B.3 TECHNICAL AND SPECIAL FEES – OBJECT 02 (CONTRACTUAL EMPLOYEE BUDGETING)

Contractual positions (State Personnel and Pensions §13-101) are workers having an employee-employer relationship with the State, but they are hired for a specific project or time period. **A justification for each contractual position is required, using the DA-22 form.** ✔ New for FY 2019, the DA-22 form can now be completed on an agency-wide or unit-wide level – DBM requests that agencies do not submit the DA-22 at the sub-program or program level.

Agencies should take a "zero-based" approach to budgeting contractual positions. Any position that can be eliminated should not be renewed (reductions can be initiated in FY 2018) and should not be funded in FY 2019.

The total of full-time equivalent (FTE) contractual positions for each budgetary program should be submitted on the DA-1 form.

Special Payments Payroll (Object 02)
Budget the salary for contractual positions in subobject 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 (0213)
The rate and ceiling used for subobject 0213 are different from those used for subobject 0151 because contractual employees do not participate in flexible spending accounts.

Each contractual annual salary (subobject 0220) equal to or less than $132,751 is multiplied by 0.0765. The result is the amount for FICA (0213) for that position.

FICA for each contractual annual salary greater than $132,751 is calculated as follows:
        (1) Multiply $132,751 by 0.0765.
        (2) Multiply the difference between the annual salary and $132,751 by 0.0145.
        (3) Add result of first two calculations to get the total 0213 amount per position.

Unemployment Compensation Insurance (0214)
Multiply amount in subobject 0220 by 0.28%.

✔ **Contractual Health Insurance (0217)**
Agencies should budget the same level as the FY 2018 appropriation. DBM will work with agencies to determine the final amount by December.

Turnover (0289)
Contractual turnover should be computed on the sum of subobjects 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 2019, each agency should budget contractual turnover based on the agency's turnover rate for permanent positions **plus** an additional 4.23% to account for a "reasonable" vacancy rate for the 12 annual holidays that contractual employees will not receive

compensation for in FY 2019. For example, if the vacancy rate for permanent positions in a given program is zero, 4.23% 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 9.23%. The turnover rate used for a subprogram (or program if subprograms are not used) must be reported on the 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 2017 and FY 2018, and identify contractual positions or contractual conversions requested in FY 2019. 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. **Smaller agencies are asked to submit one DA-22 worksheet per agency, while larger agencies are asked to submit one DA-22 with a separate tab for each unit.**

Unit/Program/Subprogram Columns: Data supporting contractual employment should be completed at the subprogram level of detail to allow OBA to reconcile to the agency budget submission.

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 2017 Actual: Reconcile to the FY 2017 actual column of the budget submission.

FY 2018 Appropriation: Reconcile to the FY 2018 appropriation column of the budget submission. This column should be consistent with the FY 2018 legislative appropriation. **Do not include executed budget amendments. OBA will enter amendments after the budget is submitted.**

FY 2018 Spending Plan: Reflect the contractual employee FTE and amount for existing levels *or planned staffing levels and funding above or below 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, but should reconcile to the FY 2018 budget book appropriation.

FY 2019 Request: Reconcile to the FY 2019 request column of the budget submission. The FTE column should be consistent with the FY 2018 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.

Amount: Record each year's total salary for the contractual position, excluding Social Security or other fringe benefits. These amounts should equal the 0220 for each reported year at the level (i.e. subprogram) where contractual employees are reported.

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 2018 budget year. This highlights the opportunity to make a decision NOT to renew in FY 2018, resulting in savings in FY 2019.

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.

All contractual conversions should be requested as Over-The-Target (OTT) Requests, even if sufficient funding exists to fund the conversions within the target. Do not include contractual conversions in the budget request.

A contractual position and funding must be included in the FY 2018 legislative appropriation to be considered a contractual conversion. The OTT request for Object 01 FTEs should not exceed the amount of FTEs reduced in Object 02.