

August 19, 2009

TO: Associate Vice Presidents for Faculty Affairs
Human Resources Officers
Chief Research Officers
Directors of Sponsored Programs

FROM: Margaret Merryfield, Senior Director of Academic Human Resources
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SUBJECT: Guidelines for Application of Furlough Program for Employees Who are Wholly or Partly Funded by Non-CSU Sources

Over the last month we have received many inquiries about different situations affecting faculty and staff on furlough and how these changes relate to sponsored programs activities and commitments. We have attempted to capture most of the situations that have been presented in the attached Furlough FAQ document. This should be considered a “living” document; new issues are presented daily, and we will address them as they come up. These guidelines may be revised, or we may send out clarifications, as necessary. Additional guidance is available in Technical Letter HR/Salary 2009-07 and its supplements, available on the web at <http://www.calstate.edu/HRAdm/2009pages/2009samemo.shtml>. The calculation of salary for individuals with a partial exemption from furlough because of sponsored programs activities is addressed on page 4 of HR/Salary 2009-07.

As a collaborative effort within the Chancellor’s Office involving staff from Human Resources, Sponsored Programs and Research Initiatives and Partnerships, this document took shape with considerable input and questions from our campus colleagues. If you have additional questions or need clarification on any of the questions and answers provided in this document, feel free to contact us collectively as follows:

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Thank you for your patience and your assistance in crafting these important guidelines.

c: President, Auxiliary Organization Association

CSU Campuses	Fresno	Monterey Bay	San Francisco
Bakersfield	Fullerton	Northridge	San José
Channel Islands	Humboldt	Pomona	San Luis Obispo
Chico	Long Beach	Sacramento	San Marcos
Dominguez Hills	Los Angeles	San Bernardino	Sonoma
East Bay	Maritime Academy	San Diego	Stanislaus

Planning for Sponsored Programs Activities in the Context of Furloughs

Guidelines for Application of Furlough Program for Employees Who are Wholly or Partly Funded by Non-CSU Sources

Version 16 – 8/18/09

General Questions:

1. Do furloughs affect all state-side (CSU) employees?

A. All MPP, confidential, excluded, and executive employees are subject to furlough. In addition, as of August 1, 2009, the CSU has negotiated furlough agreements with the following unions: CSUEU (Units 2, 5, 7, and 9), CFA (Unit 3), APC (Unit 4), and UAPD (Unit 1). Unit 8 (university police) are exempt from furloughs, as are unit 11 (academic student employees) and unit 12 (Head Start at SFSU). Unit 6 (SETC, skilled trades) and unit 10 (operating engineers at California Maritime Academy) have not agreed to furlough. It's important to understand that furlough provisions may differ between bargaining units and by type of appointment. There are also differences between campuses on some aspects of furlough implementation. Please check with your campus human resource offices to obtain more information on the specifics of furlough implementation on your campus.

2. What aspects of furlough management are CSU Office of the Chancellor (CO) - level determinations and what decisions might be left to the campuses?

A. Most of the furlough management is subject to state and federal law, CSU policy, and bargaining unit agreements, and is impacted by implementation requirements of the State Controller's Office, and thus must be consistently implemented across the CSU system. There are other aspects of the implementation that may differ among campuses, such as designation of days for full or partial campus closure. The CO requires that each campus have an approved furlough plan in place, and may require additional approvals in some situations.

3. Do furloughs affect employees of CSU auxiliaries?

A. Auxiliaries establish their own employment policies. The CSU furlough program applies only to CSU employees. Refer to the July 30, 2009 memorandum from Executive Vice Chancellor Quillian and Vice Chancellor Brooks for additional information regarding the status of auxiliaries.

4. What about faculty and staff employed through extended/continuing education?

A. Faculty (Unit 3) teaching extension courses (class codes 2322 and 2323) are exempt from furlough per the signed letter of agreement with CFA dated 7/28/2009. Summer 2009 courses offered through Extended Education (class code 2357) are not included in the furlough program. MPP and staff in units participating in the furlough program who work in extended/continuing education are subject to furlough; represented staff are subject to the terms of their respective bargaining agreements.

5. What about state-side (CSU) employees with H-1b Visas?

A. At this time, H-1b visa employees are not exempt from furlough. Our understanding is that we can meet the challenge of "prevailing wage" for represented employees because the wages have been

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negotiated with the official collective bargaining agent. If an employee with an H-1b visa is terminated, the university is required to pay for that individual's travel to their home country.

6. For any non-furloughed employee, how will we handle their workload on campus closure days?

A. Several options are available: the employee may be provided work assignments that can be carried out on those days; the employee's work schedule may be adjusted; or the employee may use vacation, CTO, or personal holiday.

Questions Relating to Specific Sponsored Programs and/or Research Compliance Employment Issues:

7. What is the general rule for handling furloughs for individuals whose salaries are reimbursed, in whole or in part, by externally funded grants, contracts, or cooperative agreements?

A. The general rule is that CSU employees whose salaries are 100% reimbursed by externally funded grants, contracts, or cooperative agreements are completely exempt from furlough, while individuals whose salaries are partially reimbursed will have a pro-rata exemption.

8. How will we calculate overload (the 125% allowable in the faculty collective bargaining agreement and CSU policy) in a furlough situation?

*A. Since the faculty member's base salary will not change as a result of furloughs, there should be **no change** in how compensation for additional employment is calculated. In other words, faculty can receive overload pay on sponsored programs up to 125% of their pre-furlough base salary. The CSU/CFA 7-28-2009 Furlough Agreement specifically states (p. 6, provision 6.k) with regard to Article 36.4 of the CSU/CFA bargaining contract: "Additional Employment: For the period between July 1, 2009 and June 30, 2010, Article 36.4 shall be revised to read as follows: "The "25%" overage as used in this Article shall be calculated as a percentage of the faculty unit employee's pre-furlough full-time workload or, when appropriate, full-time time base or 25% of the Faculty Unit Employee's full-time salary, whichever is greater. The total additional employment of the Faculty Unit employee shall not exceed the 25% overage."*

9. How will the furloughs affect employees funded by state general fund or bond-funded grants, contracts, or cooperative agreements?

A. Our general policy is that employees whose salaries are 100% reimbursed by external grants, contracts, or cooperative agreements are exempt from furlough, and that those whose salaries are partially reimbursed would be exempted on a pro-rata basis. This rule would hold for grants sponsored by state agencies as well.

10. If grant-funded staff who are **employed state-side (CSU)** are paid 100% by an externally funded grant, contract, or cooperative agreement, (whether the grant is managed by the auxiliary or by the

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university) including via a “pass through” of federal funds for management by a state agency, are they subject to furlough?

A. CSU employees (staff or faculty) who are 100% grant-funded are not subject to furlough, including those whose funding comes from a “pass-through” of federal funds (through state or local agency). With regard to faculty (Unit 3) the CSU/CFA 7-28-2009 Furlough Agreement specifically states (p. 6, provision 7.a) “Faculty Unit employees whose salary is 100% funded from grants and contracts not funded from the state general fund, shall not be subject to this furlough agreement”.

11. What about grant-funded staff who are **employed by an auxiliary** of a CSU campus? If they are paid 100% by a grant, contract, or cooperative agreement through an auxiliary, are they subject to furlough?

A. Employees of auxiliaries are not subject to the CSU furlough program; auxiliaries establish their own employment policies.

12. What about employees that are employed by the CSU and **partially** paid by a federal or other externally funded grant, contract, or cooperative agreement (whether the grant is managed through the auxiliary or through the university)? How does the furlough program apply to them?

*A. Employees whose salary is **partially** funded from grants, contracts, or cooperative agreements shall be subject to furlough programs on a partial, or **pro-rata** basis. The pro-rata furlough will only be based on the portion of the employee’s compensation provided by the state general fund.*

13. If reimbursement (especially of faculty) from a grant, contract, or cooperative agreement is not at full rank and step with benefits, is there still a reduction in the furlough?

A. The reduction in furlough will be proportional to the actual amount of reimbursement based on the employee’s salary. For example, suppose a sponsored program reimburses the general fund \$4,000 for the cost of a replacement lecturer teaching one course, but the full salary for the faculty member for 100% of the faculty member’s time for one semester would have been 40,000. In this example, the faculty member’s furlough for the semester would only be reduced by 10% ($\$4,000/\$40,000$).¹

14. What if the university has agreed to provide a cost match for additional assigned time for the faculty member? Is the cost match portion of effort subject to furlough?

A. If the university has a formal, written agreement with the sponsoring agency to provide the cost match, in order to maintain the effort commitment, both the portion of the faculty member’s time directly reimbursed by the grant and the portion provided by the cost match should be exempted from furlough.

15. How does being partially exempt from furlough work, anyway?

¹ In general, all sponsored programs-funded faculty and staff should be charged to a grant, contract, or cooperative agreement at their full rate of salary and fringe benefits (in accordance with OMB Circular A-21). If this is not the case for specific grants, contracts, or cooperative agreements in force, we suggest that rebudgeting of the sponsored program to include the full salary and benefits rates be discussed with sponsoring agencies.

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A. We expect that the dean, chair, and individual faculty member will work out a mutually acceptable schedule so that the faculty member is able to continue the grant-related effort that is being reimbursed at the same level while reducing non-grant-related activities by the amount of the furlough (which should translate to roughly a 10% reduction in time and effort associated with these activities.) The tables below provide a translation into days of furlough.

16. Help! We need examples.

A. The tables below summarize the partial reimbursement situations that might be encountered, as well as how to calculate the required furlough and the associated salary reduction.

Table 1. Furlough Status Based on Full or Partial Grant Reimbursement	
<u>Situation</u>	<u>Status</u>
100% reimbursed (full salary and benefits)	Exempt from furlough
Partially reimbursed, n% of effort, full salary and benefits	Exempt from n% of furlough
Reimbursed, but not at full salary and benefits.	Pro-rata exemption based on % reimbursement, calculated as % of full salary and benefits (calculated based on ratio of salary reimbursement to employee's full salary)
University cost match	Exempted from furlough if written agreement with sponsoring agency in place. Note cost match can be greater than 1:1. Not exempt from furlough otherwise

Table 2. Calculation of Furlough with Partial Reimbursement				
<u>Situation</u>	<u>Starting Furlough</u>	<u>% Reimbursed</u>	<u>Reduction in Furlough Days</u>	<u>Net Furlough</u>
Grant reimbursed (full rate) at 20%	18 days	20%	3.6 days (1.8 per semester, 1.2 days per quarter)	14.4 days
Grant-reimbursed @ 20% plus cost match commitment 20%	18 days	40%	7.2 days (3.6 per semester, 2.4 days per quarter)	10.8 days
Grant reimbursed, less than full salary and benefits <i>Example: reimbursed for 40% time, but at replacement rate; replacement rate for this individual is only 50% of individual's full salary</i>	18 days	40% times 0.5 equals 20% <i>In general: actual dollars reimbursed divided by full salary gives % reimbursed</i>	3.6 days (1.8 days per semester, 1.2 days per quarter)	14.4 days

17. Will employees working in animal facilities be exempt from furlough?

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A. Exemptions may be requested if compliance requirements and/or operational needs cannot be met using alternate furlough schedules.

18. Does the CSU furlough program affect employees (either state-side or auxiliary) that are supported through indirect cost revenue?

A. State employees supported by indirect cost recovery are subject to furlough. The exemption from furlough is limited to individuals who are directly working on externally funded grants, contracts, or cooperative agreements. Auxiliary employees are not subject to the CSU furlough program.

19. Are endowed chairs whose salary is provided in whole or in part from the endowment subject to furlough?

A. Yes

20. Are faculty members whose salary is provided in whole or in part from a gift subject to furlough?

A. Yes

21. Are Grant-Related Instructional Faculty (GRIF) subject to furlough?

A. Yes. GRIF provides a salary enhancement of up to 35%, not a reimbursement of time. Note that if a faculty member receiving a GRIF supplement also had a portion of his or her effort being reimbursed by a grant, that portion would be exempt from furlough.