

**Possible Furlough Regulation Provisions: Latest draft as of Dec 4, 2014****Definitions:**

Furlough: A temporary unpaid leave of absence for a designated period of time or a prospective, temporary reduction in pay, imposed to meet a budgetary shortfall.

Budgetary shortfall: A status of financial health in which projected or actual expenditures exceed revenue.

**Individuals affected:**

All university employees (full or part-time, regular, term or temporary) may be subject to furlough. The following are excepted:

- Employees who hold H-1B visas, as defined in 20 CFR 655.731.
- Graduate/teaching/research assistants; postdoctoral fellows/trainees who do not pay FICA; and other student employees.
- Employees on military leave with pay.
- Employees who perform functions essential to maintain health and safety, as determined by the chancellor/president.
- Employees whose pay is 100% restricted funds

Furlough provisions for individuals under collective bargaining agreements will be clarified through Memoranda of Agreement with each bargaining unit. In the absence of an MOA, bargaining unit members will be subject to layoff per their CBA.

**Authority:**

The president will declare furlough for affected unit(s) upon recommendation of the chancellor(s) and the VP for Finance and Administration but only after other reductions, cost savings, as well as revenue generation have been investigated and implemented. The president shall consult with governance before implementation. Governance may request financial records for any unit(s) affected by furlough.

**Structure of Furlough:**

The structure of a furlough could include, but not be limited to, any and all of the following:

- A designated number of days each pay period/month/year could be considered furlough days, with no business being conducted on those days.
- Exempt employees may have their salary reduced by a stated percentage. Non-exempt employees may be given reduced-hour work weeks (for example, work week reduced from 40 hours to 37.5 hours) or reduced contracts (for example, work schedule reduced to 9 days per pay period).
- Fewer furlough days could be implemented based on lower employee compensation levels.
- Employees could request a reduced-income/reduced-year contract in lieu of furlough days.

In all cases, reduction of pay will include reduction of expected effort.

**Limits to Furlough:**

- No more than 13 days per fiscal year. If the university cannot recoup sufficient revenue to meet financial need after the maximum 13 furlough days, layoffs may occur.
- Each furlough period must end with conclusion of fiscal year.
- No more than one day per pay period unless associated with holiday closures.

**Notice of furlough start and stop:**

Specifics of when furloughs begin and end will be distributed to all affected employees through the Statewide Office of Human Resources. Affected employees shall be given a minimum of sixty (60) days' notice of anticipated furlough details before furlough start. Furlough plans shall designate the amount of furlough time and the period within which it must be taken. The president may reduce or cancel a furlough plan at any time.

**Pay and Benefits During a Furlough Period:**

- An employee may not use paid leave to offset all or any portion of a furlough.
- Benefit-eligible employees will be paid for a holiday that falls before or after furlough days.
- Health care and life insurance benefits will not be affected by a furlough.
- There will be no change to employees' accrual of annual and sick leave during a furlough.
- There will be no change to scheduled pay deductions authorized by employee during a furlough.
- Retirement contributions (by both the employee and the University) will be affected by a furlough, as contributions are based on actual earnings.
- PERS service credit may be affected depending on the structure of the furlough.
- Eligibility for Family and Medical Leave (FML) may be delayed due to reduced hours of work.
- Employees may not be directed or permitted to work on furlough days or to work more than 40 hours in the work week in which furlough days are taken without written approval of the chancellor or president.

**Review of policy and regulations:**

A review committee established by the president shall examine ongoing need and efficacy on a quarterly basis once a furlough has been implemented. Governance shall be consulted before any policy/regulation changes go into effect.

Statewide Human Resources will review any appeals from employees claiming extreme financial hardship under a furlough implementation.

## **Draft Furlough Policy**

### **P04.07.115 Employee Furlough**

- A. To address budgetary shortfalls in any unit of the university, employees may be subject to furlough via temporary unpaid leaves of absence or via prospective, temporary reductions in pay and equivalent work hours.
- B. Furloughs shall be implemented in accordance with regulations and plans approved by the president pursuant to this policy, provided however that employees shall receive written notice of furlough as provided by regulation.

- C. Furlough plans may be implemented notwithstanding any other regents' policy, university regulation or university or campus practice or procedure and are subject to appeal processes only as may be provided in regulations adopted pursuant to this policy.