

**ARTICLE 37
SUBCONTRACTING
(currently performed work)**

A. GENERAL PROVISIONS

The University retains the right to subcontract all or any portion of operations subject to the limitations imposed by this article.

B. DISPLACEMENT OF EMPLOYEES

1. Except as provided below, the University of California will not contract out services that result in the layoff of non-probationary career bargaining unit employees.
2. Examples of instances in which a contract for such services may be appropriate include:
 - a. The need to obtain special services and equipment that are not available internally;
 - b. The need to obtain special expertise or efficiencies that are better provided through an outside contractor than by the University; and
 - c. Financial necessity.
3. Where financial necessity is the reason for the exception, before contracting for work which is fully or partially supported from state funds, including those at the teaching hospitals, the University shall first seek funding from the Legislature to address the financial necessity.
4. When the University has determined to contract for services that will result in the layoff of employees in the bargaining unit, it will provide CUE Teamsters with a copy of any RFP as soon as feasible after it is issued. In the event no RFP is issued and the subcontract will result in bargaining unit employee layoffs, the University will give at least 60 calendar days notice prior to the commencement of work by the contractor. Such notice shall demonstrate the appropriateness for the contract, in accordance with Section B above.
 - a. If CUE Teamsters asks to meet with the University about the proposed contract for services, such a meeting will occur as soon as practicable following the University's receipt of the request. The meeting will not delay the commencement of the contract.
 - b. If CUE Teamsters believes that the University failed to comply with the provisions of Section B above, it can file a formal complaint with the Office of the President, Office of Labor Relations. The Office of the President shall make the final determination as to whether the contract meets the conditions in Section B. The Office of the President decision is not grievable or arbitrable.

C. EFFECT OF CONTRACT ON EMPLOYEES

To minimize the effects of layoff, when a non-probationary career bargaining unit employee is notified of layoff because the University entered into a contract for services that the employee performed, the University will make available another bargaining unit position for which the employee is qualified. The position will be at the same campus/hospital/Laboratory from which the employee was laid off. Where the provisions in this article are inconsistent with the provisions of Article 13 - Layoff and Reduction in Time, the provisions of this Article and Section shall control.

1. The available position shall be offered at the same duration, percent time, and appointment type held by the employee when displaced.
2. The available position shall be offered at the same base rate of pay earned by the employee when displaced.
3. The right to be offered a position pursuant to this section shall begin on the date an employee is notified of layoff (displacement).
4. The right of a displaced non-probationary career employee to be offered a position pursuant to this section shall terminate upon acceptance or refusal of the offered position at the same base rate of pay.
5. A displaced non-probationary career employee who refuses an offered position at the same base rate of pay shall be placed in layoff status.

D. LEGISLATION/SUPPLEMENTAL BUDGET LANGUAGE

The language of this Article will be effective only when the Supplemental Report to the 2001 Budget for the State of California or any comparable successor act is not in effect. To the extent this Article is in conflict with legislation regarding subcontracting at the University, the legislation shall control.

- E. Nothing in this article shall be interpreted as prohibiting action, which must be taken to establish or maintain eligibility for any federal program, contract or grant - including the contract requirements contained in the agreement between the University and the Department of Energy where ineligibility would result in a loss of federal funds to the University of California.**