

## Basis for Reporting on Employment and Personnel Compensation

### 13.1. Definitions relating to employment.

An *employee*, as defined in 5 U.S.C. 2105, is an officer or individual who is appointed under a delegated authority, is engaged in the performance of a Federal function, and is subject to the supervision of an officer or employee of the Federal Government.

*Full-time equivalent (FTE) employment* is the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off and other approved leave categories are considered to be “hours worked” for purposes of defining full-time equivalent employment that is reported in the personnel summary (see section 36.1). This definition is consistent with guidance provided by the Office of Personnel Management (OPM) in connection with reporting FTE data as part of the SF 113G reporting system. A list of compensable days (with associated hours) for fiscal years 1998 through 2002 is provided in section 13.3(c).

### 13.2. Basis for personnel estimates.

(a) **Personnel.**—Estimates relating to personnel will be consistent with the following:

(1) *Staffing requirements.*—Estimates for staffing requirements will assume that improvements in skills, organization, procedures, and supervision will produce a steady increase in productivity. Personnel will be reassigned, to the maximum extent, to meet new program requirements. Reductions generally should be planned where the workload is stable. Where information technology systems are installed or enhanced, gains in productivity should result in lower personnel requirements after the first year.

Where appropriate, calculations converting workload to required personnel will use an estimate of available workhours per employee that excludes annual leave, sick leave, administrative leave, training, and other non-work time. Estimates of available time should be based on current data, should reflect steps taken to improve the ratio of available time to total time, and should recognize differences in available time by organization, location, or activity. Exclusion for annual and sick leave should be based on current experience of actual leave taken rather than leave earned. Employment levels should reflect budget proposals and assumptions with regard

to workload, efficiency, proposed legislation, inter-agency reimbursable arrangements, and other special staffing methods. Employment intended for proposed legislation, or for carrying out proposed supplemental appropriations, cannot begin until the additional funds become available by congressional action. Employment proposed for activation of new facilities or start-up of new programs cannot begin until the new activity begins. Employment under estimated reimbursable arrangements also cannot begin until such arrangements have been negotiated and justified.

(2) *Personnel resources.*—Generally, estimates of personnel resources will be based on the total number of regularly scheduled straight-time hours (worked or to be worked) and on a standard workyear containing 52 workweeks of 40 hours each, i.e., 260 compensable days or 2,080 hours, plus the extra compensable days, if any, occurring in a given fiscal year. Note that, although budgetary resources must be sufficient to cover any extra compensable days in a fiscal year, some of the corresponding outlays may not occur until the following year.

(3) *Requirement for data in terms of FTEs.*—Wherever entries in schedules or materials required by this Circular pertain to personnel requirements or total employment levels, such entries for all years will be stated in terms of FTEs, as defined in section 13.1, unless another requirement is explicitly stated.

(b) **Personnel compensation.**—Estimates for personnel compensation and benefits should be consistent with FTE levels and be prepared on the following bases:

(1) *Pay scales.*—Estimates will be based on compensation scales in effect at the time of submission of the estimates, adjusted for pay raises contained in the Mid-Session Review economic assumptions.

The Mid-Session Review pay raise assumptions will apply to the statutory pay systems (General Schedule, Foreign Service, and Veterans Health Administration), the Executive Schedule, the Senior Executive Service (SES), and wage grade employees. The pay raises encompass both the ECI-based national schedule adjustment and locality pay without assumption as to how the total increase will be distributed between the two. The pay scales used in preparing estimates should reflect the locality pay rates that went into effect in January 1998.

Estimates may need to be adjusted when final pay assumptions for the budget are released. Agencies

should be prepared to provide supporting detail on calculating pay costs, including separate identification of the pre-pay raise wage base reflected in the submission. Any increases in average compensation for the budget year, other than those due to changes in pay scales, must be explicitly justified.

(2) *Hourly rates.*—Compensation for all employees (as defined in 5 U.S.C. 5504(b)) will be based on hourly rates of compensation determined by dividing the annual rate of basic pay by 2,087, in accordance with section 15203(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272).

(3) *Within-grade increases.*—Additional resources for within-grade increases will normally not be allowed. It is expected that the net cost, if any, of within-grade salary increases (i.e., costs after turnover, downgrades, and other grade or step reducing events are taken into account) will be offset by savings due to greater productivity and efficiency.

(4) *Vacancies.*—Estimates related to vacancies expected to be filled in the budget year will be based on the entrance salary for the vacancies involved.

(5) *Savings in personnel compensation.*—Full consideration will be given to savings in personnel compensation due to personnel reductions, delay in filling vacant positions, leave without pay, lag in recruitment for new positions, filling vacancies at lower rates of pay, part-time employment, and grade reduction actions. Terminal leave payments, including those for SES, will be identified as offsets against such savings.

(6) *Positions above grade GS/GM 15.*—These positions, including SES, will be reflected only to the extent that positions have been authorized in those grades by OPM or other authority or specifically authorized in substantive law.

(7) *Awards.*—Estimates should include amounts for all cash incentive awards. Upon request by OMB, agencies should be prepared to provide detailed information on their cash incentive awards program, including a narrative explanation of the basis on which the agency distributes awards and how that relates to its overall performance management program.

(8) *Executive selection and development programs.*—Estimates should include provisions for reasonable amounts for such programs, as required under Title IV of the Civil Service Reform Act of 1978 and by implementing guidelines issued by the Office of Personnel Management.

(9) *Premium pay and overtime.*—Increases over amounts for the preceding year for premium pay must be fully justified. In preparing estimates for overtime, agencies should analyze the use of overtime to ensure that it is used in a prudent and efficient manner; explore all reasonable alternatives to overtime (such as improved scheduling); and ensure that adequate approval, monitoring, and audit procedures are in place to avoid overtime abuses.

(10) *Special rates for experts and consultants.*—Authority to pay special rates for experts and consultants may be requested only when the agency demonstrates that the type and caliber of services required cannot be obtained at the maximum daily rate payable for grade GS–15 under the Classification Act. When such authority is justified and specifically authorized, special rates may not exceed the maximum rate for senior level positions under 5 U.S.C. 5376.

(11) *Severance pay.*—Estimates for severance pay will be for the amount needed for the fiscal year. However, obligations will be incurred on a pay-period by pay-period basis, notwithstanding the fact that a liability arises at the time of an employee's separation. Estimates will include changes in severance pay and personnel compensation that would occur upon the application of instructions covered in OMB Circular No. A–76.

(12) *Physicians comparability allowance.*—Estimates should reflect approved plans to pay bonuses to physicians in accordance with the Federal Physicians Comparability Allowance Amendments of 1987 (Public Law 100–140). Instructions for reporting on the physicians comparability allowance program are issued separately.

(13) *Bonuses and allowances.*—Estimates should reflect approved agency plans for paying recruitment and relocation bonuses and retention allowances. Agencies should be prepared to supply information on planned and actual expenditures upon request by OMB.

(14) *Retirement costs.*—Estimates should reflect the cost effects of changes in the distribution of employees between the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). (See section 12.5(i) for retirement cost factors.)

### 13.3. FTE budgeted levels.

(a) *Policy.*—Consistent with the general policy of making the most effective use of Government resources, and in order that the executive branch complies with the FTE limitations established in

the Federal Workforce Restructuring Act of 1994 (FWRA), P.L. 103-226, each agency head will ensure close management of budgeted FTE levels for his or her agency. The FWRA requires that OMB make a quarterly determination of whether the executive branch is in compliance with the mandated FTE limitations. If it is determined that the executive branch is exceeding the limitation, a government-wide hiring freeze will be imposed.

**(b) Reporting of actual FTE usage.**—Actual FTE usage reported in the PY column of the budget normally should equal the year-end FTE usage reported on the SF 113G to OPM.

**(c) Estimates of FTEs.**—All agencies will prepare budget estimates relating to personnel requirements in terms of FTE employment, as specified in this Circular.

Current year FTE estimates for each agency should be consistent with PY actuals, should be fully funded, and should be very close to the actual usage reported at the end of the fiscal year. For example, the 1998 estimate in the FY 1999 Budget should be very close to the 1998 actual to be published in the FY 2000 Budget.

To determine FTE employment, the total number of regular hours (worked or to be worked) is divided by the number of compensable hours applicable to each fiscal year. For a year of 260 compensable days, the divisor is 2,080; and for 261 days, 2,088. This calculation standardizes the FTE work year for purposes of setting total FTE estimates, so that the resulting FTE figure will be consistently measured by the SF 113G reporting mechanism using 2,080 hours each year. The following list of compensable days for fiscal years 1998 through 2002 should be used to compute FTE employment.

COMPENSABLE DAYS FOR FISCAL YEARS 1998-2002	
1998 .....	261
1999 .....	261
2000 .....	261
2001 .....	260
2002 .....	261

**(d) FTE estimates.**—The FTE estimate for each agency is determined at the time of the annual budget review, for the fiscal year in progress and for the succeeding fiscal year.

FTE levels determined during the budget review process will meet the FWRA statutory limitations, and will be consistent with other laws. In particular, some statutes providing agencies with authority to use voluntary separation incentive proposals or buy-

outs stipulate that agency-wide FTE levels must be reduced one-for-one for each buy-out.

*FTE employment levels apply to straight time hours only.* Department of Defense indirect hire employees are not included in FTE employment totals. FTEs funded by allocations from other agencies will be included with the performing agency where the employees work and are payrolled.

The FTE employment estimates will include persons appointed under the Worker Trainee Opportunity Program, Federal Cooperative Education Program, summer aids, Stay-in-School Program, and the Federal Junior Fellowship Program, as well as certain other programs that in the past were referred to as “ceiling-exempt”. In OMB Memorandum No. 94-17, dated April 7, 1994, agencies were encouraged to continue to participate fully in the student employment and other special employment programs and to ensure that these programs are not disproportionately reduced when agency-wide reductions are required.

The FTE estimates will take into account both seasonal variations in personnel requirements and employment trends (increasing or decreasing personnel levels) for each agency. Therefore, these levels will be related to, but not identical with, end-of-year data in the Monthly Report of Federal Civilian Employment, which is reported to OPM on the SF 113A and reflects a headcount of employees. In addition, reporting requirements for FTE (workyear) data, reported on the SF 113G, are published by OPM. Agencies are required to report all FTE employment on the SF 113G to OPM.

Current year FTE estimates will be measured using information compiled from the SF 113G reports. To minimize reporting burden and response time, the SF 113G reports are on the basis of bi-weekly pay periods and the “reporting year” is 26 pay periods, or 260 days (2,080 hours). OPM will issue annual schedules of reporting periods for the SF 113A and 113G reports.

**(e) FTE transfers between agencies.**—Agencies entering into agreements to perform administrative-type work for other agencies on a reimbursable basis may enter into an agreement to transfer FTEs on a one-for-one basis, provided that the agencies involved notify OMB prior to making such a transfer. Unless OMB notifies the agencies involved within 15 days of any objection, the agencies may proceed with the transfer.

**(f) Adjustment requests.**—All requests for adjustments in employment levels, including agreements

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to transfer FTEs between agencies, will be sent | to the Director of the Office of Management and Budget.