Cost Containment and Revitalization

University of New Orleans
Agenda

Cost Containment and Revitalization

- Salary Costs by Employee Category
- Layoff Avoidance Measures
- Layoff Guidelines/Timelines
- References
## Current University Employees

*Cost Containment and Revitalization*

<table>
<thead>
<tr>
<th>Type of Employees</th>
<th>Count</th>
<th>Annual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time – Uncl Staff</td>
<td>534</td>
<td>$29,062,940</td>
</tr>
<tr>
<td>Classified Staff</td>
<td>206</td>
<td>6,673,790</td>
</tr>
<tr>
<td>Full-time faculty</td>
<td>311</td>
<td>21,500,138</td>
</tr>
<tr>
<td>Part-time Academic</td>
<td>124</td>
<td>570,716</td>
</tr>
<tr>
<td>Temporary POA</td>
<td>35</td>
<td>407,320</td>
</tr>
<tr>
<td>Gratis/Volunteer</td>
<td>56</td>
<td>0</td>
</tr>
<tr>
<td>Temp Intermittent</td>
<td>556</td>
<td>1,583,162 *</td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>389</td>
<td>5,058,037 *</td>
</tr>
<tr>
<td>Student Workers</td>
<td>495</td>
<td>2,346,081 *</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>$67,202,184</strong></td>
</tr>
</tbody>
</table>

* = Earnings for FY 2013
Layoff Avoidance Measures
Cost Containment and Revitalization

• Withholding of Performance Adjustments (Merits Increases)
• Reduction in Work Hours
• Furlough Without Pay
• Retirement Incentive
• Annual Leave Closures
Layoff Avoidance Measures
Cost Containment and Revitalization

• Withholding Performance Adjustments (Merit Increases)
  – President requested/approval for this layoff avoidance measure for FY13/14.
  – Savings:
    • $ 271,592 - Classified Employees
    • $1,159,411 - Unclassified Staff
    • $ 821,406 - Full-time Faculty

Total Savings = $2,252,409
Layoff Avoidance Measures
Cost Containment and Revitalization

• **Reduction in Work Hours** (32 hr wk week)
  – Not to exceed one period of 12 months
  – Not to exceed 16 hours in a pay period

  – **Benefits impact:**
    • Insurance – no impact if 75% effort is maintained
      – Point to consider: If pay is cut, affordability may be an issue.
    • Leave – will be impacted in terms of accrual
    • Retirement – will be impacted – service credit
  – Requires C.S. approval for classified workforce
  – Requires Board approval for full-time faculty
# Layoff Avoidance Measures

*Cost Containment and Revitalization*

<table>
<thead>
<tr>
<th>Type of Empl</th>
<th>One-Month</th>
<th>Three-Months</th>
<th>Six-Months</th>
<th>Amt of effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified Staff</td>
<td>$ 504,295</td>
<td>$1,512,886</td>
<td>$3,025,773</td>
<td>80%</td>
</tr>
<tr>
<td>Classified Employees</td>
<td>$ 114,491</td>
<td>$ 343,474</td>
<td>$ 686,946</td>
<td>80%</td>
</tr>
<tr>
<td>Full-Time Faculty</td>
<td>$ 358,336</td>
<td>$1,075,007</td>
<td>$2,150,014</td>
<td>80%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$ 977,122</td>
<td>$2,931,367</td>
<td>$5,862,733</td>
<td>Savings @ 80%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32 hour work week</td>
</tr>
</tbody>
</table>
Layoff Avoidance Measures
Cost Containment and Revitalization

• **Furlough Without Pay**
  – Cannot exceed 240 hours in 12 month period
  – Can be extended to 480 with C.S. approval
  – Benefits impact:
    • Insurance should have no impact
    • Leave can be impacted 10 or more days
    • Retirement – no impact if less than 10 days
  – Requires C.S. approval for classified WF
Layoff Avoidance Measures
Cost Containment and Revitalization

• **Furlough Without Pay** (cont’d)

• **Estimated savings:**
  – One day = $220,323
  – Five days = $1,101,617
  – 10 days = $2,203,234

• **Note:** Furlough days can be on holidays
Layoff Avoidance Measures
Cost Containment and Revitalization

• **Retirement Incentive**
  – An incentive to retire…one-time lump-sum payment
  – Cannot receive payment that exceeds 50% of the savings realized by agency
  – No payment prior to separation
  – Need money to implement
  – No impact on Benefits
  – Savings ?????
  – Requires C.S. approval for classified WF
Layoff Avoidance Measures

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• **University Closures**
  – Cannot exceed 10 days
  – Benefits Impact:
    • Only for new employees who do not have the accrued leave
  – Does not require authorization from C.S.
  – Savings…?
Layoff

- Revenue and reserves are insufficient to support operations
- Layoff Preventive Measures don’t close the budget gap to support operations
- Academic setting – layoff is used:
  - Financial Exigency
  - Program Discontinuance
  - Budget/Revenue does not cover expenses
Layoff
Cost Containment and Revitalization

• **Classified Workforce** (206 employees)
  – Requires C.S. approval
  – C.S. Layoff Plan required
  – Notification requirements:
    • Initial notification to agency by Appointing Authority
    • Notification to employees impacted
    • Final notification after C.S. Plan is approved
  – Displacements rights before layoff
  – Lower level employees, **low savings**
Layoff

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• Unclassified Staff Workforce
  – All unclassified administrative staff hold their administrative appointment at the pleasure or will of the Board of Supervisors
  – At-Will employees
  – No required timeframe to notify unclassified staff for layoff/termination

• Instructors and Non Tenure Track Faculty
  – Appointments expire at the end of term
  – For program discontinuance, may be terminated upon one month’s notice.
Layoff
Cost Containment and Revitalization

• Tenure Track Faculty
  – At least three months notice required prior to release

• Tenured Faculty
  – Financial Exigency
    • Must be declared and Board approved
  – Program Discontinuance (Internally-Initiated and External-Initiated)
    • Internally-Initiated:
      – Requires Faculty participation in considering Program Discontinuance
Layoff

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– Internal-Initiated Program Discontinuance (Cont’d)
  • University President shall make recommendations for final actions
  • Plans for Discontinuance must be sent to UL System President NLT 60 days from final recommendation
  • US System Board of Supervisors and Board of Regents must approve plan before termination of any program
  • Pending approvals does not stop notification process
Layoff
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• Externally-Initiated Program Discontinuance
  • Necessary implementation procedures and guidelines – Board of Supervisors and/or Board of Regents

• Tenured Faculty (Discontinuance)
  – Notification timeline - two full academic semesters
  – Severe budgetary conditions, shorten notification periods will apply: Spring semester NLT August 15; for fall semester NLT January 15th
  – Other rights – PPM FS-III.XV.B-1a
Layoff
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• Student Workers/Graduate Assistants
  – No documented notification period
  – Important to ID student workers who are grant funded and funded by general funds
Conclusion

- Layoff Preventive Measures – may not meet the timeline needed for cuts
- Timeline for cuts may dictate layoff measures
- Tenure track/Tenured employees will not be the immediate fix
  - Analysis of Academic Programs may be needed for revitalization
    - As a result, layoff of faculty may be necessary
Conclusion (Cont’d)

• Classified workforce
  – Low paid employees
  – Long notification process – 8 weeks.
  – Displacement rights are a factor
  – Not a viable option

• Unclassified staff workforce layoff will provide immediate employee reduction/$$
  – Viable option for immediate cuts
Conclusion (Cont’d)

• Student Workers/Graduate Assistance
  – May necessitate consideration for reduction due to salary cost
  – Paid out $2,346,081 and $5,058,037 respectively last fiscal year
References

- PPM FS-III.XV.B-1a - UL System PPM
- PPM FS-III.X.VI.E-1 - UL System PPM
- UL Board By-Laws and Rules, Part II, Chapter III, Section II
- UL Board By-Laws and Rules, Part II, Chapter III, Section XV.
- UL Board By-Laws and Rules, Part II, Chapter III, Section XVI