

Flexible Furlough FAQs for HR Directors

Administrative:

1. *How much money is to be deducted?*

.5% of the employee's annualized base salary. Example: An employee's annual salary is \$40,000 and is paid monthly. The amount of the annualized .5% is \$200. The amount deducted from May and June is \$100 each month. For an employee paid bi-weekly, there would be a \$50 deduction for four bi-weekly paychecks. Per payroll deadlines for the first bi-weekly May payroll, the .5% may have to be spread among three payrolls instead of four.

2. *What date is used for the annualized salary?*

May 1, 2009 is used for annualizing the salary unless a subsequent change occurs in May or June.

3. *Who will communicate the salary reduction of new hires that begin in May?*

The agency should communicate, either HR or the manager.

4. *Are cabinet secretaries receiving an exemption from the Flexible Furlough program?*

No.

5. *How does the Flexible Furlough deduction work with regard to garnishments?*

The Flexible Furlough deduction is taken prior to any garnishment.

6. *Suppose the employee's check is not of a sufficient amount to take the deduction due to the employee being in an overpayment situation?*

As much of the deduction as possible is taken.

7. *How does the Flexible Furlough program work with regard to interns, Workforce Investment Act (WIA) employees, intermittent employees, students, graduate assistants, and work study?*

Individuals in these situations are not impacted by the Flexible Furlough program.

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8. *Can individuals' salaries be reduced below the Federal minimum wage?*

No.

9. *How are employees impacted that are on a 9 or 10 month schedule?*

Employees in this situation who receive a paycheck in May, but not June, will have the full .5% of their annual salary taken out in May. Employees who receive a paycheck in May and June will have any remaining balance of the .5% taken in the June paycheck.

10. *Some employees such as "adjunct faculty" have contracts that end May 15, but receive their last paycheck in April. How is the .5% deduction to occur?*

As these employees are not receiving pay in May or June, there is no opportunity to have their pay deducted.

11. *How would the pay deduction work for an employee funded 75% state and 25% federal?*

The employee's pay would be reduced by the full .5% annualized amount, and the 75% state portion would be used to reduce the general fund deficit.

12. *Does the Flexible Furlough time off have to be taken in minimum increments?*

The same increments should be used that the agency uses for leave.

13. *If an employee's work hours change in May or June, is the amount reduced still based on the May 1 salary?*

The employee's May 1, 2009 salary is used for annualizing the salary unless a subsequent change occurs in May or June. The amount of time off granted is based upon the work schedule on May 1.

14. *How will employees account for the time off in the BEACON system?*

BEACON is configuring absence type 9710 to be used for recording this time off.

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15. How are new hires during this period treated in terms of administering the Flexible Furlough?

An employee hired in May or June is totally subject to the rules regarding the Flexible Furlough. Employees who begin employment in May or June would have their pay reduced by .5% of their annualized base salary in their paychecks in May and/or June, regardless of what day in the month that they start. Any balance of the .5% deduction not taken in May would be taken in the June paycheck.

A full-time employee hired in May or June will also receive the 10 hours of time off.

16. How does the Flexible Furlough program affect the paychecks of employees who leave during the months of May or June?

If an employee leaves during May, the full .5% deduction is taken in the May check. If an employee leaves during June, the remainder of the full .5% deduction is taken in the June check. This is regardless of end date within the month. For example, if a person's last work day is May 15, the total .5% of their annualized base salary will be reduced in their pay check for May.

17. What happens if an employee is on LWOP during May and June?

Employees in LWOP status for the months of May and June will not have any deduction made, nor will they earn any Flexible Furlough time off. Employees who are in LWOP status for portions of either May or June will have the May portion of the .5% deduction taken from their May check and the remainder taken from their June check to the extent possible.

18. How does the Flexible Furlough program work with regard to temporary and hourly employees?

Annualized salary for temporary and hourly employees is defined as the total amount of base compensation paid during July 1, 2008-June 30, 2009. The .5% deduction in pay is based on the amount paid to the employee during FY 08-09. For the deduction in the May paycheck, .5% is deducted from the annualized salary (based on the payments from July 2008 to date). For June, the payment will be reduced by .5% of any pay not included in the May deduction calculation.

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Example: Temporary employee makes \$5,000 July 1-April 30, so 0.5% = \$25, which would be deducted in May. Employee then makes another \$500 in May. So for June, it's another 0.5% = \$2.50, so the total annualized deduction is \$27.50 for FY 2008-09.

19. Are contracts completed by April 30, 2009 impacted? How about contracts ending after April 30th?

Contracts completed by April 30 are not impacted unless the employee receives pay within May or June. For contracts ending after April 30, individuals paid hourly via a contract should be treated similarly to temporaries. Annualized salary for contractual employees is defined as the total amount of base compensation paid during July 1, 2008-June 30,2009 (the same definition applies to temporary and hourly employees). The .5% deduction in pay is based on the amount paid to the employee during FY 08-09. For the deduction in the May paycheck, .5% is deducted from the annualized salary (based on the payments from July 2008 to date). For June, the payment will be reduced by .5% of any pay not included in the May deduction calculation. Unless the contract specifically prohibits the contractor's salary being part of such a reduction, the agency should make 0.5% deductions to annualized salary in May and June. The flexible furlough applies to contractual employees receiving W-2s; contractors receiving 1099's are not impacted by this directive.

20. How does this program affect employees on H1B visas?

For employees on H1B visas who were hired at the prevailing wage rate, no deduction will be taken from their pay check. For employees on H1B visas who were hired above the prevailing wage rate, the .5% deduction will be made from their May and June paychecks.

21. Is severance pay subject to the .5% deduction if received in May and June?

No, deductions will not be made from severance pay.

Longevity:

1. Is longevity impacted?

No.

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Retirement:

1. *How is retirement impacted? If employee is “held harmless,” who will pay the retirement system? How will an employee be “held harmless” if participating in the ORP retirement system as some university employees do?*

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.

2. *Will an employee’s law enforcement supplement be impacted?*

No.

Workers Compensation/Disability:

1. *Does the program apply to employees on Workers Compensation?*

No.

2. *In light of this pay deduction, are employees eligible for Unemployment Insurance?*

No.

3. *How does the program apply to employees on Short-term Disability?*

The salary deduction does not apply to employees on Short-term Disability while receiving the 60% benefit. If there is time during the pay period that the employee is not receiving the 60% benefit, then the full amount of the .5% deduction is taken for that period.

Leave:

1. *If an employee leaves state service in May or June, how are the leave payouts calculated?*

The normal leave payouts (annual and bonus) are calculated as though the May and June Flexible Furlough deduction had not occurred. The normal hourly rate of pay prior to implementation of the Flexible Furlough program should be used.

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2. *How are “employment verifications” requests responded to during May and June?*

Use unreduced annual salary for this purpose; however, if current pay (in May or June) is specifically requested, explanation will need to be provided.

3. *Do employees have to take the Flexible Furlough time off prior to taking other leave?*

No, but employees should be encouraged to take the Flexible Furlough time off before using other leave as the opportunity to take this time off ends December 31, 2009.