

### FAQ on FY 2009 – 2011 Budget and Staffing Reduction Plans

### (as of May 15, 2009)

As you all know, Wisconsin has reached a point where revenue projections for the next biennium will fall far short of what was even anticipated several months ago. The new recent projection calls for an added shortfall of \$1 to \$1.5 billion dollars. It is this new shortfall that is forcing the Governor and Legislature to plan for state employee furloughs and/or temporary layoffs. This is an extraordinary, dynamic moment and nothing is finalized yet. However, as agencies begin the process of following their marching orders from DOA and the Governor, we want you to know what we know and that is the purpose of the FAQ. Rest assured that WSP in cooperation with other AFT-W unions are doing their best to stay current and will pass along essential information as it becomes available.

#### Will WSP be forced to give back the 2% June wage increase?

The 2% June increase was bargained and accepted by all parties 18 months ago You have it coming. This is a contractual obligation of state government and it cannot be revoked unless voted upon by the membership. Your union leadership feels that such a vote is not necessary nor practical and here is why:

There are only seven weeks left in this FY contract period (ends June 30, 2009) and there are 19 union contracts to re-negotiate which makes this task nearly insurmountable. But, beyond that, there is absolutely **no guarantee** that even if we gave up our 2% wage increase, it would prevent further temporary or long term layoffs and/or furloughs. Moreover, the State cannot be trusted on this matter because agencies are being given the flexibility to meet their budget reductions. And that flexibility can include layoffs. Agencies have been told by DOA Secretary Morgan to begin planning for the layoff of represented employees, so we have nothing to gain by unilaterally re-opening especially when the State has not even sought to re-open.

The Governor and others may play political games with the June 2% pay increase because it suits their needs, but it will have no real impact on the loss of WSP positions. They will happen according to the plans and actions taken by agencies.



#### But won't people lose their job because we didn't give it back? It's only 2%.

Giving back the 2% will NOT save anyone's job. That was a political statement made by the Governor. If it was real, his representatives would have come to WSP and seriously asked us about opening our contract and giving it back, but that did not happen. WE asked the DOA if there would be guarantees of no layoffs if we made concessions. The answer was no. We should not give back anything without ironclad agreements to not layoff any WSP represented positions. And they will not give us those.

Something to think about when it comes to giving back the 2%. Remember that the 2% raise increases your base hourly wage. That is the hourly wage that will stay with you being built upon continuously over time (like compound interest). We refer to these as "base-building" increases. For example if you are making \$50,000/yr and give up the 2%, you will be giving up \$1,000 per year for the REST OF YOUR CAREER. For someone retiring in 2011 that may not be a big deal, for someone with 25 years yet to go that's a lot. In the end it would affect your retirement calculation and your sick leave conversion.

#### What is a furlough?

Furlough is the catch all term that people are using for any decrease in work hours. There is no contract that specifically addresses or defines or even uses the word "furlough". Some contracts have language pertaining to a "reduction in work hours", however the WSP contract does not address that. It only contains language on "temporary layoff". We are talking to both OSER and our own lawyers to decide how the governor's proposal will affect our members. The applicable section of the contract is 8/1/1 - 8/1/4.

#### What right does the State have to do this?

Under 3/1/2 of our contract the State does have the right to determine the size and structure of the work force. As represented employees in WSP, we at least have a written contract that provides some structure and definition during these stormy times. Notice that the unrepresented employees have no voice in foregoing their 2% raise. Without the union, this is where we would all be.

#### How will we have to take the time off? Who will decide?

DOA is still considering how to implement the Governor's call for an 8-day per year furlough. Whether it will be full days, 8 days all at once, or a few hours a pay period for the entire fiscal year is still up in the air. It is unclear at this time whether each agency will get to decide for itself what furlough policies to implement or whether it will be uniform across the State. We will be advocating for the greatest flexibility for our members.





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#### When does it start?

The furloughs are supposed to start with the next fiscal year (July 1, 2009). However the State still has a lot to work out, so how soon after July 1 furloughs will start is still in question. The schedule as outlined by the Governor is 8 days in FY 2010 and 8 days in FY2011. We have also been hearing reports from contacts in multiple agencies that it will be more than a week before their HR people get any details.

#### Will we be able to collect unemployment?

The governor's office has publicly stated that they will structure the furloughs so that employees CANNOT get unemployment. However, it is still unclear whether the contracts will allow that. There are 19 different bargaining units and many have different language. DOA has not sorted it all out. If we are furloughed for multiple days then it may be possible to collect a week (or possibly more) of unemployment compensation. Currently, to qualify for unemployment in Wisconsin, you must gross less than \$564.33 per week and have no other part time employment that totals 40 hours worked for all employers during that week. If you earn less than \$17.73 per hour you may qualify at 32 hours worked. Go to <a href="http://dwd.wisconsin.gov/ui/">http://dwd.wisconsin.gov/ui/</a> for more information.

### Will I be able to use comp time or other annual leave? What about the vacation cash out?

There is no definitive answer yet. However it is unlikely that would be allowed as it would not create a reduction in immediate costs. However, WSP employees eligible for 200 or 216 hours of annual leave a year can cash in up to 40 hours of unused vacation time at the end of the calendar year to help make up the lost wages [12/5/6 & 12/5/7]. This is a contractual benefit and is not affected by the furlough. Note however that the cash out does not effect your annual income for retirement purposes.

#### What if I'm part time or I have a flex schedule?

As of yet we have heard nothing from the state on this issue. However it is likely that the furlough "days" will be prorated based on FTE (i.e. if you're 50% time you'll be taking 4 days).

#### Why is it 8 days a year?

It is unclear where this number came from. It does equal almost exactly 3%. It also matches a number in the contract of the largest State local - WSEU.





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#### **<u>Update!!</u>** Do all State employees have to take the furlough?

Yes. Despite what he said in his initial press conference that is what the Governor is now telling the unions. That includes the non-rep employees and managers who are giving up the 2% in June.

In addition any furlough of WSP represented positions must be uniform. The State cannot pick and choose which WSP members will be furloughed. Long term layoffs however do not fall under that protection.

#### How will this affect our benefits?

Every indication is that vacation, PH, and sick leave will be unaffected during the furlough. Sick leave payments will continue to be made – even if you are 50% and your hours worked drop below that threshold. WSP's contract requires that employees continue to earn vacation and sick leave during temporary layoffs and temporary reductions in hours. In addition the State must continue to pay for health insurance premiums. [See 8/1/3 and 8/1/4]

### What about part-time benefits? What if I drop to less than 50% hours due to the furlough?

It is our belief that insurance coverage is based on the FTE percentage of the position, not the actual hours worked and would be covered under 8/1/3 and 8/1/4.

#### What about retirement benefits?

It is unclear at this time how the furloughs will affect retirement. It is clear that according to OSER [Bulletin OSER-0237-CLR/LR], retirement earnings are usually lower in the year in which a reduction in hours or temporary layoff occurs, and therefore, retirement benefits may be affected if that year is one of the employee's three highest earnings years. Furloughs will likely affect members benefited by the formula more than those using the money purchase method. Questions about what the 8 days would mean for creditable service have not been answered.

#### What about seniority?

Seniority will continue to accrue during any temporary layoff or furlough days. [5/2/2]





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#### What about long term layoffs?

We haven't been notified of any long term layoffs associated with this particular event. When layoffs occur, Article VIII of WSP's contract describes your rights. <u>Contact a steward immediately</u>, if you receive an at-risk or layoff notice. [Article VIII].

While the Governor has complete authority over the furlough or temporary layoff provisions, the legislature does have a role to play in long term layoffs. It will be cuts in Agency budgets that will drive layoffs and the Legislature has a hand in crafting those budgets. The best thing you can do to save someone's job is contact your legislators and tell them to minimize the cuts and look for additional revenue where possible.

#### Is a general email from an administrator considered an "at risk" notification?

NO. An "At-Risk" notice is a specific notice, in writing, to the employee. [see 8/1/5]

# I thought we were "salaried" employees (FLSA exempt) and we get paid for 80 hours per pay period regardless of how long we work, even if it's less hours due to a furlough?

It is still unclear how the State will deal with our FLSA exempt status. There have been indications from them that we do not necessarily agree with. However at this point the State believes it can classify us as non-exempt while we are being furloughed.

#### What impact does my FLSA status have on furloughs?

According to OSER [OSER-0237-CLR/LR], when an <u>exempt</u> employee has deductions taken from the employee's pay because of a budget required furlough, the employee will be considered to be non-exempt during the workweek in which the furlough occurs. They go on to say this is of no real consequence because with reduced hours in the workweek, overtime hours are unlikely to be worked. (see the next question)

#### Is there a chance that the FLSA change in status would be permanent?

At this point the State believes it can classify us as non-exempt on furlough days or weeks, changing our status back and forth as it suits them. However there are indications that the federal Department of Labor would require the state to make someone non-exempt for the duration of the furlough. This may be an area of legal challenge.





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#### Can I be required to work while I'm on furlough?

**No.** You have the right to be compensated for your work. If you aren't going to be compensated because you're on furlough, you shouldn't be asked to work. WSP's contract says that FLSA exempt employees will earn comp time when they are required to work. Also, if you're asked to work during the same week that the furlough occurs, any hours over 40 must be compensated at the rate of time and a-half. [6/4/1, 6/4/2, 6/12/1]. We cannot allow the state to make us work 35 hours one week and then 45 the next to "make up that time".

#### On my furlough day can I come to work anyway? (yes people have asked)

It is possible the employer would not let you because of possible FLSA issues However if they did, we would strongly discourage people from doing that or from putting in any extra "off clock" hours to get their work done. Normally the desire to do a good job and showing such a strong work ethic would be commendable, but if you continue to get all your work done even though you are working 8 fewer days a year that sends the wrong message to the State. It says you weren't working hard enough in the first place and tells them they can get by with fewer people. There MUST be workload consequences for sending 50,000 people home for 8 days a year. No consequences means the State will push to reduce the work force even more.

## What if I am told by my supervisor to work "off the clock", i.e., don't put down the real hours I work in the office, or to bring work home?

If your supervisor tells you to falsify work hours, get that in writing; you are being told to falsify public records and it is a felony offense (§946.12(4), Wis. Stats.). It is important to us as individuals that our work be recognized and appreciated; if additional time is needed to accomplish the work assigned, then it is up to the state to recognize the need to assign additional resources, or lower its priority.

#### But what about the work load?

As stated above, there will absolutely be work load consequences for sending 50,000 people home for 8 days each year. That's a 3% reduction in an already reduced State work force. While you may feel compelled to "make up that time" because of your own professionalism — DON'T. Working to accomplish "everything" will deplete your personal resources and mask the issue of how much work actually exists. Any extra effort simply makes it that much harder to make the case that furloughs and staff cuts in general, are counterproductive and solve nothing in the end. Everyone, from the Governor to the legislators to the people we serve, needs to see there are consequences to its actions.



Of course, every effort should be made to protect the health and safety of coworkers or fellow citizens. But disguising the impact of staff cuts and layoffs does not protect the health and safety of anyone, and in fact can lead to even more severe problems in the future. Wisconsin currently ranks 44<sup>th</sup> of the 50 states in full-time state employees per capita, according to the 2007 "Census of Government Employment."

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#### Can they lay me off and keep a contractor doing the same or similar work?

WSP's contract says that the employer won't contract out work normally performed by bargaining unit employees in an employing unit if it would cause those employees to be laid off. There are some exceptions, but we will enforce this vigorously. [9/18/1]

#### Are LTE's impacted by furloughs?

Our contention is that everyone is affected and that is what we are hearing from the DOA.

### How will this affect staff funded by federal grants where no state dollars are involved?

At this point they will be equally affected. We have pointed out that in many cases this will not save the State a penny and depending on the requirements of the granting agency may actually cause the State to lose money.

#### Can I volunteer to take a furlough?

WSP's contract allows employees to be granted leaves without pay at management's discretion for any reason up to one year (with some exceptions). However, there's no provision in our contract that requires management to continue to give you vacation and sick leave credits during these leaves. [12/7/1] There is also no guarantee that taking voluntary leave without pay will help anyone keep a job.

### Is there the possibility that some staff could donate vacation days to cover some of the furlough days?

We don't know yet.

#### Will staff be allowed to swap furlough time with each other?

We don't know yet.



# I asked for a reduction in my schedule in the past and was denied, should I ask again?

Now might be a good time to approach your employer again about a reduction (e.g., going to 80%) if it is something you have wanted to do. However if personal finances are an issue, be mindful that the furlough would likely still apply to you even though you've already reduced your hours.

### I can't use all my annual leave now. What am I going to do if I have to take an additional 8 days off?

We will be pushing OSER to relax and expand the sabbatical rules so that people don't lose any annual leave due to these furloughs.

#### What if I have commitments on a furlough day (court, subpoenas, training, etc.)?

It is unlikely that the employer would furlough someone on a day where there was a previous commitment. We would expect that any employee honoring such a commitment would be in pay status and furlough hours would be taken at a different time. However this is a guess at this point.

#### How will this affect our ERA deductions or our union dues?

Neither should be affected. Any normal deductions (including things like life insurance and ICI also) would continue.

#### Has there been any consideration of an early retirement package?

We have heard nothing about any early retirement incentives. Although it would be a long run savings, it would incur short term costs and that is what the State is trying to reduce.

#### What else can we do? What else are the Unions doing?

Layoffs will be driven by the required reductions in agency budgets approved by the Legislature and Governor. Those reductions must still go through the legislative process. If you believe that cuts, furloughs and layoffs are not the answer to the State's long term and short term budget issues then contact your legislators and tell them that. If you don't know who they are you can go here: <a href="http://www.legis.state.wi.us/w3asp/waml/waml.aspx">http://www.legis.state.wi.us/w3asp/waml/waml.aspx</a>.



You can also contact the members of the Joint Finance Committee, the committee that has first crack at the Governor's budget: <u>http://www.legis.state.wi.us/lfb/jfc.html</u>. Currently your State federation AFT-Wisconsin is advocating that revenue enhancement should be part of the equation to solving the, now larger, revenue shortfall. Some of the items they are pushing for include:

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- Reinstituting the inheritance tax
- Putting the Wisconsin capital gains tax in line with the federal tax
- Eliminating property tax exemptions that no longer make sense
- Increasing DOR auditors to make sure all businesses and corporations pay their taxes
- Examining all other Wisconsin tax exemptions for potential revision.
- Freeze all contracting and layoff contractors in the same process as state employees.

WSP, working with our fellow AFT-W unions will likely be planning a range of actions and activities over the coming weeks. Please monitor our website <u>http://wi.aft.org/WSP/</u> and the AFT-W's website <u>www.aft-wisconsin.org</u> for the latest information and don't forget to check the Union bulletin board in your building.