

February 2, 2024

To: David Marshall, Executive Vice Chancellor
Joe Incandela, Vice Chancellor Research
Margaret Klawunn, Vice Chancellor Student Affairs
John Longbrake, Vice Chancellor External Relations
Garry Mac Pherson, Vice Chancellor Administrative Services
Jeffrey Stewart, Interim Vice Chancellor Diversity, Equity, and Inclusion

From: Chuck Haines, Vice Chancellor – Chief Financial Officer
Finance & Resource Management

RE: Vacancy Management Program

As you know, our campus continues to grapple with a growing budget deficit in Core funds. In the last CCCBS meeting, we discussed the necessary actions required to address this deficit, which included a review of funded vacant positions on campus. With this in mind, we have established a new vacancy review program, which is one of several strategies that will be used to protect and ensure the long-term financial health of the campus.

This new program is called the Vacancy Management Program (VMP), and it is designed to collect temporary and permanent funds that are allocated to vacant unfilled positions which will in turn help offset an existing and growing budget deficit. If a position is refilled, the total permanent funding will be returned to the originating department as well as any remaining temporary funds. This program will allow our campus to mitigate our budget deficit, but will continue to provide departments the funding needed when positions are refilled. I also hope that this will have the added benefit of allowing divisions and departments to evaluate and plan their staffing requirements and reassess salary needs within their area.

There are two phases to this program, detailed in Attachment 1. The first phase will be implemented quickly by my office in the upcoming weeks, and then an ongoing program will occur each month thereafter. You are encouraged to communicate the Vacancy Management Program with your respective areas. A list of program-eligible funds is included in Attachment 2.

Please contact Ambar Campos from the Budget Office with any questions regarding the information provided in this memo. Thank you in advance for your assistance as we navigate our financial challenges.

CC: Chancellor Henry T. Yang
Kerry Bierman
Michael McGrogan
Ambar Campos
Christian Villasenor

Dorothy Satomi
Jane Kittle
Melissa Jarnagin
Christian Treidler
Alex Ramos

Attachment 1**Initial Program Steps:**

- Upon the initiation of the program, the Budget Office will identify vacant positions during the fiscal year, by each Vice Chancellor area. After discussions with each Vice Chancellor, the Budget Office will determine which vacant positions will be eligible for the program. Criteria for eligibility includes permanently budgeted positions (positions with a Budget Distribution record and in Staffing), subaccount (Sub 1), and budgeted fund source (Unrestricted Core & Extended Core funds). Other criteria may be added as the program develops. Attachment 2 includes a provisional list of eligible fund sources.
- The Budget Office will transfer all eligible positions to a centrally held department code by updating the "Work Location – Department" under the "Add/Update Position Info" page within UCPath. The Reason Code for this transaction will be XFR (transfer). The originating department will be notified of this change and will no longer "own" the position nor be able to access it within UCPath.
- Upon updating the Position's department code, a new Budget Distribution page (BDP) entry will be created with the new department code and position number combination. Within the new BDP entry, the "Budget Distribution" account string (or Location - Account - Fund - Subaccount) will be changed to a centrally held account string. Changing the LAFS will initiate a change in Staffing reports (once this change is made, the position will "fall off" the originating department's Staffing reports).
- The Budget Office will then process a transfer of funds for a prorated amount of temporary salary savings between the date of separation and the end of the fiscal year (i.e., for the 1st year of this program this will be June 30th, 2024). The annual salary used to calculate the prorated temp amount will be the bottom of the range or step per the job code assigned to the vacant position. If the position has been vacant since July 1, 2023, the annual salary equal to the bottom of the range/step will be transferred.
- The permanent budget for the position will also be transferred to a central account, along with the total budgeted FTE. The permanent budget salary amount will be equal to the bottom of the range or step per the job code assigned to the vacant position. (Note: If the budget for the position is out of balance, meaning there is not enough permanent funding matching the bottom of the salary range or step, it will be the department's responsibility to move permanent funds to the budgeted LAFS to ensure there is sufficient funding to accommodate the transfer of funds.)

Ongoing Program Steps:

- The Budget Office will run a monthly query to identify new eligible vacant positions by department. The positions will be transferred to a central department code using the same steps noted above.
- The UCPath Budget Distribution page LAFS will be changed to a central department code.
- A budgetary transfer of funds will be processed to move temporary salary savings to a central account. The transfers of funds will occur at the beginning of each month, transferring the salary savings as a prorated amount based on the separation effective date.
- Within the same transfer, the permanent budget, equal to the total amount at the bottom of the salary range or step, will be moved to a central account.
- The Budget Office will provide regular reporting to the Vice Chancellors, producing data on the positions held centrally that originated from their areas.

Returning Positions:

- Once a department is ready to fill a position and begin recruitment, the existing approval processes within their division should be followed. A signature from the Vice Chancellor, CFO, will need to be newly integrated into those processes (i.e., DocuSign) for purposes of this program. The EVC/Vice Chancellor and CFO signatures will serve as a means for authorizing the return of positions back from the central pool.
- Upon completion of the recruitment process, the department will be responsible for communicating that the position has been filled along with a hire date to the Budget Office. This communication should include the recruitment approval documents signed by the control point and the Vice Chancellor, CFO. A brief standard form to assist in this communication will be established by the Budget Office and provided at a later date to control point finance officers. General departmental questions regarding the position status and funding should be handled by Vice Chancellors in consultation with the Budget Office.
- Upon completion of all necessary approvals, the Budget Office will prepare a Transfer of Funds (TOF) to return any temporary salary savings for the remainder of the fiscal year. The temporary amount will be prorated per the new incumbent hire date and based on the salary amount that was originally transferred (the bottom of the salary range or step). On the same TOF, the permanent budget amount and FTE will be returned equal to the original salary amount transferred. If the new hire salary is greater than the salary amount originally provided, it is the department's responsibility to cover the salary difference, both for the current year (temporary) and the ongoing permanent funding for that position.
- At any point in the process of requesting funds and FTE from the central pool, the Vice Chancellor control points will have the opportunity to confer on the best use of funds and deployment of the position with the Vice Chancellor, CFO. Any decisions derived from these discussions should be communicated by the Vice Chancellor to their department as soon as possible.

Attachment 2

Fund Sources Eligible for VMP*:

18082	Sa-Lottery Funds-New Eq/Is Sup	67872	Non-State Funded Admin Supp
18083	Sa-Lottery Funds-Instruct Cmpt	68609	Vcia - Gift Stip
18085	Sa-Excess Lottery-Instr Supprt	69750	Fed C&G Overhead Off-The-Top
18086	Sa-Supplemental Alloc Lottery	69908	Black Student Union Fund
19900	State General Funds	69909	Enterprise Technology Services
19903	Gen Fd-Purchased Utilities	69990	ICA Fund
19906	Gen Fd-Instr Use Of Computers	69993	Development
19931	Uc General - Ug App Fee	69995	Chancellors Unrestr Fund-Trip
19931	Uc General-App Fee Ug	69997	Chancellors Unrestr Fund-Stip
19932	Uc General - Other Fees		
19933	General Funds From Federal O/H		
19934	Patent Revenue		
19941	Non-Resident Tuition #2		
19942	Non Resident Tuition		
19943	Other Uc General Funds		
20000	Student Services Fee		
20005	Reg Fees-Stdnt Mental Health		
20045	Prof Degree Supplmntl Tuition		
20094	Educational Fee Income Fund		
20095	Tuition		
20290	Summer Session Even Years		
20291	Non Uc Summer Sess Fund		
20291	Summer Session Odd Years		
20293	Summer Session Uc Students		
20294	Summer Session Online Inst		
20295	Summer Session-Dept Allocation		
20296	Summer Session-Dept Support		
05397	Educational Fund		
07427	University Opportunity Fund		

*Note: Additional funds may be included at a later date