



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

September 21, 2009

TO: Heads of All Budgeted Agencies
FROM: John Bacewicz, Executive Budget Officer
SUBJECT: Request for Allotment of Appropriations (B-1)

Section 4-85 of the Connecticut General Statutes requires each budgeted agency to submit a requisition for the allotment of appropriations available to carry on its work during each quarter of the fiscal to the Governor, through the Secretary of OPM. The official allotment program is in accordance with the Appropriation Act, adjusted for any funding received under Executive Orders 28, 31, 31A and 33 issued by Governor Rell prior to passage of the biennial budget.

For agencies with multiple-source funding, a separate B-1 is required for each appropriated funding source. For higher education units, a separate B-1 is required for the operating funds as an estimate of quarterly expenditures.

The 2009-2010 Appropriation Act includes bottom line adjustments (lapses) to General Fund appropriations of over \$473 million, which will result in a significant number of adjustments to agency-specific appropriations. These bottom-line adjustments include

- \$190,977,440 in Personal Services Reductions related to the SEBAC 2009 agreement with the State of Connecticut and SA 09-6;
- \$95 million of savings due to Reductions in Contract Services;
- \$30,836,354 in DOIT charges to agencies;
- \$28 million of savings due to reducing OE expenses to FY'07 levels;
- \$10 million in Management Reductions;
- \$3 million in savings attributed to Enhanced Agency Outcomes;
- \$14 million in General Personal Services Reductions;
- \$11 million in General Other Expenses Reductions;
- \$87,780,000 in Unallocated Lapse and
- \$2.7 million in Unallocated Legislative Lapse.

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All of the required savings, with the exception of the unallocated lapses, have been programmed by agency into your allotment request. Additional information describing the methodologies used to distribute the savings is available in the technical instructions accompanying the software.

A total of 26 bi-weekly payrolls are to be programmed as follows on the B-1:

1st quarter 7 payrolls
2nd quarter 6 payrolls
3rd quarter 7 payrolls
4th quarter 6 payrolls

Any adjustments to agency appropriations that are the result of the passage of other legislation should be discussed with your budget analyst prior to submittal of your B-1.

Quarterly Allotments

As mentioned earlier, agencies have received funding to provide for the first three months of the fiscal year under the Executive Orders issued by Governor Rell prior to the passage of the Appropriation Act. Except in extreme instances, since we are now less than two weeks from the start of the second quarter, additional first quarter allotments should not be required. If you need additional funds in the first quarter, please contact your budget analyst immediately and be prepared to provide a detailed explanation including statutory or regulatory references to your budget analyst for any account that requires a release of funds in the first quarter.

The B1 software has pre-filled the first quarter requirement to match the amount of the first quarter allotments you have received through executive orders. Agencies are to program B1 allotment requirements starting in the second quarter in the customary manner per the following instructions.

Consolidations, Transfers and Mergers

Although budget implementing legislation is not yet completely enacted, the budget contains a number of agency consolidations, mergers, program transfers and other changes. Based on the information available to date, we have programmed a number of these agency and/or program transfers, consolidations, mergers and eliminations. If you have any questions regarding these adjustments, please contact your budget analyst.

Collective Bargaining Increases and Related Costs SEBAC

The agreement between the State of Connecticut and the State Employees Bargaining Agent Coalition (SEBAC), and Public Act 09-6, An Act Concerning State Personnel Costs, provides for significant savings to be achieved during the course of the agreement. The Appropriation Act allows for the Governor to reduce allotments in FY'10 and FY'11 in order "to achieve personal services reductions, including any collective bargaining and other related savings, required under this act, any other public or special act or any collective bargaining agreement" (Section 48 of PA 09-3).

These savings are generated mainly from the "hard" wage freeze and furlough days, the Retirement Incentive Program, changes in health care coverage provisions, and a deferred contribution to the State Employees Retirement Fund. In the Appropriation Act, funding for wage increases for unsettled bargaining units was eliminated in the Reserve for Salary account, where it is normally budgeted. All

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of the remaining savings under this agreement, roughly \$191 million referenced earlier, will require adjustments in agency Personal Services accounts and the Comptroller's Fringe Benefit accounts.

Because funds for general wage increases and annual increments for employees in collective bargaining units that had approved contracts at the time the budget was recommended were included in agency appropriations, some adjustments may be made based on the final individual bargaining unit agreements. As mentioned above, estimated savings due to these agreements for unsettled units are reflected in the central Reserve for Salary Adjustment account and do require any additional adjustment to your agency appropriations. Please refer to Schedule A for specific information on each bargaining unit's funding requirements.

In addition to wage changes, OPM has programmed negative adjustments in agency PS accounts related to furlough days and your agency's approved RIP plan. Similarly, negative amounts have been programmed in the Comptroller's Fringe Benefit accounts related to the estimated savings in these accounts. Please address any questions to your budget analyst.

Personal Services Holdback

The Appropriation Act calls for OPM to monitor agency expenditures to save \$14.0 million in General Personal Services Reductions (Section 47(a) of the Appropriations Act). OPM has programmed negative amounts in the Adjustments column in agency PS accounts accordingly. Agencies are to program the net amount for PS on the B-1.

Reduce OE to FY'07 Levels

OPM has programmed negative amounts in the Adjustments column for each appropriation impacted pursuant to the Appropriations Act. Agencies are to program the net amount on the B-1. Agencies will be expected to work within available appropriations.

Other Expenses Holdback

The Appropriation Act calls for OPM to monitor agency Other Expenses in order to reduce expenditures by \$11.0 million (Section 47(b) of the Appropriations Act). OPM has programmed negative amounts in the Adjustments column in agency OE accounts accordingly. Agencies are to program the net amount for OE on the B-1. Although a request was made in the midterm budget to make additional funds available to offset the rising costs of energy, no adjustment was made to the budget. Agencies will be expected to work within available appropriations.

Contract Savings

The Appropriation Act calls for OPM to "recommend reductions in expenditures for contracts and personal services agreements, other than those for the purpose of direct program and health services to consumers, for the fiscal years ending June 30, 2010 and June 30, 2011, in order to reduce expenditures for such purpose by \$95,000,000 during each such fiscal year" (Section 47(c)).

OPM has programmed negative amounts in the Adjustments column in agency accounts accordingly. Agencies are to program the net amount on the B-1. Agencies will be expected to work within available appropriations.

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Permanent, Full Time Positions

Agencies may only fill positions up to the level authorized by the General Assembly. OPM has indicated each agency's 2009-2010 authorized level for permanent, full time positions in the B-1. The authorized position level is based on the Office of Fiscal Analysis' work papers and discussions with the Appropriations Committee. Authorized position counts have not been adjusted for the impact of the Retirement Incentive Program (RIP). The B1 Roster has been adjusted to reflect savings from positions that were vacated in the RIP but are not authorized for refill.

The 2009-2010 authorized figure must equal the total of Filled, Vacant, New, and Cancelled positions from Schedule 2 – Allotment of Personal Services. Any positions beyond your current filled level should be programmed only if they are affordable within your net available PS funding. Position changes due to the Retirement Incentive Plan are not included in the authorized position count at this time.

Early FAC Action

Agencies may not program an overall deficiency on the B-1. Offset any projected deficiency by transferring funds from another agency account. Contact your budget analyst immediately if you anticipate a problem. Indicate the required FAC action if you are able to anticipate and identify necessary transfers between appropriation accounts. An explanation of the proposed FAC should be attached for review.

Carry Forwards

Do not program amounts carried forward from previous fiscal years on the B1/Allotment of Appropriations screen; use the separate screen provided. All carry-forwards have been made available in CORE and the Comptroller has closed the FY'09 books. Estimate expenditures by quarter and identify the statutory reference of the carry forward balance on the separate screen provided..

Fringe Benefit Rate - Other Than General and Special Transportation Funds

Fringe benefits are calculated on an actual basis for each position by CORE-CT for group life, social security, employee health, and retiree health. Rates for those fringe benefits that continue to be charged on a percentage basis have been finalized for FY2009 for the following fringe benefits:

- | | |
|---|--------|
| • Unemployment Compensation | 0.29% |
| • SERS Retirement Regular Employee | 39.85% |
| • SERS Retirement Hazardous Duty | 35.62% |
| • Alternative Retirement Program | 10.24% |
| • Teachers Retirement System | 25.80% |
| • Judges and Compensation Commissioners Retirement System | 55.90% |

The Comptroller's memo number 2009-26 at

<http://www.osc.state.ct.us/2009memos/numbered/200926.htm> contains specifics.

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Submission

The completed B-1 is due to OPM on Monday, September 28, 2009. Agencies that do not submit by this deadline will experience delays in receiving their second quarter allotment. Submit the signed original plus one additional hard copy following the electronic submittal to the OPM Budget Division. An additional hard copy is to be sent to the Office of Fiscal Analysis.

JB:nme

Enclosures - Sent to Fiscal Officers only

Xc: Fiscal Officers

Geary Maher