



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

June 22, 2011

TO: Heads of All Budgeted Agencies
FROM: Paul Potamianos, Executive Budget Officer
SUBJECT: Request for Allotment of Appropriations (B-1) - **REVISED**

A handwritten signature in black ink, appearing to read "Paul Potamianos".

Due to a new priority task for the Office of Policy and Management with a competing deadline, the due date for agency submission of allotment requisitions (B-1s) is being extended to Wednesday, June 29th. The instructions are herewith reissued with a revised due date.

In accordance with Section 4-85 of the Connecticut General Statutes, each budgeted agency shall submit to the Governor, through the Secretary of OPM, a requisition for the allotment of appropriations available to carry on the work of such budgeted agency during each quarter of the fiscal year.

The official allotment program (B-1) will be in accordance with the enacted 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.

Adjustments to available agency funds

The FY 2012 budget includes bottom line savings (lapses) of over \$777.9 million in the General Fund and \$53.5 million in the Special Transportation Fund which will require significant adjustments to agency-specific appropriations. As in prior years, certain bottom-line adjustments have been programmed by agency against available funds. In the General Fund, these include:

- General Personal Services reductions of \$476,000 for the Legislative branch and \$11,538,800 for the Executive branch; and
- General Other Expenses reductions of \$374,000 for the Legislative branch and \$9,066,200 for the Executive branch.

The budgeted lapse figure includes Labor-Management Savings related to the tentative agreement with the State Employees Bargaining Agent Coalition (SEBAC). In the General Fund, these savings include \$4,586,734 for the Legislative branch, \$625,947,354 for the Executive branch, and \$27,670,929 for the Judicial branch. In the Special Transportation Fund, the budget includes \$42,536,383 in Labor-Management Savings. Significant portions of the Labor-Management Savings will be programmed against available agency funds, including amounts related to wages and longevity, technology, and employee benefits. Additionally, savings due to anticipated increased retirements prior to September 2, 2011, will necessitate a revision to Executive agency allotments for the second, third and fourth quarters of the fiscal year once actual retirements are known; further instructions and

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guidance will be issued in September on this topic. Labor-Management Savings for other components of the SEBAC agreement affecting Executive branch agencies will not be programmed against agency funds but must otherwise be achieved.

In the Banking Fund, a lapse of \$254,913 is programmed against the Judicial Department's available funds.

Required savings which are not programmed by agency in the General Fund include an Unallocated Lapse of \$2,700,000 for the Legislative branch, \$3,545,000 for the Judicial branch, and \$92,006,562 in government-wide savings. In the Special Transportation Fund, an Unallocated Lapse of \$11,000,000 is budgeted. While these required savings are not programmed against available funds, as in past years they must nevertheless be achieved.

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.

Specific Instructions

Quarterly Allotments

Agencies are to program B-1 allotment requirements by quarter ***based on projected cash needs***. OPM will review proposed allotments by quarter and will return requests that unnecessarily "front-load" or otherwise program allotments earlier in the fiscal year than necessary. Provide a detailed explanation including statutory or regulatory references to your budget analyst for any account that requires significant release of funds in the first quarter.

Payroll

A total of 27 bi-weekly payrolls are to be programmed as follows:

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

Permanent, Full Time Positions

Agencies may only fill positions up to the level authorized by the General Assembly. OPM has indicated each agency's FY 2012 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. The FY 2012 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 Personal Services funding. Note that additional reductions to funds available for Personal Services will be made in September in order to fully reflect the labor-management savings.

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 11-6 as amended by Public Act 11-61, the budget act, provided for significant savings to be achieved during the course of the agreement. The budget includes these savings in Legislative, Executive and Judicial branch agencies.

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The budget as enacted includes funding within agency appropriations for general wage increases and annual increments for employees that had approved contracts during the upcoming biennium. As noted above, significant savings are built into the budget for Labor-Management Savings based on the parameters of the tentative agreement between the State and SEBAC. Accordingly, adjustments have been made to available agency funds to generally reflect no increases in salary or payments deriving from General Wage increases, step increases, annual increments, top step bonuses, merit increases, or similar payments. In addition, available funds for the payment of longevity costs have been reduced in accordance with the tentative agreement between the State and SEBAC.

Personal Services Holdback

Public Act 11-6 as amended by Public Act 11-61 calls for OPM to monitor agency expenditures to save a total of \$12.0 million in the General Fund, delineated by branch of government. OPM has programmed negative amounts in the Adjustments column in agency Personal Services accounts accordingly. Agencies are to program the net amount for Personal Services on the B-1.

Other Expenses Holdback

Public Act 11-6 as amended by Public Act 11-61 calls for OPM to monitor agency Other Expenses in order to reduce expenditures by a total of \$9.44 million in the General Fund, delineated by branch of government. OPM has programmed negative amounts in the Adjustments column in agency Other Expenses accounts accordingly. Agencies are to program the net amount for Other Expenses on the B-1, and are expected to work within available appropriations.

Equipment

Allotments for Equipment accounts appropriated at \$1,000 or less should be programmed in the fourth quarter. Agencies with Equipment appropriations greater than \$1,000 should program the funds no earlier than the second quarter. Exceptions should be discussed with your analyst.

Early Finance Advisory Committee (FAC) Action

Agencies may not program an overall deficiency on the B-1. Plan to offset any projected deficiency by transferring funds from one agency account to another. 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 proposed FAC transfers should be attached for review.

Carry Forwards

Do not program amounts carried forward from previous fiscal years on the B-1/Allotment of Appropriations screen; use the separate screen provided. All carry-forwards identified in Public Act 11-6, as amended by Public Act 11-61, have been included. Estimate expenditures by quarter and identify the statutory reference of the carry forward balance.

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. Following are anticipated rates for those fringe benefits that continue to be charged on a percentage basis for FY 2012:

- Unemployment Compensation 0.20%
- Employer SERS Retirement Regular Employee 39.41%

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| • Employer SERS Retirement Hazardous Duty | 36.87% |
| • Employer Alternative Retirement Program | 8.18% |
| • Employer Teachers Retirement | 22.90% |
| • Employer Judges/Compensation Commissioners Retirement Plan | 1.74% |

Additionally, fringe benefits that are charged on an actual basis include:

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| • Employer Share Group Life Insurance | State share premium |
| • Employer Share Medical Insurance | State share premiums for medical, dental, and prescription coverage |
| • Employer Share FICA – Social Security | Federal tax rate of 6.2% of applicable wages up to federal maximum limit |
| • Employer Share FICA – Medicare | Federal tax rate of 1.45% of applicable wages – no maximum limit |

The Comptroller's Office has issued memorandum 2011-14 that contains specific guidance regarding fringe benefit recoveries.

Submission

The completed B-1 is due to OPM on **Wednesday, June 29, 2011**. (*Note that the due date has been extended from June 24th to June 29th.*) Agencies that do not submit a valid B-1 by this deadline will not receive a full first 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.

PP:nme

Enclosures - Sent to Fiscal Officers only

Xc: Ben Barnes, Secretary, OPM

Agency Fiscal Officers

Alan Calandro, Director, OFA