



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT OFFICE OF THE SECRETARY

To: State Agency Heads
From: Ben Barnes, Secretary
Date: March 25, 2015

A handwritten signature in blue ink that reads "Benjamin Barnes".

Subject: Update - Actions to Address Projected Deficit for FY 2015

In November, at the Governor's request, I asked each of you to eliminate, minimize or delay spending. Your efforts, coupled with two rounds of rescissions and constraints on hiring and contracting, have been enormously helpful in mitigating the projected deficit: in aggregate, spending is projected to remain consistent with the budget plan. Unfortunately, revisions in OPM's revenue forecast necessitate further administrative steps to achieve budget balance.

As a result, I write to you today to re-emphasize that all spending, including hiring and overtime, contractual services and purchased commodities, be significantly curtailed. Savings in the state's General Fund and Special Transportation Fund are of greatest importance, but agencies funded through other appropriated funds should also reduce expenditures where possible. Efforts by Legislative and Judicial branch agencies, constitutional officers and higher education agencies are also important, and by way of this letter I ask that these agencies also curtail spending through the end of the year.

While the guidance from my November memorandum (attached) continues to be relevant, note that my office will be taking a relatively hard line on hiring and contract requests through the remainder of the year. Please also be aware that OPM analysts will review expenditure patterns between now and fiscal year-end to identify opportunities for agency savings. Additional rescissions may also be necessary in the coming weeks.

Thank you for your continued stewardship of the state's resources. If you have any questions, please feel free to contact me.

cc: Agency Human Resources Directors
Agency Fiscal Officers

Attachment – November 12, 2014 letter to Executive Branch Agency Heads



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT OFFICE OF THE SECRETARY

To: State Agency Heads
From: Ben Barnes, Secretary
Date: November 12, 2014

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Subject: Actions to Address Projected Deficit for FY 2015

On November 10, the consensus revenue forecast reached by my office and the legislature's Office of Fiscal Analysis was released. Estimated revenues for FY 2015 are projected to fall \$59.1 million short of budgeted levels. Additionally, my office has been monitoring expenditure trends in a number of agencies that may result in deficiencies which will exacerbate the revenue shortfall and result in a General Fund deficit if management actions are not taken right away.

At the Governor's request, I am directing each of you to review your agency's planned spending in order to eliminate, minimize or delay those expenditures that are not absolutely critical in nature. Your efforts should include potential savings in all areas of spending, including hiring and overtime, contractual services and purchased commodities. While the most immediate need is in the state's General Fund, I am also asking agencies funded through other appropriated funds 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.

Accordingly, the following steps are being taken to address the projected shortfall:

- A. **General Fund allotment rescissions will be implemented in accordance with Sec. 4-85 of the General Statutes.** A list of rescissions will be provided in the very near future.
- B. **Hiring. Effective immediately, hiring will be curtailed.** The Office of Policy and Management (OPM) will consider position requests that it determines are essential for critical agency operations and will evaluate such requests on a case-by-case basis.

To support position requests, agencies must submit complete justifications as to the criticality of the position to be filled, including detailed explanations of need, implications of not filling the position, and alternatives that have been considered in lieu of filling the position.

The details of the hiring restrictions are as follows:

1. Requests to Establish or Refill: Only positions that fulfill critical needs will be considered.

2. Funds Covered: All state appropriated funds are included.
3. Positions Covered: All positions are covered, including permanent full-time, part-time, durational and temporary employees.
4. Extensions: These will not be done automatically; each will be reviewed on a case-by-case basis.
5. Increases in Hours: These requests will be reviewed in the context of overtime savings that will be achieved and will be reviewed on a case-by-case basis.
6. Automatic Refill: There will be no automatic refill of positions. Effective today, the refill indicators on all positions will be reset to "Manual." Each position request will be reviewed by OPM.
7. Overtime Cap: Requests to lift the overtime cap in lieu of compensatory time generally will not be approved. This does not impact requests that have already been approved.
8. Indirect Cost Waivers: Agencies should not anticipate the continuance of any waivers of fringe benefits or indirect cost recoveries, as these are a direct General Fund loss. All agencies should anticipate full charges to all non-General Fund accounts for all indirect charges.
9. Positions Previously Approved for Refill: Any approval previously granted by OPM to refill positions is hereby revoked except for positions for which a *bona fide* offer of employment has been made as of the close of business on November 12, 2014. Agencies must provide copies of written offers of employment via electronic mail (e.g., scanned copies) to scott.mcwilliams@ct.gov no later than the close of business on Thursday, November 13, 2014.

I would also like to take this opportunity to emphasize that overtime should be monitored very closely with consideration given to making reductions whenever possible. Agency heads should ensure that the approval process for overtime is being made at the appropriate levels.

- C. **Contracting. Effective immediately, state agencies are to refrain from entering into new Personal Service Agreements (PSA's) or extending or adding funds to existing PSA's funded through appropriated fund sources.** The only exceptions will be for agreements necessary in order to continue essential state agency operations.

While PSA's will be reviewed on an individual basis, contract approvals for "essential operations" will generally be limited to those (1) required to protect the public health, safety and welfare; (2) necessary to the continued provision of essential state services; (3) supporting programs or services required by federal law or court order; or (4) supporting the collection or recovery of taxes or other state revenue. In exercising its approval authority under the general statutes, the Office of Policy and Management will interpret these exceptions narrowly.

Pending PSA approvals which do not appear to qualify for one of the exceptions described above will be disapproved and returned to the agency. Agencies should also seek

guidance from their OPM budget analyst to determine whether Personal Service Agreements which have been approved by OPM, but not executed, are consistent with the policy outlined above in order to determine whether execution of the contract is warranted.

If you believe that a proposed PSA qualifies under one of these exceptions, it should be submitted in the normal manner and should reflect an appropriate justification. In addition, the agency head or deputy must submit a letter to their assigned OPM analyst which explains, in detail, why the Personal Service Agreement is needed and why it qualifies for one of the exceptions.

Questions concerning PSA issues should be directed to Robert S. Dakers, Executive Financial Officer at (860) 418-6422 or at robert.dakers@ct.gov.

Thank you for your attention to prudent fiscal stewardship of the state's resources. If you have any questions, please feel free to contact me. By way of this memorandum, I am requesting that the higher education constituent units, constitutional officers, and Judicial and Legislative branch agencies implement similar measures.

cc: Agency Human Resources Directors
Agency Fiscal Officers