



University System of Maryland Council of University System Staff (CUSS)

Fall 2009 Report to USM Institutions

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Frequently Asked Questions Regarding FY2010 Budget Cuts, Furlough and Temporary Salary Reductions

And

Examples of Cost Cutting Actions Taken by USM Institutions

In the continued spirit of Shared Governance, on September 9th, the Council of University System Staff (CUSS) Executive Committee, met with Mr. Joe Vivona – Chief Operating Officer/Vice Chancellor of Administration and Finance, Mr. James Sansbury - Associate Vice Chancellor for Financial Affairs, and Ms. JoAnn Goedert - Assistant Vice Chancellor for Administration and Finance to discuss the guidelines of the upcoming salary reduction efforts and offer our feedback. One of the outcomes from the meeting was a Frequently Asked Questions (FAQ) document.

Ms. Goedert also attended the full CUSS meeting in September to discuss the FAQ. The council asked for several clarifications and a list of some of the actions that were taken by the USM Institutions to address the budget situation that did not involve the furlough of Staff employees. This report details the FAQ and outlines some of the actions per Institution taken to reduce the impact on employees. These budget savings measures have been undertaken through the Effectiveness and Efficiency initiative of the Chancellor.

As to what will happen next – we do not know. What we do know is that the Officers of the University System of Maryland do understand the value we bring as members of the community. They believe in and practice Shared Governance and will include us when the time comes to address this issue. As stated at the end of this report:

“The continued protection of Staff employees with cost savings achieved through other means remains a high priority for the USM and its Institutions during these difficult economic times.”

FY 2010 USM FURLOUGH/TEMPORARY SALARY REDUCTION PLANS: FREQUENTLY ASKED QUESTIONS

Why is the USM requiring each Institution to implement a Plan that requires furloughs and/or temporary salary reductions instead of options that do not affect employees?

Since the start of the fiscal year on July 1, 2009, the USM (and the rest of State Government) has experienced three rounds of budget reductions. In rounds one and two, a total of \$68 million in savings was achieved by reductions to non-salary accounts, transfers from reserves, and the elimination of vacant positions. Though some filled positions were also eliminated, Staff and Faculty employees were largely protected.

It was not until round three that action affecting employees became necessary. It should be noted that salary and wages represent approximately 65% of the budget. The USM was asked to take part in a state-wide furlough program, and our share totaled approximately \$27 million. The use of furloughs was deemed to be the best course of action in a difficult circumstance. The concept is to achieve savings by reducing everyone's salary temporarily rather than laying off a significant number of our co-workers. Also,

under a furlough approach, the loss in pay is temporary and individual salary will return to the original level on July 1, 2010.

What does the USM mean by a “Furlough/Temporary Salary Reduction” Plan?

What this means is that each Institution will have to meet a specific budget reduction target through personnel-related measures. The Board of Regents has authorized a couple of options to achieve their goals. Institutions will have the discretion to implement either furloughs, temporary salary reductions, or a combination of both, in developing their “Plans”.

Furlough: If an Institution’s Plan includes furloughs, employees will be assigned a number of furlough days that must be taken before June 30, 2010. The number of days for each employee will be set according to a progressive scale depending upon income level. Under federal employment laws, employees can only take one furlough day per week and the reduction for that day(s) must be taken out of the employee’s pay check for the pay period when the day was taken. Under federal law employees cannot report to work on furlough days.

Temporary Salary Reduction: Institutions that choose to implement temporary salary reductions will meet their budget reduction targets by reducing employees’ pay for the rest of the fiscal year (until June 30, 2010) according to a progressive scale based on the employee’s income. Then, employees will be given a proportionate number of paid administrative leave days. A temporary salary reduction is a technique to smooth out the dollar effect of salary loss over the fiscal year by applying a small amount to each pay period.

An Institution also may use a combination of furloughs and temporary salary reduction. In this situation, the Institution would reduce employees’ pay in an amount commensurate with the number of days that it plans to shut down the Institution, and require employees to take furlough days for any additional days that they are assigned under the Institution’s Plan.

Will a temporary salary reduction affect my base pay for the future?

No, if your Institution Plan includes temporary salary reductions, your pay will be reduced only during the current fiscal year that ends on June 30, 2010. On July 1, 2010, your pay will be adjusted and will be based on your salary before the Plans were implemented.

Will a temporary salary reduction affect my retirement benefits?

No, retirement contributions and credits will be made during the Plan period based upon your salary before the Plan’s implementation.

Will a temporary salary reduction affect my health benefits or leave accruals?

No, your health benefits and accrual of annual, sick and other leave will not be affected at all by the Plan’s implementation.

Will Institutions shut down as part of their Plans?

Most Institutions plan to shut down for a few days, usually close to their existing winter or spring breaks, as part of their Plans. Employees will be expected to use furlough or administrative leave days on days when the Institution closes.

What happens if my Institution closes for more days than I have been assigned Plan days?

If your Institution shuts down for more days than you have been assigned furlough or administrative leave days under the Plan, you will have to use accrued annual or personal leave on those closure days. For example, if you have been assigned three Plan days, and your Institution is closing for five days, you will have to use accrued annual or personal leave or leave without pay for two days.

RECENT COST REDUCTION MEASURES BY USM INSTITUTIONS

The following was prepared in response to questions from the Council of University System Staff regarding cost reduction measures taken by Institutions that do not have a negative impact on USM employees. This list highlights examples of many such initiatives undertaken in recent times to achieve cost savings while avoiding salary reduction, furloughs, or lay-offs. Some involve enhanced business practices and more effective use of technology. Some have produced substantial cost reductions across Institutions, while others have created modest, but measurable, savings in individual Institution units. Many have resulted in positive environmental or student services benefits, as well as reduced costs.

Please note that this is just a sampling of the efforts made by USM Institutions in this regard. Each Institution has implemented a range of other measures as well, and Institutions other than those specifically identified have also implemented many of the measures listed here.

Business Systems and Contracting

- Expanded Purchasing Card Programs have reduced procurement and accounts payable costs---*Most Institutions*
- Increased use of multi-function office machines reduces need for multiple printing and faxing machines and related maintenance---*SU*
- Implementation of Sallie Mae Tuition Pay system---*CSU, SU*
- Improved contract monitoring---*UMBC*
- Combined hardware procurement---*UMBC, UMB*
- Shared network links and services w. other Institutions---*UMBI, UMCP*
- Downsized vehicle fleet---*UMCES, UMCP*
- Shared technology transfer services with UMCP---*UMCES*
- Use of Terrapin Trader system to share assets across Institutions---*UMCP and others*

- Reducing mowing at golf course and other sites---*UMCP*
- Increased efficiency of shuttle bus services---*UMCP*
- Re-bid contracts for bookstore management, fire security maintenance---*BSU*
- Pouring rights contracts to support Institution programs---*CSU, UB, UMBC*
- Cooperative hazardous waste disposal contract---*UMB*
- Re-bid scientific instrument contracts---*UMBI*
- Streamlined month end closing and phone bill review processes---*CSU*
- Reduced contract costs for moving, air tickets, overnight deliveries---*UMCP*

Re-Cycling and Energy Conservation

- Comprehensive paper and scrap metal recycling system instituted---*UMB*
- Cooperative procurement of electricity and/or natural gas---*Many Institutions*
- Energy Performance Contracts---*Many Institutions*
- Implemented web-based energy management systems--- *SU, TU*
- Energy savings from new heat recovery systems, steam trap programs, room occupancy sensors, peak time electrical use controls---*UMB*
- Improved efficiency of HVAC systems---*UMCES*
- Upgraded electrical equipment---*UMES*
- Increased use of recycled paper stock---*BSU*
- Use of recycled furniture, computers---*BSU*
- Electronics recycling contract---*TU, UMB, UMBC*
- Efficient lighting replacement in Institutions' buildings---*Many Institutions*

In-Sourcing

- Use of in-house Staff employees to design renovation projects instead of outside contractor---*BSU, UMB*
- Upgraded copying systems to permit in-house copying of large quantity materials---*BSU, CSU*
- Establishment of in-house web management and smart classroom maintenance functions---*CSU*
- Use of in-house Staff employees to replace lighting systems---*FSU*
- Purchase of campus PBX telephone switch---*FSU*
- Eliminated outside financial consulting services---*UMB*
- Increased web services performed in-house---*UMB*
- Trained in-house Staff employees to conduct asbestos and mold remediation---*UMBC*
- Increased in-house boiler and preventive maintenance functions---*UMBI*
- Use of internal backup server for remote backups, eliminating contracts---*UMBI*
- Purchase of grinding machines to avoid out-sourcing---*UMCP*
- Established in-house publications design team---*UMCP*
- Expanded in-house vehicle inspections, maintenance and repairs---*UMCP*

Technology Initiatives

- Implementation of electronic billing systems---*SU, TU*
- Expanded implementation of web-based employee time reporting---*SU*
- Greater use of online recruitment advertising---*UMB, UMCES*
- Instituted eBid Board for procurement---*UMB, UMBC*
- Increased shared computer services and equipment across campus---*UMB*
- Implemented on-line COLA and merit process---*UMBC*
- Implemented electronic grants and contracts system---*UMCES, UMCP*
- Increased use of video-conferencing---*Many institutions*
- Increased Telework for employees---*UMUC*
- Standardization of computer equipment and software---*CSU*
- On-line purchasing and hiring approval systems---*CSU*

Paper and Mail Cost Reduction

- Increased paperless communication of academic department brochures, schedules, syllabi, etc. ---
Many Institutions
- Increased email and Black Board communication among students and Faculty---*Most Institutions*
- On-line only distribution of Student Affairs Newsletter---*BSU*
- Standardized on-line reporting systems implemented---*Most institutions*
- On-line forms available to Staff and Faculty employees, and to students reduce mailing costs---*CSU, FSU, UMCP*
- Use of electronic document management systems---*Many institutions*
- Consolidated admissions mailings---*TU*
- Reduced numbers and sizes of many publication; changed printing methods---*UMCP*

Outreach to External Sources

- Increased summer sports camps provide revenue for academic programs---*FSU, UMCP*
- Increased facilities rentals and leases---*Many Institutions*
- Obtained outside funding for nurse anesthesia program and Wellmobile operations---*UMB*
- Revenue generated by business affiliates invested in Institution programs---*UMBC*
- Donation of art, books and equipment---*UMBC*
- Increased commercial franchises on Institutions---*UMCP, UMUC*
- Obtained donated science and technology equipment---*FSU, TU*
- Leased incubator space to small companies---*FSU, UMBC*

Academic Programs and Student Services

- Increased development of on-line and hybrid courses---*BSU, CSU*
- Increased on-line courses in winter session and summer---*FSU*
- Cooperative degree programs between Institutions---*SU, UMES*

- Centralized summer course locations---*UB*
- Operate School as Lender program---*UMB*
- Expansion of Freshman Connections program---*UMCP*
- Partnership to provide student bus services---*UMES, SU*

Since July 1, 2009, USM Institutions faced three major budget reductions, for a total of \$73.5 million, before the most recent round of budget cuts in which furlough/salary reduction plans were required. Through a combination of cost savings measures like the ones listed here, a reduction in the USM's bond reserves (or "fund balance"), and decreases in some worthy initiatives like facilities renewal and financial aid, the USM was able to avoid budget cuts that affected employees. (It is estimated, for example, that 500 jobs and/or positions were saved by taking \$40 million of the total reductions from the fund balance instead of employee-related areas.) In the prior fiscal year, the USM faced approximately \$68 million in budget cuts. While approximately \$16 million of that total was generated through the FY 2009 furlough plan, most of remaining \$52 million was produced through reductions in fund balance, cost savings like those noted above, and other non-employee measures. The continued protection of Staff employees with cost savings achieved through other means remains a high priority for the USM and its Institutions during these difficult economic times.



CUSS members at meeting hosted by UMES

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