

RCUH ADVISORY #4 - FOR PROJECT PIs DURING THE COVID-19 PANDEMIC

GENERAL ANNOUNCEMENT

Performance evaluations and pay adjustments for RCUH employees which are normally due in June have been postponed. The new submittal date will be in mid-September 2020. Additional information regarding the above will be forthcoming in August 2020.

In response to the devastating impact of the COVID-19 pandemic on the state's economy, a pay cut for Hawai'i's public employees has been discussed. Although the discussions are still preliminary, you may be wondering how the RCUH employees on your project may be affected if a pay reduction or other cost-cutting action is implemented. Advisory #4 presents information which will assist you to address your employees' questions and concerns and to make informed decisions regarding your project personnel.

Does RCUH plan to issue a directive to reduce the pay and/or to furlough project staff who are RCUH employees?

RCUH does not have the authority to furlough or reduce the salaries of your project's RCUH employees. The authority and responsibility for personnel decisions relating to your project's employees—for example, hiring, terminating, furloughing, increasing/decreasing FTE, and determining salaries—rest with the project PI.

If there is a mandated pay cut for State employees, must I impose the pay cut on my project's RCUH employees?

If your RCUH employees are supported by federal or private funds, the employees are not subject to the State mandate. However, if the project employees are supported by State funds, please check with your State agency head to ascertain whether the mandate applies to these staff members. If your federal or private sponsor mandates a pay cut, then PIs must abide by the sponsor's directive.

My federally funded project ends in 2020. Although the proposed pay-cut mandate is not applicable to RCUH employers, should I impose it anyway on my project's RCUH employees?

The agreement you have with your funder regarding the personnel on your project and expected deliverables should inform your decision as to whether or not to apply the State mandate if it is implemented. For example:

- If the funder is willing to grant your project a no-cost extension, which will extend the period to expend project funds, how will the salary savings from the pay cut be used (e.g., to extend employment of the RCUH employees or pay for other project needs)? Which of these items will add greater value to the success of your project?
- If a no-cost extension is *not* allowed, is there sufficient time to reallocate previously approved personnel costs to another budget category and to expend the funds for a higher-priority need prior to the close of the project?

If there is a need to reduce my project's personnel costs, are pay cuts the only way to do so?

There are other ways to reduce personnel costs, such as hiring freezes, no-pay adjustments, unpaid furloughs, temporary FTE reductions, and other options. Please contact the RCUH Director of Human Resources (nsakamoto@rcuh.com) to discuss the various options and/or combination of options to determine what would be best for your project and employees. This is important as the option you select will have implications for employee health and other benefits. The discussion will also include guidance regarding what you can do to ensure fairness among employees, how to communicate your personnel decision to staff, and how to process the cost-cutting personnel transaction.

I have both UH/State and RCUH employees working on my project. Will I cause employment differences—and possible morale problems—if the former receive pay cuts and the latter do not?

There are differences in the terms and conditions of employment for the two types of employees that are defined by Hawai'i State statutes and are beyond your control. For example, UH/State employees belong to a union and are vested in the Employees' Retirement System (ERS), whereas these conditions do not apply to your project's RCUH employees, whose employment is dependent on the availability of funds from grants and contracts. If you determine that only your project's UH/State employees will receive the salary reduction, the manner in which the information is conveyed will contribute greatly to your staff's understanding and acceptance of the decision.

If I decide to impose a pay reduction or other cost-cutting actions that affect the salaries of my RCUH employees, what do I need to do?

Send an email to the RCUH Director of Human Resources (nsakamoto@rcuh.com) to inform him of your personnel action. Include the following information:

- name(s) of employee(s)
- action(s) to be taken, and
- effective date of action(s).