

### **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 Contractual Positions Supporting Detail (SD) module within BARS budget adjustments. Note that this year, agencies will only need to enter detail for any changes from FY 2020 to the Budget Year (BY) in FY 2021, as well as any necessary edits to the Prior Year (PY) actuals in FY 2019.**

Agencies should take a “zero-based” approach to budgeting contractual positions. Any contractual position that can be eliminated should not be renewed (reductions can be initiated in FY 2020) and should not be funded in FY 2021.

#### **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 chooses to adjust contractual salaries that is their prerogative, but funding must be found within the budget target.

#### **✎ Social Security or FICA (0213)**

The Contractual SD tab in BARS will calculate 0213 based on the salaries entered in 0220. 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 \$130,223 is multiplied by 0.0765. The result is the amount for FICA (0213) for that position.

FICA for each contractual annual salary greater than \$130,223 is calculated in BARS as follows:

- (1) Multiply \$130,223 by 0.0765.
- (2) Multiply the difference between the annual salary and \$130,223 by 0.0145.
- (3) Add result of first two calculations to get the total 0213 amount per position.

#### **✎ Unemployment Compensation Insurance (0214)**

The Contractual SD tab in BARS will calculate 0214 based on the salaries entered in 0220. BARS will multiply the amount in subobject 0220 by 0.28%.

#### **Contractual Health Insurance (0217)**

Agencies should budget the same level as the FY 2020 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 2021, each agency should budget contractual turnover based on the agency’s turnover rate for permanent positions **plus an additional 4.21% to account for a “reasonable” vacancy rate for the 11 annual holidays that contractual employees will not receive**

compensation for in FY 2021. For example, if the vacancy rate for permanent positions in a given program is zero, 4.21% should be the turnover rate, since the employees will not receive compensation for the 11 holidays. If the vacancy rate for permanent positions is 5%, the total turnover will be 9.21%. The turnover rate used for a subprogram (or program if subprograms are not used) may be reported using the comment field in BARS.

All agencies, except higher education institutions, should report supporting detail on the Contractual Positions SD module in BARS. Higher education institutions should report supporting full-time equivalent (FTE) and salary detail per employee category in accordance with the assigned DBM budget analyst's instructions.

**Contractual Employees Supporting Detail (SD)**

This module in BARS replaces the prior DA-22 form. The totals for the Actual, Appropriation and Request years in the Contractual Positions tab in BARS will set the budgetary amounts for Comptroller Subobject 0220 for each subprogram for both dollars and FTEs for each year. **Agencies must fill out all sections of the SD module within separate adjustments for each year for contractual positions. These SD tabs must reflect the total amount for 0220 in each fiscal year by fund type.**

Unit/Program/Sub-Program Columns: Data supporting contractual employment must be completed at the subprogram level of detail in order to validate in the agency budget adjustment.

Comptroller Subobject: Agencies should select subobject 0220.

Fund: This column should record one of the following codes for the fund type supporting the contractual position each year (01 General Funds, 03 Special Funds, 05 Federal Funds, 07 Non-Budgeted Funds, 09 Reimbursable Funds, 40 Current Unrestricted Funds, and 43 Current Restricted Funds). If there are multiple fund types per contractual position, create a second line to indicate the portion (including total FTEs) that belongs to that secondary fund type.

Class Code: 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.

Working Title: This column indicates the title of the provided Class Code and will be pre-populated by BARS based on the selected class code.

Job Purpose/Description: Enter a brief description of the need for the contractual position(s), including any additional justification.

Actual, Current Appropriation, and Request Years: Agencies must report contractual data for each of the three fiscal years to support the FY 2021 Budget Submission.

Fiscal Year FTE Adjustment: If the position is full-time, indicate "1.00." Otherwise, indicate the percentage (to the nearest hundredth) of the position used for each year. A total should be provided for this column. One 1.00 FTE that is funded by multiple fund types should be split across multiple Contractual lines, with a 0.50 general fund line and a separate 0.50 special fund line indicating a contractual position budgeted 50/50 GF/SF.

Fiscal Year Dollars Adjustment: Record the total salary for the contractual position, excluding Social Security or other fringe benefits. These amounts will set the 0220 funds for each reported year at the level (i.e., subprogram) where contractual employees are reported. Total funds in each line must maintain a 1.00:\$20,000 FTE-to-salary ratio.

Comment: Enter any additional detail to report for the position, such as contractual turnover rate.

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.

**All contractual conversions should be requested as over-the-target (OTT) request adjustments, 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 2020 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. See [Section A.1](#) for further guidance on contractual conversions.