



Why Do Furloughs?

The national economic crisis is causing state governments around the country to take action to reduce their budget deficits. Our most recent review found that 22 states, including Wisconsin, are currently considering or implementing furloughs. For the next biennium, these actions range from an annual low of three days (Connecticut) to a high of 36 days (Hawaii.) Please see the attached chart for additional information.

The adverse impact of the national economic crisis on States' revenues has forced Wisconsin government to take drastic and unprecedented action to close its \$6.6 billion deficit. Given that salaries and benefits of State employees account for over 50% of the operating budget, furloughs and other actions are a necessary component of the budget reduction efforts. These actions, including furloughs, will generate approximately \$224 million in state general purpose revenue savings.

With these actions, State government will minimize, but not avoid, public service disruptions. Furloughs will help to preserve public health and safety in a cost effective manner and postpone or avert massive employee layoffs. If the furloughs were not implemented the anticipated reduction in force of 1,400 employees would probably more than double.

As part of the planning and implementation process in Wisconsin, the Office of State Employment Relations has used the following set of General Principles to establish and shape our program.

General Principles

The State of Wisconsin furlough plan will operate within the following General Principles:

- **Balance the need to reduce state spending with the administration of a fair and equitable furlough plan.** Fair means that the program will be free from favoritism or bias and equitable means that the furloughs will be applied equally across state service.
- **Provide a level of certainty for state employees and citizens affected by the furlough program.** Four out of the eight days each year will be

pre-designated furlough days. Wherever possible, the State will be closed for business on these days.

- **Provide flexibility to accommodate different operational needs and limit the need for increased overtime.** The State operates prisons, hospitals, nursing homes and other programs that run 24 hours a day/seven days a week. These facilities and other operations cannot be closed any day of the year. The furlough program will give these state operations and others that need flexibility the ability to manage the furlough days in the same manner they would manage vacations and other holidays.
- **Comply with federal and state laws and collective bargaining agreements.** The State's authority to furlough employees stems from several sources, including management rights, as outlined in sections 111.90 and 111.91 of the Wisconsin Statutes; the Governor's authority under sec. 230.34(2), Wis. Stats., to implement layoffs due to lack of funds and under 230.35(5), Wis. Stats., to change office or work hours in emergency situations; and provisions in the state's collective bargaining agreements and section ER-MRS 22.14 of the Wisconsin Administrative Code allowing the state to reduce employees' hours. In addition, Wisconsin's furlough plan will be administered in accordance with the federal Fair Labor Standards Act (FLSA), which establishes a national minimum wage and rules for overtime in certain jobs.

The ultimate goal of the furlough program is to temporarily reduce salary costs by assigning employees to various dates or periods of unpaid time during what would otherwise have been scheduled work time. Furloughs are not intended to be in any way a punitive measure against employees.

Given the unprecedented budget crisis, the furlough program is a necessary tool to address the State of Wisconsin's budget deficit.

Implementation of furloughs is complex due to the fact that they cannot be implemented in a uniform manner for all employees. The State of Wisconsin has represented and non-represented employees. Also, similar to all other employers, state employees can be either exempt or non-exempt under the Fair Labor Standards Act.

Therefore, OSER, in consultation with agencies, has developed a number of options that, used collectively, could meet each agency's different operational needs and comply with FLSA and collective bargaining agreements.

Following is a brief summary of the various options available to management and employees to aid in the development and implementation of furlough plans.

Furlough Plan Options

Option 1 – Designation of Specific Days for Furlough - OSER designates certain days for furlough, including extended holidays and some currently designated federal holidays. Agencies, with OSER approval, will be able to designate additional days in order to meet operational needs.

- Monday, October 12, 2009, Columbus Day
- Friday, November 27, 2009, Day after Thanksgiving
- Monday, February 15, 2010, Presidents' Day
- Friday, May 28, 2010, Friday before Memorial Day
- Monday, October 11, 2010, Columbus Day
- Friday, November 26, 2010, Day after Thanksgiving
- Monday, February 21, 2011, Presidents' Day
- Friday, May 27, 2011, Friday before Memorial Day

Option 2 – Uniform Reduction in Salary and Administration of new Flexible Furlough Days - Employees' gross wages will be reduced a determined percentage each pay period over the next two fiscal years and eight flexible furlough days will be created each fiscal year.

Option 3 – Uniform Reduction in Work Hours - The current 40 hour work week will be reduced a determined number of hours each week over the next two fiscal years. This could be accomplished either through a permanent shortening of office hours or staggering start and stop times for employees.

Option 4 – Flexibility in Determination of Furlough Days and Hours - The agency, with OSER approval, will designate certain days for furlough based on specific operational needs, such as closing office/sections the same day each month. The agencies could also work with employees to approve furlough plans, within OSER guidelines, on a case by case basis.

These four options allow agencies the greatest flexibility in administering the new furlough program and meeting their operational needs.