

SECTION 85—ESTIMATING EMPLOYMENT LEVELS AND THE EMPLOYMENT
SUMMARY (SCHEDULE Q)

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Reporting Employment Levels

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Summary of Changes

Updates guidance on validating FTE in relation to funding levels (section [85.5\(a\)](#)).

Expands guidance on workforce conversions (section [85.5\(b\)](#)).

Clarifies guidance on presenting allocation FTE in the Budget (section [85.7](#)).

85.1 How should my agency's budget address workforce planning and restructuring?

Your budget submission must identify the human capital management and development objectives, key activities, and associated resources that are needed to support agency accomplishment of programmatic goals.

Furthermore, your budget submission should describe the specific activities and/or actions planned to meet the standards for success under human capital initiatives, the associated resources, the expected outcomes, and how performance will be measured. For example, you should:

Identify the organizational changes you are proposing to:

- Reduce the number of managers, reduce organizational layers, and reduce the time it takes to make decisions.
- Increase the span of control and redirect positions within the agency to ensure that the largest number of employees possible are in direct service delivery positions and retrain and/or redeploy employees as part of restructuring efforts to make the organization more citizen centered.

Identify the training, development, leadership development, and staffing actions you propose to take to:

- Ensure continuity of leadership.
- Ensure that leaders and managers effectively manage people.
- Sustain a learning environment that drives continuous improvement in performance.
- Prepare for and respond to changes driven by e-Government.

Present agency competency and skill needs (or gaps) you identify as part of your workforce planning effort and how you plan to address those needs through recruitment, development, and related strategies.

85.2 What terms do I need to know?

Employee, as defined in [5 U.S.C. 2105](#), means 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 means 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 "hours worked" for purposes of defining full-time equivalent employment that is reported in the employment summary (see section [85.6](#)). 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) is provided in section [85.5\(c\)](#).

85.3 What should be the basis for my personnel estimates?

(1) *Staffing requirements.* Base estimates for staffing requirements on the assumption that improvements in skills, organization, procedures, and supervision will produce a steady increase in productivity. Personnel should be reassigned, to the maximum extent, to meet new program requirements. Use personnel currently funded to the maximum extent in staffing new programs and expansions of existing programs. These actions should be part of your agency's overall human capital strategy, and reflected in the integrated performance plan (see section [220](#)). 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. You should be prepared to explain the assumptions underlying staffing requirement adjustment upon request.

Where appropriate, use calculations converting workload to required personnel that include an estimate of available workhours per employee. You should exclude annual leave, sick leave, administrative leave, training, and other non-work time from these calculations. Base estimates of available time on current data, reflect steps taken to improve the ratio of available time to total time, and recognize differences in available time by organization, location, or activity. Base exclusions for annual and sick leave 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, interagency 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.* Base estimates of personnel resources on the total number of regularly scheduled straight-time hours (worked or to be worked) in the fiscal year (see section [85.5\(c\)](#)). 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 FTE data.* Wherever entries in schedules or materials required by this Circular pertain to personnel requirements or total employment levels, state such entries for all years in terms of FTEs, as defined in section [85.2](#), unless another measure is explicitly required. For military employment, see section [85.8](#).

85.4 What is the requirement for reporting FTE data to OMB via OPM?

With the exception of some national security functions, agencies with Federal civilian employees are required to report quarterly personnel data to the Office of Personnel Management. Agency FTE data is reported using Standard Form 113G. Agency FTE reports are due to OPM not later than the 15th of the month following the report month. OPM then provides fiscal year FTE totals, by agency, to OMB. The agencies' FTE totals act as the control totals for checking prior year employment in the Budget database (MAX Schedule Q). See OPM's "Operating Manual for the SF-113 Summary Data Reporting System" for additional detail and reporting guidance at <http://www.opm.gov/feddata/reporting.asp>.

85.5 What do I need to know about FTE budgeted levels?

(a) *Federal FTE requirements*

Agencies should take steps to assess and, as appropriate, restructure, retrain, and resize its FTE count to achieve its mission as effectively and efficiently as possible. Such steps should be consistent with all Human Capital Management Reports. All increases in FTEs should be accompanied by a detailed justification of its purpose and workload, and should be appropriately commensurate with changes in account funding levels. Generally, if agency account funding requests decrease from previous years, the agency should take appropriate steps to reduce FTE levels as necessary. Where agencies have proposed the termination, reduction, or consolidation of a program, agencies should take the appropriate steps to reduce FTE levels that correspond with the proposed program reductions. Agencies should not overstate FTE levels, and provide justification supporting the accuracy of FTE estimates.

(b) *Workforce conversions*

Consistent with the general policy of making the most effective use of Government resources, each agency head will ensure close management of budgeted FTE levels for their agency. Agencies should not convert the work of their employees to contractors unless they determine that the work is not inherently governmental (as defined in the Federal Activities Inventory Reform Act of 1998, P.L. 105-270), the agency has sufficient internal capability and capacity to maintain control of its mission and operations, and the agency undertakes cost comparisons that demonstrate that such a conversion is of financial advantage to the Government (see [OMB Circular A-76](#)). Pursuant to 41 U.S.C. 1710 and 10 U.S.C. 2461, agencies are precluded from converting, in whole or in part, functions performed by federal employees to contract performance absent a public-private competition (a practice known as "direct conversion"). The conversion of work from in-house to private sector performance may only occur through public-private competition. Appropriations acts since 2009, however, have prohibited agencies from using funds to "begin or announce a study or public-private competition regarding the conversion to contractor performance of any function performed by Federal employees pursuant to Office of Management and Budget Circular A-76 or any other administrative regulation, directive, or policy." The President's Budget has proposed continuing this moratorium in FY 2013.

(c) *Determining FTE usage*

You must prepare budget estimates relating to personnel requirements in terms of FTE employment as specified in this Circular.

To determine current year and budget year FTE employment estimates, divide the estimated total number of regular hours by the number of compensable hours in each fiscal year. The table below shows the number of compensable hours for the upcoming Budget. However, in order to take advantage of existing payroll data, agencies may compute prior year FTE actuals using the regular hours obtained from their pay systems (normally based on 26 bi-weekly pay periods) and divide by a constant 2,080 hours (also see OPM Operating Manual, The Standard Form 113 Summary Data Reporting System).

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FTE employment levels apply to straight-time hours only. Include foreign national *direct* hire employees in your FTE employment totals. FTEs funded by allocations from other agencies will be included with the performing agency where the employees work and are paid (see section [85.7](#)).

Be sure to include in FTE employment estimates for all Federal employees, including persons appointed under the Worker Trainee Opportunity Program, Presidential Management Fellows, Federal Cooperative Education Program, summer aids, Stay-in-School Program, and the Federal Junior Fellowship Program.

COMPENSABLE DAYS AND HOURS FOR CURRENT AND FUTURE FISCAL YEARS

Year	Days	Hours
2012	260	2,080
2013	261	2,088
2014	261	2,088

(d) *Justification and estimates of FTE usage*

The FTE estimates for each agency are determined at the time of the annual budget review, for the fiscal year in progress and for the succeeding fiscal year. In addition, you must ensure that the FTE estimates are consistent with all applicable 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. Further, FTE estimates must represent an effective and efficient use of resources to meet program requirements.

Actual FTE usage reported in the PY column of the budget must equal the year-end FTE usage reported on the SF 113G to OPM (see section [85.8](#)).

Current year FTE estimates 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 2007 estimate in the FY 2008 Budget should be very close to the 2007 actuals published in the 2009 Budget.

(e) *FTE transfers between agencies*

Prior to entering into new or expanded agreements to perform work for other agencies on a reimbursable basis, you must prepare a cost justification. As part of this agreement, you may transfer FTEs on a one-for-one basis, provided that you notify OMB prior to making such a transfer. You may proceed with the FTE transfer fifteen days after notification to OMB, unless OMB objects.

(f) *Adjustment requests*

Send all requests for adjustments in employment levels, including agreements to transfer FTEs between agencies, to your OMB representative.

85.6 What do I need to know about the employment summary (schedule Q)?

This schedule shows the total full-time equivalent (FTE) civilian employment of straight-time compensable workyears (i.e., not overtime) financed by an account for PY through BY. FTE employment excludes estimates for terminal leave and overtime hours. The method for calculating FTE employment is described in section [85.5](#). You must provide an employment summary when an account contains an entry for either direct or reimbursable personnel compensation in the object class schedule (i.e., object class entry 11.1 or 11.3 (see section [83.7](#))). You must also provide an employment summary when employees are compensated via an allocation account. For reimbursable and allocation FTE

arrangements, see the discussion on their budget schedule treatment in section [85.7](#). This schedule also shows military average strength employment as discussed in section 85.9.

The definition of object class 11.1 stipulates that compensation must be included for all workdays in the fiscal year. You must ensure that FTE levels in the employment summary and funding for FTEs in the object class schedule are reported consistently.

You must also ensure that agency-wide FTE totals agree with the negotiated levels in the current and budget years. Prior year FTEs in the employment summary must equal the year-end FTE usage that your agency reported on the SF 113–G to the Office of Personnel Management (OPM).

When entering FTE data in schedule Q, use the four-digit line numbering scheme described in the following table:

EMPLOYMENT SUMMARY (SCHEDULE Q)

Entry	Description
Xxxx	The first digit of the line number distinguishes between direct, reimbursable, and other categories, consistent with the reporting of data in the object classification schedule (see section 83.5). Use the following codes: 1—direct 2—reimbursable 3—allocation account
xXxx	The second digit of the line number distinguishes between civilian and military employment. Use the following codes: 0—civilian employment 1—military employment
xx0x	The third digit is 0.
xxx1	The fourth digit is 1.

85.7 Are allocation and reimbursable FTE presented differently in the Budget?

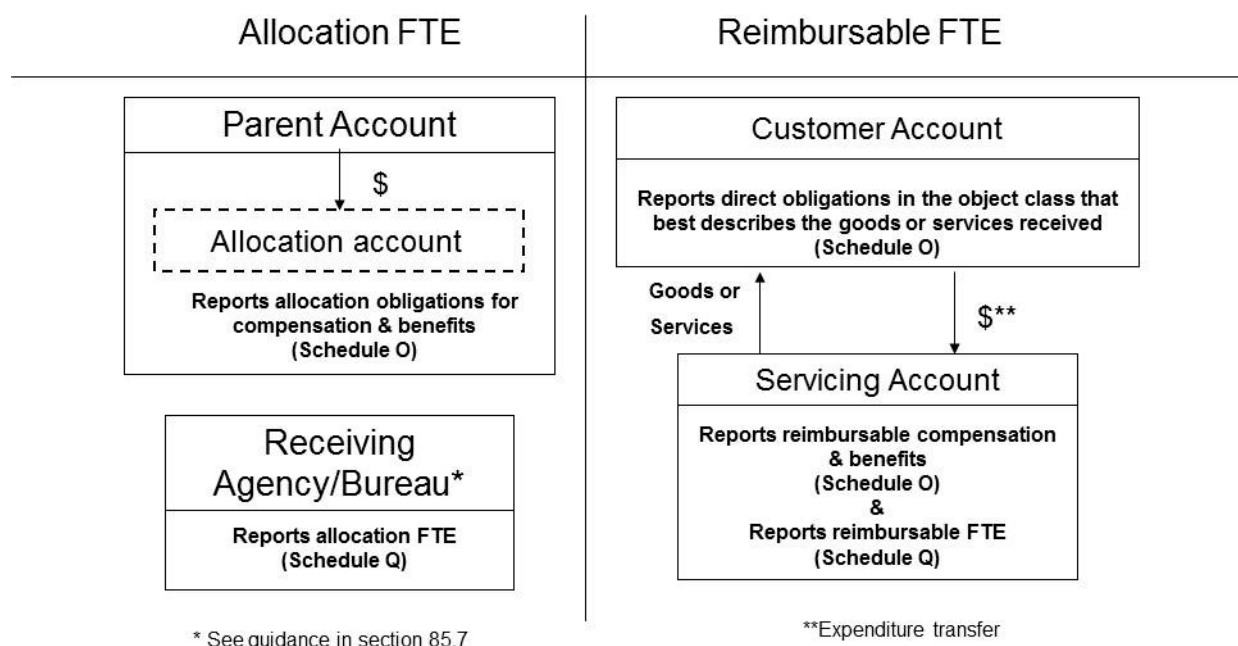
Yes, FTE financed by allocation and reimbursements are presented differently as depicted in the diagram below. In an allocation arrangement, the “parent account” receives the initial budget authority and delegates its obligational authority to another organization or agency in the form of an “allocation account.” See Sec. 20.4 (l). For Budget presentation, the parent and the receiving agency/bureau allocation account’s obligations are all reported in the parent account, but on different Schedule O lines. The parent’s obligations are reported on direct and/or reimbursable lines (i.e., 1XXX or 2XXX, respectively) and the receiving agency/bureau allocation account’s obligations are reported on allocation lines (3XXX).

However, allocation FTE are presented differently in order to be consistent with agency personnel reporting systems. The parent account does not show the receiving agency/bureau allocation FTE. The parent account only shows its own direct/reimbursable FTE. The allocation FTE are shown by the “receiving agency/bureau” in an account of its choice. When applicable, show the allocation FTE in an account that funds FTE performing a similar activity as the allocation arrangement. Allocation FTE are shown in schedule Q on lines 3XXX.

For example, if legislation mandates that OMB allocate funds to the Government Printing Office (GPO) for printing requirements, then OMB will show allocation obligations in schedule O of the account that received the budget authority. The GPO will show the associated allocation FTE in schedule Q in an account that typically funds FTE involved in printing operations.

In a reimbursable arrangement, the customer account receives the services and reports direct obligations in the object class that best describes the services received (e.g., printing and reproduction). The transfer of funds to the servicing account is accomplished in the form of an expenditure transfer. The servicing account reports reimbursable compensation and benefit obligations in schedule O. Likewise, the reimbursable FTE are reported in schedule Q of the servicing account.

FTE Budget Presentation



85.8 How does OMB check prior year civilian FTE totals (actuals) in the Budget?

Agencies use the Office of Personnel Management (OPM) SF-113G reporting system to submit their actual civilian FTE data to OPM on a quarterly basis. OPM provides OMB with total FTEs by agency for the past fiscal year. During budget season, OMB compares the OPM totals to the prior year FTE data that agencies enter in their MAX A-11 employment summaries (schedule Q). OMB provides a diagnostic report on our website showing the status of FTE data in MAX. For agency MAX users, the prior-year lock will apply to schedule Q in accordance with the schedule included in section [25](#).

The OMB and OPM employment totals must match at the agency level within a specified tolerance. If you believe the OPM reported total is not correct, please work with OPM to change the total in OPM's SF-113G system. Once OPM revises the total, OMB will revise its control total. In the vast majority of cases, the original total reported to OPM is correct, and the agency must adjust the PY column in one or more accounts (schedule Q) so that the FTEs in MAX agree with the FTEs reported to OPM. Lastly, OPM does not collect military employment data. For military employment, see section [85.9](#).

85.9 How do I account for active duty military personnel in the Budget?

Your budget submission should also account for all active duty personnel in the seven Uniformed Services. These Services include the Army, Air Force, Navy, Marines, Coast Guard, plus the NOAA and PHS Commissioned Corps. Since active duty personnel are always full-time employees, attempting to compute full-time equivalents is not appropriate. Therefore, for active duty personnel, "average strength" data is used in place of FTEs for the prior fiscal year. Estimate average strengths for current and budget years as well. For the non-DoD Uniformed Services, record military average strengths in the MAX A–11 employment summaries using the line designated for military (see section [85.6](#) regarding schedule Q line numbers). The Department of Defense will continue to provide military employment data directly to their OMB representative.

85.10 Are there other places in A–11 where I can find related guidance?

See the following table for additional guidance on Federal employment:

Other Federal employment guidance and A–11 links	Section
How should I estimate personnel compensation in my Budget request?	32.1
What FTE-related information should I provide in my justification materials?	51.4
Will OMB request FTE plans to support apportionment requests?	120.22
Should I address workforce plans in the Strategic Plan or Annual Performance Plans?	230 & 240

