

Standard Practice Guide Policies

Short-Term Layoff (Furlough)/Short-Term Effort Reduction

201.73

Applies to: Research scientists, research professors, librarians, curators, archivist, and regular staff with the exception of those represented by a bargaining unit

I. Policy

- A. The university endeavors to provide stable employment. However, short-term developing situations such as an unexpected loss of funding, lack of work, disruption to operations, or a governmental/third party directive (e.g., public health orders, stop-work orders, etc.) may result in short-term unpaid layoff (furlough) or a short-term reduction in hours (effort reduction). The intent of this policy is to enable a proportionate response to such short-term disruption with short-term actions that preserve university missions and assets, while retaining employees for an expected return to more regular operations.
- B. Defining features of the policy are: 1) The short-term nature of the furlough (initial period of up to four months; maximum of six months with extensions); 2) the continuation of university contributions toward insured benefits during the furlough; and 3) the expectation of return to position upon the end of the furlough.
- C. This policy does not apply to:
 - 1. Instances of assigned vacation time/paid-time off during a “slack” or “down” period, pursuant to the provisions of the Vacation SPG 201.64 (<https://spg.umich.edu/policy/201.64-0> (<https://spg.umich.edu/policy/201.64-0>)) or the Michigan Medicine PTO Policy;
 - 2. An Emergency Reduction in Operations implemented pursuant to SPG 201.27 (<https://spg.umich.edu/policy/201.27> (<https://spg.umich.edu/policy/201.27>))
 - 3. Reductions-in-Force pursuant to SPG 201.72 (<https://spg.umich.edu.policy/201.72> (<https://spg.umich.edu.policy/201.72>))

- D. At the university's discretion, employees may be temporarily reassigned to other available work rather than placed on furlough/effort reduction.
- E. Departments may define the potential population for the purpose of assigning furloughs or effort reduction based on organizational structure, work location, type of work performed, funding source, or other relevant factors related to the reason for the temporary disruption.
- F. Within the defined population, assignment of furloughs or effort reduction will be by classification. The order of furlough/effort reduction will begin with the employee with the least university service (seniority) in the affected classification, except that the university may keep employees on the active payroll, irrespective of service, who in the judgement of the department possess the necessary skills, knowledge, and abilities to perform work during the period of disruption which are not possessed to the same degree by other employees in the same classification.
- G. Prior to involuntary assignment of furlough/effort reduction, departments may initially seek/accept volunteers outside the seniority-based procedure outlined above.
- H. Determination of furlough/effort reduction assignments will be made without discrimination on the basis of race, color, national origin, age, marital status, sex, sexual orientation, gender identity, gender expression, disability, religion, height, weight, or veteran status.
- I. The provisions of this policy are not to be used to place an employee on a furlough/effort reduction if the sole cause is either misconduct or performance deficiencies.

II. Regulations

A. Temporary, Probationary, and Term-Limited Employment Within the Department

1. Whenever practical, temporary employment should be reduced or eliminated as a measure to keep regular employees on the active payroll. Periods of inactivity for a temporary employee so impacted will not count toward the maximum time limits permitted in a temporary appointment.
2. Probationary employees should be put on furlough or effort reduction before regular employees, provided those remaining have the skills, knowledge, and ability to perform the work. The probationary period shall be extended by an equivalent amount of time as the furlough.
3. Employees in a term-limited appointment on furlough or effort reduction may have an equivalent period of time/effort added to the end of the planned appointment end date at the department's discretion.

B. Foreign National Employees

1. Departments should consult with the International Center (IC) on the Ann Arbor

campus about the potential implications of furlough or reduced hours on foreign national employees, pursuant to SPGs 201.18 and 402.01.

2. This short-term layoff policy, with prior approval from an official in the IC and from University Human Resources (I-9 Compliance Manager or designee), may be used in instances where a foreign national is temporarily without employment authorization, with no expectation of unemployment compensation

C. Redeployment and Use of Paid Time Off in lieu of Furlough

1. Employees may be temporarily redeployed to other available work. An employee designated for furlough/effort reduction who is offered redeployment may request to take the furlough/effort reduction (with no expectation of unemployment compensation benefits) rather than a redeployment. Approval of such a request is at the university's discretion.
2. As an unanticipated situation unfolds, departments may permit use of vacation, paid time off, or approved no-pay hours (for up to two weeks) while assessing the operational need for furlough or reduced effort.

D. Notification of Short-Term Layoff (Furlough) or Effort Reduction

1. An employee who is designated for a short-term layoff (furlough) or short-term effort reduction will be given notice as soon as practicable. It is recognized that the nature of the unforeseen circumstances that trigger a need for a short-term layoff or effort reduction may not always allow for advance notice.
2. Before notification of furlough or effort reduction is given to any employee, the person responsible for the decision will:
 - a. Determine the population to be subject to the program, and then within each classification the employee with the least service in the classification who will be placed on furlough or effort reduction provided the remaining employees have the skills, knowledge, and ability to do the available work;
 - b. When the length of service is not the determining factor, document the criteria for selection to furlough;
 - c. Submit the plan for review and approval from the appropriate University Human Resource Office;
 - d. Submit documentation of the circumstances and obtain approval from the appropriate Vice President/Chancellor or designee for any furlough program that will affect two or more employees for more than one month.
3. Start Dates:
 - a. FLSA Exempt employees: the start date of a short-term layoff is the regularly scheduled start of the workweek (e.g. Monday). The start date of an effort reduction may be any regularly scheduled workday.

- b. FLSA Non-exempt employees: The start date of a short-term layoff/effort reduction may be any regularly scheduled workday.

4. Limits on Work Duties

- a. Employees are relieved of work duties and are not authorized to perform work during the period of furlough.
- b. Employees on reduced hours should not work above appointment effort without prior approval.

5. Notifications

- a. The department, in consultation with the appropriate University Human Resources Office, will provide the employee any required notification regarding unemployment claim eligibility and provisions for benefit continuity, as well as initiate the appropriate employment transaction to move an employee status to short-term layoff (furlough) or reduced effort, and set the subsequent return date, including extensions or early return.
- b. The employee is responsible to ensure that their contact information is up-to-date in order to receive timely notification from the employer during the period of furlough.

E. Unemployment Compensation

The university will not contest a claim for unemployment occurring as a result of a short-term layoff (furlough)/effort reduction, unless an employee declines redeployment to other available work, or was placed on furlough due to loss of employment authorization. Eligibility for unemployment is determined by the state unemployment agency.

F. Return from Short-Term Layoff (Furlough)/Effort Reduction

The employee will be returned to the work schedule/regular appointment hours upon either:

1. The end of the designated furlough period, including any extensions (not to exceed six months total); or
2. An early recall from the furlough due to changed circumstances enabling the return to work.
 - a. Advance notice of early recall will be given where practicable, but may be given with as little as one workday notice. An employee may request to use available vacation/paid time off or approved no-pay for up to a week before returning to work due to an early recall notice for furloughs that were scheduled to be longer than one month.
 - b. The order of recall from furlough will start with the employee with the most

university service who in the judgement of the department possess the necessary skills, knowledge, and abilities to perform the available work.

3. An employee who fails to return to their position or respond to early recall notice shall be terminated after seven (7) calendar days.
4. An employee who returns to a regular position at the end of the furlough period will retain their seniority, including the period on furlough.

G. Reduction-in-Force; Notice of Non-Reappointment

In the event that business circumstances change to warrant the need for elimination of a position, or create increased uncertainty about the return date beyond the intended timelines of this policy, the provisions of the applicable Reductions-In-Force SPG or Notice of Non-Reappointment SPG will apply.

H. Transfer

An employee is eligible to transfer to another regular position at the university during the period of furlough/effort reduction. Such a transfer ends further rights under this policy.

I. Leaves of Absence

1. Unpaid Leaves: An employee on an unpaid leave of absence, including a seasonal leave, remains on the leave of absence. The employee will be placed on furlough/reduced effort upon expiration of the leave if their position is subject to an existing furlough/reduced effort program.
2. Paid Maternity/Parental Leaves: An employee who is on short-term layoff is not able to use paid maternity (childbirth) and/or paid parental leave during the period of furlough. Access to proportional amounts of maternity (childbirth) and parental leave is available during an effort reduction, and may be available upon return from furlough to an eligible appointment, consistent with the maternity and parental leave policy.

J. Benefits

The following benefit regulations apply to employees who are on short-term layoff (furlough). Employees who accept a short-term reduced appointment of less than fifty percent/twenty hours may also be considered on short-term layoff for the purpose of certain benefit eligibility.

1. Group Life, Long Term Disability, Health, and Dental Insurance

The university will continue university contributions toward insurance coverage during the period of a short-term layoff (furlough)/effort reduction similar to active employees

Life, LTD, health, dental insurance, vision, and legal coverage will continue during

the period of short-term layoff (furlough)/effort reduction, provided there is continued payment/payroll deductions of the required employee premiums as prescribed by the university. Employees are responsible for their annual FSA election amounts, see <https://hr.umich.edu/benefits-wellness/financial/flexible-spending-accounts/making-changes-your-flexible-spending-accounts> (<https://hr.umich.edu/benefits-wellness/financial/flexible-spending-accounts/making-changes-your-flexible-spending-accounts>).

If coverage has been discontinued for the period of furlough, coverage will be reinstated when the employee returns to a benefit eligible position.

2. Retirement Savings Program

All contributions are discontinued while on short-term layoff (furlough). Contributions for those on reduced hour appointments will continue at percentages of reduced salary.

3. Eligibility to Retire During a Furlough

An employee who has met the age and service requirements to retire (see SPG 201.83) prior to the beginning of a furlough may retire at any time during the furlough.

4. Sick Time/Vacation/PTO and Other Paid Time Off Benefits

- a. An employee placed on a short-term layoff (furlough) will retain any unused sick time, vacation, or PTO. There is no access to paid time off during the period of furlough. Time off accruals will not accrue during the period of unpaid furlough and will accrue at a reduced level during a reduction in hours, consistent with the relevant vacation/PTO policy approach to unpaid leaves, pro-rated, and partial months worked.
- b. An employee placed on a sort-term reduction in hours and who is otherwise eligible for sick-time, vacation, or PTO benefits may request use of the time and other paid time off in proportion to the appointment fraction. Balances will be maintained at the regular appointment effort. Accruals will be at the pro-rated appointment effort.

Notes

This policy was established in May 2020.

File Attachments

Printable PDG of SPG 201.73, Short-Term Layoff (Furlough)/Short-Term Effort Reduction (July 2020) (https://spg.umich.edu/sites/default/files/policies/201.73_0.pdf)

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Applies To:

Research scientists, research professors, librarians, curators, archivist, and regular staff with the exception of those represented by a bargaining unit

Owner:

University Human Resources, Office of the Provost and Executive Vice President for Academic Affairs

Primary Contact:

University Human Resources and the Office of the Provost and Executive Vice President for Academic Affairs

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Related Policies:

Emergency Reduction in Operations (</policy/201.27>)

Health and Welfare Benefits (</policy/203.02>)

Notice of Non-reappointment (</policy/201.88>)

Reduction in Force (</policy/201.72>)

Retirement (</policy/201.83>)

Vacation (</policy/201.64-0>)