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## MEMORANDUM

Date: April 14, 2017

To: Nate Bauer, Staff Alliance Chair

From: Jim Johnsen, UA President 

Re: Response to Staff Alliance Resolution 2017-01 Proposing Changes to Furlough Leave Language in R04.07.110.D.1 [sic] to Allow for Leave Accrual by Non-exempt Employees

Thank you for the Alliance's resolution recommending the revision of university regulation and procedures in order to bring parity in the treatment of exempt and non-exempt employees in the event future furloughs become necessary in this financially challenging environment.

I agree leave accrual should be the same regardless of an employee's exempt or non-exempt status. When furloughs were imposed in FY17 on both exempt and non-exempt employees, I understand the issue of leave accrual was raised by staff, resulting in the university manually adding back the annual and sick leave accrual a furloughed, non-exempt employee would have received if they had worked their regular schedule.

Through this memo, I approve the revision of R04.07.115 as the Alliance proposes on page two of its resolution, and I instruct Statewide Human Resources to modify FAQs and any other written procedures on furloughs to align with this regulation change. Thank you for bringing this issue to my attention.

JRJ

Attachment: Staff Alliance Resolution 2017.01

cc: Morgan Dufseth, UA System Governance Executive Officer  
Keli McGee, UA CHRO  
Dan White, UA VP AA&R  
Brandi Berg, UA Board of Regents Executive Officer



## **Staff Alliance**

### **Resolution 2017-01**

#### **Proposing Changes to Furlough Leave Language in UA Regulation R04.07.110 D.1. to Allow for Leave Accrual by Non-exempt Employees**

**WHEREAS**, UA Regulation R04.07.110 D1 provides that furlough will reduce leave accrual; and

**WHEREAS**, the furlough FAQ written by UA HR for Exempt Employees indicates that Exempt employees will not lose leave accrual (attached); and

**WHEREAS**, the furlough FAQ written by UA HR for Non-exempt Employees indicates that Non-exempt employees will lose leave accrual (attached); and

**WHEREAS**, as implemented in FY17, non-exempt furloughed UA employees did not accrue leave in the system, which was only alleviated by a manual addition of leave by HR staff; and

**WHEREAS**, as implemented in FY17, furloughed UA employees lost leave accrual if they were non-exempt; and

**WHEREAS**, the loss of annual leave represents an additional benefit and compensation loss; and

**WHEREAS**, the loss of sick leave represents an additional benefit loss; and

**WHEREAS**, in October 2016 UA manually added sick and annual leave back to non-exempt employees at UA affected by furlough; now

**THEREFORE BE IT RESOLVED**, the Staff Alliance requests UA modify UA R04.07.110 to remove the requirement that leave accrual be reduced by a furlough; and

**BE IT FURTHER RESOLVED**, the Staff Alliance requests UA take steps to adjust furlough procedures to keep parity between exempt and non-exempt employees during furlough.

**Adopted unanimously by Staff Alliance the 5<sup>th</sup> day of April 2016.**

DocuSigned by:

Nate Bauer, Chair

Resolution 2017-01: Proposing Changes to R04.07.110.D.1

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**RATIONALE:**

UA's furlough policies as implemented require non-exempt employees to take leave without pay. The leave without pay code does not allow for leave accrual, so non-exempt employees lose annual and sick leave proportionate to the number of hours they are furloughed. Exempt employees do not take leave without pay as part of furlough and so never lose leave accrual.

Annual leave is cashed out upon termination and, for employees Grade 79 and below, available for the Annual Leave Cash-In program.

UA Staff Alliance has considered other possibilities that might help UA be more flexible with furlough:

1. Continue to true-up annual and sick leave for furloughed non-exempt employees
2. Grant furloughed non-exempt employees additional personal holiday time
3. Furlough non-exempt employees for a fewer number of hours than exempt employees

Staff Alliance appreciates the work done by HR in Fall 2016 to resolve this issue in a favorable manner for furloughed employees at UAF. We hope that we can work with UA to find an equitable resolution in the future, especially as furlough is likely to be on the table in FY18.

**Proposed Changes:**

~~strikethrough~~ = Delete

**Bold** = Insert

**R04.07.115. Employee Furlough.**

D. Employee benefits during a furlough will be affected as follows:

~~1. Accrual of annual and sick leave will be reduced by a furlough.~~

~~1.2.~~ Holiday pay for benefit-eligible employees will not be reduced for a holiday immediately before or after a furlough day.

~~2.3.~~ Health care and life insurance benefits will not be reduced by a furlough. However, health and life insurance may be suspended in the case of an unpaid leave of absence of 30 days or more resulting from a state budget impasse.

~~3.4.~~ Pay deductions authorized by an employee will not be reduced during a furlough, though voluntary deductions may be altered. The employee remains responsible for making all employee contributions during a furlough period, including health coverage. In the case of a state budget impasse resulting in an unpaid leave of absence, the university may but is not required to withhold unpaid deductions or contributions from pay when the furlough ends.

~~4.5.~~ Retirement contributions by both the employee and the university will be reduced by a furlough. Service credit may also be reduced.



## **Furlough FAQ for Exempt (salaried) University Employees**

### **What is a furlough?**

A furlough is defined in University Regulation R04.01.115.A as a temporary unpaid leave for a designated period of time, or a prospective, temporary reduction in pay, imposed to meet a budgetary shortfall. University furlough plans are recommended by the chancellor and approved by the president. Furlough plans for exempt employees will be a temporary reduction in pay during the fiscal year.

### **As a salaried employee, how will my pay be affected by a furlough?**

When an exempt employee is furloughed, their salary during the furlough period is reduced by a percentage commensurate to the number of furlough days assigned. If, for example, there is a 10-day furlough in FY16, your annual gross earnings would be reduced by 3.8%, and you would receive 10 furlough days to be used between July 1, 2015 and June 30, 2016. Regardless of when an exempt employee uses the furlough days, the reduction salary will begin the first full pay period in July.

### **How are furlough days scheduled?**

Furloughs may include "fixed" furlough days and "floating" furlough days. If a campus or a department closes on certain days, those will be "fixed" furlough days. "Floating" furlough days will be scheduled in the same way that employees schedule annual leave, with supervisor approval, subject to the operational needs of the department. The FY16 systemwide leadership furlough will be "floating" furlough days. Furlough days can be taken during the holiday closure or before or after a holiday.

### **When can I start using my furlough days?**

Employees can use any of their floating furlough days beginning on July 1 of the affected fiscal year. Furlough days must be used on or before June 30 of the fiscal year end. They do not carry over to the next fiscal year.

### **How does a furlough affect PERS service credit?**

A reduction in annual pay will not affect PERS service credit.

### **How does a furlough affect my PERS retirement benefit?**

The amount of employer contributions will be reduced by the same percentage as your furlough. If you are in the PERS Defined Contribution plan (Tier IV), a furlough will reduce the amount paid into your account. For a PERS Tier I, II or III member, if your service credit is not reduced, the salary reduction will not affect your retirement benefit unless you are in one of your high three or five salary years. Contact your regional HR

office for more information if you think you might be in one of your high three or five salary years.

**How does a furlough affect my ORP retirement?**

A furlough will reduce the amount paid into employees' ORP accounts, but does not affect vesting in the plan.

**How does a furlough affect my other benefits?**

Furloughs will not reduce your FTE (full time equivalent) status. Therefore, your annual leave and sick leave accrual will not be affected. Holiday pay will be reduced by the same percentage as the furlough, like any other pay. Furlough days may be taken before or after a holiday. Annual leave remains subject to a maximum accrual of 240 hours.

**How does this furlough affect my health coverage and other benefit deductions?**

It doesn't. Your deductions will continue to be withheld from each of your bi-weekly paychecks just as they are now.

**How does a furlough affect my agreement to voluntarily reduce my employment?**

If you have agreed to a voluntary reduction, that time will be deducted from your mandatory furlough. For instance, if you agreed to a five day reduction in your schedule, you would not be required to take any mandatory furlough days if you are subject to a five day furlough; but if, for example, there is a ten day furlough, your five day voluntary reduction would be deducted, resulting in an additional five days of furlough.

**If I am on Family and Medical Leave Act (FMLA) leave, do furlough days affect my leave?**

An employee who is approved for FMLA leave may use the mandatory furlough days in place of sick leave or annual leave. Furlough days will not count against an employee's FMLA leave entitlement.

**Are any employees exempt from a University furlough?**

Yes: 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 or president; and employees whose compensation is derived 100% from restricted funds.



**Can I do any work on a furlough day?**

A furlough day is to be treated like any other leave or weekend day.

**How do I submit my furlough leave?**

Use the furlough earnings code of 650 for L- Furlough Time on your timesheets after July 1, 2015, to keep track of the furlough days you take.

**Furlough FAQ for Non-Exempt (Hourly) Employees****What is a furlough?**

A furlough is defined in University Regulation R04.01.115.A as a temporary unpaid leave for a designated period of time, or a prospective, temporary reduction in pay, imposed to meet a budgetary shortfall. University furlough plans are recommended by the chancellor and approved by the president.

**As an hourly employee, how will my pay be affected?**

Your hourly pay will remain the same, but the number of hours that you work in a fiscal year will be reduced by a furlough. You will be on leave without pay (LWOP) on furlough days. Employees may not substitute paid leave or other forms of paid time off for any hours or days designated as furlough time.

**How are furlough days scheduled?**

Furloughs may include "fixed" furlough days and "floating" furlough days. If a campus or a department closes on certain days, those will be "fixed" furlough days. "Floating" furlough days will be scheduled in the same way that employees schedule annual leave, with supervisor approval, subject to the operational needs of the department. Employees may not work more than 40 hours in the work week in which a furlough day is taken. Furlough days can be taken during the holiday closure or before or after a holiday. Non-exempt employees may take a maximum of five furlough days per pay period.

**When can I start taking my furlough days?**

Employees can use any floating furlough days beginning on first full pay period in July of the affected year. Furlough days must be taken on or before June 30 of the affected fiscal year.

**How does a furlough affect my PERS service credit?**

PERS service credit is affected if an employee has more than ten days of leave without pay during a calendar year. If you have taken LWOP for another reason during the

calendar year, you may want to consider working a reduced weekly schedule in lieu of a furlough. An employee with a weekly schedule of at least 30 hours per week is eligible for full PERS service credit. Please contact your regional human resources office for more information.

#### **How does a furlough affect my PERS retirement benefit?**

The amount of employer contributions will be reduced by the same percentage as your furlough. If you are in the PERS Defined Contribution plan (Tier IV), a furlough will reduce the amount paid into your account. For a PERS Tier I, II or III member, if your service credit is not reduced, the reduction will not affect your retirement benefit unless you are in one of your high three or five salary years. Employees in their high three or five salary years should consider other options, such as a reduced work year (11 months vs. 12 months), which will reduce service credit but not impact high salary calculation. Please contact your regional human resources office for more information.

#### **How does a furlough affect my ORP retirement?**

A furlough will reduce the amount paid into employees' ORP accounts, but does not affect vesting in the plan.

#### **How does a furlough affect my leave accrual and other benefits?**

Employees accrue annual and sick leave based on hours in paid status in each pay period; thus, time in unpaid status reduces leave accrual.

Holiday pay will not be reduced unless you reduce your percent of full time (FTE). You may take furlough days before or after a holiday. Annual leave remains subject to a maximum accrual of 240 hours.

#### **How does this furlough affect my health coverage and other benefit deductions?**

Your deductions will continue to be withheld from each of your bi-weekly paychecks just as they are now. If you have no earnings during any pay period, you will have to pay the usual deductions for health care and other benefits for the pay period(s) of LWOP. Limiting the number of furlough days to five per pay period allows deductions to be taken from earnings for work or leave during the pay period.

#### **How does a furlough affect my agreement to voluntarily reduce my employment?**

If you have agreed to a voluntary reduction, that time will be deducted from your mandatory furlough. For example, if you agreed to a five day reduction in your schedule, you would not be required to take any mandatory furlough days if you are subject to a five day furlough; if you are subject to a ten day furlough, your five day voluntary reduction would be deducted, resulting in an additional five day furlough.



**If I am on Family and Medical Leave Act (FMLA) leave, do furlough days affect my leave?**

An employee who is approved for FMLA leave may use the mandatory furlough days in place of sick leave or annual leave. Furlough days will not count against an employee's FMLA leave entitlement.

**Can I do any work on a furlough day?**

No. Non-exempt employees may not work on furlough days or any other day when they are not approved to work.

**May I volunteer to do my job on a non-pay basis during a furlough period?**

No. Non-exempt employees may not volunteer to perform their usual job functions on furlough days or any other day.

**Are any employees exempt from a University furlough?**

Yes: 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 or president; and employees whose compensation is derived 100% from restricted funds.