



S T A T E O F C O N N E C T I C U T
OFFICE OF POLICY AND MANAGEMENT

Date: October 23, 2009

To: Agency Heads

From: Robert L. Genuario, Secretary

Re: FY 2011 – Midterm Budget Adjustments

Both Governor Rell and I want to thank you all for the patience and dedication which you demonstrated during the protracted 2009 legislative session. After three months of running the state under Executive Order, on September 8, 2009 the state budget for the 2009-2011 bi-ennium became law without the Governor's signature. With the recent passage of necessary implementing legislation for the state budget, we must now shift our attention to your agency's request for adjustments to the second year of the budget, FY 2010-11. The budget that was enacted was by no means a perfect product, and further sacrifice will be required to maintain its balance. Connecticut, like most of its sister states, is still suffering from the effects of the worst national recession in the last fifty years. Despite conservative forecasting, revenue streams are already running below their budgeted targets. Thus, keeping the budget in balance will depend upon our collective ability to rein in spending and the further improvement of the national and state economy.

On September 17th, I sent out a letter containing directions for you to access funding for FY'10, known as your B-1 submittal. As part of that process, this office was required to program in the statewide savings required by the Appropriation Act. The impact of these "below the line" savings required of all state agencies was felt by all. Although I received many calls and letters from agency heads regarding these required savings, only in the most dire circumstances was it possible to adjust these targets and maintain the balance required by the budget.

My message to you regarding any proposed adjustments to the FY'11 budget is simple and direct. Until such time as the recession eases its grip on the citizens of the state, Connecticut simply does not have the revenues to support additional spending. Although this is not a new message, it remains the most important one. The budget that was finally passed by the General Assembly raised taxes, consumed all of the \$1.4 billion Budget Reserve Fund and borrowed over \$1.3 billion. In order to best serve the people of our state, we must continue to search for ways to reduce expenditures in our respective agencies, while at the same time delivering the highest quality services possible to our citizens.

In order for this office to provide Governor Rell with a full array of options to deal with any contingencies and to ensure the continued financial stability of the State, it will be necessary for you to submit realistic reduction options. The target for these options is five percent of your FY'11 appropriation, and you should assume that you will first be required to achieve at least the same level of holdback and lapse savings as in this fiscal

year. Your primary focus should be on directing your resources to your most essential programs, and your submittal should propose to eliminate or scale back in all less critical areas.

We expect that agencies will not request any new funding for FY 2011 for expansions beyond what was contained in the biennial budget. If you have some new needs that must be met, it is expected that you will seek to reallocate funds within current resources. If there are any areas where it is truly impossible to address a new requirement in this manner, please send me an outline of the item along with the estimated resources being requested to resolve the issue no later than November 13th, with copies to the Executive Budget Officer and your budget analyst. Consideration will be limited to areas identified by this office in discussions with the Governor regarding her policy initiatives. We expect to notify you by late November if the Governor wants a formal proposal submitted for her review.

You will be receiving more detailed instructions along with the dates for each submission under separate cover. Once again, the Governor and I thank you for your past support and look forward to working with you to ensure that the citizens of the state continue to receive necessary services at the best possible cost.

xc: Governor Rell
Lisa Moody
Fiscal Officers