

1.8 CONTRACTUAL EMPLOYEE BUDGETING (Object 02)

Contractual positions are workers having an employee-employer relationship with the State. **A justification for each contractual position is required, using the DA-22 form.**

Agencies should take a “zero-based” approach to budgeting contractual positions. Any position that can be eliminated should not be renewed in FY 2016 (reductions can be initiated in FY 2016) and should not be funded in FY 2017.

The total of full-time equivalent (FTE) contractual positions for each budgetary program should be submitted on the DA-1 form. Agencies that use HOBO must enter the contractual FTE counts in columns 207, 208, and 209 that correspond with the dollars in Comptroller Object 0220 in columns 14, 16 and 17. See below for example.

Columns:	7	14	16	17	207	208	209
Column headers:	Compt. Object	Expen. FY15	Approp. FY16	Request FY17	Contract. FY15	Contract. FY16	Contract. FY17
Amounts:	0220	70000	52500	35000	2.00	1.50	1.00

For the purpose of this count, one FTE equals 2,080 work hours per year.

Higher education institutions that pay contractual employees with additional assistance funds (Comptroller Object 0102) should put the FTE counts in HOBO columns 207, 208, and 209 on the row for Comptroller Object 0220.

Special Payments Payroll (Object 02): Budget the salary for contractual positions in Comptroller Object 0220.

Note that additional funding will **not** be provided via target adjustment to allow increases to contractual salaries similar to those provided to regular positions due to collective bargaining agreements. If agencies choose to adjust contractual salaries that is their prerogative, but funding must be found within the budget target.

Social Security or FICA (Comptroller Object 0213): The following calculations are provided for non-HOBO users. The calculations are already built into the HOBO file. The rate and ceiling used for Comptroller Object 0213 are different from those used for Comptroller Object 0151 because contractual employees do not participate in flexible spending accounts.

Each contractual annual salary (Comptroller Object 0220) equal to or less than \$119,260 is multiplied by 0.0765. The result is the amount for FICA (0213) for that position.

FICA for each contractual annual salary greater than \$119,260 is calculated as follows:

- (1) Multiply \$119,260 by 0.0765.
- (2) Multiply the difference between the annual salary and \$119,260 by 0.0145.
- (3) Add result of first two calculations to get the total 0213 amount per position.

Unemployment Compensation Insurance (Comptroller Object 0214): Multiply amount in Comptroller Object 0220 by the rate in the Standard Rates and Schedules, Section 2.2.

Contractual Health Insurance (Comptroller Object 0217)

DBM is currently assessing how these new health benefit expenses will be budgeted. Details will be provided in the coming months by the Office of Personnel Services and Benefits.

Turnover (Comptroller Object 0289): Contractual turnover should be computed on the sum of Comptroller Objects 0220, 0213, and 0214 for each subprogram (or program if subprograms are not used) and entered as a negative amount in a record for Comptroller Object 0289. In FY 2017, each agency should budget contractual turnover based on the agency’s turnover rate for permanent positions **plus** an additional 4.62% to account for a “reasonable” vacancy rate for the 12 annual holidays that contractual employees will not receive compensation for in FY 2017. For example, if the vacancy rate for permanent positions in a given program is zero, 4.62% should be the turnover rate, since the employees will not receive compensation for the 12 holidays. If the vacancy rate for permanent positions is 5%, the total turnover will be 9.62%. The turnover rate used for a subprogram (or program if subprograms are not used) must be reported in column 19 of the HOB0 budget file and/or on a DA-2 form.

All agencies, except higher education institutions, should report supporting detail on the DA-22 form. Higher education institutions should report supporting FTE and salary detail per employee category in accordance with the assigned DBM budget analyst’s instructions.

DA-22 Contractual Employees: This form is used to report all contractual employment for FY 2015 and FY 2016, and identify contractual positions or contractual conversions requested in FY 2017. The totals for the Actual, Appropriation and Request years on the DA-22 form should equal the budgetary amounts for Comptroller Object 0220 for each subprogram for both dollars and FTEs for each year.

Subprogram Column: Data supporting contractual employment should be completed at the subprogram level of detail.

Classification of Employment: Multiple contractual positions with the same classification in each subprogram may be listed together and shown as a full-time equivalent for the year. For example: 4.25 could represent 17 interpreters who each work on average 3 months per year.

Actual, Current Appropriation, Spending Plan, and Request Years: Unusual contracts involving an employer-employee relationship between a contractor and the contracting State agency may be consolidated into a single line on this form. This single line must contain a total FTE count for the contracts in this category and the dollar amounts entered in the appropriate columns for the appropriate fiscal years. Types of unusual contracts include:

- Policy exemptions such as students, patients, inmates, direct emergency services, School for the Deaf direct student services, college faculty, on-duty physicians, Board of Public Works, Governor's Office, and intermittent unemployment insurance claims;
- Contracts in the Legislative and Judicial branches of government; and
- Exemptions based on State law.

FY 2015 Actual: Reconcile to the FY 2015 actual column of the budget file (HOB0 column 14).

FY 2016 Appropriation: Reconcile to the FY 2016 appropriation column (HOBO column 16) of the budget file. This column should be consistent with the FY 2016 legislative appropriation *plus approved FY 2016 budget amendments*.

FY 2016 Spending Plan: Reflect the contractual employee FTE and amount for existing levels *or planned staffing levels and funding above the current appropriation*. This “Spending Plan” column may differ from the appropriation to the extent the agency has added or eliminated contractual positions on its own authority.

FY 2017 Request: Reconcile to the FY 2017 request column (HOBO column 17) of the budget file. The FTE column should be consistent with the FY 2016 appropriation column adjusted to reflect the addition or deletion of contractual employees. Each of the request year fields should contain zeros if the contractual position is not being requested or is being requested for conversion to a permanent budgeted position.

FTE: Full-time equivalent position. If the position is full-time, indicate "1.00." Otherwise, indicate the percentage (to the nearest hundredth) of position used for each year. A total should be provided for this column. For agencies that budget through HOBO, these totals should equal the quantities entered for Comptroller Object 0220 in columns 207, 208, and 209.

Amount: Record each year's total salary for the contractual position, excluding Social Security or other fringe benefits.

Fund: This column should record one of the following codes for the fund type financing the compensation of the contractual position each year (01 General Funds, 03 Special Funds, 05 Federal Funds, 55 Federal Funds for the American Recovery and Reinvestment Act of 2009, 07 Non-Budgeted Funds, and 09 Reimbursable Funds). Indicate the relevant percentages when funding is mixed among fund types.

Renewal Date: This date identifies when the position will be renewed during the FY 2016 budget year. This highlights the opportunity to make a decision NOT to renew in FY 2016, resulting in savings in FY 2017.

Justification/Description: Enter a brief description of the need for a contractual position. If additional justification is required, use a DA-2 form with a reference note in this column.

If conversion to a regular position is requested, no amount should be requested for FY 2017 in Object 02. Contractual position and funding must be included in the FY 2016 legislative appropriation to be considered a contractual conversion. The specific justification to convert to a budgeted position should also appear in the Object 01 request detail for the new position.