

## **QUESTIONS AND ANSWERS REGARDING POTENTIAL STRATEGIES TO ADDRESS PERSONNEL BUDGETARY CONSTRAINTS**

*Agencies are strongly encouraged to contact the ADOA Human Resources Division at 602-542-7290 to discuss the strategies identified below. The Human Resources staff is available to help in the planning and deliberation stages of these options, as well as to offer assistance during the actual implementation of any of these strategies.*

### **General**

Within the ADOA personnel system, a covered employee means an employee in state service who is subject to the provisions of the state personnel rules.

Within the ADOA personnel system, an uncovered employee means an employee that is not subject to the provisions of the state personnel rules.

For the purposes of this document, “legislative or executive action” refers to a statutory change by the State Legislature or an Executive Order issued by the Governor, respectively.

### **Reduction In Force/Layoff**

Q1: What is the difference between a Reduction in Force and a Layoff?

A1: Both terms generally mean the same thing. However, the State uses the term “Reduction in Force” to describe the process used to reduce the number of covered employees. “Layoff” is the term used to describe the process to reduce the number of uncovered employees.

Q2: Can my agency conduct a Reduction in Force?

A2: Yes, in accordance with ARS § [41-763.04](#) and state personnel rule [R2-5-902](#).

Q3: Where can I find information about Reduction in Force?

A3: The referenced personnel rule and statewide HR policy can be accessed from the Human Resources website at [www.hr.az.gov](http://www.hr.az.gov). (Choose the “HR Professional” link, and refer to the “Quick Links” section.)

Q4: Can my agency conduct a layoff?

A4: Yes, however you are encouraged to contact the ADOA Human Resources Division prior to conducting a layoff as there are many issues that must be considered in taking such an action.

Q5: Will ADOA be providing guidance to agencies on conducting a Reduction in Force and/or a Layoff?

A5: Yes, a training workshop for agency Human Resources staff will be offered on two occasions; February 3<sup>rd</sup> and 17<sup>th</sup> in Conference Room 300 of the ADOA building from 1:00 to 4:00 p.m. In addition, a toolkit to assist with implementation will be posted on the HR website at [www.hr.az.gov](http://www.hr.az.gov). (Choose the “HR Professional” link, and refer to the “Quick Links” section.) ADOA Human Resources staff is also available to provide individual assistance.

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### **Furloughs**

Note: Under current laws and rules, implementation of furloughs may also impact an employee's retirement benefits. An extended furlough (e.g., more than 40 hours of leave without pay in a single pay period) may also have an effect on an employee's leave accruals and eligibility for health benefits.

Q6: What is a furlough?

A6: A furlough is one or more workdays off without pay. A furlough results in no change to the employee's workload and does not involve a change in employment status.

Q7: What's the difference between voluntary and involuntary furlough?

A7: A voluntary furlough is requested by an employee in writing.  
An involuntary furlough is initiated by agency management.

Q8: Can a covered employee volunteer for a furlough?

A8: Yes, pursuant to R2-5-414(C) an agency director can approve an employee's request for leave without pay to "forestall a reduction in force." However, ADOA is not recommending this because of possible questions about the voluntary nature of the request.

Q9: Can an uncovered employee volunteer to participate in a furlough?

A9: Yes, however, ADOA is not recommending this because of possible questions about the voluntary nature of the request.

Q10: Can agency management require a covered employee to take a furlough?

A10: Yes. The Department of Administration implemented a Temporary Reduction in Force/Furlough Pilot program for covered employees for the period of February 9, 2009 through May 1, 2009. Laws 2009, First Special Session, Chapter 3, contains a provision for a furlough program that begins May 2, 2009 and ends June 12, 2009.

Q11: Can agency management require an uncovered employee to take a furlough?

A11: Yes, however, agency management contemplating furloughs for uncovered employees should consult with ADOA Human Resources, as there are many considerations to address before implementing such a program.

## **QUESTIONS AND ANSWERS REGARDING POTENTIAL STRATEGIES TO ADDRESS PERSONNEL BUDGETARY CONSTRAINTS**

### **Reduced Work Schedules**

Note: Under current laws and rules, implementation of reduced work schedules will also result in a corresponding reduction in leave accrual rates and retirement contributions, and may impact an employee's retirement benefits. Reducing an employee's work schedule below 20 hours per week will also impact an employee's eligibility for health benefits.

Q12: What is a reduced work schedule?

A12: A reduced work schedule is the result of a reduction in the amount of work assigned to an employee and includes a change in their FTE value (e.g. from 1.0 FTE to 0.75 FTE). It should be noted that a reduced schedule will result in a reduction in leave accrual rates for the employee, and may impact the employee's retirement benefits.

Q13: Can agency management reduce work schedules for covered employees?

A13: There is no specific legal authority allowing an agency to reduce work schedules for a covered employee other than by methods provided in the personnel rules. ADOA is not recommending this course of action absent legislative or executive action.

Q14: Can agency management reduce work schedules for uncovered employees?

A14: Yes, however, agency management should ensure a corresponding reduction in work duties. A permanent reduction in duties and hours will also change the employee's leave accrual rates, and may impact the employee's retirement benefits.

### **Employee Pay**

Note: Under current laws and rules, implementation of a reduction in employee pay will also result in a corresponding reduction in retirement contributions, and may impact an employee's retirement benefits.

Q15: Can agency management reduce, suspend or eliminate performance pay for a covered employee?

A15: No, agencies currently have no authority to reduce, suspend or eliminate performance pay. Changes to the provisions of performance pay would require legislative action.

Q16: Can agency management reduce, suspend or eliminate performance pay for an uncovered employee?

A16: No, agencies currently have no authority to reduce, suspend or eliminate performance pay. Changes to the provisions of performance pay would require legislative action.

Q17: Can agency management reduce, suspend or eliminate stipends for covered employees?

A17: Yes, unless the stipend is required by statute, rule, or specific contract. Agencies contemplating this action should consult with ADOA Human Resources for guidance.

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- Q18: Can agency management reduce, suspend or eliminate stipends for uncovered employees?
- A18: Yes, unless the stipend is required by statute, rule, or specific contract. Agencies contemplating this action should consult with ADOA Human Resources for guidance.
- Q19: Can agency management reduce pay for a covered employee?
- A19: There is currently no specific legal authority allowing an agency to reduce pay for a covered employee other than by methods provided in the state personnel rules. The rules do not contain provisions for reducing salary for budgetary reasons. ADOA is not recommending this course of action absent legislative or executive action.
- Q20: Can agency management reduce pay for an uncovered employee?
- A20: Yes, as long as the employee's salary is not reduced below the minimum of the pay range in accordance with ARS § [38-611](#).