

State of Maryland
FY 2010 Furlough and Temporary Salary Reduction Plan

Frequently Asked Questions *REVISED 9-14-09*

1. What is a furlough?

A furlough is the placement of an employee in a temporary non-duty, non-pay status for budget-required reasons.

A furlough may be taken on an employee's regularly scheduled workday in increments as small as four hours.

2. What purpose does a furlough serve?

A furlough permits the State to continue essential public services and functions while saving funds necessary to balance the State budget. Furloughs are preferable to massive layoffs.

3. What is a "temporary salary reduction"?

A temporary salary reduction is an across-the-board adjustment to affected rates of pay for a specified period of time.

4. Is a furlough the same as a temporary reduction in salary?

No. A furlough is the placement of an employee in a temporary non-duty, non-pay status for budget-required reasons. A temporary reduction in salary, in the context of the State's FY 2010 Furlough and Temporary Salary Reduction Plan (the Plan), will result in a temporary adjustment to affected rates of pay in the State salary schedules for employees subject to the Plan.

Combining furloughs with a temporary reduction in salaries will permit the State to realize significant cost-savings while lessening the impact of such measures by spreading them out over a period of time.

5. When will the FY 2010 Furlough and Temporary Salary Reduction Plan be in effect? *REVISED*

A temporary reduction in salaries will occur over twenty pay periods, starting with the pay period beginning on September 23, 2009 (pay date October 14, 2009) and running through the last full pay period in Fiscal Year 2010, ending on June 29, 2010 (pay date July 7, 2010).

Employees making \$40,000 or more as of August 26, 2009, will experience a temporary salary reduction equivalent to five days of pay.

Employees making less than \$40,000 as of August 26, 2009 will experience a temporary salary reduction equivalent to three days of pay.

For employees required to take twenty-four or more furlough hours, these furlough hours may be taken with supervisory approval between September 9, 2009 and June 30, 2010, in increments as small as four hours.

6. What are "service reduction days" and is the State "shutting down" on these days?

On service reductions days the State significantly reduces routine operations. Typically, service reduction days affect non-24/7 operations. Routine State operations for non-24/7 employees will be significantly reduced on days preceding five holidays during FY 2010 to permit the State to achieve additional cost savings over holiday weekends. These service reduction days are:

Friday, September 4, 2009
Wednesday, November 25, 2009*
Thursday, December 24, 2009
Thursday, December 31, 2009
Friday, May 28, 2010

* Except that for employees of the Maryland Department of Transportation (i.e., within the Transportation Service Human Resource System), the service reduction day will be Friday, November 27, 2009, **not** Wednesday, November 25, 2009.

7. Will employees receive administrative leave for service reduction days? *REVISED*

With the exception of employees of 24/7 operations, a non-contractual State employee who earns \$40,000 or more as of August 26, 2009 will be granted administrative leave on the aforementioned five service reduction days.

With the exception of employees of 24/7 operations, a non-contractual State employee who earns less than \$40,000 as of August 26, 2009 will be granted administrative leave for three of the five service reduction days. For the two remaining service reduction days, the employee will be permitted to use earned annual, personal, or compensatory leave, or the employee may choose to take two voluntary furlough days of leave without pay.

If an employee is granted administrative leave on a service reduction day for any reason unconnected with the FY 2010 Furlough and Temporary Salary Reduction Plan (e.g., the State employee works in a county building that is closed on one of these days), the employee will not be granted additional days of administrative leave.

Contractual employees will not be paid for the service reduction days.

8. What if an employee is required to work on one of the service reduction days? *REVISED*

If an employee is called to work on a service reduction day for which the employee otherwise would have been granted administrative leave, the employee will be paid for the time worked and will be granted an amount of administrative leave equal to the amount of time worked, not to exceed 8 hours, to be used before July 1, 2010.

9. How does a service reduction day affect an employee who works a compressed workweek schedule?

Compressed workweek schedules vary; however, supervisors are encouraged to permit employees to temporarily change their schedules to give employees the full benefit of the eight hours of administrative leave that will be granted to eligible employees on a service reduction day.

10. If an employee enters on duty after some or all of the service reduction days have passed, will the employee still be subject to the temporary salary reduction? *REVISED*

Yes. All employees subject to the Plan who are on the payroll on or before June 29, 2010 will be subject to the temporary salary reduction. New employees will

only be given administrative leave for service reduction days that occur during their employment based on their salary level.

11. How is it determined which employee(s) will be subject to furlough?

The Executive Order generally establishes which employees are subject to furlough, and provides for the Secretary of Budget and Management to make additional exemptions based on the nature of work. Generally speaking, only those employees in the following categories will be exempt from the furlough requirement: direct care employees in health, juvenile services, and correctional facilities; police officers employed by the State at the rank of first sergeant or below, except those in administrative or clerical positions, and other employees who work on a shift schedule providing services as part of a 24-hour operation.

12. Will part-time employees be affected by a furlough? *REVISED*

Yes, part-time employees will be required to take furlough hours. Part-time employees will be required to take furlough hours on a pro-rated basis, based on their regular rate of pay as of August 26, 2009, as if the employee were a full-time employee (FTE).

13. Will contractual employees be affected by a furlough? *NEW*

Yes, all contractual employees will be required to take 24 furlough hours (3 days) regardless of salary level. The 24 furlough hours will be pro-rated for part-time contractual employees. For example: a 50% contractual employee would be required to take 12 furlough hours.

14. Will new hires be affected by the furlough?

Anyone who is hired during the furlough period may be required to participate in the furlough. The number of hours that the employee will be furloughed is determined by the position's salary as of August 26, 2009 and will be pro-rated based on the hire date.

15. How will it be determined how many hours each employee must be furloughed?

The number of furlough hours taken by an employee will be determined by gross annual salary, not including overtime or shift differentials. In order to determine how many furlough hours an employee will be required to take, the salary figure

that should be used is the rate of regular pay that the employee receives on August 26, 2009. The furlough hours requirement will be according to the following schedule:

Salary	Furlough Hours
0 – \$19,999	0
\$20,000 – \$29,999	0
\$30,000 – \$39,999	0
\$40,000 – \$49,999	24
\$50,000 – \$59,999	32
\$60,000 – \$69,999	32
\$70,000 – \$79,999	32
\$80,000 – \$99,999	32
\$100,000 +	40

Furlough time for part-time and contractual employees is addressed below.

16. May employees take more than one 8 hour furlough day in a workweek? *NEW*

Yes, employees may take as many furlough days as they like in a workweek (Wednesday-Tuesday). This is a change from the last Furlough Plan. However, employees should use caution that the furlough hours will not affect their paycheck deductions. Sufficient funds are necessary to cover employee health benefits premiums otherwise insurance coverage may be interrupted.

17. May employees voluntarily take additional furlough hours?

Yes, employees who are subject to the furlough requirement may take additional voluntary furlough hours with supervisory approval.

18. If an employee is receiving acting capacity pay, will that rate of pay determine the number of furlough hours to be taken?

No. An employee receiving acting capacity pay will not have furlough hours determined based on the employee's acting capacity pay rate. Furlough time for

employees receiving acting capacity pay will be based on the employee's regular rate of pay, not the employee's acting capacity pay rate.

19. May an employee substitute eight furlough hours for a paid holiday or a pre-scheduled holiday?

No, furlough hours may not be substituted for paid holidays.

20. May employees use furlough hours on a scheduled day off due to a compressed workweek schedule?

No. Employees on an alternate work or compressed workweek schedule must schedule furlough hours on regularly scheduled work days. Work schedules may be adjusted to accommodate the scheduling of furlough hours.

21. Can an employee on paid military leave be scheduled for furlough?

No. Employees on paid military leave may not be scheduled for furloughs but may be furloughed if returning to full duty before June 30, 2010.

22. Can an employee work overtime in a week in which the employee takes furlough hours?

No. Furlough time is considered work time for the purposes of calculating work overtime in a week in which furlough time is taken. Permitting an employee to earn overtime during a week in which the employee takes furlough hours would reduce the savings achieved by the furlough.

23. May an employee substitute paid leave (annual, personal or sick leave, or compensatory time) for furlough hours?

No. An employee may not substitute paid leave or compensatory time earned for furlough hours.

24. May an employee request furlough hours before or after a paid State holiday or in conjunction with paid leave?

Yes, an employee may request to take furlough hours before or after a paid State holiday and this will not affect payment for the holiday. Additionally, with

supervisory approval, an employee may take furlough hours in conjunction with other forms of paid leave.

25. May an employee work when scheduled off due to the furlough?

An employee may not work when scheduled off due to the furlough. In the event of an emergency, the employee's appointing authority may revoke scheduled furlough hours and the employee shall be paid for work performed on that day; however, the employee will be required to take the furlough hours on some other day on or before June 30, 2010.

26. May an employee take off partial days or does furlough time have to be taken in full-day increments?

An employee may take furlough time in increments of four hours.

27. How does an employee effectuate a request to take the required furlough time off?

In order to maximize coverage and ensure uninterrupted service, each employee should obtain supervisory approval to take off in the same manner that an employee would for any other absence.

28. What will happen if an employee fails to make a request to take the required number of furlough hours?

If, within a time frame required by a supervisor, an employee does not submit a request for specific time off to be counted toward the employee's required number of furlough hours, or if the employee works on a scheduled furlough day, the supervisor may schedule an employee for the appropriate number of furlough hours and require that the employee be off work in a non-pay status for that time.

29. What happens if a person leaves State service before June 30, 2010, before taking the appropriate number of furlough hours?

If an employee leaves State service before June 30, 2010, no action is necessary to recoup any remaining reduction in pay or furlough hours.

30. Will the Plan affect an employee's health benefits?

No. The employer and employee shares of health benefits premiums will remain the same during the time frame that the Plan is in effect. The State will continue to make the same premium contribution and an employee's deductions will be processed in the normal fashion for any week in which an employee has taken furlough hours.

Rarely, due to other factors such as a period of unpaid leave unrelated to the furlough, an employee may not receive a paycheck with sufficient funds to cover the employee's portion of the benefit deductions. In such cases, the agency should treat this matter as it would any other no-pay situation.

31. Does the Plan have any impact on retirement benefits?

No. Furloughs do not impact retirement benefits. Furlough time is included in the calculation of earnable compensation and service credits. Similarly, the temporary salary reduction does not impact retirement benefits.

32. Will an employee's leave accrual rates be affected by the Plan?

No. Neither a furlough nor a temporary salary reduction will have any impact on leave accrual rates.

33. How will the Plan impact an employee who is on Family and Medical Leave Act (FMLA) qualifying leave?

Typically, an employee on FMLA-qualifying paid leave will not be required to take furlough hours during the absence. Once the employee has exhausted paid leave, furlough hours may be taken concurrent with unpaid FMLA-designated leave.

If an employee's FMLA-qualifying leave is scheduled to end after June 30, 2010, the employee may be required to substitute furlough hours for paid leave during the FMLA-qualifying period of absence.

34. May an employee receive unemployment benefits to cover the loss of compensation due to the furlough or temporary salary reduction?

We do not expect that any employee will be eligible to receive unemployment benefits to cover the loss of compensation as a result of the furlough or the temporary salary reduction.

35. Does an employee have grievance rights regarding the furlough or temporary salary reduction?

Neither the placement of an employee on a furlough nor a temporary salary reduction gives rise to any grievance or appeal rights.

36. Can an FLSA-exempt employee (i.e., an employee who is ineligible to earn cash overtime) work overtime during a week in which furlough time is taken?

No. Even though FLSA-exempt employees earn compensatory time, not cash, while in an overtime status, **every effort** should be made to avoid overtime work during a week in which furlough time is taken, whether the employee is FLSA-exempt or non-exempt.

37. How do you calculate furlough time for part-time employees? *REVISED*

The calculation for part-time employees is on a prorated basis, based on the employee's regular rate of pay if the employee were a full-time employee (FTE). For example: a 50% employee with a full-time equivalent salary of \$70,000 would be required to take 4 furlough days (32 furlough hours), prorated for the 50% position: the employee would be required to take 2 days or 16 hours of furlough time.

38. Are employees who work a compressed workweek schedule required to use earned leave to balance out the remainder of an eight-hour furlough day?

Employees who work a compressed workweek schedule may request a temporary schedule change to a five-day, eight-hour workweek if they do not wish to use earned leave to balance out the remainder of an eight-hour furlough day (for example, by taking two hours of annual leave).

Whenever possible, supervisors are urged to permit an employee on a compressed workweek to make such a change to accommodate the taking of furlough time. Alternatively, supervisors may permit an employee who cannot be granted a temporary schedule change the opportunity to work the remainder of the day.

39. Does the FY 2010 Plan permit the adoption of reduced workweek schedules? *REVISED*

Yes. Subject to supervisory approval, it is possible to reduce an employee's schedule to a 35-hour workweek. Of course, the employee will experience a commensurate reduction in the employee's pay, leave accrual rate, and holidays. This reduced schedule would be in addition to the employee's salary reduction, furlough days and service reduction days under the Plan.

40. Will the adoption of a reduced workweek schedule be required for the entire period through June 30, 2010? *NEW*

No. Subject to supervisory approval, the employee may request a reduced schedule for all or part of the period covered by the Furlough and Temporary Salary Reduction Plan.

41. Will the furlough hours be prorated for new employees who begin service with the State after September 9, 2009, but before June 30, 2010?

Yes. The chart below prorates the number of furlough hours for new employees. Please use this chart to assign furlough hours to new employees with entry-on-duty dates on or after September 9, 2009.

Prorate Furlough Hours for New Employees:

Start Date	Salary \$40,000 through \$49,999	Salary \$50,000 through \$99,999	Salary of \$100,000 and above
On or Before 9/9/09	24	32	40
10/1/09 – 11/30/09	20	26	32
12/1/09 – 1/31/10	16	20	24
2/1/10 – 3/31/10	12	14	16
4/1/10 – 5/31/10	8	8	8
On or after 6/1/10	0	0	0

42. How will the reduced salaries be applied to employees in slope scale classes?

The minimum and maximum range salary of slope scale classes included in the Plan will be reduced. The reduced minimum – maximum salary of slope scale classes is indicated in the Temporary Reduced Salary Schedules (Executive Pay Plan), and for agency-unique titled classes, the reduced minimum – maximum salary range will be provided in the Temporary State Salary Plan or the September 23, 2009 Title Rate File, which will be posted on the DBM website.

The reduced salary of individual employees in slope scale classes included in the furlough plan will be implemented by DBM on a system-wide basis and no MS-310 action is required by the agency.

43. How is the salary of a new employee determined as a result of the FY 2010 Furlough and Temporary Salary Reduction Plan?

The salary of a new employee, whether permanent or contractual, is based on the employee's classification and the hire date. Based on position function and class code, the employee either will be subject to the Plan or not subject to the Plan. For appointments prior to September 23, 2009, the salary of employees in graded and slope scale classifications will be based on the current FY 2010 Salary Schedules as indicated in the current FY 2010 State Salary Plan and Title Rate File. These employees will then experience the salary reduction effective September 23, 2009 in accordance with the Temporary Reduced Salary Schedules depending on the employees' class code.

For appointments on or after September 23, 2009 through June 29, 2010, the salary of employees in graded and slope scale classes will be based on whether the position function is subject to the Plan or not subject to the Plan. If the employee is subject to the Plan, the Temporary Reduced Salary Schedules must be used for the appointment. The Temporary Reduced Salary Schedules (effective September 23, 2009 – June 29, 2010) will apply to new employees hired into classes included in the Plan. The current FY 2010 Salary Schedules will apply to new employees hired into classes not included in the Plan. The reduced salary range of slope scale classes included in the Plan will be provided in the Temporary State Salary Plan on September 23, 2009 Title Rate File, which will be posted on the DBM website.

44. Will the temporary salary reduction rates apply to employees receiving acting capacity pay?

Acting pay must be re-calculated any time there is a change in the salary of the employee's permanent classification. Therefore, if the employee's permanent classification is a classification included in the Plan, the salary will be reduced effective September 23, 2009 and the acting pay must be re-calculated in accordance with the Promotional Salary Guidelines.

If the acting classification is included in the Plan, the employee's acting salary would be the salary step indicated in Temporary Reduced Salary Schedules (effective September 23, 2009 – June 29, 2010). If the acting classification is not included in the Plan, the employee's acting salary would be the salary step indicated in the current FY 2010 Salary Schedules.

45. Will the temporary salary reduction impact overtime earnings?

REVISED

Yes. An employee who earns overtime during a period in which the employee's salary has been temporarily reduced will have the overtime calculated based on the employee's reduced rate of pay. However, there will be a legislative proposal to include budget language for the 2010 Legislative Session to compensate employees for the difference between the regular salary rate and the reduced salary rate for overtime hours during this period. Keep in mind, however, that employees should not be permitted to earn overtime in any week in which the employee takes furlough hours.

46. Is there a date by which employees should have furlough time scheduled?

We strongly suggest that employees schedule their furlough time no later than May 1, 2010, unless an earlier date is specified by an employee's employing agency. If employees have not scheduled furlough time by May 1, 2010, we urge agencies to contact the affected employees and establish the dates on which the employee will take furlough time in order to ensure that all employees required to take furlough time do so on or before June 30, 2010.

47. Will new employees get administrative leave for service reduction days? *NEW*

Yes. New employees with a regular salary (not the reduced salary) of \$39,999 or less will receive administrative leave for the number of service reduction days left, up to 3 days, between the employee's start date and the last service reduction date of May 28, 2010. New employees with a regular salary (not the reduced salary) of \$40,000 or more will receive administrative leave for any service reduction days that occur on or after the employee's start date.