A.1 SALARY FORECAST AND PIN BUDGETING – OBJECT 01

As was done in summer 2016, OBA will coordinate a personnel inventory review process to allow agencies to review FY 2018 personnel data that will serve as the FY 2019 personnel budget request. This process will take place in the new enterprise budget system, BARS.

🗲 Once agencies complete the personnel inventory review, BARS will generate personnel data for agencies to use for the budget request in two formats:

1. A summary report of the salary forecast with subobject 0101 totals for FY 2019 by subprogram.
2. A Budget Submission Template (see Section B.2) with pre-populated data for subobject 0101 as well as the related fringes.

🗲 New for FY 2019, there will be no separate "personnel file" for agencies to submit because the personnel data from the inventory exercise will be saved in BARS.

Salaries Tables for the FY 2019 Budget

Refer to Section A.5 for salary rates.

- The salary schedule effective July 1, 2018 will be the basis for budgeting FY 2019 salaries. The FY 2018 salaries must reflect salaries as of January 1, 2018, which incorporate:
  - any approved FY 2018 Annual Salary Review adjustments (as of July 1, 2017),
  - Salary adjustments related to State Law Enforcement Officer's Labor Alliance Bargaining provisions, and
  - only reclassifications that have been submitted and approved in Workday prior to July 1, 2017.

- No additional funds should be budgeted for any FY 2019 Collective Bargaining Agreement Adjustments. The Department of Budget and Management will include any adjustments that may result from FY 2019 collective bargaining negotiations, including an FY 2019 COLA or step increases. *Agencies with non-general funded positions should anticipate the possibility of an FY 2019 COLA and/or increment increase, and should estimate the effect this increase will have on available balances of special and federal fund sources. Historically, annual COLA increases are 2% to 3%.*

A.1.1 REVIEW OF 2018 APPROPRIATION TO CREATE FY 2019 SALARY FORECAST

Workday Agencies

OBA will upload Workday position details into BARS on July 5. This will be the "snapshot" date that the FY 2019 budget will be based on. As much as possible, agencies should work to reconcile Workday data before this date.

While DBM recognizes that personnel data changes on a daily basis, it is easiest to reconcile to a single date early in the fiscal year so agencies can start their budget submission as early as possible. Agencies will be notified by July 7 when the personnel inventory is ready for review.

BARS will highlight differences between the position detail in the FY 2018 appropriation and the detail in Workday. Each agency is asked to review BARS thoroughly to identify needed corrections, even if it is a correction that BARS did not highlight. An agency should ensure that the program and subprogram of a position is correct, as well as its associated grade, step, and increment month. In addition, agencies should update the appropriation fund type percentages for each PIN. The fund split is important as DBM calculates the amount necessary, by fund, for a COLA and/or increment.

- The agency should make changes in the Position Inventory within BARS and submit. If a validation error requires resolution that cannot be entered into BARS for some reason, please annotate the resolution in your agency comments back to your analyst.

- **The agency should also make the necessary corresponding changes in Workday as soon as possible.**

    Budget Status: The agency must ensure that each position has an indicated budget status of *Budgeted Position* or *Non-Budgeted Position* in Workday.

    R*STARS Code: The agency must verify that the STARS code (used by Personnel) matches the R*STARS code. Please include subprogram detail. *NOTE:* RSTARS code values are *required* per SPS Job Aids (Create Position, and Change Organization Assignments for a position).

    Vacancy Date: The agency must enter the vacancy date for each position as the vacancy occurs.

- If it is determined that a position should have been abolished or transferred to another agency, please inform the OBA analyst.

- If there is a PIN that is missing, please inform your OBA analyst, sending the full position detail, so DBM can enter the PIN into BARS.

Confirmation that an agency Position Inventory is correct as provided in BARS, or any changes requested, must be returned via BARS no later than July 28.

OBA will review the changes, finalize the salary (subobject 0101) target, and provide your agency confirmation of the final target and associated Salary Forecast by August 4. If an agency is able to return the inventory earlier than July 28, the final target will be created and returned to the agency as soon as possible. A quick turnaround will enable agencies to receive the final salary forecast sooner to work on the FY 2019 budget request. **The budget submission must match the salary forecast as submitted.**

Non-Workday Agencies

Non-Workday agencies will have detail in BARS from the 2018 Allowance creation. Agencies are asked to update the necessary information as applicable. The corrections, once returned, will serve as the basis for the FY 2019 request from the agency. **Non-Workday agencies should submit the updated document no later than September 1.**

All Agencies
DBM recognizes that position actions may (and will!) occur after the June 28 deadline that may impact the FY 2019 salary requirements. Agencies are permitted to reflect these salary adjustments in subobject 0112 (reclassification) rather than update the salary forecast. Any additional funding for reclassifications, filling a vacant position above base, etc. must also be requested in subobject 0112.

When reviewing salary forecasts, agencies should make edits to the following areas as necessary:

- PIN Movement: Note where PINs move between programs and/or subprograms
- Classification Code: The salary in BARS will be determined using the classification code, so the code must be accurate.
- Slope or EPP Salaries: Agency staff must update these salaries.
- Grade and Step: These two fields must be verified.
- **Retirement Code: The agency must verify the retirement code. If the employee is not entitled to retirement (usually due to having already retired), *that must be indicated*.**
- **Increment Month: Ensure that each position has 01 (January) if the employee Entry on Duty (EOD) date is *before* July 1, or 07 (July) if the EOD date is *after* July 1.** Vacant positions will be defaulted to July if field is submitted as blank.
- Verify RSTARS Code, Including Subprogram
- Fund: The agency must ensure that the total of FUND-GEN, FUND-SPEC, FUND-FED, FUND-REIMB, and FUND-NB equals, and does not exceed, 100%. Agency should also ensure that the allocation by fund type is correct.
- FTE Percent: The agency must ensure that FTE Percent equals, and does not exceed, 100%.
- Position Abolitions: The agency must ensure FY 2018 position abolitions are reflected. The agency should also ensure that Workday reflects the abolition(s).
- Approved Reorganizations: Reorganizations should be reflected if approved by DBM prior to budget submission.

A.1.2 REVIEW OF 2017 ACTUAL EXPENDITURES

FY 2017 Salary Data

Actual amounts expended for regular earnings (subobject 0101) are available by program and class code. DBM will combine the data from Central Payroll with the BARS position inventory FY 2017 Actual FTE as of June 30, and have the actual year data necessary to print the personnel detail in the budget books. DBM will provide the detailed FTE data by PIN to assist in the agency's reconciliation.

Agencies are asked to ensure FY 2017 FTE counts, class codes, and salaries are correct in the salary forecast exercise. R*STARS adjustments are not reflected, and merging of salaries for a position that was reclassified are not reflected. (For example: an Office Secretary II became an Office Secretary III and the two salaries need to be merged with the position record.)

Detailed guidance will be sent to agencies in August, with an expectation that agencies will review the FY 2017 salary data by mid-October.

A.1.3 FY 2019 PERSONNEL BUDGET DATA

Agency budget submissions include both regular earnings (subobject 0101) as well as additional earnings such as additional assistance, overtime, shift differential, miscellaneous adjustments and reclassifications. **It is critical that agencies properly calculate fringes for these different types of earnings and budget the corresponding fringes in the correct subobject.** Detailed guidance on fringe calculations can be found in Section A.2. Below is an outline of which fringes should be calculated on each salaries and wages subobject.

New for FY 2019, DBM is specifying that FICA (subobject 0151) should only be calculated on regular earnings (0101), while FICA for other earnings subobjects should be budgeted within the subobject.

<table>
<tr><th rowspan="2">Subobject Name</th><th rowspan="2">Subobject</th><th colspan="4">Fringe Calculations Based on Earnings</th></tr>
<tr><th>FICA/Social Security</th><th>Retirement</th><th>Unemployment Insurance</th><th>Turnover</th></tr>
<tr><td>Regular Earnings</td><td>0101</td><td>0151</td><td>0161-0169</td><td>0174</td><td>0189</td></tr>
<tr><td>Additional Assistance</td><td>0102</td><td>0102</td><td rowspan="6">Do not budget</td><td rowspan="6">Do not budget</td><td rowspan="6">Do not budget</td></tr>
<tr><td>Overtime Earnings</td><td>0104</td><td>0104</td></tr>
<tr><td>Shift Differential</td><td>0105</td><td>0105</td></tr>
<tr><td>Miscellaneous Adjustments</td><td>0110</td><td>0110</td></tr>
<tr><td>Accrued Leave Payouts</td><td>0111</td><td>0111</td></tr>
<tr><td>Reclassifications</td><td>0112</td><td>0112</td></tr>
</table>

Miscellaneous Adjustments (Comptroller Object 0110): This object is for salary adjustments that are not categorized in any of the specific Object 01 Salaries and Wages Comptroller Objects.

Accrued Leave Payout (Comptroller Object 0111): This object is used for accrued leave payout for long-term employees who leave State service. Agencies should use this subobject to account for accrued leave payouts for the FY 2018 budget book appropriation and the FY 2019 budget request. Actual expenditures for FY 2017 will be included in 0101, Salary Payments.

Please adhere to OMB Circular A-87, Title 2 of Code of Federal Regulations, when budgeting for accrued leave payouts related to federal funded positions. Some portions of leave/severance payments cannot be charged directly to federal programs because such charges violate this regulation. The pertinent sections of the regulation are copied below.

> Appendix B to Part 225, 8.d.:
>
> (2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards; and, (c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.
>
> (3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.
>
> (4) The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When a governmental unit uses the accrual basis of accounting, in accordance with GAAP, allowable leave costs are the lesser of the amount accrued or funded.

http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a87.pdf

Reclassification (Comptroller Object 0112): This is used for reclassifications and/or for funding a position(s) above the base salary reflected in the Salary Forecast provided to agencies after the Personnel Inventory exercise. Agencies should account for reclassification costs for FY 2018 and FY 2019 (actual expenditures will appear as salary payments) within the FY 2019 budget request. ***Please ensure all fringe benefits associated with any changes in 0112 are budgeted in 0112.***

New Position Requests

All new positions must be submitted as an over-the-target request on a DA-21A and DA-21B. New position requests, even those to be covered within the budget target, are no longer to be submitted by agencies within the personnel file, nor should the funding for those PINs be included in the standard personnel subobjects (0101 and fringes).

Every effort should be made to meet agency needs within the existing workforce before requesting new positions. ALL new position requests, including contractual conversions, must be requested as over-the-target items. The over-the-target requests must be limited to demands from major workload growth already in effect, new facilities already approved, new mandates, program transfers that cannot be met by reallocations, and federal contracts and grants.

Any new position, if approved, will be entered into BARS by the OBA analyst in December. In detail submitted as part of the over-the-target request, include the number of positions (decimal equivalent), title, class code, annual salary, and justification as well as R*STARS location. New positions, other than contractual conversions, are to be requested at the base salary even though recruitment for the position may be planned at a higher step. Contractual conversions should be budgeted no greater than one step above the grade/step of the current contract.

All of the following conditions must be met for new position requests to be given consideration:

- There is a justified need for and a benefit from the new position (quantifiable workload).
- The work cannot be absorbed by existing staff, performed by student help, patient/inmate labor, or positions reallocated from other areas (program discontinuations or excessive vacancies).
- The function is expected to be needed for at least three fiscal years.
- The need is for a full-time employee at least 40 weeks during the year.
- The funding for the position (federal/private/local government grant program or student government fees) is reasonably expected to be available for more than three years.
- The budgeted turnover rate for the agency does not exceed 5.9%.

Contractual Conversions

Agencies may request contractual conversions as an over-the-target and only as part of an overall staffing plan that eventually significantly reduces the total number of authorized PINs and contractual FTEs. New positions may be requested to replace contractual employees (subobject 0220) only when all of the following conditions are met:

- There is a justified need for an employee.
- The employee is not student help, patient labor, or an inmate.
- The function is expected to be needed for at least three fiscal years.
- The need is for a full-time employee, or at least 32 hours a week, for 40 weeks during the year.
- The funding for the position (federal/private/local government grant program or student government fees) is reasonably expected to be available for more than three years.
- The contract position and funding were approved in the FY 2018 legislative appropriation.
- Funding for the conversion is included in object 01 in the general fund target and there is a corresponding reduction in contractual services (object 02). The amount for a new position must include health insurance (0152), retiree health insurance (0154), FICA (0151), retirement (0161, 0163, 0165, 0168, 0169), unemployment compensation (0174), and turnover (0189). Do not include any amount for workers' compensation (0175).
- Agencies should give priority for contractual conversions to existing workers who have been working in a contractual capacity for at least two years.
- <u>Agencies are expected to include in the over-the-target request how 1.5 authorized contractual positions will be eliminated for each requested contractual conversion to a PIN.</u>