



OFFICE OF PLANNING AND BUDGET

Nathan Deal
Governor

Teresa MacCartney
Director

October 7, 2013

MEMORANDUM

TO: Agency Heads, Fiscal Officers, Human Resources Managers, and Payroll Managers

FROM: Teresa MacCartney, Director *JM*
Office of Planning and Budget

Sid Johnson, Commissioner *SJ*
Department of Administrative Services

RE: **Impact on Human Resources Resulting from the Federal Shutdown**

As a result of the ongoing federal budget negotiations, there is currently no appropriations act in place to provide for federal operations for Federal Fiscal Year (FFY) 2014. The federal shutdown may impact both hiring at the state level as well as funding for existing state employees. The information contained in this memorandum should assist you in making decisions with regards to your workforce until a new federal budget is enacted.

Hiring New Employees

Employment Verification (E-Verify)

Federal staff administering the E-Verify process have been furloughed and the service offered through the E-Verify website temporarily discontinued. If you are in the process of hiring new employees, please continue pre-employment due diligence to the best of your ability. Agencies should continue to complete pre-employment paperwork and conduct other employment checks. As a precaution in the event of a future review or audit of state hiring practices, please document that any new personnel hired without e-verification is "due to the federal government shutdown." Agencies must complete the employment verification process once federal government operations have been restored. As always, continue to follow I-9 completion procedures when onboarding staff.

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State Health Benefit Plan

Health benefits will not be affected while an employee is furloughed. If there are not enough earnings to cover an employee premium deduction in a pay period, the State Health Benefit Plan (SHBP) will record and track an outstanding employee premium balance amount. Employees will not lose SHBP coverage due to insufficient earnings. Please do not deduct partial premiums if a paycheck is not high enough for the entire premium. All outstanding premium deductions should be taken when regular payroll resumes, and funds remitted to SHBP in the next billing cycle.

For purposes of employer contributions to SHBP, all participating employers should remit contributions based on normal earnings rather than the reduced earnings resulting from a pay period furlough. For TeamWorks agencies, the SHBP employer contribution will be automatically reduced by the furlough. To offset this reduction the Furlough (FUR) amount should be multiplied by the current SHBP employer contribution percentage. The result should be included in the "Additional Amount" field and added to the SHBP contribution amount so that SHBP employer contributions are not reduced.

SHBP has created a Frequently Asked Questions (FAQ) resource available on the SHBP web site at www.dch.georgia.gov/shbp. Please inform your employees of this website and the FAQs.

To ensure that SHBP is able to continue to meet the needs of all consumers, should a federal shutdown be extended long term, policies regarding payment of premiums for furloughed employees may need to be revised.

Flexible Benefits and Retirement Contributions

If employees will be placed on furlough for less than an entire pay period, flexible benefits and retirement will be unaffected, provided there is sufficient pay to cover the deductions. For purposes of retirement, normal earnings and deductions rather than the reduced earnings resulting from a partial pay period furlough should be reported to the Employees Retirement System and Teachers' Retirement System. TeamWorks Financials agencies should use the Furlough (FUR) earnings code to ensure that reported salary is unreduced.

If employees will receive insufficient pay to cover their premium payments during a period of temporary furlough, they may continue flexible benefits through direct payment or agencies have the option to recoup premiums in the subsequent payroll. Please communicate with the HRA Flexible Benefits team for assistance and coordination.

Wage Garnishments

When an employee's pay is reduced as a result of furlough, agencies should continue any garnishment at the original level, unless served with a revised warrant or unless the garnishment would exceed the maximum allowable amount based on the reduced income. Generally, a maximum of 25% of disposable income or the amount by which disposable earnings exceed 30% of minimum wage (\$7.25 per hour), whichever is less, can be garnished. If the original garnishment would be excessive based on the lower income, then agencies should forward the maximum allowable amount. For agencies using TeamWorks Financials, the system will automatically make the appropriate calculations. If there is no paycheck as a result of furlough, agencies should forward no payment. It is the employee's responsibility to communicate to the trustee or court any change in pay that will interrupt the full payment of garnishment.

Parking Payments

In the event that a furloughed employee's earnings are insufficient to cover payroll deductions for parking during the pay period in which parking is deducted from his or her paycheck, the individual will be responsible for paying parking fees directly to the Georgia Building Authority. They may do so by remitting a check in-person or credit card payment in-person or over the phone. The Georgia Building Authority parking office is located at 1 Martin Luther King, Jr. Drive or the employee may call 404-656-3251.

Retroactive Pay for Furlough

The media has reported the possibility of furloughed federal employees receiving back pay for furlough days when the federal shutdown ends if the funds are appropriated by Congress. While federal agencies may be able to offer back pay to employees, the State may only pay state employees for time worked and time covered by paid leave, compensatory time, or suspension regardless of funding source. However, if sufficient federal funding is later restored to programs that had to furlough staff because of the federal shutdown, state employers may offer affected staff the opportunity to utilize their accrued annual leave, personal leave, or compensatory time to recoup the pay they lost via furlough. If utilized, this option would need to be offered uniformly to all affected staff in the agency.

Work Stoppages for Existing State Employees

For state employees paid in whole or largely in part by federal fund sources impacted by the shutdown, a lack of available funding may necessitate that these employees be put on furlough until the budget impasse is resolved. If your agency anticipates having to furlough federally funded employees during the government shutdown, please review the information below carefully to ensure that any changes to employee pay status or benefits are handled appropriately. You may also wish to consult your agency's legal advisor for additional guidance.

Temporary Reduction in Force (RIF)/Furlough – 30 Workdays or Less

If you are considering a temporary RIF (furlough) action, plans involving classified employees are governed by prescribed procedures in Board Rule 24. The notice period required under the Rule may be waived permitting immediate release or furlough of employees due to insufficient funding. Authority to invoke this process appears under Board Rule 24, Section 4, Paragraph (g). Agencies should continue to file these plans in accordance with the rules and reference the emergency notification provision as appropriate. Also, please note that competitive areas may be defined by clearly-defined budgetary units and positions funded by federal funds meet this objective criteria. As a reminder, classified employees no longer have "bumping" rights.

Procedural due process rules in Board Rule 24 do not apply to unclassified employees. You can find information about furlough or temporary layoff of unclassified employees in Board Rule 16, Section 16, Paragraph (d). Furlough days are limited to a total of 30 workdays in any 12-month period. Agencies should still provide notice to Human Resources Administration (HRA) of the number of unclassified employees released or furloughed by competitive area and job title.

For plans filed during the federal shutdown period only, please indicate the number of positions affected due to federal funds as the funding source. You will not be required to include this information in future plans filed after federal government operations have been restored.

Furlough Compensation Concerns

When Fair Labor Standards Act (FLSA) exempt employees are furloughed for less than a full workweek, they become non-exempt for that workweek only. During such workweeks, they are subject to all FLSA reporting requirements for non-exempt employees and cannot work additional hours without compensation. It is important for exempt employees not to use furlough days as an opportunity to work from home because this time will need to be compensated.