NOTE: The following questions and answers are specifically intended to briefly address furlough related issues that apply only to UPW Unit 1 employees at the University of Hawai‘i and shall not constitute a contract of employment. The applicable negotiated agreements shall take precedence over any conflicting information in the questions and answers below.

**GENERAL**

**Q1:** What is a furlough?

A1: A furlough is the placement of an employee temporarily and involuntarily on a non-pay and non-duty status, in full day increments, by the Employer because of lack of funds.

**Q2:** To whom does the furlough apply?

A2: The furlough applies to all bargaining unit 1 employees of the University paid from appropriated funds.

**Q3:** When will the furlough program be effective and how many days will employees be furloughed?

A3: The total number of furlough days per fiscal year shall be as follows:

- Effective March 16, 2010 through June 30, 2010 – 6 days
- Effective July 1, 2010 through June 30, 2011 – 20 days
- Total number of furlough days – 26 days

For part-time employees and employees paid from a combination of appropriated and non-appropriated funding sources (e.g. trust, agency, and extramural funds), the number of furlough days will be adjusted based on the employee’s full-time equivalent (FTE) and/or percentage of FTE attributable to appropriated funding sources.

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The Chancellor or their designee will determine when the furlough days will be observed, however, they will generally be scheduled as follows:

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<thead>
<tr>
<th>Month</th>
<th>Days</th>
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<tbody>
<tr>
<td>March 2010</td>
<td>1 day</td>
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<td>April 2010</td>
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<td>May 2010</td>
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<td>June 2011</td>
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Total Furlough Days = 26

Q4: How is pay affected by the furloughs and when does it start?
A4: Employees’ pay will be automatically reduced, in even increments, each pay period from March 16, 2010 through June 30, 2011, to account for the 26 furlough days. The reduction will be reflected beginning with the April 5th paycheck for those on the lagged payroll and on April 20th for those on the after-the-fact payroll.

Q5: Can furloughs be observed in partial day increments?
A5: No. Furlough days must be observed in full day increments.

Q6: Will a furlough be counted as a break in service or break in employment?
A6: No.

Q7: If an employee is hired after the furlough program goes into effect, will he/she be subject to the furlough program?
A7: Yes. New employees hired during the furlough period will be included in the furlough program.
Q8: Will the furlough affect an employee's status as a full-time employee?
A8: No, the employee's FTE (Full-Time Equivalent*) will remain the same.

*Definition of Full-Time Equivalent (FTE): Full time is defined as an 8-hour workday; regularly scheduled work hours less than 8 are prorated. Basically, 1.00 FTE means an employee is employed on a full-time basis, .50 FTE means an employee is employed on a half-time basis, and so forth.

Q9: What happens when an employee is required to report to work on a scheduled furlough day?
A9: The employee shall be paid overtime if they are required to work on their scheduled furlough day. The furlough day shall be considered to have been cancelled for the employee, and will not be rescheduled on another day.

Q10: Will furlough days be counted as creditable service?
A10: Yes, furlough days will be creditable for purposes such as seniority, service awards, and retention points.

Q11: Will employees on temporary assignment (TA), still get TA pay on a furlough day?
A11: No, the employee is not performing the temporary assignment work on that furlough day.

Q12: Will the furlough impact the calculation of differentials and premium pay?
A12: No, the calculation of differentials and premium pay are not affected by the furloughs.

However, employees are not to include furlough days when submitting/making claims for differentials or premium pay that are applicable on a day-to-day basis.

Examples:
1) Working condition differential
2) Night differential
3) Hazard pay differential
4) Meal allowance
Q13: Will the furlough impact employees' automatic payroll deductions (e.g. EUTF, Deferred Compensation, United Way, etc.)?

A13: It may. Therefore, it is recommended that employees review their automatic payroll deductions to ensure that their adjusted income will be sufficient to cover all of their deductions.

Q14: Will the furlough impact or change the classification of an employee’s position?

A14: No.

Q15: Can furlough days be taken in advance?

A15: Yes, employees may request to observe their furlough days in advance of the schedule. For example, in December, an employee may request to use his/her January and February furlough days.

Such requests are subject to management’s approval based on operational needs. However, if an employee uses furlough days in advance of the schedule and subsequently separates from University service prior to the end of the furlough program, the employer may make adjustments to the employee’s pay to account for the furlough days observed in advance.

Q16: Will any of the contract provisions change as a result of this furlough program?

A16: No, contractual provisions will not be affected by the furloughs.

LEAVES

Q17: Will furloughs affect the number of hours of vacation or sick leave earned for full-time and part-time employees?

A17: No, furlough days will not affect the earning of vacation or sick leave.

Q18: Can an employee substitute compensatory time, vacation or sick leave for a furlough day?

A18: No. A furlough day is a non-pay and non-duty day; it cannot be converted to a paid day by use of compensatory time, vacation or sick leave.
Q19: How will the furlough impact an employee on vacation or sick leave for a full calendar month?

A19: Employees may not use paid vacation or sick leave on furlough days, therefore, the employee’s leave request should only include scheduled work days.

Q20: How will the furlough impact an employee out on family leave for a full calendar month?

A20: The furlough will not impact an employee out on unpaid family leave (e.g. the appropriate number of furlough days will be credited as being taken). If the employee is substituting paid sick leave or vacation leave for the family leave period, the employee’s leave request should only include scheduled work days, not furlough days.

Q21: Will the furlough affect the number of donated leave days an employee may receive under the University’s Leave Sharing Program?

A21: It may. Only absences on scheduled work days need to be accounted for with donated leave. For example, an employee who requests leave donations for the entire month of May 2010 will receive 17 shared leave days instead of 20 (2 furlough days and 1 holiday). In this example, the employee will be paid for each work day and the holiday and not paid for the furlough days.

Q22: Will furloughs affect the method for calculating lump sum vacation payout when an employee retires or otherwise separates from service?

A22: No. The employee’s lump sum vacation payout will be calculated in the normal manner, using the employee’s base rate of pay (no adjustment for furlough).

Q23: Will an employee who is on military leave be subject to furlough?

A23: Yes. Paid military leave may not be submitted for a furlough day.

RETIREMENT

Q24: Will a furlough affect an employee’s membership service credits?

A24: No, provided the employee was on paid status for 15 or more calendar days during the month (14 calendar days in February).
Q25: Will a furlough affect the calculation of an employee's retirement pension?

A25: It may. Pension benefits are based on actual pay. The “average final compensation” for service and disability retirement benefit purposes is the average of the employee's three (3) or five (5) highest paid years of creditable government service. A salary adjustment due to the furlough may lower the “average final compensation” level only if it is considered in the “high three” or “high five”.

Q26: Will employees in the Hybrid Plan or Contributory Plan be allowed to temporarily cancel their contributions during the furlough period?

A26: No.

Q27: Will an employee's "ordinary death" benefits be affected if he/she dies while on furlough?

A27: No. Death benefits are payable to all Employees' Retirement System members, including those on furlough, as long as the member died while still employed and meets (for certain plans) the minimum service eligibility requirements.

Q28: Will the employee's contributions to the Employees' Retirement System for the Contributory or Hybrid Plan be based on the employee's base rate of pay or on the reduced gross pay?

A28: Employee's contributions will be based on the reduced gross pay.

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DEFERRED COMPENSATION PLAN

Q29: Will an employee's 403(b) Tax Sheltered Annuity and/or 457 Island Savings Plan salary deferrals be affected by the furlough program?

A29: It may. The IRS maximum contribution limits are not affected by the temporary salary reduction. Employees may continue to contribute up to the maximum limit of

- $16,500 (employees under age 50) or 100% of salary, whichever is less, or
- $22,000 (employees age 50 and up) or 100% of salary, whichever is less.

Therefore, if an employee contributes a fixed dollar amount per pay date, he/she will continue to have the same amount deferred from their salary. However, an employee who contributes a percentage of their salary will experience a small decrease in their annual deferral amount.

To make a change to the contribution amount:

- 403(b) participants should complete a UH Salary Reduction Agreement available at [http://www.pers.hawaii.edu/tda/tda-index.asp](http://www.pers.hawaii.edu/tda/tda-index.asp) and submit it to the Office of Human Resources, 2440 Campus Road, Honolulu, HI 96822 by the advertised submission dates. If assistance is required, employees should consult with their financial advisor or the Office of Human Resources at 956-8643 or via email to uh-tda-l@lists.hawaii.edu.
- 457 Island Savings Plan participants may choose to make changes using their secure log-in at [https://islandsavings.ingplans.com](https://islandsavings.ingplans.com) or by calling 1-888-712-5642.

HEALTH BENEFITS

Q30: Will an employee's health benefits continue while on a furlough?

A30: Yes, provided the employee continues to pay his/her premium contribution on a timely basis. Employees who do not have sufficient monthly earnings to pay for their insurance premiums will be sent a Notice of Premium shortage by the Employer-Union Health Benefits Trust Fund (EUTF).
Q31: If a part-time employee is currently receiving health benefits, will the furloughs cause him/her to lose health benefits coverage?

A31: Provided the employee continues to pay his/her premium contributions, the employee will not lose health benefits coverage as a result of the furloughs. The UH will not change the employee's FTE (Full-Time Equivalent) designation which is one of the factors used to determine health benefits eligibility. As stated previously, health benefits coverage will continue as long as the required employee premium contributions are made on a timely basis.

PREMIUM CONVERSION PLAN (PCP)

Q32: Will employees enrolled in the PCP be allowed to cancel or change their PCP enrollment during the furlough period?

A32: No, the furlough is not an IRS-qualifying change in status event that would allow an employee to change/cancel his/her PCP enrollment and payroll deductions. However, changes are allowable during the open enrollment period.

ISLAND FLEX FLEXIBLE SPENDING ACCOUNTS PLAN

Q33: If an employee participating in the Island Flex Flexible Spending Accounts Plan doesn't have enough earnings to cover their deductions, what should he/she do?

A33: Employees should call Comprehensive Financial Planning, Inc. (CFP), the State's Third-Party Administrator of the Plan. Oahu employees may call 596-7006. Neighbor island employees may call toll free at 1-877-550-5552. CFP may also be reached by e-mail at: cfpiiO01@hawaii.rr.com.

Q34: Will employees enrolled in the Island Flex Flexible Spending Accounts Plan be allowed to cancel or change their enrollment during the furlough period?

A34: No, the furlough is not an IRS-qualifying change in status event that would allow an employee to change/cancel his/her enrollment and payroll deductions. However, changes are allowable during the open enrollment period.
TEMPORARY DISABILITY BENEFIT

Q35: Will the furloughs affect the computation of Temporary Disability Benefits (TDB) or an employee’s eligibility for TDB?

A35: No. The computation of the weekly benefit amount and determination of eligibility are not affected by the furloughs. However, an employee shall not be entitled to TDB on a furlough day since it is a non-pay, non-duty day and the employee would not have earned any wages on that day. (HRS 392-21(b)).