

PERSONNEL  
TRAINING FOR  
HR  
PROFESSIONALS  
IN THE  
STATE  
PERSONNEL  
MANAGEMENT  
SYSTEM

**MANAGING  
CONTRACTS AND  
CONTRACT  
CONVERSIONS**



# What we will discuss today:

- Definition of a contractual employee
- How contractual employees are hired
- Hourly vs Salary
- Contract Template
- Benefits – ACA
- Leave
- Contractual conversion
- Benefits when converted or selected to fill regular PIN w/o break in employment
- Purchase of contractual time for retirement credit



# Definition of a Contractual Employee

- ❑ What is a contractual employee? (Per SPP)
  - a) A temporary State employee
  - b) Occupies a non-budgeted position (not an appropriated position)
  - c) An hourly employee, with overtime paid at the rate of time and one half (unless excluded by law)
  - d) Either the function is temporary or there is a permanent need but there is not a State regular position available

## *CONTRACTUAL EMPLOYEES HAVE A DIFFERENT PAY CYCLE*

- ❑ State Regular Positions are appropriated or authorized positions on the regular State payroll.

## *OTHER TEMPORARY EMPLOYEES:*

- ❑ Temporary Emergency (TE's) Employees are paid on the regular payroll cycle; cannot be employed more than six months.

# How Contractual Employees are Hired

## **Competitively selected:**

- Recruitment follows the same rules as when filling a skilled or professional service employee.
- Most contractual hires are competitive
- Competitively hired employees may be eligible for conversion

## **Non-competitive appointment:**

- No recruitment required
- Not eligible for conversion

## Hourly vs Salary

- ❑ Contractual employees are paid hourly.
- ❑ Hourly employees are eligible for time and one half for hours worked in excess of 40 in a pay week (Wednesday – Tuesday)
- ❑ Hourly rate must be consistent with established grade and step of the job profile; however, be sure to only indicate the hourly rate (not the annual salary) when completing compensation fields in Workday

# Contract template

- ❑ The contract defines the terms of employment: dates of employment, job duties, location, compensation, leave, benefits, etc.
- ❑ Be sure to use the most current contractual template which includes information regarding: paid leave, health insurance and at-will status. Revised to comply with July 1, 2017 Executive Order (EO).
- ❑ Contract must be fully executed prior to processing in the Statewide Personnel System (SPS).
- ❑ Contract is routed to DBM's Classification and Salary Division for review and approval.

## Benefits – ACA

- ❑ ACA - Affordable Care Act (AKA “Obamacare”) passed March 2010; penalizes employers who either do not offer coverage or do not offer coverage which meets minimum value and affordability standards. State provides 75% subsidy for medical and prescription drug coverage for contractual employees and dependents
- ❑ Employee – Paid by Central Payroll
- ❑ Eligibility: All new employees who are reasonably expected to work on average 30 or more hours per week for more than 90 consecutive days, and who are not seasonal employees

**IMPORTANT:** If contractual employment is anticipated to last one year or more, initial contract should be written as such. Initial contracts with dates reflecting less than 3 months will not afford the employee the option to elect benefits. For example, if you hire someone in April, May or June and want the contract on a fiscal year cycle, you should end the contract June 30<sup>th</sup> of the following year. A contract may be longer than one year.

**CONTRACT DETAILS MUST ACCURATELY REFLECT HOURS AND % EMPLOYED**

# Leave

- ❑ Jury duty (prior approval and documentation is required)
- ❑ Executive Order 01.01.2017.09: Sensible Paid Leave in the Executive Branch of State Government (eff. 7/1/2017)
  - a) regularly works 30+ hours per week\*
  - b) employed 120+ days in a 12 month period
  - c) not covered by bona fide bargaining agreement

\*Job Details: Hours worked and FTE MUST be accurate for leave accrual; Percentage employed in Organization Assignments must match Percentage in Job Details.



## Leave (continued)

- ❑ Accrued at the rate of 1 hour for every 30 hours worked after 120 days of continuous employment is achieved
- ❑ Max 40 hours earned in a calendar year
- ❑ Can roll over 40 hours into new calendar year
- ❑ Leave in excess of 40 hours will be forfeited at the beginning of the first full pay period of next calendar year

**NOTE: RUN REPORTS REGULARLY TO CHECK  
EMPLOYEE DATA TO ENSURE ACCURACY**

## Leave (continued)

- Personal Leave (PL) afforded to TE and Contractual employees is forfeited if not used when contractual or TE employment ends. This applies whether the employee separates from State employment or if hired into a State regular position.
- **THE AGENCY TIMEKEEPER MUST ADJUST LEAVE BALANCES TO DELETE PERSONAL LEAVE EARNED AS A CONTRACTUAL OR EMERGENCY TEMPORARY EMPLOYEE**
- IF HIRED AS A REGULAR STATE EMPLOYEE, ADD PRORATED PL, IF APPLICABLE. THERE ARE SEPARATE “BUCKETS” OF LEAVE FOR REGULAR AND TEMPORARY EMPLOYEES.

# Contractual Conversion

- Permanent need but State regular position was not available at time of hire
- Employee was hired competitively following the same selection process used for skilled and professional service
- Employee has successfully worked 6 months
- State regular position becomes available to replace contractual function
- Contractual position is abolished when employee is converted to a State regular position.

# Benefits when converted or selected to fill regular PIN w/o break in employment

**Some contractual employees qualify for conversion into a State regular position; others apply and are selected through the competitive process**

- ❑ Same benefits whether hired via a conversion or competitively selected to fill State regular position (see SPP 13-304), IF no break in service AND in the same principal unit (Agency) that employs the contractual position
- ❑ Steps in the pay grade applicable to State regular position
- ❑ Annual leave accrual rate (no retro earnings)  
Time off service & continuous dates stay the same\*
- ❑ Seniority rights

\*If contractual employee accepts employment at different principal unit/Agency, dates restart to date of hire at new agency.

# Purchase of contractual time for retirement credit

- ❑ Contractual employees are NOT eligible to participate in the retirement system while contractual
- ❑ If contractual becomes “State Regular,” contractual time may be purchased at FULL COST (usually prohibitively expensive)
  - Full Cost :
    - Calculates additional reserves needed to fund the retirement benefit
    - Members age is a factor
    - Average final salary at time of retirement
    - Only available to purchase within 12 months prior to retirement and adjusted at actual retirement date
- ❑ Can purchase a minimum of one month/ max 10 years

