction in time, the proposed program would allow participants to accrue vacation and sick leave at their pre-START rate. UCRP Service Credit would also accrue at the pre-START rate provided that the employee is on pay status for at least 50% time during each month of participation. Service Credit during participation in START would be reduced by a leave without pay or other periods of time off pay status not reflected in the START agreement. UCRP survivor and disability income would be based on the participant's unreduced salary. The Highest Average Plan Compensation (HAPC) used to calculate UCRP retirement benefits or Lump Sum Cashouts would be based on a member's average monthly Full Time Equivalent Compensation, per existing Plan provisions.

Previous START Program

In April 2003, UCRP amendments were made to implement a START program with an effective date of June 1, 2003 through June 30, 2005. The Regents subsequently approved an extension of the program through June 30, 2006.

Between June 2003 and July 2006, the START program resulted in \$41.9 million in salary savings for UC locations and helped meet budget reduction goals for departments, minimized the need for layoffs, and addressed the work-life needs of many employees. The following is a breakdown of participants during the 2003 – 2006 program:

- 3,032 participating employees (76 percent female/24 percent male)
- 42% of participants were 50 years or older
- 36% of participants were eligible for retirement
- 84% of participants were in the Professional and Support Staff Personnel Program
- 60% of participants reduced their time 20% or less

Cost to UCRP

The Plan's Consulting Actuary, The Segal Company, has indicated that there would be no additional cost to UCRP to implement START as the program would not create projected benefits for current Members greater than those already anticipated.

However, if the proposed START program was implemented and contributions to UCRP were to resume during the START period, the employee contribution would be based on the reduced salary while the benefit would be greater. For example, if employee contributions were required, and an employee under the START program reduced his/her percentage of time worked from 100% to 60%, an employee contribution would be made only on 60% of the salary, resulting in an actuarial loss to UCRP.

Next Steps

Amendments to UCRP would be necessary so that participation in the START program would not reduce a participating employee's accrual rate of UCRP Service Credit or the amount of pay used to determine certain UCRP benefits. HR/Benefits will continue to consult with TFIR and the UCRS Advisory Board as this work progresses. An item is scheduled to be presented to The Regents for approval as early as May 2008. UC will take appropriate action concerning proposed changes that may trigger notice, consultation and meeting and conferring obligations under the Higher Education Employer-Employee Relations Act, if any such action is required.