

Guidelines for Furlough and Temporary Salary Reduction Plan

AUTHORITY: State Personnel and Pensions Article (SPPA) Title 8.

1. GENERAL INFORMATION

- A. In accordance with Executive Order .01.01.2010.11, the State of Maryland shall implement this Furlough and Temporary Salary Reduction Plan (the Plan).
- B. State employees shall participate in a salary reduction and unpaid furlough days based on salary.

2. SCOPE

Except as provided in the Executive Order, this Plan applies to all employees of the State of Maryland, including employees of agencies with independent salary setting authority or independent personnel systems, employees of the Maryland Automobile Insurance Fund, the Maryland Food Center Authority, the Maryland Port Administration, the Maryland Stadium authority, Maryland Health Insurance Plan, Maryland Environmental Service, Public Service Commission, and the Injured Workers Insurance Fund, and all contractual employees. These Guidelines are applicable to employees within the State Personnel Management System.

3. DEFINITIONS

In these Guidelines, the terms have the following meanings:

- A. "Employees of 24/7 operations" means direct care employees in health, juvenile services, and correctional facilities; police officers employed by the State at the rank of first sergeant and below, except those in administrative or clerical positions; and other employees designated by the Secretary of Budget and Management who work on a shift schedule providing services as part of a 24-hour operation.
- B. "Furlough" means the placement of an employee in a temporary non-duty, non-pay status.
- C. "Paid administrative leave" means the employee is paid for the equivalent of regular work hours while on leave.
- D. "Part-time employee" means an employee who works an average of 50 percent or more but less than 100 percent of the regular workweek.
- E. "Service reduction" means a significant curtailing of State services on dates specified in the Executive Order.
- F. "Salary" means monetary compensation paid for work performed and does not include differentials or other forms of pay supplements.
- G. "Salary reduction" means the reduction of the salary ranges effective through the salary plans.
- H. "Secretary" means the Secretary of the Department of Budget and Management.
- I. "Temporary employee" includes contractual employees and emergency employees.

4. SALARY REDUCTION

Permanent employees who are included in this Plan shall receive a temporary salary reduction. This reduction will be spread evenly across the (26) pay periods between June 30, 2010 and June 30, 2011.

A. Salary reductions will be implemented as follows:

Salary	Reduction Equivalent in Work Days
\$40,000 or more	5 days
\$39,999 or less	3 days

- B. The salary reduction will be based on the employee's unreduced salary as of July 1, 2010.
- C. Part-time employees shall receive the reduction on a prorated basis equal to the employee's percentage of employment as of July 1, 2010.
- D. Acting capacity payments shall be re-calculated based on the reduced salary for this time period.
- E. Salary reductions will not impact pension benefits or annual leave cash-outs.
- F. Overtime payments between June 30, 2010 and June 30, 2011 will be calculated using the reduced salary rate. Employees will be compensated for the difference between the unreduced salary rate and the reduced salary rate for overtime hours during this period.

5. SERVICE REDUCTION DAYS

Routine State government operations will be curtailed on specified service reduction days for all non-24/7 State employees.

A. Service Reduction Days for FY 2011 will be:

Friday, September 3, 2010,

Wednesday, November 24, 2010 (Friday, November 26, 2010 for employees of the Department of Transportation),

Thursday, December 23, 2010,

Thursday, December 30, 2010, and

Friday, May 27, 2011.

B. Permanent non-24/7 State employees shall receive paid administrative leave for service reduction days based on unreduced salary levels as of June 30, 2010 as follows:

Salary	Administrative Leave Days
\$40,000 or more	5 days
\$39,999 or less	3 days

- C. Except as provided in D. and E. below, service reduction days (for which employees will receive paid administrative leave) are not furlough days.
- D. For employees receiving 3 administrative leave days, employees may use earned annual, personal or compensatory leave for the remaining 2 service reduction days, or choose to take a voluntary furlough day without pay.
- E. All temporary employees shall take the days listed in 5. A. of this Section as unpaid non-work days, unless the employee is not subject to the Plan.

6. FURLOUGH

All permanent, non-24/7 operation employees subject to the Executive Order shall be required to take the number of furlough hours listed below between June 30, 2010 and June 30, 2011:

Salary	Furlough Hours
\$39,999 or less	0
\$40,000-\$49,999	24
\$50,000-\$99,999	32
\$100,000and over	40

- A. Temporary employees shall take 24 furlough hours.
- B. Subject to supervisory approval, employees may be allowed to take additional furlough days between June 30, 2010 and June 30, 2011.
- C. No employee may receive pay for hours during which the employee is furloughed.
- D. An employee may take furlough hours in increments of four (4) hours.
- E. No employee may work during scheduled furlough time except that in the event of an emergency, the appointing authority may revoke furlough time and the employee shall be paid for the time worked. If furlough time is revoked, the employee must reschedule additional furlough time equivalent to the revoked furlough time.
- F. An employee may not work in excess of the employee's normal workweek reduced by the furlough time taken during such workweeks. Therefore, an employee shall not earn overtime pay during a workweek in which furlough time is taken and may not request authorization to work such overtime. **Supervisors shall not permit an employee to work overtime during a workweek in which the employee takes furlough time.**
- G. Personnel actions such as promotions or reclassifications which occur after June 30, 2010 shall not affect the number of furlough hours designated.
- H. Part-time employees are included in the furlough plan. The furlough time for these employees is based on the annual full-time salary of the position prorated by the percentage of employment.
- I. An employee who is on leave granted by the Leave Bank, Employee-to-Employee Donated leave, Family and Medical Leave Act-qualifying leave, Accident leave or any other paid leave is included in the furlough plan and furlough time shall be scheduled according to the schedule noted above.
- J. Part-time temporary employees are included in the furlough plan and furlough time for these employees is prorated by the percentage of employment.
- K. The furlough time for an employee hired on or after June 30, 2010 is prorated based on the employee's start date.

- L. Furlough time charged to an employee receiving acting capacity pay is based on the employee's regular pay, not the acting capacity pay.
- M. For leave accrual, an employee on furlough time shall be considered to be on paid leave. The furlough will not affect the retirement credit earned.
- N. For benefits and seniority purposes, an employee on furlough time shall be considered to be on paid leave. Note: Employees that have additional deductions that could be affected by unpaid furlough days should make any necessary arrangements to avoid these impacts.

7. REDUCED WORKWEEK PROGRAM

Subject to supervisor approval, employees may choose to reduce their workweek to a 35 hour workweek with a commensurate reduction in pay. This type of reduction would be in addition to, and not a substitute for, the required furlough days and applicable salary reduction as specified under these Guidelines. A reduction in work hours under this section would result in a reduction in the employee's percentage of employment and therefore a reduction in earned and holiday leave.

Employees may have their workweek returned to a 40 hour workweek upon notification to their Appointing Authority.

8. FISCAL YEAR 2012 PAID ADMINISTRATIVE LEAVE

- A. To mitigate the impact of this furlough and temporary salary reduction plan, permanent employees who are included in this Plan shall receive paid administrative leave days on July 1, 2011, otherwise known as Reduction Recovery Days, as follows:
 - 1. All permanent, non-24/7 operation employees subject to the Executive Order with a salary less than \$40,000 will receive 2 Reduction Recovery Days;
 - 2. All permanent employees with a salary between \$40,000 and \$49,999, and 24/7 operation employees with a salary less than \$40,000 subject to the Executive Order will receive 3 Reduction Recovery Days;
 - 3. All permanent, non-24/7 operation employees subject to the Executive Order with a salary between \$50,000 and \$99,999 will receive 4 Reduction Recovery Days; and
 - 4. All permanent employees with a salary of \$100,000 or more, and 24/7 operation employees with a salary of \$40,000 or more subject to the Executive Order will receive 5 Reduction Recovery Days.
- B. The use of administrative leave shall require prior supervisory approval.
- C. Unused Recovery Reduction Days will carry over each year.
- D. Employees will not be entitled to compensation for any unused Reduction Recovery Days upon separation from State service.

9. NOTIFICATION TO THE SECRETARY AND DOCUMENTATION

- A. Each Department and agency shall submit a furlough plan that includes designated furlough hours for employees and the dates that each employee was notified of the designated furlough hours required.

- B. No later than July 15, 2011, each Department and agency shall notify the Secretary of all employees who completed the furlough time. This notification shall include the employee's:
1. Name;
 2. Salary;
 3. Employment status (permanent or contractual);
 4. Total furlough hours taken; and
 5. Total savings in salary as a result of the furlough hours.
- C. Agencies shall retain documentation of all furlough hours for a period of at least three (3) years.
- D. Supervisors who fail to properly oversee the scheduling and taking of furlough days by employees under their supervision, including adequate control of overtime during a week in which an employee takes furlough time, as provided in these Guidelines, may be subject to disciplinary action.

10. **AUDIT**

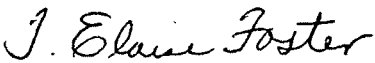
All furlough plans and related information are subject to audit by the Department of Budget and Management. The Secretary may rescind or correct any furloughs not in accordance with these Guidelines

11. **EXCEPTIONS**

In accordance with Executive Order 01.01.2010.11 the Secretary may authorize an exception to these Guidelines when it is in the best interest of the State. The reasons for the exception shall be documented and satisfactory to the Secretary. The Secretary may delegate the authority to issue exceptions to these Guidelines to the Executive Director of the Office of Personnel Services and Benefits.

12. **EFFECTIVE DATE**

These Guidelines for the Implementation of the Furlough and Temporary Salary Reduction Plan are effective on June 30, 2010. Thereafter, any change made to the Guidelines shall become effective upon the approval of the Secretary.



T. Eloise Foster
Secretary, Department of Budget and Management
Revised June 23, 2010