

# Northern Plains Area

Modified 5/29/03



## Salary Lapse Policy & Procedures

## **What is Salary Lapse?**

Salary Lapse is defined as that portion of the budgeted salary for a permanent position that becomes available to the Administrator for redistribution because of:

- A. an incumbent permanent position being vacated and not back-filled or the EOD date from the back-fill being delayed;
- B. an incumbent permanent position being vacant as a result of Leave Without Official Pay (LWOP) or Absence Without Leave (AWOL) for 30 consecutive days or more; see Salary Lapse Exceptions;
- C. a budgeted vacant permanent position not being filled by the proposed EOD Date or recruitment is being cancelled entirely for the balance of the fiscal year (not abolished);

All reportable salary lapse reverts to Headquarters for reassignment to High Priority Requirements Lists (HPRL) based on National priorities consistent with the Agency's Strategic Plan. Headquarters retains 60% of salary lapse, returns 20% to the Area Office and the remaining 20% to the Location. The Area Office uses these funds to redistribute back to the Locations based on requested funding for HPRL needs. The term "reportable salary lapse" refers to all lapse generated within a Management Unit (MU), except for the conditions specified in the rules below. The following sections explain the policy, treatment and reporting procedures for salary lapse:

### **Salary Lapse Rules:**

1. Salary lapse will be captured by Management Unit (MU) per CRIS. Net lapse can only be calculated per MU/CRIS. If a temporary employee is being used as an offset in another MU, the T&A system must be used to obligate the salary to the appropriate account.
2. Only MU's having a reportable salary lapse over \$1,000 or negative lapse of greater than -\$1,000 are to report the lapse on the location salary lapse report submitted to the ABFO.
3. The full year salary cost projections, as reported in the Area ARMP packages, are frozen and becomes the starting point from which salary lapse for the first reporting period (October – February) will be determined.

4. ARMP revisions which increase the salary account must be funded from “All Other.”
5. Reportable salary lapse will be split between the following:
  - 20% will be retained by the MU
  - 20% will be retained at the Area level
  - 60% will be retained by Headquarters
- 6. For the purpose of calculating lapse, lapse will be accrued from the point of a lapsable event to the end of the fiscal year, positive or negative.**
7. Fund shifts between CRIS’ within a MU are allowed in Salary Lapse reporting by utilizing the ‘Adjustment between CRIS’s’ column of the report.
8. The Area Director may approve retention of salary lapse related to permanently abolished positions. For the purpose of this policy, a position eligible for abolishment is defined as a permanent position previously budgeted on the ARMP package that is no longer needed to meet the mission of the Agency. Also, the MU would not be able to establish this position or another substitute permanent position of like duties for two years. However, the only exception would be if additional permanent funds were allocated to the MU. A memo must be sent to the Area Director to request permission to abolish a position.
9. Locations will report to the ABFO all salary lapse to CRIS’s, including IRC accounts.
10. There are no waivers/appeals to reportable salary lapse being entertained by Headquarters.

## **Salary Lapse Exceptions:**

Salary lapse is reportable for all vacant permanent positions with the following exceptions:

1. Permanent positions established **in the year** that new program increases are appropriated.
2. Permanent positions established in the current fiscal year with an Entrance of Duty date in the subsequent fiscal year (e.g., position established June 15 and actually filled October 15).

\*\*This policy does not change the requirement to fully fund all incumbent and vacant positions in the MU ARMP package. Managers need to continue position management to determine how many positions (both filled and vacant) are needed to accomplish functional assignment of the MU.

\*\*If a new unbudgeted permanent position established in the current fiscal year is filled sometime during that “same” fiscal year, it must be funded for the full year and annualized salary lapse reported from October 1 to the actual EOD date, regardless of when the position is filled in the fiscal year.

3. Permanent positions abolished during the fiscal year as approved by the Area Director.
4. New positions established after the ARMP and filled during the same fiscal year to accommodate Agency mandated redirections or other Agency mandated actions. These positions do not have to be annualized in the year they are established.
5. An incumbered permanent position being vacated temporarily to report to Active Military Duty.

## What are Salary Lapse Offsets?

Offsets are legitimate reductions to reportable salary lapse by the Management Unit. In SAMS, offsets are categorized by a negative amount in the Lapse column in the Actual pay Distribution screen. Categories of offset are:

- Unanticipated Lump Sum leave payments for accrued annual leave/comp time not budgeted in ARMPS.
- Back pay due to appeals or reclassification processes.
- Actual cost of new hire exceeds budgeted salary amount for the vacancy.
- Substitution of one permanent Federal position for another permanent Federal position of like duties.
- Short-term, temporary appointments **from any source (federal or non-federal)**, to include RSA and SCA, temporary non-federal support services hired through employment agencies during recruitment of permanent positions or to cover a period of extended LWOP for a particular position. Work study may only be used as an offset for the exact amount that was funded from ARS.

**In order to be considered an offset for a particular position, it must be of like duties. Another stipulation of using temporary appointments as an offset is that you cannot combine positions to offset one position. For example, you cannot use 6 RSA employees who work a combination of 80 hours per week to offset 40 hours of a Category 4 Scientist. In other words, like duties for like duties, hours for hours. In the same vein, like educational and/or experience levels must be apparent. High school or undergrad students cannot, in most cases, be used to offset category 1-4 scientists.**

- Overtime worked by a current incumbent or incumbents (to perform the duties of a vacancy) during recruitment of permanent positions or to cover a period of extended LWOP for a particular permanent position.
- Formal Detail (SF-52 personnel action) to temporarily assign a current permanent position during recruitment of permanent positions or to cover a period of extended LWOP for a particular permanent position.
- Severance pay or separation incentives (buyouts, if approved by the agency).

## What are NOT considered Offsets?

The following are **not** offsets and should be funded from the MU's "All Other" funds.

- A new unbudgeted permanent position is established after the ARMPS and filled during the same FY (unless covered by an exception).
- Costs for overtime are incurred in excess of overtime originally budgeted; unless overtime was incurred for a vacancy (permanent position) while awaiting recruitment.
- Cost incurred for promotions and awards exceed that originally budgeted.
- Costs are under budgeted for incumbent positions for the entire fiscal year (i.e. increases in benefits).
- Costs incurred to replace a cancelled Federal position (with an RSA/SCA/Service Contract, etc.). The non-reportable salary lapse generated as a result of abolishing the position can fund these costs.
- Actual cost of incumbent exceeds budgeted amount prior to a lapse generating event (separation date or start of LWOP).
- Increased annual salary due to additional pay raises being granted under special occupational categories, such as Executive Service, Wage Grades, Engineers, etc.
- Lump sum leave payment **if** retirement date is known and the position will be abolished at retirement (where the salary is budgeted for **only** that part of the fiscal year in ARMPS; the ARMPS budget must include the estimated lump sum leave amount as well as the salary cost up to the retirement date).
- **Costs incurred for recruitment and retention incentives (bonuses) and relocation expenses (allowances) to fill positions.** These costs must be notated in the Difference column in SAMS.
- Travel costs incurred while on a formal detail to fill a permanent vacancy or LWOP position.

**PLEASE NOTE:** Overtime worked, new short term, temporary appointments, or formal details to cover a period of **extended Leave-With-Pay** (i.e., maternity leave) for a particular permanent position, are not considered offsets. Extended Leave-With-Pay is not a vacancy, not a salary lapse situation.

## Overview of Preparation and Review Process

### Location/MU Responsibilities

1. Review personnel and location records to identify those positions having personnel actions impacting salary lapse within an MU. The documents to be reviewed include:
  - a. ARMP's by MU to capture all vacancies
  - b. SF-52's and SF-50's
    - Match SF-52 to SF-50's to determine completed actions; either accessions or separations
  - c. AD-287-2 "Recommendation/Approval of Cash Award or Quality Step Increase"
    - Compute salary impact and draw down from lump sum budget amounts
    - If no funds were budgeted, fund expenditure from "All Other"
  - d. Reimbursable Agreements
    - Review for salaries and determine lapse generated, if any
2. Once the applicable positions are identified, accumulate payroll detail listing (PDL) data for just these positions, excluding overtime. Aggregate overtime and review for salary lapse by MU in relation to the netting rules.
3. Update the data in the Salary Management System (SAMS).
4. Using a current run for projected salary and the cumulative pay data, determine the new current total salary projection for only the impacted positions.
5. Compare the budgeted salary for those positions to the new current total salary projection to determine the change in salary.
6. Apply the netting rules to determine reportable lapse and/or allowable offsets by position. **Explain all offsets in the Comments Section of the Personnel Information Screen of the offsetting employee and/or provide documentation explaining offsets.**
7. In order to apply offsets from RSA/SCA's, apply total amount to the adjustment column in the Actual Pay Screen in SAMS. In addition, backup must be sent to explain the offset.

8. SAMS will distribute the reportable salary lapse to CRIS unit by position and summarize data by CRIS based on the percentages reflected on the ARMP CRIS Resource Allocation Schedule or the most current CRIS distribution.

**For Indirect Research Cost (IRC) Accounts,** SAMS will list each IRC account separately on the Location Report of Salary Lapse and note that CRIS' do not appear on IRC accounts.

9. Prepare the location Report of Salary Lapse forwarding it to the Area Budget and Fiscal Office for review.

### **When are Salary Lapse Reports Due?**

Salary Lapse is reported three times a year. The Area Office Budget Staff will inform the locations as to specific timelines for the FY. A transmission disk, along with a hard copy of the Salary Lapse by Location MU/CRIS and Liability by MU for each MU must be sent in for review.

## **Exemptions from Salary Lapse** (Exceptions to Full-Year Funding)

- 1. Student Career Experience Program**
  - **Undergraduate Program**

Students work for a semester and attend school for a semester  
Often organization will have multiple students in one position/"slot," so that someone is working in the "slot" on a continual basis
  - **Graduate Program (Masters Degree)**

Limited to 30 months total time  
Typically, student works part time throughout the year
  - **Graduate Program (Doctoral Degree)**

Limited to 42 months total time  
Typically, student works part time throughout the year
- 2. Federal Junior Fellowship Program**

Young people hired under this program only work during summer and school vacation  
Can remain with Agency for up to 5 years
- 3. Term Appointments**

People hired in various types of positions for more than 1 year, but do not exceed 4 years
- 4. Post Doctoral/Research Associate Program**

All people work full-time  
Can be under a temporary excepted appointment for up to 2 years  
Can be hired under a Term Appointment  
Can be hired under a temporary competitive appointment for 1 year
- 5. Stay-In-School**

These student appointees work on a part-time schedule, but limited to 20 hours per week during school periods
- 6. Experts and Consultants (Hired Under Personnel Appointments)**

They get paid on a "per day" basis  
They get paid for a full day, even though they may only work for part of a day
- 7. Summer Employment Positions**

Can work full-time, but only during the summer months
- 8. Seasonal Workers**

Such people can work for specific limited periods of time within the year (whether hired under "L/A Authority" or under formal appointment) with an overall limit of 180 days per service year

**9. Student Appointments**

Filled under excepted authority (e.g., 1040 students under Schedule A, 213.3102[q] and students working toward completion of academic requirements for a graduate degree under Schedule A, 213.3102[p]).

This does not encompass all temporary appointments, only students.

**10. Temporary Short-Term Positions for Short-Term Period**

Established for 30, 60, 90, 120 days, etc.

**11. New Permanent Positions Budgeted on Appropriation Increases (for the budget year only)**

When program increases are approved and result in a revised base fund allocation, any annualized lapse accruing from positions to be established for such increase may be used for equipment, renovations, and other essential needs benefiting the program that received the increase

**12. Permanent Positions Established During the Fiscal Year to Accommodate Agency Mandated Redirections**

**13. Permanent Positions Established in the Current Fiscal Year with an Entrance on Duty (EOD) date in the Subsequent Fiscal Year**

**14. Overestimation of Overtime, Awards, Promotions, and Merit Pay**

Any balance available derived from overestimation of overtime, awards, promotions, and Merit Pay

**15. Overestimation of costs associated with positions encumbered for the entire fiscal year**

Overestimation of costs associated with a position(s) subject to salary lapse that remains encumbered for the entire fiscal year, i.e., the position does not become vacant and the incumbent does not go on LWOP

**16. Recruitment Incentives Over Budgeted**