

FREQUENTLY ASKED QUESTIONS

Regarding Furloughs, Pay Reductions and other Financial Challenge Mitigation Strategies

FURLOUGHS AND UNEMPLOYMENT

1. What is a “furlough?”

A furlough is a mandatory, temporary, and unpaid leave from work. While furloughed, employees are prohibited from conducting any University business. Employees will not be paid during a furlough but may apply for unemployment benefits. All employees set to be furloughed will receive detailed instructions regarding applying for unemployment insurance.

2. Do furloughed employees still receive benefits?

Employees who are placed on furlough will continue to receive the following benefits, **at no cost to the employees as UofL will pay for both the employer and employee portion of these benefits**, for the duration of the furlough period:

- Medical insurance for themselves and any currently covered dependents
- Basic life insurance
- Basic accidental death and dismemberment insurance
- Long-term disability insurance
- Long-term disability insurance buy-up
- Tuition remission (for both employees and eligible dependents)

Optional Furlough Benefits: Employees may, at their own expense, continue any of the following benefit coverages during the furlough period:

- Flexible Spending Account (FSA) – *funds currently in your FSA are yours and able to be spent on medicines, etc.*
- Dental
- Vision
- Additional Life
- Short-Term Disability
- Legal Services

Employees may not make contributions to their retirement plan(s) during the furlough period. Nor will the University make any contributions to the employees’ 403(b) retirement plans during the furlough period.

3. May an employee volunteer for a furlough? If so, who should the employee notify? Is there a deadline?

If an employee is interested in volunteering for furlough, he/she should contact their supervisor who will then communicate the request to the unit leader who will ultimately make decisions about furloughs. Despite volunteering for a furlough, the supervisor will still need to approve based upon the needs of the unit. With the additional \$600 per week unemployment insurance supplement under the federal CARES Act, it is possible that during a furlough period, an employee could receive a similar or higher level of weekly compensation than from their current salary. The Weekly Unemployment Insurance Benefits Calculator can be accessed here:

<http://apps.kcc.ky.gov/career/WuiCalculator.aspx>.

4. When and how will individuals be notified of any change in employment status?

Any employee slated for a furlough will receive one week's notice prior to the start date of the furlough. If you are selected for a furlough, you will be notified on one of the following dates:

For non-exempt employees: May 1, May 15, May 29 or June 12

For exempt employees: May 4, May 25 or June 8

You will receive a Teams meeting notice and an emailed letter outlining the comprehensive information about your furlough status as well as information on Unemployment Insurance Benefits. Individual unit leaders are encouraged to notify affected employees as soon as possible.

5. If I am furloughed, what happens next?

The University of Louisville will file a mass electronic claim for unemployment insurance on behalf of employees during this temporary furlough period. Although your claim will be submitted electronically, **you still must request unemployment benefits from the unemployment office**. You will receive all of the detailed instructions that you need to complete the process. Impacted employees **MUST** follow the directions they are provided in their furlough letters; otherwise, they are subject to a delay in receiving any payments for which they qualify.

6. Will the University help me apply for unemployment?

Yes. The University will provide detailed instructions to impacted employees. Furthermore, the University will file a mass electronic claim for unemployment insurance on behalf of employees during this temporary furlough. Although claims will be submitted electronically, **employees must still request unemployment benefits from the unemployment office following the guidance provided by UofL**. Impacted employees

MUST follow the directions they are provided in their furlough letters; otherwise they are subject to a delay in receiving any payments for which they qualify. Filing claims on behalf of our employees:

- Will streamline the application process
- Includes a phone claims line dedicated to employees
- Allows employees to request/receive payment sooner than those who file individually
- Reduces the wait time of the required 13-day period that is standard for normal claims
- Allows employees to request weekly payments

7. Is there a one week waiting period for unemployment benefits?

No, the Governor of Kentucky has lifted the one week waiting period due to COVID-19 until further notice.

8. How do you determine who can be furloughed? Who makes the decision?

Vice Presidents, Deans and Vice Provosts will make the tough decisions on behalf of their units. These decisions will be based on several criteria including, but not limited to:

- Funding
- Facility/building closures
- Reductions in services and/or volume
- Reduction in work responsibilities

9. Are there any positions that are exempted from furloughs?

Yes, the following positions are exempted:

- Faculty
- Graduate Assistants
- House Staff (Medical and Dental Residents)

10. Why are faculty not eligible for furloughs?

There is no provision in the Redbook to support furloughs for faculty (as opposed to pay reductions). Many faculty are on 12-month contracts for 10 months of work. To furlough a member of the faculty would mean, arguably, that he or she would not get paid for work already performed. Faculty continue to provide instruction online and many have continued with their required research.

11. Will employees paid on sponsored programs be subject to University furloughs?

Vice Presidents, Deans, and Vice Provosts will make the decisions on furloughs on behalf of their units. Principal Investigators should communicate with their Dean regarding the impact of furloughs on their externally sponsored programs. Furloughs of 100% externally funded employees will not be made unless the project PI has no work for that employee and requests a furlough from the unit head.

12. How long could I be furloughed for?

Unit leaders will make the final determination; however, furloughs may have a defined end date or be based on individual unit and work situations. As of this writing, furloughs with a defined end date will be a minimum of two weeks and a maximum of two months. Some furloughs, without a defined end date, will indicate June 30, 2020 as the target end date, but will be subject to extension.

13. How many employees will be furloughed?

There is not a predetermined number of individuals at this time. Units will aim to furlough the fewest number of employees possible to meet their unit savings target.

14. Will furlough decisions by managers be grievable? What if I don't think I should be furloughed?

Furlough decisions are not grievable. Speak to your immediate supervisor if you have concerns or questions.

15. Are there some positions that are not at risk of being furloughed?

Many positions simply may not be furloughed, even on a short-term basis. For instance, the UofL Police Department provides needed protection for the students, faculty and staff who must be on campus. In addition, some central business processing functions must be performed to maintain the continuity of operations. However, unit managers must still meet their reduction responsibilities through workforce management.

16. Am I guaranteed to return after furlough?

Employees will continue to be employees of the University while on furlough. Unless there is a reduction in force, the University intends to reinstate all furloughed employees.

17. If furloughs turn into reductions in force, will employees be eligible to apply for other positions at the University?

Yes. However, it is the hope of the University to reinstate all furloughed employees.

18. If an employee is slated to be furloughed, will the employee be given the opportunity to use sick or vacation time instead of state/federal benefits?

Vacation, sick and personal leave may not be paid out prior to—or during—a furlough. Moreover, vacation, sick and personal leave will not accrue during the duration of the employee furlough. Accrued leave may not be requested or used during the furlough period. If employees on furlough are not reinstated, those employees will be eligible to receive a payout of any unused vacation that has accrued up to and through the date of furlough, not to exceed 44 days.

19. While furloughed employees' medical insurance will be covered by the University, how will dependents' medical insurance be handled?

Employees who are placed on furlough will maintain their current medical benefits for themselves and for any currently covered dependents, at no cost to the employee for the duration of the furlough period. The University will also continue to pay for basic life insurance, basic AD&D and basic long-term disability, LTD buy-up insurance and tuition remission (employee and eligible dependents) for the duration of the furlough period.

20. May I make contributions to my retirement account while on furlough? Will UofL continue contributions to my retirement account during the furlough period?

No, furloughed employees may not make retirement account contributions while on furlough and UofL will not continue to make contributions to the retirement account of a furloughed employee during the furlough period.

21. Which payroll deductions will automatically stop when I am furloughed?

Parking and Foundation donations.

22. Will all benefits automatically be reinstated when I return from furlough?

Those benefits not covered during the furlough period will not automatically be reinstated upon return from furlough. Upon return from furlough, the benefits' team will contact you to determine if you wish to reenroll in any of your optional benefits (i.e. dental, vision, additional life insurance, etc.).

23. If an employee is furloughed, will this affect the employee's seniority date as used for retirement?

No. The furlough period will count as continuous service for purposes of retirement and seniority.

24. Can employees participate in any work-related activities while on furlough (e.g., call in for staff meetings, communicate with students, check-in with co-workers on work-related matters, work on projects, etc.)?

No. The University can neither engage a furloughed employee on any work-related activities during the furlough period nor can the employee elect to engage in work.

25. Is there a savings target from furloughs?

Yes, the University needs to recoup more than \$39 million through various actions, including furloughs. The pay reductions and furloughs will generate approximately \$4 million through June 30.

26. How long is the current federal \$600 a week supplement for unemployed benefit slated to run?

The federal program has been extended to July 31, 2020.

PAY REDUCTIONS

27. What is the pay reduction plan? How long will it last?

Effective April 1 through at least June 30, UofL is implementing:

- 10% pay reduction for any University employee with total compensation (institutional base salary and supplements) of \$300,000 and greater;
- 5% pay reduction for any University employee with total compensation between \$200,000 - \$299,999;
- 2% pay reduction for any University employee with total compensation between \$100,000 - \$199,999;

In addition, Vice Presidents, Deans and Vice Provosts may implement 1% pay reductions in their units for employees making between \$58,000 and \$99,999. Employees making less than \$58,000 will not receive a pay reduction.

28. How will any personnel actions affect people whose salaries are funded by grants and fees?

All University salaries will be impacted by these actions. Revised grant support toward these reduced salaries will be calculated in accordance with the level of effort specified in the grant. Please see the [Impact on Externally Sponsored Programs](#) document for more detail.

29. Will x-pays and supplemental pay be included in the total for those taking pay reductions?

Currently approved x-pays and x-bens will not be reduced; however, all other components of University-based salaries will be included in the temporary reduction.

30. Are there any positions that are exempted from pay reductions?

Yes, the following positions are exempted:

- Graduate Assistants
- House Staff (Medical/Dental Residents)

31. How do these personnel actions affect 10-month employees?

Pay for 10-month employees making more than \$100,000 will be reduced over their remaining pays to recover the amounts associated with their appropriate percentage reduction. Specifically, 10-month salaries above \$100,000 will be annualized (converted to 12-month for this calculation only) and a reduction equal to 3-months (April, May and June) will be reduced in their two remaining pay periods (April and May).

32. How do these pay reductions impact the amount that can be charged to externally sponsored programs (e.g., grants and contracts)? If a researcher is paid from externally sponsored programs, can the percentage of their compensation charged to the external sponsor be exempt from the pay reduction?

The pay reductions are considered a reduction to the Institutional Base Salary (IBS) of the employee during the April 1 to June 30 time period (or longer if needed). The IBS serves as the basis for the amount charged to an externally sponsored program and therefore the compensation amount charged to an externally sponsored program will decrease in alignment with the percentage pay reduction. From a sponsored-program compensation perspective, the University must treat each funding source in a consistent manner. The University cannot elect to decrease the compensation paid from one source (e.g., institutional funds) while continuing to pay at the original compensation level from a second source (e.g., a federal grant). Therefore, the percentage of an employee's compensation paid from an externally sponsored source cannot be exempt from the pay reduction. Please note that currently approved x-pays and x-bens for funded summer research activities will not be impacted because these are not considered part of IBS. Any new x-pays and x-bens for such activities must be approved through the current University approval process.

33. Can an investigator choose to modify the amount of effort that he/she spends on externally sponsored programs during the April 1 to June 30 time period?

Yes, an investigator may choose to modify (either increase or decrease) the amount of effort that they spend on externally sponsored programs during this time period if the change is in accordance with University policy and the requirements of the external sponsor. In fact, given the rapid and significant changes to the work environment that have occurred due to COVID-19, investigators are encouraged to review their existing effort allocation in the University payroll system and to modify that allocation as necessary to

align with the current effort spent on all University activities, including research/sponsored programs.

34. Is there a savings target from pay reductions?

Yes, the University needs to recoup more than \$39 million through various actions. The pay reductions and furloughs will generate approximately \$4 million through June 30.

RETIREMENT CONTRIBUTION STOP

35. What benefits changes are planned?

The University is stopping its contribution to individual retirement accounts, including both the 7.5% employer contribution and the 2.5% employer match, from May 1 through July 31. Other benefits are not affected. All plans are subject to change depending on the duration of the COVID-19 pandemic and its attendant effects.

36. What does “stop” retirement contributions mean?

The University is permitted not to make its contributions to individual retirement accounts during times of financial stress or fiscal emergency. The current plan is to stop those payments during May, June and July.

37. Is there a target savings from stopping employer retirement contributions?

Yes, the University needs to recoup more than \$39 million through various actions. The retirement contribution stop should generate approximately \$9 million in savings through July 31.

38. Can payments from externally sponsored programs (e.g., grants and contracts) be exempted from any retirement contribution changes?

From a sponsored-program compensation (i.e., salary and benefits) perspective, the University must treat each funding source in a consistent manner. The University cannot elect to decrease the benefits paid from one source (e.g., institutional funds) while continuing to pay at the original benefit level from a second source (e.g., a federal grant). Therefore, externally sponsored programs cannot be exempt from any changes to retirement benefits.

39. Could the University contributions to retirement accounts be reduced rather than stopped?

The University is attempting to address the significant financial challenges with as little impact on individuals as possible. Reducing rather than suspending retirement contributions would necessitate cuts somewhere else, including potentially implementing more employee furloughs and/or pay reductions.

GENERAL QUESTIONS

40. What steps has the University taken to lessen the financial impact of COVID-19?

The University has taken several significant steps, including:

- Implementing a unit-based savings plan to eliminate non-essential expenses
- Virtually eliminating University-sponsored travel for faculty, staff and administrators
- Implementing a hiring freeze for all but essential positions
- Transitioning the entire upcoming summer session to online delivery. This included converting more than 550 traditional, in-person summer courses to an online delivery mode and revising the pricing structure to be more affordable to our students.

41. How long will this situation last?

No one knows how long this situation will last. The actions we are taking are based on projections that the situation will last at least through June 30, 2020. We will continue to keep the campus community informed as we learn more.

42. Will this plan be adjusted if the University returns to normal in-person operations sooner/later than June 30?

The plan will be adjusted as needed based on the impact of COVID-19.

43. If UofL qualifies for stimulus money, won't this assist in making up for some of the deficit?

UofL is scheduled to receive approximately \$12.5 million of federal stimulus funds. One half (\$6.2 million) is allocated to students for emergency aid and the remaining \$6.2 million will be applied to the deficits created by this situation. However, these deficits exceed the amount of stimulus funds we are scheduled to receive. We also are looking for other external sources of funding to lessen the impact on our faculty, students and staff.

44. Will underperforming programs be re-examined?

The current University plan does not include a re-examination of programs. Units are continually encouraged to review their programs for cost effectiveness, efficiency and quality. Moreover, units are encouraged to recommend courses of action that will result in cost savings to their appropriate Dean or Administrator.

45. With a hiring freeze being implemented, how does this impact faculty being promoted?

Faculty promotions will continue as planned.

46. How will the hiring freeze impact a Principal Investigator's ability to hire a position funded by externally sponsored programs (e.g., a federal grant)?

Positions that are 100% funded by externally sponsored programs will not be impacted by the hiring freeze and will be approved for hiring after submission through the institutional approval process. Positions that are funded at any percentage less than 100% by externally sponsored funds/sources will be reviewed in accordance with the institutional approval processes and may or may not be approved for hiring.

47. How does the request for fiscal restraint impact a Principal Investigator's ability to utilize funding from externally sponsored programs?

The request for fiscal restraint does not apply to purchases made using externally sponsored funding. As always, purchases on externally sponsored awards must be allowable, allocable, necessary, and reasonable for carrying out the objectives of the sponsored program.

48. Can the pay of employees that are H-1B visa holders be reduced?

Yes, but any reduction in pay cannot lower the pay below the prevailing wage on the Labor Condition Application (LCA). This situation is unlikely to occur.

49. Will employees who are subject to a reduction in force who are not of retirement age, but who are eligible for retirement due to age plus years of service, be given an opportunity to retire before termination?

Yes. However, at this time, it is the hope of the University to reinstate all furloughed employees.

50. Will there be an offer of early retirement?

The University does not intend to implement an early retirement program.

51. How does the prohibition of international and domestic travel impact a Principal Investigator's ability to travel using externally sponsored funding?

For financial purposes, the prohibition on international and domestic travel does not apply to travel funded with externally sponsored awards. However, please note that international and domestic University-sponsored travel is suspended at least through the end of the fiscal year, June 30, 2020, due to the COVID-19 pandemic.

52. How is Athletics affected?

The University of Louisville Athletics Association has already taken decisive action to mitigate a \$2.1 million revenue shortfall in Fiscal Year 2020 due to the impacts of COVID-19. Further, coaches and top athletics administrators will be taking a 10% salary reduction through June 30, 2021, to address the potential for significant revenue volatility in the next fiscal year. Additionally, Athletics is implementing an aggressive furlough and pay reduction plan throughout the organization in addition to other cost-saving measures.