


STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

To: Executive Branch Agency Heads

From: Ben Barnes, Secretary 

Subject: Hiring and Other Spending Restrictions, FY 2014 and FY 2015

Date: May 8, 2014

In my April 29th letter to you, I noted that hiring, contracting and other spending restrictions would need to be implemented to ensure the state ends fiscal year 2014 with a surplus. Such restrictions must also be extended into fiscal year 2015 in order to achieve savings targets that are built into the budget, in particular the General Fund Personal Services and General savings required by sections 30 and 31 of Public Act 14-47 (the budget bill for fiscal year 2015).

Accordingly, every agency should review planned spending in order to eliminate, minimize or delay those expenditures that are not absolutely critical in nature. Your review should include potential savings in all areas of spending, including hiring and overtime, contractual services and purchased commodities. In addition, you should identify any funds that are anticipated to remain unspent as of June 30, 2014, and plan to maximize those unspent sums. Furthermore, agencies should not assume that requests for discretionary carry-forward of any unspent appropriations into fiscal year 2015 will be granted. While the most immediate need is in the state's General Fund, agencies funded through other appropriated funds are also requested to economize as much as possible. Please note that I will be requesting that Legislative and Judicial branch agencies, constitutional officers and higher education agencies take similar measures.

The following specific guidance is provided:

1. Personal Services savings

a. FY 2014:

- i. General Fund agencies should not expect that requests to establish or fill/refill discretionary positions will be approved.
- ii. All position requests, regardless of fund, must include compelling justification that is responsive to the requirements laid out in numbered paragraph 5 below.

- #### b. FY 2015: OPM will distribute savings targets for Personal Services appropriations as part of the CGS 4-85 Request for Allotment (B-1) process. Further guidance on the B-1 process will be provided in the coming weeks.

- ### 2. FY 2015 General lapse savings.
- OPM will distribute savings targets as part of the CGS 4-85 Request for Allotment (B-1) process. Agencies will have an opportunity to propose an alternative configuration of savings among accounts, including salary-related accounts, provided that the total target is achieved and subject to OPM approval of the proposed redistribution of savings. Further guidance on the B-1 process will be provided in the coming weeks.

3. Contract savings

- a. Agencies should scrutinize all contractual services and reduce or cancel, where possible, contracts for discretionary items and services.
- b. The following guidance is effective until otherwise modified, cancelled, or superseded:

- i. Personal Service Agreement (PSA) approvals will be limited those that are related to provision of essential services. Essential services are defined as those that are necessary to: (1) protect the public health, safety and welfare; (2) support or provide programs or services required by federal law or court order; or (3) support the collection or recovery of taxes or other state revenue. If any of these apply, please provide a description of why the contract is needed. In the description, agencies must also address how the duties or services have been or would be handled in the absence of the contract for the next six months, as well as the impact of not having the contract. Please be very specific and include statistical or quantitative arguments wherever possible.
- ii. Any PSA requests that meet the above criteria should be submitted in the normal manner through the OPM request portal, and must contain the description referenced above. Agencies should also review PSAs that have been approved by OPM, but not yet executed, to determine whether they meet the definition of essential services.

4. Release of savings (holdbacks)

- a. Agencies should not expect that Personal Services or General lapse holdbacks will be released during FY 2015. Agencies must mitigate deficiencies by reducing spending of available appropriations (i.e., net of holdbacks) and/or through intra-agency appropriation transfers, with Finance Advisory Committee approval. If an agency determines it is unable to reduce spending to achieve its overall budget targets, it must immediately contact its assigned OPM analyst to discuss alternatives.
- b. OPM monitors spending on a continuous basis, and if the state's overall fiscal condition warrants, holdbacks will be reassessed during the year.

5. Position request justification

Agencies must provide compelling justification for each position to be established or refilled, regardless of fund. The justification narratives must be responsive to the elements laid out below. Note that these elements are effective until otherwise modified, cancelled, or superseded:

1. Explain why the position is necessary for fulfilling the agency's mission. In particular, explain whether the position is related to any of the following:
 - Public health or safety;
 - To gain or sustain revenue which is greater than the cost of the position; or
 - Compliance with state statute, or federal law, regulation or court order.If any of these apply, briefly describe the requirements and the position's role in directly supporting fulfillment of those requirements.
2. For refills of vacancies, explain:
 - When and why the position become vacant.
 - How the duties have been covered since the vacancy occurred. Compelling justification must be provided to explain why the agency believes coverage cannot continue in this manner.
 - Whether the duties of the position can be covered in some other manner or deferred until a future period.
3. Explain the impact of NOT filling the position. Please be very specific and include statistical or quantitative arguments wherever possible. Is it more cost effective to fill the position than to provide coverage by some other means? Include the cost of providing fringe benefits when determining cost effectiveness.
4. Where applicable, note whether and how the vacancy has impacted overtime, and explain how the requested position will impact such overtime requirements.

5. Explain the source of funding for the position. Note whether the agency will have the funds, after holdbacks and allotment reductions, to cover the position through the end of the fiscal year as well as on an annualized basis. Provide your assigned OPM budget analyst with data justifying the availability of funds.
6. For other-than-appropriated funds, explain the time period through which funding is available and whether filling the position obligates state funds in any manner.

Thank you in advance for your compliance with the above guidance. If you have any questions, please contact your assigned OPM analyst.