

May 07, 2009

Subject: FORMAL NOTICE: Flexible Furlough Program Information

TO: HR Facilitators

FROM: Brian Usischon, Senior Director, Benefits Services Office of Human Resources
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In response to state budget shortfalls, Gov. Beverly Perdue issued Executive Order #11, which calls for a "Flexible Furlough Program" for all state workers, including higher education employees. The Governor's mandate will result in a 0.5 percent (one-half of one percent) decrease in annual salary for all University employees, regardless of salary funding source.

The State does not want one employee to be furloughed because he/she is on State funds and another employee not to be furloughed because he/she is on non-State funds. This does not mean the Office of State Budget and Management (OSBM) plans to capture the savings generated by trust funds that result from the furlough. At this point, OSBM does not intend to capture the savings from non-State funds.

In order to minimize the effect on employees, it is currently anticipated that for permanent SPA employees (full- and part-time) this reduction will occur as three deductions during the last three bi-weekly pay periods of this fiscal year (May 22, June 5 and June 19). For permanent EPA (full- and part-time) employees, we anticipate this reduction to occur on the May 31 and June 30 monthly pay periods. *** (While we anticipate that the reductions will occur as noted above, please note that we have not yet received final implementation instructions. If changes occur, we will let you know as soon as possible.) ***

For example: an SPA employee who earns \$42,000 will be subject to a \$210 reduction in gross earnings ($\$42,000 \times .005 = \210). The \$210 deduction will be spread over three pay periods, resulting in a \$70 reduction in gross earnings on May 22, June 5 and June 19.

Permanent full-time employees will be credited with 10 hours of flexible leave which, according to the Executive Order, may be taken between June 1 and Dec. 31, 2009. The flex leave time is pro-rated for permanent part-time employees. This will be recorded as flex leave in the same method as other leave. It will not be paid out in cases of separation from the university and will be forfeited if not taken by Dec. 31.

Non-leave earning employees, including temporary employees, are also subject to the Flexible Furlough Program. At this point, it is anticipated that temporary employees who are paid on an hourly basis will be required to reduce their hours by an amount proportionate to their average weekly hours.

Please be assured that University Human Resource and Finance staff are working to minimize the effect on employees while complying with the Governor's Executive Order. Questions may be directed to furlough-questions@unc.edu.

The University continues to seek clarity about details with officials from OSBM, the Office of State Personnel and UNC General Administration. Our intent is to tell you what we know and to continue updating you as important information is available. We will continue to post information to the Office of Human Resources Web site at <http://hr.unc.edu/Data/benefits/flex-furlough>.

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