

Contact: Thomas Evans

CAREER STATUS LUMP SUM FURLOUGH OPTION, UNIVERSITY OF IOWA

Action Requested: Consider extending the Career Status Lump Sum Furlough Option for Professional and Scientific staff at the University of Iowa for an additional two year pilot and modifying the COBRA contribution from three months under the current pilot to twelve months.

Executive Summary: The University of Iowa provides varying notice periods for P&S staff with career status when their positions are being eliminated. The length of the notice period is determined by the length of time in career status at the time of notice. The notice period may be six, nine or twelve months.

Last March, the Board of Regents approved a one-year pilot of a Lump Sum Furlough Option that provides departments with a second option when eliminating P&S positions. The option requires a 90-day notice period beginning on the date the staff member receives the written notice of position elimination, regardless of length of time in career status.

During the 90-day notice period, the staff member receives priority consideration for vacant positions for which s/he is qualified. If at the end of the 90 calendar-day furlough notice period the employee has not secured another position at the University of Iowa, s/he is paid a lump sum, based upon the schedule below, in lieu of a longer notice period. The employee still retains priority status for positions for which s/he qualifies for one year following the furlough notification period.

Length of Employment	Lump Sum Payout Distribution
1 year in career status	1 week's pay (1 week per year since most recent date career status received)
2 years in career status	4 week's pay (2 weeks per year since most recent date career status received)
3 years in career status	9 week's pay (3 weeks per year since most recent date career status received)
4 years or more in career status	4 week's pay per year since most recent career status date achieved; maximum 26 weeks of pay

In addition to the lump sum payment, the University contributes toward the COBRA premium for health insurance, at the staff member only level, for three months after termination. The University is proposing that the length of the COBRA contribution be increased to twelve months.

If the department, based upon its operating needs chooses to offer the Lump Sum Furlough option to a staff member, approval of Central Human Resources is required. The staff member is given the choice of the two furlough options. The staff member then has 21 days to select one of the two options.

The University believes extending the pilot of the Lump Sum Furlough option for two additional years along with the proposed enhanced COBRA feature could be advantageous for both the employee and the University in targeted situations should a department eliminate P&S positions. Some of these advantages along with possible disadvantages are detailed on Attachment A.

The Lump Sum Furlough Option has been offered to six P&S employees since July 1, 2005. Two employees elected to accept the option.

CAREER P&S EMPLOYEE FURLOUGH CHOICES

Notice Furlough Option		Lump Sum Furlough Option	
Advantages	Disadvantages	Advantages	Disadvantages
<p>Continue to receive Employee effort for the compensation during the entire 6-12 month notice period.</p> <p>If situation changes (e.g., funding is renewed) during notice period, Employee is still available for continued employment.</p> <p>Longer notice period lends itself to possible temporary placement.</p> <p>Longer notice period increases likelihood of successfully finding other University employment through priority placement or otherwise.</p>	<p>May not receive full effort if the employee's morale is low.</p> <p>Employee's continued presence may decrease morale of remaining staff.</p> <p>Furloughed Employee may be disgruntled and disrupt the workplace.</p> <p>When this is only option available, Employee has no choice.</p> <p>Vacation and sick leave accrual continues; greater financial liability for payout.</p>	<p>Money and time becomes available to employee for training and job search.</p> <p>Shorter period of time during which remaining staff may be affected.</p> <p>Less opportunity to disrupt the workplace.</p> <p>Employee may have a choice if the department offers this option.</p> <p>Vacation accrual ends sooner, limiting financial liability for payout.</p> <p>Financial liability decreases because not paying TIAA/CREF or IPERS during longer notice period.</p>	<p>Lack of incentive to look for another job.</p> <p>Payment occurs without receiving corresponding employee effort.</p> <p>Limited opportunity for temporary placement.</p> <p>Limited opportunity for finding other University employment through priority placement or otherwise.</p> <p>If situation changes (e.g., funding is renewed), Employee may not be available.</p>