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UMBI FY2010 Furlough/Temporary Salary Reduction Plan

Frequently Asked Questions

October 1, 2009

1. Why is the USM requiring each campus to implement a plan that requires furloughs and/or temporary salary reductions instead of options that do not affect employees?

Since the start of the fiscal year on July 1, 2009, the USM (and the rest of State Government) has experienced three rounds of budget reductions. In rounds one and two, a total of \$68 million in savings was achieved by reductions to non-salary accounts, transfers from reserves, and the elimination of vacant positions. Though some filled positions were also eliminated, staff were largely protected.

It was not until round three that personnel action became necessary. It should be noted that salary and wages represent approximately 65% of the budget. The USM was asked to take part in a state-wide furlough program, and our share totaled approximately \$27 million. The use of furloughs were deemed to be the best course of action in a difficult circumstance. The concept is to achieve savings by reducing everyone's salary temporarily rather than laying off a significant number of our co-workers. Also, under a furlough approach, the loss in pay is temporary and individual salary will return to the original level on July 1, 2010.

2. What is a furlough?

A furlough is the placement of an employee in a temporary non-duty, no-pay status for budget-required reasons. It is important to note that this year's FY2010 Furlough Plan is being handled differently than the FY2009 Plan in that employees subject to furlough will have their furlough obligation paid for through a temporary salary reduction in accordance with the eligibility criteria and salary table as specified in the Furlough Plan.

3. What is a "temporary salary reduction"?

Campuses that choose to implement temporary salary reductions will meet their budget reduction targets by reducing employees' pay for the rest of the fiscal year (until June 30, 2010) according to a progressive scale based on the employee's income. Then, employees will be given a proportionate number of paid administrative leave days. A temporary salary reduction is a technique to smooth out the dollar effect of salary loss by applying a small amount to each pay period rather than the loss of a full day's pay in one pay period.

4. What does the UMBI FY2010 Furlough/Temporary Salary Reduction Plan entail?

The UMBI FY2010 Furlough/Salary Reduction Plan (the “Furlough Plan”) is comprised of two parts:

- Part 1: a Closure/Furlough component
- Part 2: an Additional Furlough component.

Under Part 1 of the Furlough Plan, UMBI will be closed for one (1) Administrative Leave day during FY2010 as part of the Furlough Plan, in addition to the regular Holiday Schedule published on the UMBI website. The Furlough Closure day will be Thursday, December 24. With this UMBI closure day, employees who are subject to furlough days will have their salaries temporarily reduced by one (1) day, consistent with the Salary Table. This temporary salary reduction will be taken in equal installments from the employee’s payroll check in each of the 18 pay periods between October 11, 2009 (pay period 09) and the end of the plan on June 19, 2010 (pay period 26).

Employees who are subject to furlough days will take the closure day as a paid Administrative Leave day. Employees who are exempted from furlough days must take accrued annual leave, personal leave, or nonexempt compensatory time on December 24th.

Under Part 2, in addition to the one salary reduction day covered by the UMBI closure day, some employees subject to the Furlough Plan are required to take additional furlough days. These employees will have their salaries for the additional day(s) temporarily reduced over 18 pay periods to meet their obligation as detailed in the Salary Table.

The additional furlough days are to be scheduled by the employee, with supervisory approval, and will be taken as Administrative Leave days.

5. Will a temporary salary reduction affect my base pay for the future?

No, your pay will be reduced only during the current fiscal year that ends on June 30, 2010. On July 1, 2010, your pay will be adjusted and will be based on your salary before the plans were implemented.

6. Will a temporary salary reduction affect my retirement benefits?

No, retirement contributions and credits will be made during the Plan period based upon your salary before the Plan’s implementation.

7. Will a temporary salary reduction affect my health benefits or leave accruals?

No, your health benefits and accrual of annual, sick and other leave will not be affected at all by the Plans’ implementation.

8. Who is subject to the UMBI Furlough/Temporary Salary Reduction Plan?

Employees in the following categories will be exempted from all furlough days:

- Hourly employees (students & Contingent I)
- Graduate assistants
- Employees in H1-B visa status
- Employees funded 100% from grants & Contracts as of September 9, 2009.

Unless exempted per this plan, all other existing employees are subject to the number of furlough days per the plan's Salary table.

Employees hired during the furlough period and before February 1, 2010, will be subject to this plan, and the number of furlough days will be prorated based on their start date, rounded to the nearest whole day.

9. How many furlough days will I be required to take?

UMBI employees subject to the Furlough/Temporary Salary Reduction Plan will be required to take furlough days according the following Salary Table:

Employees earning less than \$40,000 will take one (1) furlough day
Employees earning \$40,001 – 60,000 will take two (2) furlough days
Employees earning \$60,001 – 100,000 will take four (4) furlough days
Employees earning \$100,001 – 130,000 will take six (6) furlough days
Employees earning \$130,001 – 150,000 will take seven (7) furlough days
Employees earning \$150,001 – 180,000 will take eight (8) furlough days
Employees earning over \$180,000 will take ten (10) furlough days

The salary used for purposes of determining furlough days is the employee's full-time equivalent base salary.

10. How will my salary be affected during the FY2010 Furlough Plan?

Employees subject to furlough will have their salaries temporarily reduced by the dollar figure representing their number of furlough days spread over 18 pay periods starting with pay period 09 (beginning October 11, 2009) and ending with pay period 26 (ending June 19, 2009). For example, an employee with a salary of \$34,192 is subject to 1 furlough day. The value of 1 furlough day (1/10 of the biweekly salary, or \$131.16) will be divided over 18 pay periods. Therefore, the employee's pay will be reduced by \$7.29 per pay period.

11. How do I record my Administrative Leave days for Furlough Plan purposes?

The UMBI Closure day (December 24) will be automatically populated as "Admin Leave-Furlough" on the PHR timesheet/PHR faculty leave of employees who are subject to furlough. Any additional furlough days required under the Furlough Plan are to be recorded on the PHR timesheet/PHR faculty leave record by the employee as 'Admin Leave-Furlough.'

12. Am I required to take my Admin Leave-Furlough days as full days?

No. Employees have the option to take their furlough days in half-(4-hour) or full-day (8-hour) increments.

13. If I work 10-hour days, can I use an Admin Leave-Furlough day on my scheduled day off?

Employees who work alternate work schedules must take the furlough days on regularly scheduled work days. An Admin Leave-Furlough day is equal to eight (8) hours. For those employees working more than 8 hours per day, the remaining hours must be recorded using annual leave, personal leave, or nonexempt comp time (if applicable). Work schedules may also be adjusted to accommodate the scheduling of furloughs.

14. May I work overtime during the same pay period I take Admin Leave-Furlough?

No, employees may not work overtime to make up for pay lost via furlough.

15. May I substitute a day of Annual Leave, Personal Leave, or Sick Leave for my required Admin Leave-Furlough day?

No.

16. If I use Admin Leave-Furlough on the day before a holiday, will I still earn the holiday?

Yes. For example, if you take November 25th as an Admin Furlough day, you will still earn November 26th (Thanksgiving Day) as a holiday.

17. May I take an Admin Leave-Furlough day on a holiday that is earned and observed on the same day (e.g., Martin Luther King Day, January 8, 2010)?

No.

18. May I take an Admin Leave-Furlough day on a holiday that is earned but observed on another day (e.g., President's Day, February 15, 2010)?

Yes. The holiday will be available for use on its observed day.

19. If I am currently on paid leave, how will the FY2010 Furlough Plan impact me?

Employees on paid leave such as Sick, Advanced Sick, Extended Sick, Leave reserve Fund, and paid FMLA will be responsible for taking their Admin Leave-Furlough days between October 11, 2009, and May 26, 2010.

20. If I am currently on unpaid leave such as Leave Without Pay (LWOP) or FMLA-unpaid, how will the FY2010 Furlough Plan impact me?

If the unpaid leave is scheduled to end prior to June 26, 2010, the employee will be responsible for taking Admin Leave-Furlough day(s) upon his or her return to a paid status.

21. What happens if I separate from UMBI prior to completing the required number of Admin Leave-Furlough days?

Employees who separate from UMBI and have not completed their required number of Admin Leave-Furlough days will continue to have temporary salary reductions as long as they continue to receive pay. Employees may not be paid out for unused Admin Leave-Furlough days upon separation, and they cannot be carried over to a new fiscal year. If the Admin Leave-Furlough days are not used by June 20, 2009, they will be lost.

22. Can I receive unemployment benefits to cover the loss of compensation due to the Fy200 Furlough pan?

Based on state and federal unemployment guidelines, the University does not anticipate that any employee will be eligible to receive unemployment benefits to cover the loss of compensation as a result of the Furlough Plan.

23. Do I have grievance rights regarding the FY2010 Furlough Plan?

No, the placement of an employee on Admin Leave-Furlough does not give rise to any grievance or appeal rights.

24. Who may I contact if I have additional questions about the Furlough plan?

You may contact Kathy DeShong, Assistant Vice President for Human Resources at 410-385-6337 or via email at deshong@umbi.umd.edu.

25. May I file an appeal?

Appeals to the amount of the furlough obligation may be made to Kathy DeShong, Assistant Vice President for Human Resources via email at deshong@umbi.umd.edu. Appeals may be on the basis of:

- A reduction in base pay that occurs during the FY2010 Furlough Plan
- A reduction in percentage of full-time effort during the FY2010 Furlough Plan
- Other similar circumstance.