

VOLUNTARY FURLOUGH & CONTRIBUTION PROGRAM INFORMATION

As a result of the recent economic challenges, the Board of Supervisors has authorized the adoption of the updated Voluntary Furlough and Voluntary Contribution Furlough Programs. These programs have been designed to reduce the overall wage obligations of the County and provide departments an alternative to layoffs.

The programs offer employees the opportunity to: 1) handle other needs that require time off from work without pay, or 2) voluntarily waive benefit contributions or car allowance, without loss of benefits, seniority, and positions with the County and help their department and the County reduce the budget.

Eligibility for the Voluntary Furlough & Contribution Programs

All regular County employees (**excluding Seasonal and Temporary employees**) will be eligible to participate in this program if the following conditions are met:

1. Have completed at least two full pay periods of employment;
2. Have received approval from their agency/department head;
3. Are in a paid status at the time of enrollment and on the workday prior to first taking time off; and
4. Have adequate wages to cover their normal payroll deductions and the required contributions for benefit plans.

Voluntary Furlough Program

There are two ways to participate in this program:

1. Reduce the number of hours in a scheduled workday or work week for a three month period or longer;
2. Schedule a block of time off as unpaid leave (requires a minimum of two consecutive workdays off).

Based on departmental needs and scheduling requirements, employees and managers/supervisors will mutually determine the amount of reduced work time to be arranged.

Employees are responsible for reporting the Voluntary Furlough Program time on their timesheets. Department timekeeping processors will use the time reporting code of VFP for this time.

Note: FLSA exempt employees may not select the reduced workday option, but they may reduce their work week on a bi-weekly basis.

Voluntary Contribution Furlough Program

There are two ways to participate in this option:

1. Waive the County's contribution toward the Flexible Benefits Credit; or
2. Waive the County's contribution toward the County car allowance.

Enrollment Process

Employees must complete the Voluntary Furlough Program Enrollment and Cancellation Form or the Benefit Contribution Credit Authorization Form located online at: <http://www.workforceexchange.net>. The forms must be signed by the appropriate Department Head and submitted to the employee's Department Representative for processing. Department Representatives will notify employees who have been approved to participate; and ensure all forms are forwarded to the Human Resources Department, Employee Services Unit, Stop #1150 for further review. Approved requests must be submitted to Human Resources by 5:00 p.m. on pay week Thursday to begin participation in the following pay period.

Employees interested in the Voluntary Furlough Programs must agree to participate for a minimum of three months, with extensions allowed during the Calendar Year. The three month period permits departments to allocate resources and budget appropriately while employees can plan on flexible blocks of time suitable to their personal needs.

Planned participation can vary during a three month enrollment period. For example, an approved Voluntary Furlough Program for an FLSA non-exempt employee could be like: 2 hours per day work schedule reduction for 2 pay periods; 1 hour per day work schedule reduction for the next 2 pay periods; and no work schedule reduction for the remaining 2 pay periods.

Election Changes to the Voluntary Furlough Programs

An employee participating in the Voluntary Furlough Programs may not reduce or cancel the agreed schedule except if he or she:

1. transfers to another agency or department; or
2. terminates employment with the County; or
3. demonstrates a personal hardship; or
4. has participated for three months in the program.

Any changes to the agreement will require the employee to complete a new Voluntary Furlough Program Enrollment and Cancellation Form or the Benefit Contribution Credit Authorization Form located online at: <http://www.workforceexchange.net> and submit the form to their Department Representative for processing.

Additional information can be obtained:

By visiting Workforce Exchange online at: <http://workforceexchange.net> or by viewing the frequently asked questions (Q &A's) provided with this document.

Frequently Asked Questions:

Q1. Who is eligible to participate in the Voluntary Furlough and Voluntary Contribution Furlough Programs?

A1. All regular County employees who have completed at least two pay periods of employment may request to participate in the programs. Seasonal and Temporary employees may not participate in the program at this time.

Q2. Can an employee enroll in the Voluntary Programs at any time?

A2. Yes. Approved requests for a three month period or more must be submitted to Human Resources by 5:00 p.m. on pay week Thursday to begin participation in the following pay period.

Q3. Can employees work overtime in the same pay period in which they use the Voluntary Furlough Program?

A3. No, unless the Department Head deems overtime necessary to meet business needs. The Voluntary Furlough Program does not count toward the regular work hours required before overtime or certain retention premiums are paid.

Q4. What if a designated furlough day is the day before a holiday or after a holiday?

A4. Employees will still be eligible for the paid holiday, even if they take a voluntary furlough the day before or after a holiday.

Q5. If participating in the Voluntary Furlough Program results in a reduction in child care expenses, can an employee reduce their Flexible Spending Account (FSA) child care election?

A5. Yes, the FSA election can be changed due to a change in work schedule, which is a qualifying reason allowed under Section 125 code governed by the Internal Revenue Service (IRS). An employee may chose to make a change to their FSA election; the change will be effective the next payroll period after the FSA change request is received by Human Resources. Changes to FSA elections will not be approved retroactively, and must relate to the type of change that occurred.

Q6. Will taking unpaid time off affect retirement credits?

A6. In most cases, it will not affect retirement credits. However, it may affect credits if an employee's retirement date is within twelve months, or if an employee takes more than 160 hours of unpaid time off within a six-month period. It takes ten months of full time employment or 1,720 hours to equal one year of CalPERS service credit, so an employee should be careful not to exceed two months of furlough/unpaid time.

Additionally, when an employee applies for retirement the final compensation is calculated on their highest average monthly pay rate for a one (1) year period. Employees electing to retire in 2009 or 2010 should consider electing a final compensation period outside of the voluntary furlough window period on their retirement application. Employees are able to verify CalPERS service credit or highest salary reported, by contacting CalPERS at (888) 225-7377.

Q7. Can an employee's Department cancel a Voluntary Furlough election due to work needs?

A7. Departments are encouraged to determine work needs before approving a Voluntary Furlough request. However, they must have the resources necessary if special or emergency situations arise. The Department Head has the ability to cancel the Voluntary Furlough agreement due to special situations.

Additionally, the Voluntary Furlough Program is effective when authorized by the County Executive Officer to deal with challenging budget shortfalls and may be terminated at any time by the County Executive Officer.

Q8. What substantiating documentation is required if an employee requests to reduce or cancel their participation in the Voluntary Furlough due to personal hardship?

A8. All requests to reduce or cancel participation will be evaluated by the employee's department on a case-by-case basis. Departments will require the employee to provide documentation of hardship based on the employee's specific situation.

Q9. How does the Voluntary Furlough Program affect employee benefits?

A9. The Voluntary Furlough Program is recorded with the voluntary furlough time entry code VFP. The VFP time entry code will capture all voluntary hours taken under this program, and will facilitate continuation of seniority, health and retirement benefit accruals, contributions, and payments.

Normally, if a person takes a full pay period off without pay, the flex credit, leave accruals, and service credits would not be given. For those who choose a bi-weekly reduction in hours, there will be no harm, because their regularly-scheduled hours will not change; they will simply report a number of unpaid hours each pay period.

Q10. How will an employee's payroll benefit contributions/deductions change if they participate in the Voluntary Contribution Furlough?

A10. Participation in the Voluntary Contribution Furlough will reduce the immediate take home pay, because the County car allowance and Flexible Benefits Credits (Flex) are charged as pre-tax payroll deductions. However, the pre-tax nature of these deductions will result in a pay decrease that is somewhat less than the amount contributed. For example, if an employee's payroll taxes are 30% of gross pay, and the flex contribution is \$300 biweekly, the net loss in pay would only be \$210 due to the reduction in taxes.

Q11. Can an employee's request to participate in the Voluntary Furlough Program or Voluntary Contribution Furlough Program be denied?

A11. Yes, an employee's request may be denied due to departmental work needs, insufficient earnings to cover normal payroll deductions, the employee has not been employed for at least two full pay periods, or the employee is not in a paid status at the time of enrollment and on the workday prior to the first day of taking time off for the voluntary furlough.

Q12. Will employees receive credit if the County moves to a Mandatory furlough policy?

A12. Yes. Employees who elect to participate in the Voluntary Furlough Program will receive credit for time taken if the County implements a **mandatory** furlough in the same calendar year.

Example: An employee elected to take two days off under the Voluntary Furlough option. Within the same calendar year, the County implemented a mandatory furlough requiring employees to take six (6) days off. Since the employee used two days under the Voluntary Furlough Program, he/she would only be required to take four days off under the mandatory furlough.

Note: Equivalent hours of credit will be given for participation in the Voluntary Contribution Program, based on the individual's salary.

Q13. Will an employee's position with the County be protected if they participate in the Voluntary Furlough and Contribution Programs?

A13. No. Although participation in the furlough program will assist with the overall wage obligations of the County, it does not exclude participating employees from future layoffs.