



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF THE SECRETARY

To: Agency Heads
From: Robert L. Genuario, Secretary
Date: March 31, 2009
Subject: Personal Services Reduction Plans

As we continue to deal with the ongoing recession and its impact on both the state and national economies, we must develop contingency plans to come up with the required personal services savings that have been built into the Governor's proposed budget for the next biennium. In addition, we must prepare for the possibility that additional deterioration could occur to the state's revenue during the next biennium if the economy worsens.

The Governor's proposed budget requires that we must achieve \$275 million from the general fund and \$20 million from the special transportation fund in personal services reductions in each fiscal year of the upcoming biennium. To help achieve these savings, the Governor has initiated ongoing discussions with the employee unions representing state employees. Hopefully these discussions will bear fruit, but we must start planning in the event that these concession discussions with the state employee labor unions do not reach the necessary savings.

In order to achieve these savings, Governor Rell has requested that every agency head develop plans that reduce their Personal Services appropriation by five percent, seven percent and ten percent in both FY 09-10 and FY 10-11. You should prepare a plan for the five percent personal services reduction option and then expand upon it to develop plans for the seven percent and ten percent options. For purposes of this exercise, the Personal Services baseline to be used is the recommended Personal Services appropriation for your agency in the Governor's proposed budget for the upcoming biennium.

Plans should assume that a "hard" hiring freeze will continue. All aspects of Personal Services expenditures should be evaluated. Layoffs may be a part of your plan if you are unable to achieve the required five, seven or ten percent reduction through other means. Layoffs must be made on a programmatic basis and no employees should be exempted if a program is to be eliminated or reorganized in a way so as to eliminate the need for specific positions. Effort should be made to ensure continuation of core services to the public with as little disruption as possible given the understanding that some service cuts may be unavoidable. Once these plans are analyzed by my office and approved by the Governor, you will be given the go ahead to implement in whole or part if necessary. Further, any potential layoffs should be discussed with the Office of Labor Relations to ensure that any collective bargaining requirements are met.

Please note that even the ten percent (10%) reduction is a minimal goal. Agencies should reduce Personal Services more if possible. This directive covers all appropriated funds. Further instructions on how to submit your reduction plans including how to interface with the Budget and Financial Management Division's ADS system will be issued by OPM's Budget Division. Plans are due to the Budget Division by April 14, 2009. If you have any questions, please contact your budget analyst.