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MEMORANDUM

TO: Erik Seastedt, Chief Human Resources
University of Alaska

FROM: Chris Beks, President 
University of Alaska Fairbanks Staff Council

DATE: June 4, 2014

SUBJECT: University of Alaska Draft Furlough Policy, P04.07.115

A memo regarding a draft furlough policy was sent to UA staff on Monday afternoon June 2nd, 2014. UAF Staff Council received over 110 comments in less than eight hours on the proposed furlough policy. Due to the short notice period for feedback prior to the BOR meeting and the absence of many staff at the end of the academic year, we expect to share further feedback at a later date. Employee feedback will be especially critical during the draft regulation process, and we would request a more robust notice period in which to properly evaluate and respond to the proposed language.

Concerns about the proposed furlough policy "P04.07.115 Employee Furlough" center on a few key issues:

1. Parity or fairness

This particular policy affects only the non-represented staff at UA. Other employees are not likely to be affected in the same way due to their collective bargaining agreements. A tiered approach based on compensation amount would avoid an undue burden on the employees with lower wages.

2. Inability to use paid leave

It is not clear why employees could not use paid leave during a furlough. Since leave is already budgeted, mandating its use through a hard closure reduces accrual and does result in a cost savings. If leave is an option, this becomes much more bearable for employees who cannot afford to miss a paycheck. Before deciding on a policy that states paid leave may not be used, a comparison of savings with and without use of leave should be conducted. If such a comparison has been conducted, it should be shared.

3. Implementation

The majority of concerns relate to implementation issues that should be dealt with in regulation. Particularly: impacts on retirement/benefits, timing of furlough (spread out or condensed), ability to volunteer before any mandatory implementation, application across employee classes and units, maximum period of furlough, etc. We will be happy to share this feedback, and any additional concerns or suggestions that we receive, during the process of drafting regulation.

4. Employees' ability to plan

For most employees, a furlough could be borne if there is warning far enough in advance. Adding a minimum notice period to section B would ensure employees can plan accordingly and avoid major financial disruption and hardship.

5. “Temporary reduction in pay”

This ability to plan is compromised by the “temporary reduction in pay” language. If employees will not be working, they may make other arrangements for their time, including finding other sources of income to cover the gap left by the furlough. Doing the same work for less pay makes it harder for employees to adapt. Furthermore, staff have a reasonable expectation that their contracts, specifying their pay, will be honored as long as they work at the established levels. Expecting work to continue while reducing pay has a far worse impact to employee morale than furlough time. Unless there is a clear and compelling justification for this language, which staff may review and comment on, this language should be removed.

6. Clarification of language

In section B, the sentence stating “employees may not work,” should be edited to clarify that employees may not work *for the University* during the furlough. Employees may need to seek outside employment during a furlough period in order to cover living expenses, and it should be clear that this option remains open.

7. Measure of last resort

The policy should clarify that a furlough is to be used when other options to deal with a budgetary shortfall have been exhausted. The negative impacts of a furlough can be substantial: loss of morale, higher turnover, and difficulty recruiting qualified staff. Many staff are willing to move to an 11-month contract or part-time status on a voluntary basis to reduce salary and benefits expenditures; addressing a budgetary shortfall in a voluntary and positive manner builds morale and goodwill rather than eroding it. Staff are also concerned that furloughs are being discussed in the same year as compensation increases. If the President determines that the University is facing a significant operating budget deficit, a mandatory furlough plan may be implemented in accordance with this policy, and in consultation with the system governance groups.

Attachment: Draft Employees Furlough Policy

cc: Brian Rogers, Chancellor, University of Alaska Fairbanks
Susan Henrichs, Provost, University of Alaska Fairbanks

P04.07.115 Employee Furlough

*A. Effective January 1, 2015, to address budgetary shortfalls in any unit of the university, employees may be subject to furlough via temporary unpaid leaves of absence or prospective, temporary reductions in pay. *

B. Furloughs shall be implemented in accordance with regulations and plans approved by the president pursuant to this policy, provided however that employees shall receive written notice of furlough as provided by regulation and further provided that employees may not work or use paid leave during a period of leave without pay due to furlough.

C. Furlough plans may be implemented notwithstanding any other regents' policy, university regulation or university or campus practice or procedure and are subject to review only as may be provided in regulations adopted pursuant to this policy.