

Student Affairs
Salary Savings Policy
(Updated 5/01/08)

Salary Savings

Salary Savings are savings garnered from a reduction in staff salary costs. Examples of actions that would create a savings are: reduction in time (voluntary or involuntary), termination, or unpaid leave, or elapsed time in a staff turnover.

Why does the division "draw-off" salary savings annually? As most of you are aware, the campus decentralized the funding process for all costs associated with reclassifications and above step new hires to each Division. The funds, formerly held in a "central" campus-wide account, were distributed on a one-time basis to the Divisional Collection Centers in 1994-95. In 1994-95, a portion of these funds were further decentralized by Student Affairs as a "credit line" to individual Unit / Clusters and those funds have been augmented annually as a *result of this process*.

In summary, Student Affairs is responsible for accumulating sufficient funds in our Divisional Collection Center to cover both the "current year" and the "permanent" costs for all approved reclassifications, above-step new hires, equity increases, and stipends. Draw-off from salary savings *is the only income source we have to create and sustain such a funding pool*. For example, if there are no monies available in your Unit / Cluster's "line of credit", individual units would have to fund employee reclassifications, above-step hires, equity increases, and stipends from their own operating budgets, find some alternative fund source, or receive approval from the Vice Chancellor's Office to take the Unit / Cluster's "line of credit" into deficit. As many of you are aware, these may not always be feasible alternatives and as a result, some reclassifications or above- step hires could not go forward. *Funds that participate in the Divisional Collection Center are General Funds (19900/19924), Reg Fee (20000) & Measure-7 (20360).*

Salary Savings Draw-Off Formula (One-time):

Units are able to retain 50% of current year salary savings in each unit's operating budget. The remaining 50% will be drawn off automatically (on a one-time basis) by the Student Affairs Division Budget Analyst via the annual Salary Savings Call, unless units are able to show that the unit expended funds (either in casual sub-2, or mid-year sub-1 hires, or temporary staffing hires) directly in support of fulfilling the job duties for the specific vacant or reduced staff positions. These "one-time" salary savings will be placed in the Student Affairs Collection Center account and portions will be reallocated as "lines of credit" to Unit / Clusters to assist in funding current year costs associated with reclassifications, above-step new hires, equity increases and stipends.

Please note that **'crossing of fiscal years'** is not considered an accounting adjustment. These expenses should be incurred and reflected against the following Salary Savings Call.

For your reference, we have created the enclosed Excel templates pulling dating from Business Objects designed to provide you with preliminary current year salary savings draw-off amounts for your units which will occur after your confirmation of the figures.

The salary savings calculations include:

- Sub 1 Salary budget amounts by permanent employee.
- Adding any one-time budget adjustments related to merits, equities, range adjustments, etc..
- Subtracting sub-2 casual expenses. Units are to verify expenses are directly in support of fulfilling the job duties for the specific vacant or reduced staff positions.

- Subtracting account code 001100 Temp-Help-Outside Agency expenses.
- Subtracting applicable START savings.
- Taking the balance and dividing by 2 for salary savings draw-off amount.

Please note that each year the reports are fine tuned to provide you with sufficient details for you to verify the salary savings amount, and manually culls out extraneous information that could distort the final draw-off amount. However, you are provided with opportunity to make accounting adjustments/corrections in the worksheet include any information not captured by the reports.

Permanent Salary Savings draw-off formula (TOS, Turn-over savings)

Permanent salary savings are generated when permanent sub-1 employees are no longer employed with the unit. The vacant FTE provision is automatically reduced to the minimum of the range (per the most current title & pay plan) and the savings are drawn-off to the Collection Center by the Student Affairs Division Budget Analyst. This reduction will be reflected, ultimately, on your staffing lists. These permanent salary savings are then reallocated as “lines of credit” LOC to units/clusters to assist in the funding the permanent costs associated with reclassifications, above-step new hires, equity increases and stipends.

If you have any questions about the above policy, please contact the Principal Budget Analyst, Denise Onitsuka at x95366, dtoni@ucsc.edu, or the Acting Assistant Vice Chancellor, Sue Matthews at x94448, sdmatthe@ucsc.edu.