Vacancy Factors and Personal Services Costs

Corrections House Finance Subcommittee
Tuesday, January 23, 2018

Amanda Ryder, Senior Fiscal Analyst, Legislative Finance Division

What is a vacancy factor?

Vacancy Factor = Cost of Filling All Positions – Budgeted Funding

Why are positions purposely underfunded?

Underfunding positions (i.e., having a vacancy factor) is intended to account for savings attributable to staff turnover.

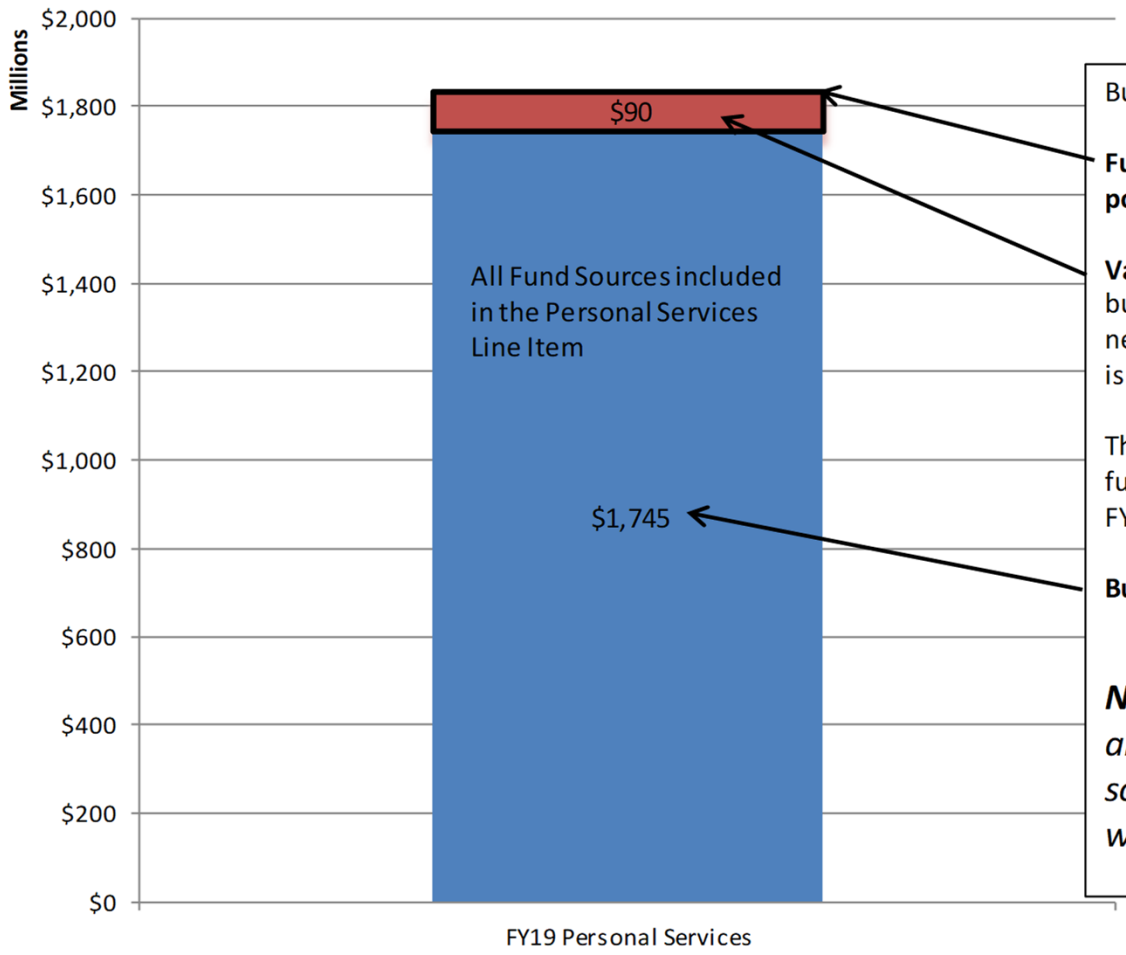
Who determines the appropriate vacancy factor?

The Office of Management and Budget (OMB) provides minimum and maximum vacancy factor guidelines.

Number of Full Time Positions	Minimum Vacancy Factor *	Maximum Vacancy Factor
10 or less	0%	3%
11 to 20	1%	4%
21 to 30	2%	5%
31 to 50	3%	6%
51 plus	4%	7%

*Per OMB, the minimum vacancy factor is optional.

FY 19 EXECUTIVE BRANCH PERSONAL SERVICES LINE FUNDING SUMMARY*
All Funds



Budgeted Positions: 16,228

Funding required to fill all 16,228 budgeted positions: $1.83 billion

Vacancy Factor. The Personal Services (PS) budget is $90 million short of the amount needed to fill all positions. This 4.9% shortfall is the "vacancy factor."

The $90 million vacancy factor (equivalent to funding for 796 positions) is excluded from the FY19 budget request.

Budgeted Funding: $1.745 billion

NOTE: *The PS budget is based on the ability to collect all budgeted fund sources. This is often not the case with DGF, Other and Federal funding.*

*Excludes Personal Services Costs for the University, Judiciary and Legislature and the Alaska Marine Highway System.

How do I find the vacancy Factor?

The vacancy factor for each allocation with positions is included in the Governor's Budget Detail Books and on OMB's web site. An example of the Personal Services Expenditure Detail Report is below.

Personal Services Expenditure Detail
Department of Health and Social Services

Scenario: FY2019 Governor (14641)
Component: Pioneer Homes (2671)
RDU: Alaska Pioneer Homes (503)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
													Total Salary Costs:	28,478,799	
													Total COLA:	0	
													Total Premium Pay::	2,067,840	
													Total Benefits:	20,343,825	
													Total Pre-Vacancy:	50,890,464	
													Minus Vacancy Adjustment of 1.45%:	(739,064)	
													Total Post-Vacancy:	50,151,400	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	50,151,400	

	Total Positions	New	Deleted
Full Time Positions:	541	0	0
Part Time Positions:	33	0	0
Non Permanent Positions:	24	0	0
Positions in Component:	598	0	0

Total Component Months: 6,999.1

(Vacancy Factor)

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1002 Federal Receipts	1,062,790	1,047,356	2.09%
1004 General Fund Receipts	14,681,811	14,468,592	28.85%
1005 General Fund/Program Receipts	13,488,811	13,292,918	26.51%
1007 Interagency Receipts	4,953,948	4,882,003	9.73%
1037 General Fund / Mental Health	16,266,957	16,030,718	31.96%
1108 Statutory Designated Program Receipts	436,147	429,813	0.86%
Total PCN Funding:	**50,890,464**	**50,151,400**	**100.00%**

Funding Sources Budgeted for Personal Services

Pre-vacancy Funding (funding needed to fully fund all positions) is multiplied by the vacancy factor (1.45%) to determine the Post-Vacancy funding.

Post vacancy funding is included in the budget.

How am I supposed to find out which positions are vacant, how long they have been vacant and why they are vacant?

- A new report from OMB provides information on vacancy at the level of individual positions.
- Only the department can answer questions regarding *why* positions are vacant.

OMB's Personal Services Report is on the LFD's web site under the "Analysis Tools" tab

Personal Services Filled vs Vacant (1734)

Health & Social Svcs

Scenario: FY2018 Management Plan (14331)
RDU Name: Alaska Pioneer Homes (503)
Component: Pioneer Homes (2671)

FY2018 Management Plan	Budgeted	Deleted
FT:	541	0
PT:	33	0
NP:	24	0

	FY2018 Management Plan		FY2019 Governor		Change
Total cost if every PCN was filled for an entire year (calculation start only, not component's authorized budget)*:	$50,149,993		$50,890,464		
Minus budgeted vacancy rate**:	($708,593)	1.4%	($739,064)	1.5%	
Personal Services lump sum and boards budgeted amount:	$0		$0		
Budget Request (Line 1000 Authority):	$49,441,400		$50,151,400		$710,000

On average, this component must maintain 91.7 months of vacant PCNs to stay within FY2018 Management Plan budget.

PCN	Count Status	Filled in Payroll by Month 1/15/2017											12/15/2017	Prior Year Filled Months	PCN Budgeted Months	PCN Budgeted Amount*	Split	Job Title	Percent UGF
02-7007	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	152,748		Pioneers Home Admin I	54.1%
02-7016	FT					✓	✓	✓	✓	✓	✓			6	12.0	73,976		Certified Nurse Aide I	59.1%
02-7100	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	142,751		Pioneers Home Admin I	59.1%
02-7101	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	86,661		Administrative Assistant II	59.1%
02-7102	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	105,438		Supply Technician II	59.1%
02-7104	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	113,398		Maint Gen Foreman	59.1%
02-7105	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	101,039		Certified Nurse Aide I	59.1%
02-7106	FT	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	11	12.0	143,734		Nurse II	59.1%
02-7108	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	95,938		Recreation Therapist I	59.1%
02-7109	FT			✓	✓	✓	✓	✓	✓	✓	✓	✓		9	12.0	71,394		Certified Nurse Aide I	59.1%
02-7110	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	125,178		Nurse III	59.1%
02-7111	FT	✓											✓	2	12.0	128,738		Nurse III	59.1%
02-7112	FT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	12.0	136,302		Nurse II	59.1%

So how am I supposed to find out what kind of money is used to pay for positions?

Start with

- Allocation Totals reports in the Subcommittee Books. Compare FY17 Actuals and the FY18 Mgmt Plan to the FY19 request. (See next slide.)
- Personal Services Detail (pcns, location, cost of salary & benefits, vacancy factors, and the amount of UGF budgeted for each position).
- Then talk to your LFD analyst and department staff.

2018 Legislature - Operating Budget
Allocation Totals - Governor Structure

Numbers and Language

Agency: Department of Health and Social Services

Appropriation: Alaska Pioneer Homes
Allocation: Pioneer Homes

	[1] 17Actual	[2] 18MgtPln	[3] GovSupp 12/15	[4] 19Adj Base	[5] 19GovAdj	[5] - [1] 17Actual to 19GovAdj		[5] - [2] 18MgtPln to 19GovAdj		[5] - [4] 19Adj Bas to 19GovAdj	
Total	**56,366.9**	**61,231.0**	**0.0**	**61,416.0**	**61,941.0**	**5,574.1**	**9.9 %**	**710.0**	**1.2 %**	**525.0**	**0.9 %**
Objects of Expenditure											
1 Personal Services	46,206.3	49,441.4	0.0	49,626.4	50,151.4	3,945.1	8.5 %	710.0	1.4 %	525.0	1.1 %
2 Travel	9.6	18.9	0.0	18.9	18.9	9.3	96.9 %	0.0		0.0	
3 Services	7,386.4	8,164.3	0.0	8,164.3	8,164.3	777.9	10.5 %	0.0		0.0	
4 Commodities	2,705.7	3,506.0	0.0	3,506.0	3,506.0	800.3	29.6 %	0.0		0.0	
5 Capital Outlay	56.5	48.4	0.0	95.6	95.6	39.1	69.2 %	47.2	97.5 %	0.0	
7 Grants, Benefits	2.4	52.0	0.0	4.8	4.8	2.4	100.0 %	-47.2	-90.8 %	0.0	
8 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0					
Funding Sources											
1002 Fed Rcpts (Fed)	683.8	696.7	0.0	699.3	1,224.3	540.5	79.0 %	5			
1004 Gen Fund (UGF)	17,349.8	16,531.8	0.0	16,579.2	16,579.2	-770.6	-4.4 %				
1005 GF/Prgm (DGF)	15,788.5	17,477.7	0.0	17,527.2	17,527.2	1,738.7	11.0 %				
1007 I/A Rcpts (Other)	4,352.8	7,367.6	0.0	7,391.9	7,391.9	3,039.1	69.8 %				
1037 GF/MH (UGF)	15,960.8	16,073.0	0.0	16,132.2	16,132.2	171.4	1.1 %				
1108 Stat Desig (Other)	2,231.2	3,084.2	0.0	3,086.2	3,086.2	855.0	38.3 %				
Positions											
Perm Full Time	541	541	0	541	541	0					
Perm Part Time	33	33	0	33	33	0					
Temporary	24	24	0	24	24	0					
Funding Summary											
Unrestricted General (UGF)	33,310.6	32,604.8	0.0	32,711.4	32,711.4	-599.2	-1.8 %	106.6	0.3 %	0.0	
Designated General (DGF)	15,788.5	17,477.7	0.0	17,527.2	17,527.2	1,738.7	11.0 %	49.5	0.3 %	0.0	
Other State Funds (Other)	6,584.0	10,451.8	0.0	10,478.1	10,478.1	3,894.1	59.1 %	26.3	0.3 %	0.0	
Federal Receipts (Fed)	683.8	696.7	0.0	699.3	1,224.3	540.5	79.0 %	527.6	75.7 %	525.0	75.1 %

The FY19 Gov is $5.6m above 17Actuals. If you cut UGF, will you be able to provide the FY17 levels of services? No

UGF is $599.2 (1.8%) below the FY17 actuals (despite increased health insurance costs in FY18 of $397.0)

Some of the non-UGF funding sources may be "uncollectible".

WRAP-UP

When considering position deletions

- Avoid assumptions
- Use available resources
- Understand impacts
- Don’t go down the position rabbit hole