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**Guidelines for Implementing Furlough Authorization for the
University of North Carolina
Pursuant to Senate Bill 897, Section 29.4 (Session Law 2010-31)**

Section 29.4 of Senate Bill 897 (Session Law 2010-31) authorizes the University to implement furloughs as needed in order to balance the budgets of the University of North Carolina or its constituent institutions for the 2010-2011 fiscal year. The University has developed the following guidelines pursuant to section 29.4(f) of the legislation which shall apply throughout the 2010-2011 fiscal year.

1. Authorization to Implement a Furlough

Furlough—A temporary period of leave from employment without pay that (1) is ordered by the President of the University of North Carolina or a chancellor with approval by the President and (2) is not in connection with a demotion or other disciplinary action.

The president is authorized to implement a furlough for the University of North Carolina¹ or any part thereof during the 2010-2011 fiscal year. In addition, the President may delegate the authority to implement to the Chancellor of a constituent institution upon the request of the Chancellor, provided that an institutional furlough plan has been previously submitted and approved in accordance with these guidelines. Furloughs may be used only to meet one-time budget reductions required by discontinued FMAP funding or required reversions imposed on the University by the Governor. Furloughs are not a viable solution for long-term or recurring budget challenges.

2. Application of Furloughs

University Employee—Any permanent full-time, permanent part-time, or time-limited employee of the University of North Carolina, including employees exempt from the State Personnel Act under G.S. 126-5(c), 126-5(c1), 126-5(c7), and 126-5(c8). The term includes public officers.

Furloughs should be applied as consistently as possible to all University Employees except that:

- Furloughs may not be imposed on any employee whose pro rated full-time annual base salary is \$32,000 or less. Institutions may choose to designate a higher “threshold” for base salary and must include that threshold in their institutional furlough plan. Institutions may choose to use a “tiered” structure of increasing furlough days for increasing tiers of salary above \$32,000.
- Furloughs may not be imposed on student workers including work aid and work study, graduate/teaching/research assistants; postdoctoral fellows/trainees who do not pay FICA; and others in student status.
- Furloughs may not be imposed on employees holding H-1B visas.

¹The UNC Health Care System is not covered by these Furlough Guidelines.

- Furloughs may not be imposed on research fellows or trainees supported by fellowships that mandate the level of stipend or support.
- Furloughs may not be imposed on employees on military leave with pay and receiving military differential pay during any designated furlough period.
- Institutions may elect to restrict furloughs to employees who are paid by General Fund sources or may elect to impose furloughs on all employees regardless of source of funds. Furlough “savings” from non-State funds cannot be used to offset State budget reductions.
- Institutions may exempt from furloughs any employees whose presence on campus is essential for the health and safety of the University community.
- Institutional furlough plans must address how furlough would be applied to employees who first begin work during the fiscal year and to employees whose employment is terminating during the fiscal year.
- Institutional furlough plans must describe the steps that will be taken to ensure that employees are not directed or permitted to work on furlough days and are not directed or permitted to work more than 40 hours in the work week in which furlough days are taken.
- Institutions must keep records of hours worked by employees during work weeks in which furlough days are taken, including employees who are paid on a salary basis and are otherwise exempt under the Fair Labor Standards Act.

3. Furlough Duration and Scheduling

- The maximum number of furlough days allowed during the fiscal year is 5 days.
- Furloughs should be taken in full day increments.
- Institutions may choose to designate “furlough days” on which the entire institution is closed or may allow employees flexibility in scheduling a required number of furlough days through a designated furlough period. Consistent with previous budget reductions, institutions should attempt to minimize the impact on the teaching mission.
- Employees are expected to be given at least 30 days notice prior to the imposition of a furlough to the extent practicable.
- Pay reductions should be spread over as long a period as practical in order to minimize the impact on employees’ pay in a manner consistent with the Fair Labor Standards Act.
- Employees should be given clear instructions not to work at all on furlough days.

4. Leave and Holidays

An employee may not use paid leave to offset all or any portion of a furlough. If a holiday falls during the designated furlough period, a permanent university employee must be paid for the holiday.

5. Effect of Furlough on Other Employee Payments

The following payments to employees shall not be affected by furlough:

- Leave payouts upon separation of employment, if applicable,
- Law enforcement officer supplements,
- Severance payments,
- Workers' Compensation payments,
- Short term or long term disability payments,
- Longevity pay, or
- Overtime, shift premium pay, on call, or call back pay.

6. Employee Benefits

University contributions to retirement (TSERS and ORP) and to the State Health Plan shall continue as if the employee had worked and been paid for any designated furlough.

7. Reporting

When the President or a chancellor authorizes a furlough, he/she shall report to the State Treasurer, the Director of the Retirement Systems Division, and the Executive Administrator of the State Health Plan the following:

- The specifics of the authorized furlough including the applicable reduction in salary and the date the reduction in salary will occur.
- The positions affected.
- The individual employees affected, including the applicable reduction in salary and whether the employee is subject to or exempt from the Fair Labor Standards Act.
- Certification that the furlough is not in connection with a demotion or any other disciplinary action.
- Certification that the furlough is to accomplish economies, including the specific budget provision or reduction the furlough is intended to address.
- Certification that the furlough is not related to the settlement of any claim against the institution.