

SAM - BUDGETING

ESTIMATED SALARY SAVINGS

6409

(Revised 9/2010)

The Totals, Personal Services entry in the Expenditure by Category shows the gross total of the positions and salaries of authorized positions. In practice, due to leaves of absence, vacancies, downward reclassifications, and turnover (inability to fill a position immediately and at the same step), it is generally not possible to keep all authorized positions filled at the budgeted level for the entire year.

The amount not expended and the number of personnel-years not used result in savings which are subtracted from the gross level to reflect the net levels of position usage and dollars that are likely to occur.

The position count shown with salary savings represents estimated vacant position levels only and does not necessarily have a direct relationship to the dollar amounts. Care should be exercised in computing the personnel-year counts and dollar amounts to avoid erroneous impressions of vacancies and levels of service.

The amount of savings should be estimated partly on the basis of the past year experience of departments. Factors to be considered include the experience in the past year in obtaining qualified personnel to fill vacancies, the turnover rate, and the employment conditions. Departments should also consider other factors that would affect current and budget years.

New positions for the budget year are reflected in the salaries and wages totals at the full salary level. A salary savings adjustment for new positions must be incorporated in the estimated salary savings entry based on the time each new position is expected to be vacant.

Five percent is generally acceptable as a minimum dollar value for salary savings on new positions if the position is to be authorized on July 1.

If a department is proposing additional funding in order to reduce an excessively high budgeted salary savings amount, they must submit a BCP to Finance to explain the basis for their request. Any BCP must meet the guidelines and policy provided by Finance through Budget Letters or other notification process. The justification should include documentation of turnover experience, leaves of absence, projected retirements, vacancies, levels of positions originally funded vs. current/projected levels of filled positions. and any other factors which are expected to have an impact on the departmental funding needs.