

June 15, 2009

MEMORANDUM

TO: Deans, Directors and Department Heads

FROM: Warwick A. Arden, Interim Provost and Executive Vice Chancellor
Charles D. Leffler, Vice Chancellor for Finance and Business

RE: Furlough Implementation -- **THIRD Revision of May 11th Memo**

Based on new interpretations and instructions from the State and UNC-General Administration, the following updated information in bold, italic and underlined in red provides further clarifications.

The attached chart outlines how NC State University will implement the mandatory “flexible furlough” -- announced by Governor Perdue **April 28, 2009** -- in the University’s May and June payrolls.

The logistics of implementing the Governor’s furlough mandate have been an evolving and moving target, as issues and questions have been identified in the past several days. Given the complexities and unique situations on our campus, there have been many unknowns and inconsistent feedback. There may yet be further changes, based on advice from the State, or from UNC General Administration, but these are the assumptions we are using for the upcoming payrolls with looming processing deadlines. If things are further changed or clarified, later payrolls will reflect those changes.

Our current understanding from various sources (including Office of State Personnel, Office of State Controller, Office of State Budget Management, and UNC-General Administration), indicate that the furlough reductions ---

1. Will apply to all employees regardless of funding source(s) of the position
2. Will not apply to students (work/study, grad assistants, student workers)
3. Will be taken "off the top" before taxes, benefits, or garnishments are deducted
4. Will apply only to base pay
5. Will not be applied to shift premiums, differential pay, military differential or law enforcement allowance rates
6. Will not change the standard hourly rate for calculation of overtime or premium pay

7. Will not be applied to short term disability or workers compensation payments
8. Will be applied to “summer sessions” salary paid in May/June. **Furlough reductions will apply to the summer pay of individuals hired expressly to teach May/June summer sessions. It does not apply to “additional summer session pay” for faculty who worked regularly during the academic year and from whom furlough reductions are already being made to their academic year base pay during May and June.**
9. Will not take any employee below federal minimum wage.
10. Will not take any employee on H1B visa status below the mandated federal prevailing wage rate.
11. Will **NOT** reduce the pay on which retirement contributions are calculated, **per House Bill 917, as signed into law by Governor Perdue on May 18. The employer will cover both the “employer” and “employee” portions of the marginal contribution differences.**
12. For RIF’d employees, will apply to any remaining paychecks for time worked in May and June, but will not be applied against severance payout amounts
13. Full-time employees will be granted 10 hours of flexible time off (pro-rated for part-time employees), to be used at a time approved by the supervisor between **May 15** and Dec 31, 2009.
14. **As a result of the furlough, faculty members are eligible for up to 10 hours of flexible leave. Instructional faculty may not take the 10 hours of flexible leave during a time that would cause classroom instruction to be canceled. Faculty are encouraged to use their flexible leave during the University's fall or winter break, and will be considered to have done so unless otherwise documented. Faculty wishing to use their flexible leave at other times should get approval from their department head. Any flexible leave not used by December 31, 2009, is forfeited.**
15. Temporary employees will not have pay deducted from their upcoming checks, but departments must reduce each temp’s work schedule by 10 hours total between now and June 12 (pro-rated for part-time temps). **Reductions in time worked should be prorated for part-time temporary non-student employees. In other words, adjust the 10 hours by the employee’s FTE to determine the number of hours less that they should work between now and June 12th.**
 - **Example: An individual who normally works 32 hours/week (i.e., $32/40 = 0.80$ FTE), should work and report a total of 8 hours (i.e., $0.80 * 10\text{hrs} = 8$ hrs) less than they ordinarily would have between now and June 12th. We expect time records will be audited for evidence of compliance.**

16. Post Docs: Furlough reductions will apply to all post docs.

17. Additional information is available at –

- NCSU Budget Central website, http://www.fis.ncsu.edu/rm/budget_central, including a letter from Governor Perdue to all State employees.
- Office of State Personnel (OSP) website, for SPA employees, <http://www.osp.state.nc.us/ExternalHome/>, including Frequently Asked Questions

Additional information will be provided as we have it. We know this is frustrating for everyone, and we appreciate your understanding as we work through these issues at many levels.

cc: James H. Woodward, Interim Chancellor
Steve Keto, Associate Vice Chancellor for Resource Management
Barbara Carroll, Associate Vice Chancellor for Human Resources
University Business Officers

REVISED MAY 19, 2009
2009 Flexible Furlough Implementation

| Employee Class or Category | Impacted by the Flexible Furlough? | How? |
|---|------------------------------------|--|
| SPA*, EPA** and Post Docs*** Monthly Bi-weekly * Includes Law Enforcement ** Includes Phased Retirement Participants *** Applies to all Post Docs | Yes Yes | 3% reduction of regular monthly earnings will be taken from May & June paychecks [Monthly: (12 payments ÷ 2 payrolls) X .5% = 3%] 3.25% reduction of regular biweekly earnings will be taken from all May & June paychecks [Biweekly: (26 payments ÷ 4 payrolls) X .5% = 3.25%] |
| New Hires (newly hired to employee categories listed above) Hired in May Hired in June | Yes Yes | 3% reduction of regular monthly earnings will be taken from May & June paychecks 6% reduction of regular monthly earnings will be taken from June paycheck |
| Terminations (all employee categories listed above) Terminated in May Terminated in June | Yes Yes | 6% reduction of regular monthly earnings will be taken from May paycheck 3% reduction of regular monthly earnings will be taken from May & June paychecks |
| Graduate Assistants | No | N/A |
| Temps Students (incl. Resident Advisors) Non-Students | No Yes | N/A Must work 10 hours less than their normal schedule between now and June 12 th (last work day paid in this fiscal year) Prorated for part-time temporary employees. |
| Summer Session Payments For those individuals who will only receive compensation for Summer Session in fiscal year 08-09. | Yes | 0.5% “annualized” reduction in gross amount to be paid in May and June payrolls. |