

Facts about UC furloughs, layoffs and UC's financial reserves

Every summer, when academic terms end and campus populations, activities and operations are dramatically reduced (curtailed), employees in certain jobs are furloughed for the summer months. Typical furloughed positions include student housing staff, transportation workers (e.g., shuttle drivers), events and dining staff, and student health center employees. These employees receive furlough notices at the end of every academic year, and most employees return to work in the fall when the new academic year begins.

With the recent and ongoing shift to remote operations due to the coronavirus pandemic, campuses need even fewer on-site staff in certain operational areas. Accordingly, a number of employees who don't have on-campus work right now are receiving layoff notices. Most of these layoffs are temporary and for a limited period of time, and the hope is these employees will return when campuses are able to resume full, in-person operations. Many employees receiving layoff notices are represented by the American Federation of State, County and Municipal Employees (AFSCME) union, which — along with other unions — asserts that UC should use its financial reserves and borrowing ability to avoid layoffs. Below are details about the layoffs and facts about UC's reserves.

Keeping employees working during the pandemic has been a top priority

Ever since the local and statewide shelter-in-place orders went into effect, UC has been working to keep as many of our employees working as possible. Examples include:

- On April 2, President Napolitano and all ten UC chancellors committed to [no pandemic-related layoffs](#) through June 30.
- Locations have been working to temporarily reassign employees whose work has been eliminated or reduced, due either to the summer curtailment or shift to remote operations, in order to help with other staffing needs. For example:
 - UCLA created "[Talent Match](#)," a program, open to all employees, that facilitates reassigning employees to departments that need assistance during this time.
 - UCSF is also redeploying underutilized staff to help with screening people entering clinical facilities, including employees and patients.
 - Locations offering certain campus employees additional pay who are temporarily reassigned to hospital facilities.

Most layoffs are due to lack of on-campus work, and are temporary

The shift to remote operations due to the pandemic has resulted in the need for significantly fewer on-campus employees over the short term. Consequently, some employees are receiving layoff notices. The majority of layoffs are temporary, and the hope is that most of these employees will return when the work returns. Most layoffs will occur at campuses, as our medical centers are year-round, 24-hour operations that do not curtail operations during the summer as campuses do. Campus activities will likely continue to be impacted in the coming academic year.

Support for laid-off employees

Benefits and other forms of support for laid-off employees will vary depending on if the layoff is temporary or permanent. Employees who are temporarily laid off will continue to receive health benefits for the duration of their layoff (typically 3-4 months, depending on the union contract). Employees who are permanently laid off are entitled to preferential rehire/recall status (or severance, where applicable), and continuation of their health benefits under COBRA. Additionally, many campuses offer outplacement services, career coaching, resume writing and other job-search resources. Many laid off employees are also eligible for unemployment insurance.

Impacts on non-unionized faculty, staff and UC leaders

Although most layoffs will occur among union-represented staff, non-represented employees are also impacted. In May, [UC implemented](#) the following for the 2020-21 fiscal year for unrepresented staff, faculty and leadership:

- a systemwide freeze on salaries for unrepresented staff employees;
- a systemwide freeze on faculty salary scales;
- a 10% pay cut for President Napolitano and current chancellors.

Efforts to work with union leaders to support represented employees

Similar to what the [state is doing](#) with its unions regarding unionized state employees, UC has invited union leaders to collaborate on ways to mitigate impacts on our unionized staff — for example, deferring or foregoing negotiated pay raises — and be partners with UC in weathering the crisis. Unfortunately, thus far our union leaders have shown little interest in working with us. It's important to note that all of our union-represented staff employees are under contracts that provide guaranteed annual pay increases during the 2020-21 fiscal year.

Answers to questions about furloughs and layoffs

Q. What's the difference between seasonal furloughs and layoffs related to the pandemic?

A. Seasonal furloughs occur every year and are due to annual summer curtailment of campus operations, when academic terms end and campus populations and activities are dramatically reduced. With the shift to remote operations due to the coronavirus pandemic, campuses need even fewer staff in certain operational areas and are laying off some employees who don't have on-campus work right now. Most of these layoffs are temporary and for a limited period of time.

Q. Are all layoffs permanent?

A. No. Many are temporary layoffs with a limited duration, and the hope is that most of these employees will return when campuses resume full in-person operations. However, some temporary layoffs could be converted to permanent layoffs depending on operational needs.

Q. Where are most layoffs occurring?

A. Most layoffs will occur on campuses because of significantly reduced campus activity.

Q. Are there certain types of jobs that are more impacted than others?

A. Jobs that are associated with a fully populated campus are currently most affected — e.g., student housing, transportation workers (e.g., shuttle drivers), events and dining staff, and student health center employees.

Q. A lot of the layoffs appear to involve unionized employees — why is that?

A. In general, it has to do with the nature of their work. A lot of jobs associated with a fully populated location (that are currently most affected) are union-represented positions — student housing staff, campus shuttle drivers, event staff, dining hall employees, etc. There are also many unionized jobs that are not as affected because they have ongoing work or have been temporarily reassigned.

Q. Is UC working with its unions to minimize layoffs for unionized employees?

A. Similar to what the [state is doing](#) with its unions regarding unionized state employees, UC has invited union leaders to collaborate on ways to mitigate impacts on our unionized staff — for example, deferring or foregoing negotiated pay raises — and be partners with UC in weathering the crisis. Unfortunately, our union leaders have shown little interest in working with us.

Q. What kinds of benefits and other support will laid-off represented employees receive?

A. Benefits and other forms of support for laid-off employees will vary depending on if the layoff is temporary or permanent, and the applicable union contract. Employees who are temporarily laid off will continue to receive health benefits for the duration of their layoff (typically 3-4 months, depending on the relevant union contract). Employees who are permanently laid off are entitled to preferential rehire/recall status (or severance, where applicable), based on their years of seniority, and continuation of their health benefits under COBRA. Additionally, many campuses offer outplacement services, career coaching, resume writing and other job-search resources. Many laid off employees are also eligible for unemployment insurance.

Q. Do employee health benefits differ between a temporary layoff and a furlough?

A. They are very similar. In both cases, the employee is able to maintain their health benefits (with UC paying the employer portion of the premium) for most, if not all, of the period the employee is not working.

Q. How are non-represented employees being impacted?

A. In May, [UC implemented](#) the following for the 2020-21 fiscal year for unrepresented staff, faculty and leadership:

- a systemwide freeze on salaries for unrepresented staff employees;
- a systemwide freeze on faculty salary scales;
- a 10% pay cut for President Napolitano and current chancellors.

Answers to questions about UC's reserves and borrowing ability

Q. Why would UC even consider layoffs when it has billions of dollars in reserves?

A. Fundamentally, the issue is not about having enough funding to support jobs, it is about not having enough work for certain employees because of the shift to remote operations due to the pandemic. If we have to continue to primarily operate remotely for an extended period of time, and don't get more support from the state, we can consider leveraging other resources.

Q. Given what happened with the financial crisis, why didn't UC keep enough funds in reserves to allow it to get through a severe economic crisis without measures like layoffs or other cuts that can damage UC over the long term?

A. Fundamentally, the layoffs are due to a lack of work, not a lack of funds. The majority of layoffs, most of which are temporary, are due to campuses needing fewer on-campus staff in certain areas because of the shift to remote operations due to the pandemic. Reserves have already been stressed significantly, due to refunding students for room and board and lower clinical and hospital patient volumes, while expenses have increased significantly for COVID-related needs (personal protective equipment, additional cleaning, etc.). Also, restricted funds are primarily from donors and the federal government, and we do not have the authority to use those funds for anything other than their specified use. Although reserves can help address short-term challenges, they are not a solution for a long-term shortfall in state funds.

Q. Working capital pools have increased recently. Why aren't you spending more of those billions of dollars to support employees and to ease the financial burden on students?

A. Working capital was increased so salaries and benefits could be paid to employees through June 30 while revenues are down and expenses are up beyond what was expected. Campuses are using reserves to cover the shortfalls. The majority of layoffs, most of which are temporary, are due to campuses needing fewer on-campus staff in certain areas because of the shift to remote operations due to the pandemic, so fundamentally, it's not a matter of funds.

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Q. When do you project that university revenues will recover?

A. It is not possible to predict when exactly university revenues will recover. The fundamental business model for our auxiliary (housing, dining) and health operations is sound, and we anticipate significant restoration of these activities once we can resume full in-person operations. The timing is dependent on a host of factors, including how rapidly a safe and effective COVID-19 vaccine can be developed and deployed, and how local housing regulations might change over time in ways that impact student housing at UC. In terms of state support, the Legislative Analyst's Office and the Department of Finance predict that the state's budget problems will persist for years to come.

Q. Wouldn't the best approach be for UC to borrow funds to bridge until a time when its revenue recovers rather than consider layoffs?

A. Fundamentally, the issue is not a lack of funding to support jobs, it is about not having enough work for certain employees because of the shift to remote operations due to the pandemic. In general, taking on more debt is not a realistic strategy for offsetting a potential multi-year drop in state funds.