



employee relations **BULLETIN**

September 23, 2010

(Replaces bulletin dated July 23, 2010, and includes issues related to Unpaid Holiday [UPH] time for employees covered by newly ratified EAA MOUs 1, 19, 20 & 21 through June 30, 2011.)

**To: Heads of All Departments (Excluding Proprietary Departments)
Departmental Personnel Directors**

**Subject: FREQUENTLY ASKED QUESTIONS REGARDING THE FISCAL YEAR
2010-11 FURLOUGH PROGRAM**

The Furlough Program for Fiscal Year (FY) 2010-11 was implemented effective Pay Period 2. The following information was prepared by City Administrative Officer (CAO) and City Controller staff to address frequently asked questions regarding the Furlough Program. Additional bulletins may be issued as necessary.

- 1. The Controller's Office issued a memo on June 14, 2010, regarding implementation of the FY 2010-11 Furlough Program. Is the information in that memo still accurate?**

No. Some portions of the June 14th memo remain valid, but the Program was refined subsequent to its publication. The Mayor's July 2, 2010, memorandum contains updated parameters to the Furlough Program, including a complete list of general exemptions.

- 2. Will PaySR automatically exempt employees from departments and classifications that were listed in the Mayor's memo as being exempt from furloughs?**

Yes. The Controller's Office has been provided with a list of the departments, classifications, and MOUs that are exempt from furloughs. That information has been uploaded to PaySR. Additionally, as further exemptions are determined, information on individual employees who will be exempt from furloughs on an ongoing basis will be entered into PaySR.

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3. When will the FY 2010-11 Furlough Program be effective?

All employees who are not exempt from furloughs in accordance with the Mayor's July 2, 2010, memo will be furloughed effective Pay Period 2 (7/4/10 – 7/17/10). Exemptions identified by departments and approved by the Mayor's Office will be effective beginning Pay Period 3. Additional exemptions or changes will be effective upon Mayoral approval.

4. What is the duration of the Furlough Program?

The Furlough Program will begin in Pay Period 2 and end in Pay Period 26.

5. What payroll variation codes will be used for recording furlough time in FY 2010-11?

Hourly employees will use payroll code "GN" to record their furlough time.

- All GN time will be treated and recorded as furlough/unpaid holiday time.
- Variation codes FN and FC were disabled effective July 4, 2010.

Payroll code "GS" will be automatically recorded for all salaried employees.

- D-Time users cannot enter the GS code. PaySR will enter this code automatically.
- Users of systems other than D-Time (e.g. ETime, SAP, Scanner file systems) may enter a variation of the GS code, which PaySR will remove and automatically replace with the GS code.

6. Can hourly employees defer GN hours?

Yes, as long as those deferrals are consistent with the approved departmental furlough plan and employees fulfill their entire furlough time obligation by the end of Pay Period 26 (June 18, 2011). To assist employees and supervisors manage furlough time accordingly, the year-to-date furlough hours will be visible to employees and department payroll supervisors. PaySR will automatically trigger a warning message when a furlough balance equals or exceeds 32 hours in any pay period. Departments are advised to frequently evaluate furlough balances to prevent last minute catch-up problems. Furlough time will be monitored by the CAO and reported regularly to the Mayor's Office and City Council.

7. What will happen when employees transfer to an exempted department or position?

These employees will no longer be required to take furloughs. Their furlough data (balance and YTD furlough usage) will be frozen from the date they transfer to the new department. It is the mutual responsibility of an employee and their department to take obligated furlough time prior to transferring to a furlough-exempt department.

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8. What will happen when an employee transfers from an exempted position to a position that is required to take furloughs?

These employees will be required to take furloughs consistent with the new department's approved furlough plan effective on the date of the transfer on an ongoing basis only.

9. Can salaried employees defer furlough hours?

No. PaySR will automatically generate the GS code for all salaried employees each pay period depending on the approved departmental plan. Salaried employees who are not represented by a labor union and employees who are part of MOU 61 are subject to 128 furlough hours, deducted in either five-hour increments for 25 pay periods and three hours for a 26th pay period or eight-hour increments for 16 pay periods. At the beginning of the fiscal year, management in each department selected one of these methodologies to apply to all affected salaried employees. All other salaried employees are subject to 208 furlough hours (26 furlough days, with the exception of EAA members), which is deducted in eight-hour increments in each pay period.

10. Can salaried employees take more than an eight-hour deduction per pay period?

Yes, with the approval of their department. If taking more than eight hours exceeds a department's furlough plan, i.e., a non-represented employee who has five hours deducted from their pay, then additional furlough time is counted as voluntary furlough time. Such furlough time must be coded "WF."

11. Can employees take voluntary furlough time in addition to the mandatory furloughs?

Yes, with the approval of their department. Any such voluntary furlough hours must be coded "WF."

12. Can employees donate furlough days to other employees?

No.

13. Will PaySR generate furlough time for hourly employees if the GN code is not entered?

No. Hourly employees will be paid a full 80 hours in a pay period if the GN furlough code is not entered; however, an hourly employee's furlough balance will increase by eight hours in that same pay period.

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14. Can employees take a partial day off for furlough time or does it have to be in full-day increments?

Hourly employees are allowed to take their furlough time in one-hour increments as long as doing so conforms to the department's approved furlough plan and meets with management's approval. Salaried employees are allowed to take furlough time in whole-day increments only.

15. Can employees take a furlough day on a paid holiday (e.g. Thanksgiving Day)?

No.

16. Can employees take a furlough day before or after a paid holiday?

Yes, if approved by management.

17. Can employees use vacation time, compensated time, or sick leave in-lieu of furloughs?

No.

18. Can hourly employees choose to come to work on furlough days without pay?

No.

19. How are furlough hours and balances displayed?

The number of obligated furlough hours accrued and used per pay period will be displayed under the "Reduced Hrs" header in the Online Direct Deposit (ODD) Earning Statement or Paycheck Stub. Employees will also be able to see the "Obligated Furlough Hours Balance" and the "YTD Furlough Hours Used" in D-Time (hourly employees will see the real-time YTD while salaried employees will see the YTD for the pay period that they're in after the payroll runs). The PaySR system will also generate a warning message if the "Obligated Furlough Hours Balance" is equal to or greater than 32 hours. This balance indicates that the employee has not taken 8 hours of furlough for approximately 4 pay periods.

20. Will furlough time affect employees' sick and vacation accruals?

No. Sick and vacation accruals will not be affected. Employees will still accrue sick and vacation at their normal rate.

21. Will furloughs affect employees' other benefits?

No, for the most part. Health and dental insurance eligibility and premiums will not be affected as long as employees maintain at least 40 hours compensated time per

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pay period. The flat dollar amount employees pay will still be deducted from employees' paychecks and the coverage employees receive when they file a claim will not change because of furloughs. Benefit contributions that are calculated on a percentage of earnings will be slightly reduced in the pay periods where the pay is reduced due to furlough hours being taken. However, the benefit employees receive is not changed because it is reported on biweekly salary – not actual earnings. **To reiterate, employees must be compensated at least 40 hours in a pay period to maintain their benefits.**

22. Will furloughs affect employee contributions to the LACERS system?

No. Full-time employees' contribution to the LACERS system is based on a percentage of the full biweekly rate.

23. Will furloughs affect employees' contribution to supplemental retirement saving plans?

No. Employees' contributions to voluntary (or supplemental) retirement savings plans are post-tax contributions at a fixed-dollar amount chosen by employees.

24. Are furloughs applied to employees on IOD or Family Leave (FMLA)?

Yes.

25. How will furloughs affect garnishments being deducted from employees' paychecks?

Any garnishments based on percentage of pay will be reduced based on actual earnings in the pay period. Any garnishment based on a fixed amount will not be reduced.

26. If an employee is not compensated for a pay period, does the furlough obligation go from 26 to 25 pay periods (or 16 to 15, etc.)?

If the department processes a Form 41 that places the employee on the appropriate leave in time for the payroll process, the employee will be considered inactive. Therefore, the system will not generate a furlough obligation and the employee will not receive credit for taking furlough time.

If the department fails to put the employee on leave status in time for the payroll process, the employee will still be considered active. Therefore, the system will generate a furlough obligation and the employee will receive credit for taking furlough time if the appropriate payroll code is entered.

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27. What should I do if I receive an individual or group grievance regarding furloughs?

Notify the Employee Relations Division of the CAO's Office of any individual or group grievance related to furloughs. The contact person for furlough-related grievances is Susan Ozawa. She can be reached at (213) 978-7637 or Susan.Ozawa@lacity.org.

28. Who do I contact for further information?

For further information related to departmental furlough plans, furlough exemptions and furlough implementation, please contact Paul Girard of the CAO's Employee Relations Division at (213) 978-7638 or Paul.Girard@lacity.org.

For further information on furlough-related timekeeping and payroll systems issues, please contact Robert McNeal of the Controller's Office at (213) 978-7451 or Robert.McNeal@lacity.org.

29. What is Unpaid Holiday Time?

Unpaid Holiday time (UPH) is unpaid time that has been negotiated with the bargaining units for employees represented by the Engineers and Architects Association (MOUs 1, 19, 20 & 21). For Fiscal Year 2010-11, EAA represented employees who are not exempt from furloughs have an unpaid holiday time liability of 80 hours during the current fiscal year. Time taken as furloughs as of pay period two (beginning July 2, 2010) will count toward the 80 hours of UPH time. UPH may be taken in increments of as little as one hour (for hourly employees only) and as much as 40 hours (without jeopardizing benefits) in a pay period. However, UPH time off is subject to approval just as vacation or floating holiday time.

30. What payroll variation codes will be used for recording UPH time in FY 2010-11?

UPH time is recorded similar to furlough time, i.e., using GN for hourly employees and GS for salaried employees. Items 5 and 9 above indicate that PaySR automatically generates GS codes for salaried employees and warns against manual entry of the GS code. In the case of salaried EAA employees, such is not the case: in fulfilling their UPH obligation, they must manually enter GS to receive due credit.

31. When an employee is placed on disciplinary suspension, is the employee subject to serve their required furloughs or UPH time?

Yes. Disciplinary suspensions cannot be substituted for furlough time or UPH. Departments will determine when the suspension time is to be served and the suspension days shall not include furlough or UPH days.