

**Flexible Furlough Program
Questions for OSBM
PART 1 (5-7-08)**

CATEGORY	QUESTION
Budget	<p><i>If this applies to all funding sources, is there any expectation that salary saving in trust funds would be contributed to the State's general fund?</i></p> <p>No, the intent is that employees are treated as equitably as possible and will receive a proportional 0.5% temporary salary reduction, regardless of fund source.</p> <ul style="list-style-type: none"> <i>Please provide better explanation of annualized. We believe this action will reduce the annual salary of all employees by .5%; however, there could be other interpretations. What about employees paid on grants or contracts?</i> <p>The Flexible Furlough Program reduces all state and federally-funded college and LEA employees' paychecks in May and June 2009 by an annualized amount equivalent to 0.5%. This annualized amount is based on fiscal year from July 1, 2008-June 30, 2009. Grant and contract employees are subject as well, unless there is a specific contractual obligation that prevents it. In most cases with contract positions, annualized salary equals the amount of base compensation paid during FY08-09. The agency/campus should make 0.5% deductions in May and June. If there is no pay for the contracted employee in May and June, there is no deduction to make. If there is pay in May but not in June, the entire annualized 0.5% amount would be deducted from the May check. For temporary/contractual/hourly employees receiving a W-2, the 0.5% reduction in pay is based on the employee's payments received during fiscal year 2008-09. For the reduction in the May payment, 0.5% is deducted from the annualized salary (based on the payments from July 2008 to date). For June, the payment will be reduced by 0.5% of any pay not included in the May reduction calculation.</p> <ul style="list-style-type: none"> <i>The OSBM memo states that this affects employees paid from appropriated funds (paragraph 1) then in the final paragraph indicates that it applies to all employees funded from the general fund, highway fund, federal funds, special funds, trust funds or other receipts that flow through the state....these two statements seem to conflict. There is also language about "split-funded" employees .but it every source of funding is included, who could be left to be split funded on a source not included?</i> <p>The flexible furlough program applies to all base salaries regardless of funding source. For split-funded positions, the entire annualized deduction would not exceed 0.5%, but proportional deductions would come from each funding source.</p>

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	<ul style="list-style-type: none"> • <i>How do I calculate the impact of the reduction in my pay (temporary, 9, 10, 11 month appointments, time-limited contract, part-time and full-time)?</i> <p>Example: An employee's annual salary is \$40,000 and is paid monthly. The amount of the annualized 0.5% is \$200. The amount deducted in May and June is \$100 each month. For an employee paid bi-weekly, there would be a \$50 deduction for four bi-weekly paychecks, although May bi-weekly payroll deadlines may require that this be spread among three checks instead of four. If there is no pay in May or June, nothing can be deducted. If there is pay in May but not in June, the entire annualized 0.5% amount would be deducted from the May check. The calculation will still be based on an annualized 0.5% amount, regardless of whether full-time, part-time, etc.</p>
Payroll/Systems	<ul style="list-style-type: none"> • <i>What if someone also has a garnishment coming out of the check and the garnishment combined with the 1/2 % reduction exceeds the amount we can legally take from the check, what do we do?</i> <p>The flexible furlough deduction is taken prior to any garnishment. The State would not deduct amounts that exceed legal limits. Every effort would be made to deduct the required 0.5% within legal constraints.</p>
Benefits	<ul style="list-style-type: none"> • <i>Do we need to worry about any premium adjustments, especially those tied to a percentage of income, or will it be business as usual regarding premium deductions (even though the benefit is protected, the premium cost might be affected).</i> <p>It should be business as usual, although payroll systems may have to make some system program adjustments. The Governor's intent is that employees be "held harmless" from the retirement calculation perspective and has encouraged the General Assembly to pass legislation to accomplish this. In the interim, payroll systems should report to the Retirement System the adjusted actual pay an employee receives for each pay period and deduct the normal percentage for the employee's actual pay.</p> <ul style="list-style-type: none"> • <i>What about employees on paid FMLA?</i> <p>If paid FMLA, then the 0.5% annualized amount will be deducted. If unpaid FMLA leave, then there will be nothing to deduct. Employees in FMLA status for portions of either May or June will have the May portion of the 0.5% deduction taken from their May check and the remainder taken from their June check to the extent possible.</p>

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<p>Faculty and other EPA Non-faculty Employees</p>	<ul style="list-style-type: none"> • <i>What about pay during EPA timely notice period?</i> <p>If the employee is receiving pay in May and June, these payments will be affected.</p> <ul style="list-style-type: none"> • <i>How are summer session payments to be handled since these will span fiscal years and are generally treated as supplemental or extra pay for faculty who are on the regular 9-month academic year appointments?</i> <p>If the employee is receiving pay in May and June, these payments will be affected as that is part of the employee's contractual pay in FY08-09.</p> <ul style="list-style-type: none"> • <i>How does this impact faculty since they are not in a leave earning capacity?</i> <p>Faculty should receive the 10 hours' time off as well because they are subject to the 0.5% temporary salary reduction.</p> <ul style="list-style-type: none"> • <i>Can we legally reduce a faculty's salary when he/she has a contract that states an annual salary (that will now be reduced?)</i> <p>Unless the contract specifically prohibits the contractor's salary being part of such a reduction, the agency/campus should make 0.5% deductions in May and June.</p> <ul style="list-style-type: none"> • <i>9 month employees – We have some 9 month folks who only work 15 days in May, are off the payroll completely in June, and are re-instated in July. Do we deduct the full ½ percent from the partial May check?</i> <p>Yes.</p>

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	<ul style="list-style-type: none"> • <i>Adjunct faculty – their contracts end on May 15 but many receive their last paycheck in April so they will not be on the payroll for May and June. Are they just lucky and don't have the 1/2 % reduction? How would we recoup the 1/2%?</i> <p>If they are not paid in May and June, there will be no deduction.</p> <ul style="list-style-type: none"> • <i>Our faculty have "contracts", most of which do not have contingency clauses for availability of funds. Is it legal to reduce their pay?</i> <p>Unless the contract specifically prohibits the contractor's salary being part of this system, the agency/campus should use the actual base compensation paid during the 12-month fiscal year period and make 0.5% deductions in May and June.</p> <ul style="list-style-type: none"> • <i>We have faculty who are on Phased Retirement. Does this reduction in pay apply to these faculties?</i> <p>Yes.</p> <ul style="list-style-type: none"> • <i>The memo indicates contractual employees are included.....does this refer to individuals like our faculty who are on contracts/appointments? Or does it refer to personal service agreements?</i> <p>It refers to individuals on contracts/appointments. A contractual employee is anyone receiving a W-2, not a 1099. The annualized 0.5% reduction applies to these W-2 employees.</p> <ul style="list-style-type: none"> • <i>Does this affect summer school faculty? What about summer school faculty on loan?</i> <p>They should be affected as well if receiving pay in May and June.</p>

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	<ul style="list-style-type: none"> • How do you calculate an annual salary for someone receiving one time pay or for an adjunct who teaches one semester? <p>Annualized salary for a contractual employee is defined as the actual base compensation paid during FY08-09.</p> <ul style="list-style-type: none"> • <i>Some faculty members are paid over a nine-month period and some over a twelve-month period. How will this be handled? Nine month employees have already received the majority of their pay. Do we reduce the final paycheck by .5% of the annual salary?</i> <p>Yes. If there is no pay in May and June, there is nothing to deduct. The agency/campus should compute the annualized salary for the 12-month fiscal year period and make 0.5% deductions in May and June. If last paycheck is in May, the entire 0.5% deduction should be taken in May.</p> <ul style="list-style-type: none"> • <i>Medical faculty practice employees earn money beyond base salary. What compensation is subject to this calculation?</i> <p>The base salary portion.</p> <ul style="list-style-type: none"> • <i>Coaches are under contract that includes incentives and other compensation. What compensation is subject?</i> <p>The base salary portion.</p>
SPA Employees	<ul style="list-style-type: none"> • <i>What about employees who have received RIF notification as of June 30?</i> <p>Any employee in payroll status in May and/or June is included in the flexible furlough program. These employees are subject to the 0.5% annualized reduction. No deductions will be made from severance pay.</p>
Students/Temps	<ul style="list-style-type: none"> • <i>Does this reduction affect Federal work study student payments?</i> <p>No.</p>

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	<ul style="list-style-type: none"><li data-bbox="499 240 1923 305">• <i>Does this apply to students who receive work aid, work study, stipends and graduate assistants, and, if so, how do you calculate an annualized amount for students?</i> <p data-bbox="499 354 793 386">They are not included.</p>
General	<ul style="list-style-type: none"><li data-bbox="499 440 1850 472">• <i>Can campuses manage the granting of furlough leave by closing the institution on a designated day?</i> <p data-bbox="499 513 1923 545">We do not advise this because it removes the flexibility from the employee and supervisor to schedule time off.</p>